

To be brigadier generals

Col. Oscar Frederick Carlson, [REDACTED] United States Air Force.
 Col. Manuel Jose Asensio, [REDACTED] United States Air Force.
 Col. Homer Leroy Sanders, [REDACTED] United States Air Force.
 Col. Lewis R. Parker, [REDACTED] United States Air Force.
 Col. Harlan Clyde Parks, [REDACTED] United States Air Force.
 Col. Paul Ernest Ruestow, [REDACTED] United States Air Force.
 Col. David Hodge Baker, [REDACTED] United States Air Force.
 Col. Daniel Francis Callahan, [REDACTED] United States Air Force.
 Col. Robert Haynes Terrill, [REDACTED] United States Air Force.
 Col. William Oscar Senter, [REDACTED] United States Air Force.
 Col. Wilfred F. Hall, [REDACTED] United States Air Force (Medical).
 Col. August Francis Gearhard, [REDACTED] United States Air Force Reserve (Chaplain).
 The following-named officers for appointment in the United States Air Force to the grades indicated, under the provisions of title V of the Officer Personnel Act of 1947, with dates of rank to be established under the provisions of the afore-mentioned title:

To be major generals

Lt. Gen. Edwin William Rawlings, [REDACTED] (brigadier general, U. S. Air Force), Air Force of the United States.
 Maj. Gen. Leon William Johnson, [REDACTED] (brigadier general, U. S. Air Force), Air Force of the United States.
 Maj. Gen. Samuel Egbert Anderson, [REDACTED] (brigadier general, U. S. Air Force), Air Force of the United States.
 Maj. Gen. Truman Hempel Landon, [REDACTED] (brigadier general, U. S. Air Force), Air Force of the United States.
 Maj. Gen. Bryant LeMaire Boatner, [REDACTED] (brigadier general, U. S. Air Force), Air Force of the United States.

To be brigadier generals

Brig. Gen. Edmund Clarence Langmead, [REDACTED] (colonel, U. S. Air Force), Air Force of the United States.
 Brig. Gen. Raymond Coleman Maude, [REDACTED] (colonel, U. S. Air Force), Air Force of the United States.
 Brig. Gen. Willard Roland Wolfenbarger, [REDACTED] (colonel, U. S. Air Force), Air Force of the United States.
 Maj. Gen. Frank Alton Armstrong, Jr., [REDACTED] (colonel, U. S. Air Force), Air Force of the United States.
 Brig. Gen. Emery Scott Wetzell, [REDACTED] (colonel, U. S. Air Force), Air Force of the United States.
 Maj. Gen. Edward Wharton Anderson, [REDACTED] (colonel, U. S. Air Force), Air Force of the United States.
 Maj. Gen. Robert Whitney Burns, [REDACTED] (colonel, U. S. Air Force), Air Force of the United States.
 Maj. Gen. Harry George Armstrong, [REDACTED] (colonel, U. S. Air Force), Air Force of the United States (medical).
 The officers named herein for appointment in the Air National Guard of the United States of the Air Force of the United States under the provisions of section 38 of the National Defense Act as amended:

To be brigadier generals

Brig. Gen. Frederick Read Anderson, [REDACTED] Michigan Air National Guard, to date from March 31, 1950.
 Brig. Gen. George Robert Dodson, [REDACTED] Oregon Air National Guard, to date from March 31, 1950.
 Brig. Gen. John Munnerlyn Donalson, [REDACTED] Alabama Air National Guard, to date from March 31, 1950.
 Brig. Gen. Stanford Willis Gregory, [REDACTED] Colorado Air National Guard, to date from January 20, 1950.

Brig. Gen. Lyle Emerson Halstead, [REDACTED] Massachusetts Air National Guard, to date from January 25, 1950.

Brig. Gen. Ray Simeon Miller, [REDACTED] Minnesota Air National Guard, to date from March 31, 1950.

Brig. Gen. Joe Clair Moffitt, [REDACTED] Colorado Air National Guard, to date from March 31, 1950.

Brig. Gen. Earl Thornton Ricks, [REDACTED] Arkansas Air National Guard, to date from January 20, 1950.

The following-named officers for appointment in the United States Air Force Reserve under the provisions of section 37, the National Defense Act as amended. These officers are subject to physical examination as required by law:

To be brigadier generals

Col. Walter Gelvin Bain, [REDACTED] United States Air Force Reserve.
 Col. Merian Coldwell Cooper, [REDACTED] United States Air Force Reserve.
 Col. Bruce Johnson, [REDACTED] United States Air Force Reserve.
 Col. Douglas Keeney, [REDACTED] United States Air Force Reserve.
 Col. Charles Maylon, [REDACTED] United States Air Force Reserve.
 Col. Charles Freeman Nielsen, [REDACTED] United States Air Force Reserve.
 Col. Howard Archibald Rusk, [REDACTED] United States Air Force Reserve.
 Col. Peter Constant Sandretto, [REDACTED] United States Air Force Reserve.
 Col. Albert McIver Woody, [REDACTED] United States Air Force Reserve.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 26 (legislative day of July 20) 1950:

UNITED NATIONS

Hooker A. Doolittle, of New York, to be representative of the United States of America on the United Nations Commission for Indonesia.

DEPARTMENT OF STATE

Carlisle H. Humelsine, of Maryland, to be an Assistant Secretary of State.

DIPLOMATIC AND FOREIGN SERVICE

John E. Feurifoy, of South Carolina, for promotion in the Foreign Service to the class of career minister, and to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Greece, to serve concurrently and without additional compensation as Chief of the American Mission for Aid to Greece.

C. Tyler Wood, of the District of Columbia, to be deputy United States special representative in Europe, with the rank of Ambassador Extraordinary and Plenipotentiary.

UNITED STATES MARSHALS

Thomas P. O'Donovan, to be United States marshal for the northern district of Illinois.
 Eugene J. Smith, to be United States marshal for the eastern district of New York.
 Donald A. Draughon, to be United States marshal for the district of Puerto Rico.
 John M. Comeford, to be United States marshal for the western district of Wisconsin.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JULY 26, 1950

The House met at 12 o'clock noon. The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty and ever-blessed God, grant that our moments of prayer may be times of lofty vision, of insight and inspiration,

May we be strengthened to accept the challenge of every difficult task and every noble adventure.

We humbly confess that our lives are frequently so low-vaulted we allow the windows of our souls to be made opaque by mere material ambitions and interests and there is no clear discernment of the spiritual realities and values.

We penitently seek Thy forgiveness for as nations and members of the human family we have been content to live on the lowlands of materialism and have failed to take cognizance of the spiritual.

Give us this day such a clear and commanding vision of the glory and splendor of the kingdom of righteousness and peace that we shall make its consummation the goal of all our aspirations and endeavors.

Hear us in Christ's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Hawkes, one of his secretaries.

SPECIAL ORDER GRANTED

Mr. PATMAN asked and was given permission to address the House for 5 minutes today following the legislative program and any special orders heretofore entered, and to include therein certain extraneous matter.

TAXATION OF PERSONAL FINANCE COMPANIES

Mr. DOUGHTON. Mr. Speaker, I call up the conference report on the bill (H. R. 6073) to amend section 501 (b) (6) of the Internal Revenue Code, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

The conference report and statement follow:

CONFERENCE REPORT (H. REPT. NO. 2701)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6073) to amend section 501 (b) (6) of the Internal Revenue Code, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

Strike out all after the enacting clause and insert the following: "That section 501 (b) (6) of the Internal Revenue Code is amended to read as follows:

"(6) (A) A licensed personal finance company under State supervision, 80 per centum or more of the gross income of which is lawful interest received from loans made to individuals in accordance with the provisions of applicable State law if at least 60 per centum of such gross income is lawful interest (i) received from individuals each of whose indebtedness to such company did not at any time during the taxable year exceed in principal amount the limit prescribed for small loans by such law (or, if there is no such limit, \$500), and (ii) not payable in advance or compounded and computed only

on unpaid balances, and if the loans to a person, who is a shareholder in such company during the taxable year by or for whom 10 per centum or more in value of its outstanding stock is owned directly or indirectly (including in the case of an individual, stock owned by the members of his family as defined in section 503 (a) (2)), outstanding at any time during such year do not exceed \$5,000 in principal amount; and

“(B) A lending company, not otherwise excepted by section 501 (b), authorized to engage in the small loan business under one or more State statutes providing for the direct regulation of such business, 80 per centum or more of the gross income of which is lawful interest, discount or other authorized charges (i) received from loans maturing in not more than thirty-six months made to individuals in accordance with the provisions of applicable State law, and (ii) which do not, in the case of any individual loan, exceed in the aggregate an amount equal to simple interest at the rate of 3 per centum per month not payable in advance and computed only on unpaid balances, if at least 60 per centum of the gross income is lawful interest, discount or other authorized charges received from individuals each of whose indebtedness to such company did not at any time during the taxable year exceed in principal amount the limit prescribed for small loans by such law (or, if there is no such limit, \$500), and if the deductions allowed to such company under section 23 (a) (relating to expenses), other than for compensation for personal services rendered by shareholders (including members of the shareholder's family as described in section 503 (a) (2)) constitute 15 per centum or more of its gross income, and the loans to a person, who is a shareholder in such company during the taxable year by or for whom 10 per centum or more in value of its outstanding stock is owned directly or indirectly (including in the case of an individual, stock owned by the members of his family as defined in section 503 (a) (2)), outstanding at any time during such year do not exceed \$5,000 in principal amount.”

“SEC. 2. That section 501 (b) of the Internal Revenue Code is amended by adding at the end thereof the following new paragraph:

“(8) A finance company, actively and regularly engaged in the business of purchasing or discounting accounts or notes receivable or installment obligations, or making loans secured by any of the foregoing or by tangible personal property, at least 80 per centum of the gross income of which is derived from such business in accordance with the provisions of applicable State law or does not constitute personal holding company income as defined in section 502, if 60 per centum of the gross income is derived from one or more of the following classes of transactions:

“(A) Purchasing or discounting accounts or notes receivable, or installment obligations evidenced or secured by contracts of conditional sale, chattel mortgages, or chattel lease agreements, arising out of the sale of goods or services in the course of the transferor's trade or business;

“(B) Making loans, maturing in not more than thirty-six months, to, and for the business purposes of, persons engaged in trade or business, secured by—

“(i) accounts or notes receivable, or installment obligations, described in subparagraph (a) above;

“(ii) warehouse receipts, bills of lading, trust receipts, chattel mortgages, bailments, or factor's liens, covering or evidencing the borrower's inventories;

“(iii) a chattel mortgage on property used in the borrower's trade or business; except loans to any single borrower which for more than ninety days in the taxable

year of the company exceed 15 per centum of the average funds employed by the company during such taxable year;

“(C) Making loans, in accordance with the provisions of applicable State law, secured by chattel mortgages on tangible personal property, the original amount of each of which is not less than the limit referred to in, or prescribed by, subsection (b) (6) (A) (i), and the aggregate principal amount of which owing by any one borrower to the company at any time during the taxable year of the company does not exceed \$5,000; and

“(D) If 30 per centum or more of the gross income of the company is derived from one or more of the classes of transactions described in subparagraphs (A), (B) and (C) of this paragraph, purchasing, discounting, or lending upon the security of, installment obligations of individuals where the transferor or borrower acquired such obligations either in transactions of the classes described in subparagraphs (A) and (C) of this paragraph or as a result of loans made by such transferor or borrower in accordance with the provisions of clauses (i) and (ii) of paragraph 6 (A) or of clauses (i) and (ii) of paragraph 6 (B) of this subsection, if the funds so supplied at all times bear an agreed ratio to the unpaid balance of the assigned installment obligations, and documents evidencing such obligations are held by the company;

provided that the deductions allowable under subsection 23 (a) (relating to expenses), other than compensation for personal services rendered by shareholders (including members of the shareholder's family as described in section 503 (a) (2)), constitute 15 per centum or more of the gross income, and that loans to a person who is a shareholder in such company during such taxable year by or for whom 10 per centum or more in value of its outstanding stock is owned directly or indirectly (including in the case of an individual, stock owned by members of his family as defined in section 503 (a) (2)) outstanding at any time during such year do not exceed \$5,000 in principal amount.”

And the Senate agree to the same.

R. L. DOUGHTON,
W. D. MILLS,
A. SIDNEY CAMP,
WALT A. LYNCH,
DANIEL A. REED,
ROY O. WOODRUFF,
THOMAS A. JENKINS,

Managers on the Part of the House.

WALTER F. GEORGE,
ED C. JOHNSON,
HARRY F. BYRD,
E. D. MILLIKIN,
ROBERT A. TAFT,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6073) to amend section 501 (b) (6) of the Internal Revenue Code, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

APPLICATION OF THE SURTAX ON PERSONAL HOLDING COMPANIES TO PERSONAL FINANCE COMPANIES

The House bill amended section 501 (b) (6) of the Internal Revenue Code, relating to the application of the surtax on personal holding companies to personal finance companies. Under existing law, a licensed personal finance company under State supervision is not considered to be a personal holding company if at least 80 per cent of the gross income of the company is lawful interest received from individuals, each of whose indebtedness

to such company did not at any time during the taxable year exceed \$300 in principal amount, if such interest is not payable in advance or compounded and is computed only on unpaid balances. The House bill modified the language of this exception to reflect changes in State laws regulating the activities of personal finance companies that have been made over the past several years and imposed a new restriction with respect to the type of loan that a personal finance company might make to a stockholder without being classified as a personal holding company.

The Senate amendment expanded the definition of personal finance companies excluded from the provisions of the surtax on personal holding companies by eliminating the requirement of licensing if the business of a loan, discount or finance company is engaged in business conducted under State supervision as permitted by one or more controlling State statutes. The limitation upon the source of income of such companies was also relaxed in certain respects.

The conference amendment also broadens the scope of the exclusion provided by the House bill, but incorporates restrictive provisions which appear adequate to prevent the use of a finance company as a device for tax avoidance. The amendment does not conflict with the basic principles underlying the other exemptions granted under section 501 (b) of the Internal Revenue Code.

R. L. DOUGHTON,
W. D. MILLS,
A. SIDNEY CAMP,
WALT A. LYNCH,
DANIEL A. REED,
ROY O. WOODRUFF,
THOMAS H. JENKINS,

Managers on the Part of the House.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. REED of New York. Mr. Speaker, chapter 2 of the Internal Revenue Code imposes a penalty surtax on the undistributed income of personal holding companies that derive 80 percent of their income from such sources as dividends, interest, rents, and personal service contracts.

Among the excepted corporations are banks, life insurance companies, loan and investment companies, and licensed personal finance companies under State supervision, if at least 80 percent of their gross income is lawful interest received from individuals each of whose indebtedness to such company did not at any time during the taxable year exceed \$300 and if the interest is not taken in advance or compounded and is computed only on unpaid balances.

H. R. 6073, as it passed the House, broadened the personal finance company exception by modifying the language of existing law to reflect changes that have been made during the past several years in State laws regulating the activities of these companies. The principal changes made by the House bill increased the \$300 limitation on the size of the loan to \$500 in all States and to the higher limits provided by State law in States where the law permits small loans in excess of \$500, and permitted the companies to conduct a greater portion of their business on a discount basis.

The House bill, which was recommended by the Treasury Department, is included in the bill agreed to in conference without change in substance.

H. R. 6073, as it passed the Senate, expanded the coverage of the exception provided by the House bill to include all loan, discount, or finance companies engaged in business under State supervision as permitted by one or more controlling State statutes, and relaxed in certain respects the requirements of the House bill relating to the source of income.

H. R. 6073, as amended in conference, incorporates the House bill without change of substance and, in addition, provides an exception for two other types of companies engaging in the loan and finance business. The first of these two other types are lending companies engaged in the small loan business which cannot qualify as licensed personal finance companies because most of their loans are made on a discount basis. The exception is made available to these companies because their business activities are very similar to those of licensed personal finance companies. But in order to obtain the benefit of the exception these companies must comply with limitations and restrictions comparable to those governing licensed personal finance companies. The Treasury Department has stated informally that it will not object to the exception which the conference amendment provides for these companies.

The other type of company excepted by the conference amendment is a finance company 80 percent of the gross income of which is derived from the business of purchasing or discounting accounts or notes receivable or installment obligations or making loans secured by obligations of that character or by chattel mortgages. The exception for these companies is subject to restrictions and limitations to prevent tax avoidance similar to those applicable to licensed personal finance companies and other lending companies excepted by section 1 of the bill, and the Treasury has stated that it has no objection to this exception.

The SPEAKER. The question is on the conference report.

The conference report was agreed to. A motion to reconsider was laid on the table.

WORKS OF ART ON LOAN TO THE TRUSTEES OF THE NATIONAL GALLERY OF ART

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Joint Resolution 497.

The Clerk read the title of the resolution.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman make an explanation of this resolution?

Mr. REED of New York. Mr. Speaker, this resolution simply gives the same privilege of importation relating to works of art that you do to books.

Mr. MARTIN of Massachusetts. It simply gives the right to import free?

Mr. REED of New York. Works of art, the same as they have heretofore on books and many other articles.

Mr. MARTIN of Massachusetts. How large will that traffic be?

Mr. REED of New York. Very small. The National Gallery of Art has received on loan a number of old master paintings owned by a citizen of a foreign country. The owner cannot, however, allow his paintings long to remain in the United States because of the possible liability for Federal and District of Columbia death taxes and local property taxes.

The joint resolution would exempt from the Federal estate tax, and the District of Columbia estate and personal property taxes, works of art imported into the United States for exhibition purposes which are loaned for such purposes to the Trustees of the National Gallery of Art by a nonresident who is not a citizen of the United States.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There being no objection, the Clerk read the joint resolution, as follows:

Resolved, etc., That section 863 of the Internal Revenue Code (relating to property without the United States) is amended by adding at the end thereof the following new subsection:

"(c) Works of art on loan for exhibition: Works of art owned by a nonresident not a citizen of the United States imported into the United States solely for exhibition purposes, loaned to the Trustees of the National Gallery of Art for such purpose, and, at the time of the death of the owner, on exhibition, or en route to or from exhibition, either in the National Gallery of Art or in such other public gallery or museum as the Trustees of the National Gallery of Art may have designated."

Sec. 2. Section 1, article I, title V, of the District of Columbia Revenue Act of 1937, as amended, is hereby further amended by adding the following new subsection:

"(1) Works of art owned by a nonresident of the United States who is not a citizen of the United States lent without charge to the Trustees of the National Gallery of Art solely for exhibition without charge to the general public shall not be deemed to have a taxable situs in the District of Columbia."

Sec. 3. Paragraph No. 10 of section 6 of the act of July 1, 1902 (32 Stat. 620, ch. 1352), as amended, is hereby further amended by adding the following new subparagraph:

"Fifth. Works of art owned by a nonresident of the United States who is not a citizen of the United States lent without charge to the Trustees of the National Gallery of Art solely for exhibition without charge to the general public."

Sec. 4. The amendments made by section 1 of this joint resolution shall be applicable only with respect to estates of decedents dying after the date of enactment. The amendments made by section 2 of this joint resolution shall be applicable only with respect to decedents dying after the date of enactment. The amendments made by section 3 of this joint resolution shall be applicable beginning July 1, 1950.

With the following committee amendment:

On page 2, line 7, strike out the figure "(1)" and insert the letter "(I)."

The committee amendment was agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING TARIFF ACT OF 1930

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 8514) to amend the Tariff Act of 1930 to provide for exemption from duty of certain sound recordings imported by the Department of State, and for other purposes.

The Clerk read the title of the bill.

Mr. REED of New York. Mr. Speaker, reserving the right to object, this bill would extend to sound recordings imported by the Department of State for use in the international information program, the same treatment that is now accorded to books, engravings, photographs, etc., imported for the use of the Government.

The legislation has the unanimous approval of the Committee on Ways and Means.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That paragraph 1628 of the Tariff Act of 1930 is hereby amended by striking out the period at the end thereof and by inserting in lieu thereof a semicolon and the following: "sound recordings imported by the Department of State for use in the program authorized by the United States Information and Educational Exchange Act of 1948 (Public Law 402, 80th Cong.)."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING TARIFF ACT OF 1930

Mr. FORAND. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 8726) to amend the Tariff Act of 1930 to exempt from duty sound recordings for news broadcasts.

The Clerk read the title of the bill.

Mr. REED of New York. Mr. Speaker, reserving the right to object, some imports of sound recordings on magnetic tape are now classified according to the component material of chief value. The pending bill would facilitate the importation of sound recordings for radio or television news broadcasts by eliminating the difficult and time-consuming task of calculating the value for the purpose of assessing duty of such dutiable recordings. The bill amends the Tariff Act of 1930 to provide for the free entry of sound recordings transcribed or recorded abroad for radio or television news broadcasts in this country.

This bill has received the unanimous approval of the Committee on Ways and Means.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That paragraph 1726 of the Tariff Act of 1930, as amended, is amended

by inserting after "newspapers," the following: "sound recordings transcribed or recorded abroad and imported for radio or television news broadcasts in the United States,".

SEC. 2. The amendment made by this act shall apply to articles entered for consumption or withdrawn from warehouse for consumption on or after the day following the date of enactment of this act.

Mr. FORAND. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FORAND: Page 1, line 5, strike out "and imported."

The 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.

AMENDING TARIFF ACT OF 1930

Mr. KING. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 7447) to amend the Tariff Act of 1930, as amended, with respect to sound-recording materials for use in connection with moving-picture exhibits and news reels.

The Clerk read the title of the bill.

Mr. REED of New York. Mr. Speaker, reserving the right to object, the purpose of this bill is to simplify the present procedures for customs collection in the case of sound recordings suitable for use in connection with motion-picture exhibits. At present, sound recordings other than sound tracks of motion-picture films, are subject to varying duties depending on the material of which they are made. This means that these duties are generally collected on an ad valorem basis, which involves calculating the cost of production and allocating the cost attributable to a particular recording. For these reasons, customs duties on sound recordings have been difficult to administer.

The Tariff Commission has advised that the rates of duty on sound recordings are not of particular significance, either from the standpoint of revenue or protection of domestic industry, and that making such recordings dutiable at a specific rate as provided in the pending bill would avoid the administrative difficulties involved in determining cost of production for duty purposes. Another provision of the bill would permit duty-free entry of recordings suitable for use in connection with moving-picture news reels.

This bill has received the unanimous approval of the Committee on Ways and Means.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That paragraph 1551 of the Tariff Act of 1930, as amended, is hereby amended by adding at the end thereof the following new proviso: "Provided further, That on photographic or magnetic film, tape, wire, or other material of any kind on which sound has been recorded abroad by photography, magnetism, or any means whatsoever, and which is suitable for use in reproducing sound in connection with moving-picture exhibits (not including any of the foregoing which is photographic film on which pictures have been recorded, or

any of the foregoing which is provided for in paragraph 1726 of this act, as amended), the duty shall be 1 cent per linear foot."

SEC. 2. That paragraph 1726 of the Tariff Act of 1930, as amended, is hereby amended by inserting after the word "reel" the following: "photographic or magnetic film, tape, wire, or other material of any kind on which sound has been recorded abroad by photography, magnetism, or any means whatsoever, and which is suitable for use in reproducing sound in connection with moving-picture news reels."

With the following committee amendment:

Strike out all after the enacting clause and insert:

"That paragraph 1551 of the Tariff Act of 1930, as amended, is hereby amended by changing the period at the end thereof to a colon and by adding thereafter the following new proviso: 'Provided further, That on photographic or magnetic film, tape, wire, or other material of any kind on which sound has been recorded abroad by photography, magnetism, or any means whatsoever, and which is suitable for use in reproducing sound in connection with moving-picture exhibits (not including any of the foregoing which is photographic film on which pictures have been recorded, or any of the foregoing which is provided for in paragraphs 1615 (c) or 1726 of this act, as amended), the duty shall be 1 cent per linear foot, except that this rate shall not apply to any article so long as a lower duty is in effect therefor pursuant to a proclamation issued under section 350 of the Tariff Act of 1930, as amended, to carry out a trade agreement entered into prior to July 1, 1950.'

"SEC. 2. That paragraph 1726 of the Tariff Act of 1930, as amended, is hereby amended by changing the period at the end thereof to a semicolon and by adding thereafter the following: 'and photographic or magnetic film, tape, wire, or other material of any kind on which sound has been recorded abroad by photography, magnetism, or any means whatsoever, and which is suitable for use in reproducing sound in connection with moving-picture news reels (not including any photographic film not provided for hereinbefore on which pictures have been recorded)'."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SPECIAL ORDER GRANTED

Mr. DAVIS of Georgia asked and was given permission to address the House for 30 minutes on tomorrow, following the legislative program and special orders heretofore entered.

UNIVERSAL MILITARY TRAINING

Mr. BRYSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include an editorial.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. BRYSON. Mr. Speaker, as we become more and more conscious of the fact that we must attain and maintain military strength if we expect to remain a free people, I again urge the adoption of a universal military training program. On several occasions I have expressed my views on this important subject both here in the House and to my people at home,

By nature we are a peace-loving people. Never have we provoked a war, nor have we profited materially from any of the wars in which we have participated. We abhor cruelty and violence. We dislike war, but until this troubled world is willing to face reality we must be prepared to meet any emergency.

It seems to me the only proper thing to do is to provide a universal military training program. Had this legislation passed when we first urged its adoption, we would have adequate strength now with which to protect ourselves.

Herewith I am attaching copy of an editorial appearing in the Spartanburg Herald, a South Carolina newspaper:

While on a visit here, Commander O. D. Freeman of the South Carolina Department of the American Legion said the Legion is planning an all-out endeavor to have Congress enact a universal military training program.

Commander Freeman was on his way to Indianapolis, where a meeting of Legion leaders from all over the country to discuss plans for the movement was scheduled.

There is much to be said in favor of universal military training.

Many competent observers believe World Wars I and II might have been averted if the United States had possessed a strong military establishment which universal military training would have provided.

Our disheartening experience in Korea and the threats of Communist aggression elsewhere around the globe has brought a realization that we must bolster our military defenses. This can be done either by building up and maintaining large regular armed forces or by having enough trained reserves ready at all times.

From a laymen's point of view, it seems to us that creating a reservoir of trained reserves by calling up all young men as they come of age for a period of military training would be the more orderly and more efficient method.

Aside from strengthening the Nation's defenses and serving as a deterrent to war a limited tour of duty in the armed services would be beneficial in many ways to the young men called up. It has been the experience of a large majority of those who have served that they come out of the services in better physical condition, more self-reliant and in general better fitted to pursue civilian careers than when they went in. Many young men find educational opportunities in the services that would not have been open to them in civilian life.

MIDYEAR ECONOMIC REPORT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 644)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Joint Committee on the Economic Report and ordered to be printed with illustrations:

THE WHITE HOUSE,
Washington, D. C., July 26, 1950.

The honorable the SPEAKER OF THE HOUSE OF REPRESENTATIVES:

SIR: I am presenting herewith a Mid-year Economic Report to the Congress. This is supplementary to the Economic Report of the President of January 6, 1950, and is transmitted in accordance with section 3 (b) of the Employment Act of 1946.

In preparing this report, I have had the advice and assistance of the Coun-

cil of Economic Advisers, members of the Cabinet, and heads of independent agencies.

Together with this report, I am transmitting a report, *The Economic Situation at Midyear 1950*, prepared for me by the Council of Economic Advisers in accordance with section 4 (c) (2) of the Employment Act of 1946.

Respectfully,

HARRY S. TRUMAN.

INCREASING COST OF LIVING

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, the rise in the cost of food and other commodities has become alarming and is giving great comfort to our enemies. Therefore, I am introducing a House resolution today to call for a full congressional investigation of soaring prices and the reappearance of black markets in our country. In this resolution I call for a special congressional committee with power of subpoena, to be appointed by the Speaker. I have full confidence that the housewives of America will again play the great and important part which they did to help bring about victory in World War II. Our wonderful American women, both on the home front and in uniform, can be depended upon to do everything within their power to win a speedy victory. I believe that we Members of Congress should follow the lead of the great CIO and the A. F. of L. unions in helping to mobilize the women of America in the war against spiraling costs of living. In many cities throughout the United States, under the leadership of the CIO and the A. F. of L., thousands of women have paraded in front of stores carrying placards bearing warnings against hoarding. I appeal to the Members of this body that when you do go back into your districts that you organize volunteer groups and committees in the various communities to join in the fight against high prices and hoarding. Hoarding is unpatriotic. Hoarding helps the Communists. Hoarding helps our enemies. Let us all join in this war on soaring prices, black markets, panic buying, and unpatriotic hoarding.

MILITARY TRAINING FOR AMERICAN YOUTH

Mr. BENNETT of Florida. 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 Florida?

There was no objection.

Mr. BENNETT of Florida. Mr. Speaker, I congratulate the gentleman from South Carolina [Mr. BRYSON] for bringing again to the attention of the House the question of universal military training. I believe the Congress should enact this program. I think it is a vital part of our national defense and one of the cheapest ways to assist in the defense of our country. I think anyone who has seen men die because of lack of

proper training, and, of course, no one can be entirely adequately trained, must come to the conclusion that we should properly train the youth of our country to defend our country. I feel that statistics show that a man has about 10 times as much chance of coming out of combat if he is properly trained than if he is not so trained. I do hope the Committee on Armed Services will seriously consider this legislation which I think to be important to our national defense.

FEDERAL BUREAU OF INVESTIGATION SHOULD FERRET OUT SUBVERSIVES

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. STAGGERS. Mr. Speaker, these are times of decision. We cannot afford to play politics here, for the life of civilization is in the balance. We cannot afford to dilly-dally over the passage of defense laws and the enforcement of them. We cannot afford to longer delay mobilization and all-out production of war materials. We must stop fooling around while the world is folding up over our heads. We must take immediate steps to increase our home defenses.

All known subversives in our country should be rounded up and interned. The enemies of our Government should be ferreted out now and placed where they cannot be a potential menace. This should be done now—not next week or next month—but now!

The Federal Bureau of Investigation is the proper agency to deal with the situation. As I have said before on the floor of this House, the FBI is the best trained investigator in the history of the world. I feel that all matters dealing with communism and subversives should be turned over to that Bureau and we, as Members of Congress, should cooperate fully with that agency to see that the job is done.

At no time in our history has the public been so aroused and alarmed over the critical developments in our country. Letters come to me from my constituents urging that action be taken at once on these matters. It is up to Congress to correct and allay the universal fear and frenzy which exists among the people of this Nation. We must see that hoarding, profiteering, and other grave menaces are stopped now. I am confident an all-out preparation for the defense of this Nation will have the backing of the loyal people of our country.

HOARDING

Mr. BURNSIDE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. BURNSIDE. Mr. Speaker, I have been doing a little reading recently. I have been reading about pack rats.

A pack rat is a kind of wood rat. It has a bushy tail, large, membranous ears, and a thick, angular skull.

Its home is usually a large heap of miscellaneous trash.

And why is it called a pack rat? It is called a pack rat because it has a habit of carrying off anything it can get its hands on and storing it in its home. It does not matter whether the articles are needed at that time—or, for that matter, if the articles will ever be used. The pack rat simply likes to have them around, just in case. After all, the rodent thinks, he may not be able to get the same useless article tomorrow.

Pack rats are very strange and interesting animals, even though they are annoying pests. Just look around you—you might see some in your own neighborhood.

Seriously, though, folks—hoarding is a foolish thing to do. If everyone buys in normal quantities, there will be enough of everything for everybody. Hoarders succeed only in creating artificial shortages and in bringing on higher prices for themselves and all other consumers.

If you buy large quantities of sugar now and try to store it, it will get hard and useless. The Cubans have plenty of sugar. They did have too much, before the hoarders started taking it off their hands. But now the hoarders have made it possible for the speculators to go to work, and between them they can make it difficult for the rest of us to get what we need.

Even though we have no real shortages, hoarders and speculators may create so many artificial shortages that rationing may be necessary. We are close to that point already, and if the present trend continues I will ask that the President be authorized to establish temporary price controls and rationing until the current hysteria is over. It is not right that a few hoarders, by their selfishness and foolishness, should make it impossible for others to get the goods they need.

Do not hoard and urge others not to hoard. If you see someone hysterically buying up everything he can get his hands on, stop and reason with him. After all, reasonableness and self-discipline are always preferable to restrictive Government controls.

And remember—our troops in Korea are not hoarding anything.

President Truman has sent detailed requests to Congress for \$10,500,000,000 to carry on the war in Korea and build up our military strength to a point where we will not be a push-over for Russia.

I see little difficulty in getting the necessary funds approved. But there is quite a bit of controversy over how they are to be obtained—whether by increased taxation, or by increasing the national debt.

Quite a few people here in Washington are in favor of a pay-as-you-go policy in regard to war spending. They believe that taxes should be increased so that no one will make a fortune on the war. The increased taxes would pay for

the war expenditures, keep down inflation, and prevent the national debt from growing beyond its present astronomical figure. Even Senator BOB TAFT—and this is surprising—expressed the thought that the pay-as-you-go idea has merit.

This much is certain. It is not right for the people here at home to make excessive amounts of money off war work while our boys overseas are paying with their lives for the right to defend our democracy. It is my opinion that personal and corporation taxation should keep pace with the war effort. I add my voice to those who support the pay-as-you-go idea.

I have noticed a tendency recently in the most reactionary part of the press which disturbs me. It is an attempt to tell the American people that the war in Korea was manufactured by the administration, and that we should pull our troops out and let the Communist aggressors take over. That, incidentally, is the same line being taken by the Communist newspaper, the Daily Worker.

These people apparently believe that we should just stand by and allow the Communist armies to conquer the rest of the world. After the Communists have captured all our allies, of course, we would not have a chance against a direct attack.

Obviously, that is not a very smart attitude for a loyal American to take.

Apparently this small, reactionary segment of the press merely wants to make things more difficult for the administration, and does not care whether it hurts our defense efforts or not.

I think the newspaper publishers who encourage that attitude are simply not loyal Americans. I never object to real debating of political issues. I do not object to sincere criticism of the actions of the administration, even in matters of national defense and foreign policy. But I think newspaper publishers and others in a position to influence public opinion should be more responsible than to sabotage our defense efforts by deliberately misleading the public.

We have learned over and over again that appeasement of aggressors does not work. Let us not be fooled again. If you allow a criminal to go without punishment, chances are he will become a habitual offender. That is why this action in Korea was necessary. We had no other choice.

I have mentioned before on these broadcasts that one important phase of our struggle for peace is the attempt to reach the minds of the Russian people with truth. A few ideas have occurred to me along that line. I would like to pass them along to you.

For one thing, I think we should take a more positive approach. The Communists tell their people great lies about us—that we have a hundred lynchings a year, for example. I do not think we should devote all our efforts to proving that those things are false. Instead, we should point out some of the crimes that are committed by the leaders in the Soviet Union and its satellites, and by its followers here in the United States. The slave-labor camps in Russia, for example: Mention what a small return the

Russians get for their long hours of work. Point out to them the many years during which they have been promised better conditions—how the commissars have regularly said it will be next month, and next month, and next month, like a broken record, and still the glorious day has not arrived. Instead, more weapons are fashioned for the destruction of working men in other countries. A few of these thoughts might start the Russian Ivans wondering if Uncle Joe is really such a great leader.

Here is another idea I have. Why cannot we get some folks with wit and humor in place of dry-rot diplomats to work up broadcasts for the Voice of America? Political satire, if properly voiced, should shake off a few apples. Why not have a few college glee clubs sing some snappy Russian songs, substituting words ridiculing Stalin and his Kremlin buddies?

SPECIAL ORDER GRANTED

Mr. FORD asked and was given permission to address the House for 15 minutes today, following the legislative program and any special orders heretofore entered.

PERSONAL ANNOUNCEMENT

Mr. FORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. FORD. Mr. Speaker, yesterday during the debate on one of the national defense measures, the gentleman from Indiana [Mr. WALSH] said this, in reference to myself, and I quote:

I can point out where the gentleman has failed to vote for the defense of his country.

In the RECORD we have today the gentleman from Indiana somewhat tempered his remarks and said:

I could, if necessary, point out where he—
Referring to myself—
failed to vote for what I consider to be the best interest of the defense of our country.

During the colloquy between the gentleman from Indiana [Mr. WALSH] and myself, the gentleman from Indiana had this to say:

I did not know you from Adam. I will have your record tomorrow and show it in the RECORD if you wish.

At this time I request the gentleman from Indiana to produce that record and insert it in the CONGRESSIONAL RECORD. Subsequent to his insertion I will have a few comments to make about his record and also an explanation of mine.

RECOVERY VERSUS DEFENSE

Mr. BOGGS of Delaware. 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 Delaware?

There was no objection.

Mr. BOGGS of Delaware. Mr. Speaker, I hold in my hand a splendid and timely editorial from the Tuesday, July

25, issue of the Wilmington (Del.) Journal—Every Evening.

This editorial states in part, "If Europe's need for military aid is as great as the administration suggests and as Europe itself contends the United States might well consider seriously the possibility of diverting some Marshall plan funds to that more important field."

Pointing out that such a shift of funds would mean that Europeans will have to make certain sacrifices, the editorial concludes by saying, "but that's the unhappy prospect ahead of Americans, too."

Mr. Speaker, we must fully realize that nothing at the present is more important to the United States, and, in fact, to the freedom-loving peoples of the world, than victory in the present war. In order to obtain that victory it should be clear to all that our Nation's economy will be subjected to terrific strain.

Consequently, Mr. Speaker, it appears that the time is here for us to make, as this editorial states, "a reassessment of our obligations to the rest of the world and decide which things are first." We must never forget that our first obligation is to the defense of our own Nation, our own form of government, and our own people.

I therefore urge, Mr. Speaker, that the Committee on Foreign Affairs and the other committees of this body most closely concerned with the problems of war and economic stability give immediate consideration to a reassessment of our obligations and a proper evaluation of the matter of recovery versus defense.

The editorial to which I refer follows:

RECOVERY VERSUS DEFENSE

If Europe's need for military aid is as great as the administration suggests and as Europe itself contends the United States might well consider seriously the possibility of diverting some Marshall-plan funds to that more important field. It probably would take an act of Congress to make the transfer legal but in the present emergency the vote on the matter would be pretty nearly unanimous.

With the billions upon billions that American taxpayers are being called upon to supply for the war in Korea, this country's economy is certain to be subjected to a back-breaking strain. The time cannot be far off when we will have to make a reassessment of our obligations to the rest of the world and decide which things are first.

Insofar as the United States is concerned nothing is more important than victory in the present war. If we fail to achieve that we shall not only lose face throughout the Orient but give the Soviet new cause for believing that the onward march of communism simply cannot be stopped in either the east or the west. So it is as much to Europe's ultimate interest as our own that the Korean Reds be decisively defeated.

Under the circumstances the states of western Europe can hardly object if some of the money allocated to its economic recovery is now used for purposes of its defense. It will mean, of course, that the Europeans will have to make certain sacrifices, but that's the unhappy prospect ahead of Americans, too.

SPECIAL ORDERS GRANTED

Mr. PHILLIPS of California asked and was given permission to address the House for 25 minutes on tomorrow and on Monday next, following the legislative business of the day and any other special orders heretofore entered.

ADDITIONAL \$1,500 DEDUCTION FROM TAXABLE INCOME OF MEN IN THE ARMED SERVICES

Mr. SCRIVNER. 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 Kansas?

There was no objection.

Mr. SCRIVNER. Mr. Speaker, in the immediate future many young men, and some older ones, who served so long and so honorably in World War II will again be in our Armed Forces.

Many of them have just completed their GI training, have begun business or opened professional offices. They have married, acquired homes, started families. Their obligations are great; their opportunities for the future are dark indeed, with their lives again interrupted by military service.

As yet the administration does not recognize the existing situation as war, nor even as a national emergency. Whatever this is in Korea, its effects on the men in service are the same as war.

In World War II our military men were granted an additional \$1,500 deduction from their taxable income. The Nation felt it was right that making the sacrifice they did they should have a little less to pay than those who were not fighting the war. In other words, they should not have to fight the war and pay for it too.

The men serving during this period—in this what-is-it in Korea—deserve the same—this exemption.

Mr. Speaker, for these reasons I have just introduced a bill to give those fighting in this conflict that same additional deduction we gave the fighting men of World War II. They deserve it and I hope the bill will get immediate consideration.

MILITARY AID TO KOREA FROM WESTERN EUROPE

Mr. JAVITS. 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 New York?

There was no objection.

Mr. JAVITS. Mr. Speaker, we just learn from the wires that an announcement has been made in the House of Commons that Great Britain will contribute ground troops to the fight in Korea; that the British Navy will be put on full war status. The ground troops will be accompanied by tanks and artillery to reinforce the American forces, and two fighter-bomber squadrons will also be sent there.

Mr. Speaker, this verifies what those of us who fought for the mutual defense assistance program have contended—that the backbone of the military capability of the free peoples still remains in western Europe. We hope this action by Great Britain will be the precedent to induce India, Pakistan, and other Pacific powers, who have not yet responded to the United Nations' request, to make their contribution to the Korean con-

flict. For this conflict is for them a life-and-death struggle, a struggle for their very survival. If the United Nations cannot enforce military sanctions against naked military aggression, then every small, every new nation stands in grave peril of being swallowed up and seeing its integrity gone.

By their response to the UN they can create the conditions for the beginning of a Pacific pact, and finally the great strength which we are now beginning to see in the Atlantic Pact can be marshalled for the security of the Far East.

What is so all-important to the free peoples of Asia is that we have shown in our handling of the Atlantic Pact that in arms as in economic aid, we follow the principle of self-help and mutual cooperation. It is our allies we help to do the job, standing on their own with dignity and independence. This should be an attitude highly approved by peoples who have so capably settled the issue of colonialism.

The SPEAKER. The time of the gentleman from New York has expired.

EXTENSION OF REMARKS

Mr. THOMPSON asked and was given permission to extend his remarks and include an article.

Mr. BURNSIDE asked and was given permission to extend his remarks in two instances.

Mrs. WOODHOUSE asked and was given permission to extend her remarks and include an editorial from the American Banker.

Mr. LANE asked and was given permission to extend his remarks and include extraneous matter.

Mr. LICHTENWALTER asked and was given permission to extend his remarks and to include an editorial.

Mr. HOFFMAN of Michigan asked and was given permission to extend his remarks in two instances and include certain newspaper articles in each.

Mr. BRYSON asked and was given permission to extend his remarks and include newspaper clippings.

Mr. PATTERSON (at the request of Mr. Boggs of Delaware) was given permission to extend his remarks and include extraneous material.

Mr. SADLAK asked and was given permission to extend his remarks and to include a newspaper article.

Mr. LEFEVRE asked and was given permission to extend his remarks and include an editorial.

Mr. GROSS asked and was given permission to extend his remarks, and include a newspaper editorial.

Mr. DEWART asked and was given permission to extend his remarks and include a tabulation.

Mr. HOEVEN asked and was given permission to extend his remarks in two instances and in each to include extraneous matter.

Mrs. ST. GEORGE asked and was given permission to extend her remarks in four instances, and to include editorials by Mr. Frank Waldrop.

Mr. HORAN asked and was given permission to extend his remarks and include a news release.

Mr. HESELTON asked and was given permission to extend his remarks in two

instances, in one to include editorials and the text of a bill.

Mr. HAGEN asked and was given permission to extend his remarks in two instances and in each to include newspaper articles.

Mr. BUCHANAN asked and was given permission to extend his remarks and include an editorial and a letter to an editor.

Mr. BIEMILLER asked and was given permission to extend his remarks in two separate instances, in each to include extraneous matter.

Mr. RANKIN asked and was given permission to revise and extend the remarks he expects to make in the Committee of the Whole today and to include extraneous matter therein.

EXPANSION OF WESTERN HEMISPHERE PRODUCTION OF ABACÁ

Mr. McSWEENEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 717.

The Clerk read 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 (S. 3520) to strengthen the common defense by providing for continuation and expansion of Western Hemisphere production of abacá by the United States. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. McSWEENEY. Mr. Speaker, because of the nature of the bill S. 3520, in providing for a revolving fund and also providing powers to the President to terminate this operation, I ask unanimous consent that all points of order against the bill be waived.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. McSWEENEY. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN], and yield myself 7 minutes.

The SPEAKER. The gentleman from Ohio is recognized.

Mr. McSWEENEY. Mr. Speaker, House Resolution 717 makes in order the bill S. 3520, which is for the encouragement of the production of abacá in the Philippine Islands. I have gone carefully into the question of abacá, have gotten all of the information I could from the Library of Congress and also from the Department of Agriculture. I was rather surprised that the propagation of this plant requires so much money but I find that this plant does not re-seed itself; it is somewhat similar to a banana plant or other tubers. The abacá plant has to be taken from the ground and divided and the different bulbs planted separately. This makes it

a very expensive hand operation, and for that reason the amount of money required in order to get the amount of production that we feel is necessary as a war measure, is rather large.

Abacá fiber is similar to what we know as manila hemp. In the old days, especially, it was used for caulking and other purposes, but today it is extensively used by our Navy and is an essential war product. For that reason we are asking you to help us encourage the production of this worth-while product in the Philippines.

I have a letter from the Embassy of the Philippines. They are very much interested. They have some suggestions with regard to this bill, but on the whole they feel that it will be of tremendous value not only to business in the Philippines but also because it is so necessary for war uses. It may be of interest to the Members to know that at one time this production was carried on under private enterprise, but it was found that the land being devoted to the production of bananas was much more profitable than the land that had been allocated for abacá. For that reason private enterprise went out of the abacá production and increased their production of bananas. So at this time it means that in order to have this much needed commodity, we as a Congress must make provision so that we can provide for what we call a war necessity. I am sure it will also help the economy of the Philippines and help to balance her production and will result in their producing something to sell on the markets of America.

Mr. STEFAN. Mr. Speaker, will the gentleman yield?

Mr. McSWEENEY. I yield to the gentleman from Nebraska.

Mr. STEFAN. In discussing the letter that the gentleman received from the Philippine Embassy, may I say that I think the Philippine people who are endeavoring to recoup their abacá production because of the scarcity of that article in the United States are very favorable to the passage of this bill if an amendment could be put in the bill to aid them in their program to help along in the production of abacá, which we need so badly. Is the gentleman favorable to that amendment?

Mr. McSWEENEY. I think the gentleman's suggestion is a good one. I have gone over this program. I do not think the amendment would be detrimental to the bill.

Mr. STEFAN. Has the gentleman read the proposed amendment?

Mr. McSWEENEY. Does the gentleman have it there?

Mr. STEFAN. I have it here.

Mr. McSWEENEY. I thank the gentleman. The Embassy of the Philippines has made the following suggestion:

All abacá fiber produced under this act shall be utilized solely to fulfill the objectives for stockpiling under the Strategic and Critical Materials Stock Pile Act (60 Stat. 596) as amended, and when the objectives of such act as amended have been fulfilled, report shall be submitted to Congress. Nothing herein shall prevent rotation of such fiber as produced under this act where necessary to prevent deterioration, as provided in section 3 (d) of the Strategic and Critical

Materials Stock Pile Act (60 Stat. 596) as amended, but such rotation shall be effected only after research and determinations under section 3 (b) of this act.

Mr. STEFAN. The gentleman would not oppose an amendment like that?

Mr. McSWEENEY. From my limited knowledge, sir, I do not believe we could oppose that because it would help the economy of the Philippines and would in no way jeopardize our position with regard to the need for that particular commodity.

Mr. STEFAN. I have a communication from the Munitions Board indicating they are very much interested in this.

Mr. McSWEENEY. I appreciate the gentleman's contribution. I feel, though, that should be within the control of the committee, rather than the Rules Committee. As one who has studied this I believe it in no way jeopardizes the good that the bill will render to the Philippine people.

Mr. STEFAN. In connection with the United Fruit program in Central America where they have been planting bananas on land that had been in abacá, has the gentleman some assurance there will be no destruction of the present abacá area?

Mr. McSWEENEY. No, I have not, but I would not see any reason why there should be. In other words, I think they have allotted land for the production of bananas in sufficient amount to take care of their required production and I can see no reason for an encroachment upon the present abacá land.

Mr. STEFAN. I thank the gentleman.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. McSWEENEY. I yield to the gentleman from New York.

Mr. CELLER. In a communication received from the distinguished Delegate from the Philippines, we have statements to the effect that this bill may unduly aid the United Fruit Co., which seeks to cultivate this product in South America, and that there is a direct connection between the United Fruit Co. and the largest cordage manufacturer in the United States, that there is an interlocking directorate between the Plymouth Cordage Co., of Plymouth, Mass., which is designated as the largest cordage manufacturer, and the United Fruit Co. Has the gentleman any information on that score?

Mr. McSWEENEY. No; I have not with regard to any interlocking directorates.

Mr. HERTER. Mr. Speaker, if the gentleman will yield, I shall be very glad later on in the debate to go into the point that the gentleman raises.

Mr. McSWEENEY. I thank the gentleman for that contribution.

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 10 minutes to the gentleman from Massachusetts [Mr. HERTER].

Mr. HERTER. Mr. Speaker, I am in favor of the rule that is now before us, but am taking a few minutes of time to explain the past history of the development of this particular fiber in Central America.

About 20 years ago the United States Department of Agriculture brought from the Philippine Islands a few abacá plants which it tried experimentally to propagate in the Republic of Panama. Through the United Fruit Co. in the Republic of Panama and in Honduras and in Costa Rica a number of experimental laboratories were established in which all types of tropical vegetation are grown experimentally in order to find which grow best in those particular climates. That was true of this particular plant.

Before the war, in 1937 and 1938, our Navy Department evidenced a great interest in the experimental work that was being done on this plant. They asked the fruit company, experimentally, if they could enlarge their plantings in order to try out over larger acreage the growth of this particular fiber. That was done over first 1,000 acres and then 2,000 acres. Those acreages represented the only ones in the Western Hemisphere that grew this particular form of what is generally called manila hemp. It proved to be a godsend during the war period when the Philippines were cut off and there was no other available source of supply.

At that time the Government of the United States asked the fruit company if they could extend the acreage of this particular product. This was done in Costa Rica, Honduras, Panama, and Guatemala. It was done by the fruit company at cost to themselves as a part of the war effort. They used their own land, for which they charged nothing. They were glad to make that contribution to the war effort. They acted as agent for the Reconstruction Finance Corporation. When the war ended the fruit company made it very clear that they did not wish to continue with the operation. However, the Munitions Board asked them to continue with the RFC arrangement.

This bill is here because of the request of the Government that the fruit company act as managing agent for the extension of the acreage which had already been planted as a precautionary measure against our again being cut off from the supply in the Far East.

I have had an opportunity to see the letter which has been referred to from our former colleague representing the Philippine Government in regard to this matter. In that letter he unfortunately made a few misstatements in regard to the fruit company. I have before me a letter from the fruit company which I ask unanimous consent to insert in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HERTER. The letter reads as follows:

UNITED FRUIT CO.,
Boston, Mass., July 25, 1950.

The Honorable CHRISTIAN A. HERTER,
House of Representatives,
Washington, D. C.

MY DEAR MR. HERTER: You were good enough to show me the report attached to the letter from His Excellency J. M. Elizalde, Ambassador from the Philippines, to you

dated July 24, 1950, regarding S. 3520 and its companion bill, H. R. 8351, providing for the expansion of the abacá industry in this hemisphere. In section 5 of this report entitled "Private Interest" there are so many inaccuracies and unwarranted inferences regarding the United Fruit Co. that I feel that it is necessary in the interest of my company to correct them.

When the war with Japan cut off the supplies of manila hemp in the Philippines, the United Fruit Co. had the only seed bed of abacá in this hemisphere. It had developed at its own cost about 2,000 acres of this plant in the Republic of Panama.

Upon request of the Government, the company was pleased to undertake the expansion of the production of manila hemp in Central America as a defense measure for the account of the Government and without profit to the company. Accordingly, the company entered into contracts with the Government whereby it turned over at cost its 2,000 acres of abacá, the value of which was incalculable, and undertook to expand the cultivation of this plant on its lands in Central America. No charge was made for the use of the company's lands on which the abacá was planted. The company's trained agriculturists, including persons particularly trained in the cultivation of abacá, were made available to the Government. The Government agreed to pay the salaries of those employees engaged exclusively in the abacá projects but the advice and services of its principal agricultural experts were given to the Government without charge. Also, the company had large facilities in Central America, such as railroads, wharves, labor camps, hospitals, water supply, and other necessary facilities which were made available to the Government and which could not have been duplicated by the Government except at enormous cost and great loss of time. In Panama and Costa Rica where the operation first started, the company received no payment whatsoever for the use of houses, camps, and other facilities of the company used exclusively in abacá operations. Later, in the development of projects in Guatemala and Honduras, the company received for the use of such facilities employed exclusively in the abacá operations a rental equal to depreciation. Where the facilities of the company were used jointly by the company and the Government, the Government paid only its pro rata cost of the maintenance and operation of such facilities. No charge was made and no reimbursement received for the management of the projects, including the time of its executives and experts of the general office who devoted a great deal of their time to the skillful direction of the work.

The contracts expired on December 31, 1948, and since the war was over and the company was not interested in the production of abacá as such, it desired to terminate its connection with this business. But upon the insistence of the RFC that the continuance of the abacá projects was of importance in the national defense, the contracts were renewed with some modifications for an additional period of 5 years. The only important differences between the new contracts and the old contracts are the following: In return for its management and direction of the projects, the company is to receive a management fee of 15 percent of the net cash profit with a minimum of \$1 per month per acre of cultivations from time to time under operation. This fee also includes compensation for the use of the company's lands planted to abacá. Salaries of officers of the company and expenses of the general office are not to be reimbursed. Where tools, equipment, machinery, and other fixed assets owned by the company are used exclusively in abacá operations, the Government pays only the cost of maintenance, operation, and repair plus a

reasonable allowance for depreciation and insurance. The division of overhead expense of local facilities and personnel jointly used by the company and the Government is to be determined in accordance with formulas worked out by outside auditors and is subject to review at any time.

Contrary to the statements made in the report, the United Fruit Co. does not own a single share of the stock of any cordage company and is in no way interested in the cordage business. There is not and has not been any interlocking directorate between United Fruit Co. and the Plymouth Cordage Co. One of our 25 directors was also a director of the Plymouth Cordage Co. from December 1, 1943, to December 3, 1947. He was not a director of the cordage company at the time the original contracts were made or at the time the contracts were renewed. No other director of the United Fruit Co. holds a directorate in the Plymouth Cordage Co. or any other cordage company. All fiber produced by the projects belongs to the RFC which disposes of it as it sees fit, and the company has no control over or intervention in the sale or other distribution of the fiber.

My company is proud of the contribution it was able to make to the war effort in quickly expanding the production of abacá at a time when it was so urgently needed. At a time when its ships had been requisitioned, its production curtailed, and its profits severely reduced, it did this without profit and without reimbursement for the services of its executives and experts whose skill and direction contributed so much to the success of the program. We were able to develop 28,000 acres of abacá which supplied practically all of the manila fiber that was available to this Nation during the war. My company has no interest in the production of abacá as such and, as a business matter, it would prefer to recover its lands and facilities and terminate its connection with the business. We have cooperated with the program for the purpose of national defense, and our willingness to continue to lend our aid and cooperation in connection with this matter is based solely on our desire to be of service in the time of national emergency.

Sincerely yours,

SAM G. BAGGETT,
Vice President and General Counsel,
United Fruit Co.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from New York.

Mr. CELLER. Does that letter cover the question that I propounded to the previous speaker?

Mr. HERTER. It specifically covers that, and I shall be very glad to read that passage. In general it rehearses the whole relationship of the fruit company to the Government in this operation.

Mr. CELLER. I think it would be well to put it in the RECORD at this point.

Mr. HERTER. I shall be glad to do that.

Contrary to the statements made in the report, the United Fruit Co. does not own a single share of the stock of any cordage company and is in no way interested in the cordage business. There is not and has not been any interlocking directorate between United Fruit Co. and the Plymouth Cordage Co. One of our 25 directors was also a director of the Plymouth Cordage Co. from December 1, 1943, to December 3, 1947. He was not a director of the cordage company at the time the original contracts were made or at the time the contracts were renewed. No other director of the United Fruit Co. holds a directorate in the Plymouth Cordage Co. or any other cordage com-

pany. All fiber produced by the projects belongs to the RFC, which disposes of it as it sees fit, and the company has no control over or intervention in the sale or other distribution of the fiber.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from New York.

Mr. CELLER. As I understand the remarks of the gentleman, the United Fruit Co. will be the managing agent concerning the disposition of its products; is that correct?

Mr. HERTER. That is true only as far as the preparation of the product is concerned.

Mr. CELLER. The product is grown, and loans are offered by RFC to the United Fruit Co. for the growing of the product?

Mr. HERTER. There are no loans made to the United Fruit Co. The company produces the fiber for the RFC under a management contract. The RFC owns and controls the fiber.

Mr. CELLER. Who will control the allocation of the product? Who will control the sale price of the product?

Mr. HERTER. The Reconstruction Finance Corporation handles the product entirely.

Mr. CELLER. So that if by chance a cordage company in the United States wants to buy any of this product it must go to the Reconstruction Finance Corporation as a condition precedent to purchase?

Mr. HERTER. Absolutely. It would go to the Reconstruction Finance Corporation, or perhaps the Munitions Board, depending on whether it has been stockpiled.

Mr. CELLER. The gentleman is quite convinced that the United Fruit Co. would have no control over either the price at which the product would be sold or the allocation of the product or the division of markets?

Mr. HERTER. Absolutely. In fact, the United Fruit Co. would infinitely prefer not to be concerned with this matter, and is doing it entirely as a matter of assisting the Government.

Mr. CELLER. What is the compensation the United Fruit Co. would receive for this work?

Mr. HERTER. The compensation is outlined in the letter that is given here. A new contract was drawn up in 1948, when the fruit company did not wish to continue with this business. As I recall it, the compensation is 15 percent of the net cash profit made by the Reconstruction Finance Corporation.

Mr. CELLER. All expenses of operation, including the cost of the land, the labor cost, the maintenance cost, and the building cost would be defrayed by the Reconstruction Finance Corporation?

Mr. HERTER. Not all, no. No cost of land or facilities, such as railroads, docks, housing, hospitals, and so forth. All the management expense is handled entirely by the fruit company. This is a difficult and a tricky plant, as nearly all tropical vegetation is, to grow.

Mr. CELLER. Is that 15 percent of the net profit or 15 percent of the gross profit?

Mr. **HERTER**. The net profit made by the Reconstruction Finance Corporation.

Mr. **CELLER**. Has the gentleman considered whether or not that is a rather large sum to be obtained from an operation of this sort?

Mr. **HERTER**. My impression is that compared with the over-all operations of the fruit company and considering the difficulties of the operation and the responsibilities involved it is infinitesimal.

Mr. **SMITH** of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. **HERTER**. I yield.

Mr. **SMITH** of Wisconsin. I know the gentleman has studied this question very closely. I am wondering if he knows why the hemp plants in this country are being closed while we are attempting in this instance to advance \$35,000,000 for the development of the same kind of program overseas. In Wisconsin we have a number of hemp plants. I have one in my own county. Just last Saturday I went by it and saw a big sign in front of the building, "Closed; for sale." Are we going to forget about that war industry we had? What consistency is there in this kind of program?

Mr. **HERTER**. I am afraid I am not qualified to answer the gentleman's question. Perhaps somebody from the Committee on Armed Services could answer that question.

Mr. **SMITH** of Wisconsin. I should like to have that question answered.

Mr. **CRAWFORD**. Mr. Speaker, will the gentleman yield?

Mr. **HERTER**. I yield to the gentleman from Michigan.

Mr. **CRAWFORD**. I know the gentleman wants to be absolutely fair in this whole presentation. The United Fruit Co. gets many benefits, not just 15 percent of the net profits. If there are no net profits whatsoever, the United Fruit Co. gets \$1 per acre plus other benefits.

We paid for dockage facilities and we paid for many things during the war. When bananas were not able to move into the channels of trade the United Fruit Co. benefited from that. I know the gentleman wants the record to be clear on this. I am not going to oppose this bill. This bill should have the amendment which was discussed previously by the two gentlemen. I would like to ask the gentleman if he is not in favor of the amendment.

Mr. **HERTER**. I would personally have no objection to the amendment, insofar as I know what it means, although there is one phase of it which I do not know the answer to, but possibly the members of the Committee on Armed Services do, and that is on the question of spoilage. I do not know how often replacements have to be made on account of spoilage.

Mr. **CRAWFORD**. The gentleman pointed out that this is a very delicate and intricate operation and these agreements running between the Reconstruction Finance Corporation and the United Fruit Co. are just as delicate and technical as you can imagine. So there is a big story in this for the consumers of twine and rope and for the Army and

Navy and for the defense of the United States, as well as for the Philippine Islands and Central America, and for these some 42 plants that we built during the last war.

The **SPEAKER**. The time of the gentleman from Massachusetts has expired.

Mr. **McSWEENEY**. Mr. Speaker, I yield the gentleman three additional minutes, if he will accept the time.

Mr. **HERTER**. I thank the gentleman.

Mr. Speaker, I would like to make an observation in connection with the statement just made by the gentleman from Michigan. The United Fruit Co. would under no circumstances be engaged in this business as a commercial business. It has tried to get out of it and it would like to get out of it again. It is engaging in the business solely because the Government of the United States is asking for it, and for that and no other reason whatsoever. If Congress should decide to abolish the whole thing, it would not hurt the feelings of the United Fruit Co. in the least. They would have their lands and other facilities back. They are doing this in the national interest. I am thoroughly convinced of that, not only from the documents, but from my own conversation with the concern.

Mr. **CELLER**. Mr. Speaker, will the gentleman yield?

Mr. **HERTER**. I yield.

Mr. **CELLER**. I believe what the gentleman says is perfectly true. I know Mr. Zemurray, who is the head of the United Fruit Co. He is a very distinguished, patriotic gentleman who would want to aid the war effort in every way, particularly if he can increase the use of this very essential product.

But I think we ought to have all the facts, and I know the gentleman wants to give all the facts.

Mr. **HERTER**. I fully agree with the gentleman.

Mr. **CELLER**. Will the United Fruit Co. receive 100 percent of the moneys they expended for, let us say, the railroads and docks and roads and bridges and warehouses and administrative buildings which will be erected or have been erected?

Mr. **HERTER**. No. There has been no capital expenditure by the Government of any kind whatsoever. All of that has been done by the fruit company itself, using its own facilities.

Mr. **CELLER**. So that having used its own money for these constructions, it of course will own these buildings and own these bridges and docks and the United States Government will not have contributed one cent to the construction of those facilities?

Mr. **HERTER**. I do not believe the fruit company will be in any way enriched by this operation.

Mr. **CELLER**. That is not responsive. It is only partially responsive. Would the Government of the United States be expending any sums of money on these constructions which would be availed of by the United Fruit Co. after this operation is concluded?

Mr. **HERTER**. None that I know of. In fact if the Government of the United

States had to carry on this operation by itself, as a governmental operation, and had to build all of its own facilities, it would cost ten times as much.

Mr. **McSWEENEY**. Mr. Speaker, will the gentleman yield?

Mr. **HERTER**. I yield.

Mr. **McSWEENEY**. I was unable to find out from the Department of Agriculture the exact cost per acre on the production end. These plants are not planted by seed, but I understand that the plants have to be subdivided.

Mr. **HERTER**. That is correct, the plants are subdivided.

Mr. **McSWEENEY**. Yes, the plants have to be subdivided and it is a very expensive operation. Was the gentleman able to find out what the cost per acre was? I was not able to get that information.

Mr. **HERTER**. I do not have that figure, either.

Mr. **McSWEENEY**. Mr. Speaker, I yield to the gentleman from Nebraska [Mr. **STEFAN**] such time as he may require.

Mr. **STEFAN**. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD, and include a statement by J. S. McDaniel.

The **SPEAKER**. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

(The statement is as follows:)

(The writer of this memorandum supports immediate passage of S. 3520 or H. R. 8351 with amendments designed to support (1) national security, and (2) Philippine economy.)

MEMORANDUM RELATIVE TO S. 3520 AND H. R. 8351 (IDENTICAL BILLS), ABACA ACT OF 1950

(Introduced by Senator TYDINGS, May 1, and Congressman VINSON, May 3. Referred to Armed Services Committees of the Senate and House)

Sponsor: Department of Defense (Munitions Board).

Purpose: To continue and expand production of abaca (manila fiber) in the Western Hemisphere by the United States Government.

Product description: Abaca is a hard, leaf (miscellaneous) fiber used in the making of marine and other cordage. It is classified by the Munitions Board as a highly strategic and critical material which cannot be grown in the United States. Substitutes are sisal, henequen, jute, synthetic products such as nylon, paper, wire rope, and mechanical means of material-handling not requiring manila rope (escalator, etc.).

The possibility of substitutes, at various price levels, tends to integrate the problem of abaca and fibers commonly used for other products such as agricultural twines, and, therefore, the matter must properly be considered coordinately and not separately.

History of Central American abaca: Abaca is indigenous to the Philippines where, prior to World War II, 95 percent of the world's requirements were produced. Abaca requires growing conditions—rainfall, suitable land, etc.—such as are found ideal in the Philippines, reasonably good in other Southeastern Asia areas and possible, at great relative cost, in Central America.

Abaca was introduced into the Western Hemisphere (Panama) in the early 1920's, with the encouragement and help of the United States Government, as a national security measure. By 1941, a relatively small

quantity of 3,000 acres was being grown on an experimental basis by the United Fruit Co. Immediately following Pearl Harbor, the plantings were expanded to approximately 30,000 acres to supply United States military requirements. This was by contract between the Reconstruction Finance Corporation and the United Fruit Co.

Since VJ-day, these plantings have been continued under directive of the President of the United States to the RFC, acting under authority to continue wartime projects for liquidation purposes. The last such directive, it is understood, was issued March 30, 1950, and probably is for a relatively short time, probably not beyond June 30 or July 31, 1950. It is also understood that it is unlikely that further directives will be issued without action by the United States Congress.

Abacá production in Central America has been disappointing. Because of one difficulty or another, the 30,000 acres planted has already been reduced to 25,879 acres. Production was expected to reach 64,908,300 pounds in 1949 but official statistics show it was only 30,229,050 pounds. Now it is planned to abandon or "butcher" harvest approximately 50 percent of the existing 26,000 acres.

While the cost of producing Central American abacá is greatly in excess of Philippine costs, the quality is not considered as good as Philippine abacá. This is evidenced in the fact that prices consumers have been willing to pay for Central American abacá are 1 to 2 cents lower per pound than for Philippine abacá. However, the quality is adequate for making a reasonably good finished product. The light color of the Central American abacá is due to machine decoration. Light color in Philippine abacá indicates high quality. But rope made from Central American abacá is weaker in tensile strength than that made from Philippine abacá.

Problem: The problem in this situation, particularly in view of the present wording of the proposed legislation, falls into three categories, namely, (1) national security, (2) economic, and (3) political.

1. National security: This is mentioned first solely because it is the one approach of the proposed legislation as introduced. From this single viewpoint, it is important (a) to maintain a physical stockpile in the United States and (b) to continue a reasonable production in nearby areas which can be rapidly expanded (2 years required for expansion to production) in time of emergency while the physical stockpile is being utilized.

2. Economic: Production on a subsidy basis, covered in 1 (a) above, should be held to a minimum in order (a) not to have unnecessarily an adverse effect on Philippine economy and (b) so that the "stockpile" (1 (a) above) can be purchased as cheaply as possible through encouraging rehabilitation of Philippine abacá where it can be produced at the lowest cost.

3. Political: Any unnecessary United States subsidy production of abacá in the Western Hemisphere, to the obvious detriment to Philippine economy, or any failure to write this legislation in such manner as (a) to recognize the Philippines' inherent interest in abacá and (b) to carry out the solemn promises of the United States to assist the Philippines "in the full repair of the ravages caused by war" (President Roosevelt, October 13, 1943) will be considered by the Philippines as a failure by the United States to live up to its international agreements. This will have political repercussions, not only in the Philippines, but in the entire Far East.

WORLD SHORTAGE OF ABACÁ AND RESULTANT EXCESS COST TO UNITED STATES

It is an established fact that there is a shortage of hard fibers in the world today. The following statistics relate to abacá.

Abacá	
Philippine production prewar	Pounds
(1,200,000 bales)-----	330,000,000
Sumatra production prewar----	10,000,000
Central American production prewar-----	1,500,000
	<u>341,500,000</u>
Philippine production, 1949----	144,375,000
Central American production, 1949-----	30,500,000
Sumatra production, 1949-----	0
	<u>174,875,000</u>
Difference, prewar and postwar production----	166,625,000
Estimated annual production per acre, 1,500 pounds.	
New acreage planned in proposed legislation for Western Hemisphere (21,000 times 1,500 pounds)-----	31,500,000

Balance, requirement world production outside Western Hemisphere-----

135,125,000
New acreage required outside Western Hemisphere, assuming 50,000 acres in that area as provided in S. 3520 or H. R. 8351, 90,000 acres (36,000 hectares).

NOTE.—There is a world shortage of sisal fiber currently, due in part to the shortage of abacá and the demand for sisal as a substitute for abacá, due to price, et cetera.

Assuming that the passage of this legislation will discourage new production worldwide, at least temporarily (discussed herein-after) and that the world shortage and resultant high prices would therefore continue, the cost to the United States of such legislation (exclusive of direct charges of the Western Hemisphere operations) would be as follows:

HARD FIBER PRICES

Prices of abacá (Davao "I" grade, f. o. b. New York) averaged 7.6 cents per pound United States Currency, 1935-38 average; this price is approximately 26 cents per pound today. Sisal prices, approximately 4 cents per pound in the decade prior to World War II, are now approximately 16 cents a pound.

Excess costs to United States per year, public and private

[Due to world shortages of hard fibers computed at 10 cents per pound for abacá and 5 cents per pound for sisal and henequen]

U. S. Government stockpile (assumed purchases of 30,000,000 pounds annually):

Abacá----- \$3,000,000
Sisal and henequen----- 1,200,000

U. S. Navy, abacá purchased (assumed purchases of 5,000,000 pounds annually)----- 500,000

U. S. Government agencies (armed services): cordage purchased (based on 1949)----- 1,000,000
5,700,000

SCAP, purchases (based on 1948-49 fiscal):

Abacá----- 3,500,000
Sisal and henequen----- 1,250,000

Subtotal----- 10,450,000

ECA procurement authorizations based on current rate):

Abacá----- 3,000,000
Sisal and henequen----- 1,500,000

Subtotal, purchases from U. S. Government funds.. 14,950,000

Private purchases, cordages, United States (1949)----- 8,000,000

United States farmers' purchases, agricultural twine (1949)----- 6,250,000

Total, excess cost to United States due to world shortage of hard fibers.. 29,200,000

¹Purchases of cordage outside United States, probably at least 5,000,000 pounds annually, should be added.

PASSAGE OF S. 3520 OR H. R. 8351, AS INTRODUCED AND WITHOUT AMENDMENT, WILL DISCOURAGE PHILIPPINE ABACÁ REHABILITATION, ALREADY STARTED

As introduced, the proposed legislation provides only for continuation and expansion of Western Hemisphere production of abacá by the United States. Before the war Philippine abacá was exported, in weight, approximately one-third to the United States, one-third to Japan, and one-third to Europe. The United States was the best abacá customer of the Philippines in dollars because it purchased the top grades. Europe purchased the intermediate grades and Japan the lower grades.

Production on 50,000 acres in Western Hemisphere, at 1,500 pounds per acre, would be 75,000,000 pounds annually, or approximately 75 percent of the United States cordage and twine manufacturers' annual requirements. Removal of this market from Philippine exports would naturally deter capital from investing in Philippine abacá.

Financing Philippine abacá rehabilitation is required. It is difficult under any circumstances to get United States capital to move into foreign areas, as evidenced by the President's proposals in the point 4 program.

Passage of any legislation indicating or inferring a policy of the United States being solely interested in Western Hemisphere abacá would naturally deter capital, private or public, from flowing into abacá outside of the Western Hemisphere.

There can be no purpose served in trying to expand abacá production by 30,000,000 pounds in the Western Hemisphere—a possibility some United States Government personnel believe unattainable—if such efforts would discourage or adversely affect new Philippine abacá production, where at least 135,125,000 pounds additional production is required, even if the objectives of the proposed expanded Western Hemisphere production are maintained.

PHILIPPINE ABACÁ REHABILITATION

Philippine abacá rehabilitation is under way on a large scale.

In January of this year the Philippine Government, desirous of promoting the rehabilitation of the abacá industry and recognizing the necessity of large-scale, efficient, private enterprise, entered into a contract with private enterprise to clear, plant, and develop 18,500 acres of government land in Mindanao. It is on this island that the Japanese grew abacá so successfully prewar. Work has been under way on this project for some months, and the best available personnel in the world has been employed to carry out same.

In working out these plans there has been complete cooperation from the President of the Philippines, his Cabinet, the Supreme Court of the Philippines, business interests in the islands, and the American Embassy, all conscious of the importance of Philippine abacá to Philippine economy.

The Philippine Government is now contemplating similar arrangements by granting to the Boy Scouts of the Philippines and the University of the Philippines 35,000 acres for abacá production.

Several large private groups are waiting only for action on this proposed abacá legislation now under consideration by the United States Congress before proceeding with plans for (a) new plantings and (b) rehabilitation of existing plantings in the Philippines, all patterned on the model contract developed in January last.

ABACÁ IMPORTANT TO PHILIPPINE ECONOMY¹

So far as Philippine economy is concerned, abacá is of utmost importance. In dollar value, it has represented, over the years, 10 to 14 percent of total Philippine exports. It is currently the principal exportable item from the Philippines to hard-currency areas. In 1938, there were over 155,000 farms with

approximately 700,000 acres planted to abacá in the Philippines. Approximately 800,000 Filipinos, of a total population of 16,000,000 were dependent upon abacá as their sole source of cash income. Every President of the Philippine Commonwealth and Republic has agreed that abacá is one of the, if not the most essential, crops grown in the Philippines, for social and economic reasons. It is the only commodity produced in the Philippines that is practically noncompetitive with production in other areas.

AMENDMENTS SUGGESTED TO PROPOSED
LEGISLATION

Attached hereto is a copy of the proposed legislation as introduced, showing thereon amendments suggested to accomplish the changes indicated above. In suggesting these amendments, the following objectives have prevailed:

1. They leave the Munitions Board program for Western Hemisphere abacá unchanged;
2. They avoid requesting any authority to permit any areas, other than Western Hemisphere, to participate in the authority or appropriations authorized for Western Hemisphere abacá;
3. They establish a policy of the United States being interested in an adequate production of abacá in any or all suitable areas of the world, but without requesting any authority for appropriations for such purposes; and

4. They reiterate existing authority for loans, on a reasonable repayment basis, to aid in adequate production of abacá in areas other than the Western Hemisphere. Of course, this existing authority is likewise available to the Western Hemisphere now under existing law.

These suggested amendments are designed to avoid any statement or inference in any legislation enacted that the United States is solely interested in Western Hemisphere abacá.

Respectfully submitted.

J. S. McDANIEL.

Mr. McSWEENEY. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Speaker, this is a bill which is of vital interest to the national defense of the United States, not only from the standpoint of the military operation, but from the standpoint of peacetime operations or industrial operations where cordage—that is soft and hard fibers and rope and twine and products of that nature—come into the picture. Let us review this very briefly because we have very limited time on this.

During the war we did build these plants in the United States for the purpose of supplementing the fiber supply. We built plants which produced what I would term soft fiber, which can be used in many operations, but soft fiber, as everyone knows, is no good for the Army and Navy where tensile strength is concerned. Mexican hemp has never been, and perhaps never will give as fine results as the fiber from the abacá plant. The best abacá plant is grown in the southern island of the Philippines, Mindanao. Only about 30 percent of the typhoons which strike the Philippine Islands hit the southern end of the island of Mindanao. That is the natural home of the abacá plant, where you have long tensile strength fiber that grows anywhere from 9 to 18 feet in length. That is, the fiber from a single plant will run from 9 to 18 feet, of a very fine color and fine grade and great tensile strength. This bill is an addition to the Federal

operations carried on by the Federal Treasury in Central America, as pointed out by our friend the gentleman from Massachusetts [Mr. HERTER]. During the war period, and prior to the war, we did finance experimental work down there. We did great service for the United Fruit Co., as well as the United Fruit Co., perhaps giving some service to the United States. These big industrial companies do not generally go around making donations to the Federal Treasury where military appropriations are involved. I will have to be shown before I will be convinced that the United Fruit Co. made any donation to the Federal Treasury.

This is the statement in the bill:

Such surveys and research may be undertaken as are necessary or desirable to obtain the best available land in the Western Hemisphere for the production of abacá, the best development of abacá and development and maintenance of the plantations for the production of abacá established on such land, and the most economical and practical processing and disposition of such fiber and by-products as result from the production of abacá on such land.

An amendment has been mentioned which should go into this bill. Every day we are sustaining and defending the Philippine Republic. There are some 100,000 bales of abacá fiber in the Philippines today which should be in the national defense stockpile. What efforts are being made to put that in our stockpile? That is one of the questions I raised yesterday, and I raise it again today. Abacá production in the Philippines in 1947 rose to nearly 800,000 bales. They did what they called "butchered the harvest." That means they harvested the plants in advance of maturity so as to get the fiber on the world's market and get it into our hands to use it to make rope and other products of that nature. In 1948 the production dropped because the previous plants had been butchered. In 1949 it dropped further, and in 1950 it is estimated the production will go back up to approximately 800,000 bales. The Reconstruction Finance Corporation, for instance, is taking the production from this operation. Instead of putting it into stockpiles they are selling it in the open market. For instance, 3,000 bales were offered just recently. Two thousand eight hundred and seventy-five of those bales were picked up by private manufacturers in the United States. But we go out and subsidize these operations for national defense purposes. Why do we not put that product into the stockpile and use it for national defense? You have got to sustain the Philippine economy one way or the other. When you step out of the Philippines you step out of the Far East. Make no mistake about that. This amendment should be in this bill so that this operation will be carried on for the benefit of the United States, reaching into the Philippine Islands. That is why I am going to offer the amendment.

Mr. CELLER. If the abacá is stockpiled that would remove it from the commercial market, would it not?

Mr. CRAWFORD. It certainly would.

Mr. CELLER. And that is the purpose of the gentleman's amendment; so we would not injure the economy of the

Philippines. We can get this material from the Philippines now without any danger.

Mr. CRAWFORD. That is correct.

Mr. CELLER. And we can get it cheaper.

Mr. CRAWFORD. You get it cheaper in this way, if we will let the Philippine abacá industry live, upon which we must absolutely depend—you will never get a sufficient supply from Central America, I do not care if you put out 10 times the amount of this appropriation; you must depend on the Philippines. We must let this Philippine industry live. If we do and put the product on the market we will have abacá at 16 or 18 cents a pound instead of the 26¼ it brings today.

Mr. CELLER. I thoroughly agree with the gentleman and shall support the amendment.

Mr. ALLEN of Illinois. Mr. Speaker, I yield the balance of my time to the gentleman from Michigan [Mr. FORD].

The SPEAKER. The gentleman from Michigan is recognized for 15 minutes.

Mr. FORD. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. FORD. Mr. Speaker, at the outset let me state I yield to no citizen in my devotion to this country and I consider it an outrage that anyone in the House should accuse another of opposing legislation for the defense of our country. Yesterday, the gentleman from Indiana [Mr. WALSH], during the general debate on H. R. 9178 stated that he could point out that I had failed to vote for the defense of my country. Immediately on the floor of the House I challenged him to prove such a preposterous statement. The gentleman indicated that he would at some later date but at the time he uttered the accusation it was obvious he was talking to hear himself talk with absolutely no knowledge whatsoever as to how I had voted on any measure that has come before the House in the Eighty-first Congress. You will note in the printed RECORD today that the gentleman from Indiana during our colloquy frankly admitted he did not know me from Adam. For any member to accuse another without facts at hand to substantiate such a charge is irresponsibility of the worst sort.

Earlier during this same speech in which he made the accusation concerning my voting record, the gentleman from Indiana patted himself on the back for never condemning any individual without a full and fair hearing or trial. Yet in the same speech, all within a period of 10 minutes, the gentleman from Indiana openly accused a colleague of voting against the defense of his country when during our colloquy it was obvious he knew nothing concerning my voting record. Mind you, my colleagues, the gentleman from Indiana frankly admitted he would have to supply the data from the RECORD when I challenged him to back up his statement. I respectfully suggest that the gentleman from Indiana be somewhat consistent when he

contends he never accuses or condemns without all the facts at hand.

The gentleman's own record in the House is rather interesting. During the first session of the Eighty-first Congress there were approximately 68 highly significant legislative issues on which there were roll call votes. On 16 of the 68 the gentleman was not recorded. It should interest the House that on these same significant issues I was recorded on 65 out of the 68 roll calls. This is a somewhat better record than that of my colleague from Indiana.

It should also interest the House that on 42 significant issues in the second session of the Eighty-first Congress the gentleman from Indiana failed to vote in 12 instances while my own record indicates my absence on only 3 occasions out of the 42. Again, if attendance to duty is a criterion, the gentleman from Indiana has a far worse record than I.

I also have some other facts that are somewhat interesting. From the beginning of the first session of this Congress through June 30 there were 430 roll-call votes. I missed 17 out of the 430 votes, a 96-percent record of being on the job. The gentleman from Indiana was not recorded on 260 out of the 430 votes; in other words, he was on the job 40 percent of the time and was absent 60 percent of the time.

In the Eighty-first Congress there were 205 votes from the beginning through June 30 on legislative matters. I missed 8 of those votes and was recorded on 197 occasions. The gentleman from Indiana missed 66 of those votes and was here for 139 roll calls.

There were 225 quorum calls from the beginning through June 30. I missed 9 of those roll calls. The gentleman from Indiana missed 104 out of the 225.

Mr. Speaker, I ask you, Who is on the job, the gentleman from Indiana or myself?

Those of us who have been selected for this position of responsibility by the voters of our respective districts owe it to ourselves and our constituents to be on the job. The gentleman's record in this regard is obviously inferior to my own. Perhaps if he was more conscientious about his attendance record the gentleman from Indiana would know accurately the voting record of his colleagues and would not fly off the handle and make such irresponsible statements concerning the record of a colleague.

Yesterday, after the colloquy between the gentleman and myself, a Member of the House suggested to me that as a test of our loyalty I put my service record of 47 months in World War II against the gentleman's Army record of approximately 13 months. I assure you that that is not a fair and honest basis for any test of loyalty or devotion to our Nation's security and welfare. Many of our fellow citizens served our Nation well and faithfully in a civilian capacity during World War II, perhaps even contributing more than we who were in the various branches of the armed services. What does perplex me, however, is why the gentleman from Indiana should ignorantly resort to derogatory and irresponsible statements of the kind made yesterday on the floor of the House

At the time the gentleman on the floor of the House made the reference to my voting record, as I said before, he had no facts, if ever there were any, to back up his accusation. Subsequently he apparently learned my name and checked the record. The gentleman from Indiana now states because I voted for or against certain selected proposals he has proved his point. The Members of the House should know the facts on this afterthought analysis.

Let's start with H. R. 5895, the Mutual Defense Assistance Act of 1949. This bill originally called for an authorization of \$580,495,000 for North Atlantic Pact countries; plus \$500,000,000 in forward contracting for North Atlantic Pact countries; plus \$211,370,000 for Greece and Turkey, and \$27,640,000 for Iran, the Republic of Korea, and the Republic of the Philippines. On August 18, 1949, on roll call No. 188, 209 Members of the House including myself voted for the Richards amendment. This amendment was approved by a bipartisan vote and it deleted the \$500,000,000 for forward contracting but left intact the sum of \$580,495,000 for military aid to our European allies. Does the gentleman from Indiana honestly contend that all of the 209 Members who voted for the Richards amendment "failed to vote for the defense of their country"?

It is interesting to note that the gentleman from Indiana condemns me for my support of the Richards amendment yet, according to the CONGRESSIONAL RECORD, my colleague from Indiana was not present and consequently cast no vote whatsoever on the Richards amendment. The record shows his absence at the time the vote was cast and furthermore he neither took the time or made the effort to pair himself either for or against the proposal. One who condemns another should at least have a record of his own to exhibit.

On the same day after the adoption of the Richards amendment a roll-call vote demanded on H. R. 5895 and on that vote I am recorded in favor of the bill. Again the gentleman from Indiana, who so glibly and ignorantly accuses a colleague was not present. He cast no vote and was not paired one way or another. Two hundred and thirty-eight Members supported the bill by a recorded vote. In no vote in the RECORD on this day do I find an indication of the gentleman's attitude on this bill, yet he feels free to comment on my vote on this issue.

Subsequently the other body considered H. R. 5895 and reduced the authorized appropriation for North Atlantic Pact countries to five hundred million dollars but added five hundred million for forward contracting and included seventy-five million for the general area of China. The House and Senate conferees approved the appropriation authorization of the House—\$580,495,000—and added the five hundred million for forward contracting as adopted by the other body.

On September 28, 1949, the conference report on this legislation came before the House. After debate the gentleman from Wisconsin [Mr. SMITH] offered a motion to recommit. One hundred and thirteen Members, including myself, sup-

ported that motion. I supported the motion to recommit because in my estimation such a vote was consistent with my vote on the Richards amendment. I ask this question: Does the gentleman from Indiana [Mr. WALSH] suggest that all of the 113 Members who voted to recommit failed to vote for the defense of their country?

On final passage of the conference report on H. R. 5895 the gentleman from Indiana and I voted the same, namely, for the bill. This was his first affirmative support for the legislation and the second time during the first session that I had supported such legislation. Obviously his blasphemous comment of yesterday, considering his own record, was not justified.

The gentleman from Indiana [Mr. WALSH] in his afterthought analysis makes much of my two votes on January 19, 1950, when the House considered and rejected the first bill authorizing economic aid to Korea. A brief review of the far eastern situation on that date is important to an understanding of why 193 Members of the House rejected this bill. Early in January of this year, just before this vote, both President Truman and Secretary of State Acheson turned their backs on and literally abandoned Formosa contrary to the views of General MacArthur, who all along has contended we must maintain the integrity of Formosa against the aggression of Red China. With the President and the Secretary of State abandoning Formosa at that time was there any justification for pouring sixty million or more in economic aid into Korea? Of course not.

This bill, H. R. 5330, proposed only economic aid to Korea, no military equipment, only United States dollars for the construction of power plants, fertilizer, and so forth. It was predicted on January 19 during the debate on this bill that Communist forces could and would overrun the South Korean Republic whenever such a military move was to the advantage of the Soviet Union. That prediction, unfortunately, has come to pass, but the recent developments in Korea certainly sustain the position of those who refused to pour United States economic aid into a militarily defenseless nation. The gentleman from Indiana [Mr. WALSH] wanted the United States to authorize sixty million for South Korean power plants, fertilizers, and so forth, when all our military leaders said the territory could not be defended yet he has the gall to accuse me, and by implication 192 others in the House, for failing to vote for the defense of our country because we rejected this proposal.

Again, on February 9, 1950, the House was called upon to consider a bill—S. 2319—for Korean economic aid. It was in effect the same bill as H. R. 5330, except certain United States funds were authorized for the island of Formosa. Frankly, this bill, with the inclusion of aid to Formosa, made sense principally because it was an admission by the State Department under Mr. Acheson that Formosa was not to be abandoned to Stalin and Red China. Prior to this change in attitude, Mr. Acheson and the President had abandoned Formosa.

However, with this change in Pacific policy by the administration, I could and did support the legislation. Yes; I did vote to reduce the authorizations, but again in light of our recent military reverses in South Korea perhaps it would have been wiser to cut back some of the economic aid to the South Korean Republic. Certainly a vote on February 9 of this year to reduce but not eliminate economic aid to Korea is not a vote against the defense of this Nation. Again, as before, the afterthought analysis of the gentleman from Indiana [Mr. WALSH] is in error.

A short summary of the ill-founded accusation by the gentleman is in order. Of the eight record votes to which he refers, either directly or indirectly, he and I voted alike on two occasions. I would suggest that in these instances he is like the pot calling the kettle black. On two of the roll calls when the House considered the Mutual Defense Assistance Act of 1949, the gentleman from Indiana [Mr. WALSH] was nowhere to be found. In other words, he cast no vote. The Members can draw their own conclusions in this instance. On the other four roll calls I voted differently from the gentleman from Indiana for good and sufficient reasons. In no way whatsoever, as the record shows, did I or the many others who voted similarly, vote against the defense or national security of this Nation. If anything, we who disapproved of Secretary Acheson's policies and supported those of General MacArthur in light of recent developments, are right and the gentleman from Indiana [Mr. WALSH] was quite wrong.

In closing, let me say no man in this House or elsewhere is more devoted than myself to our country and the principles for which it stands. At the same time never have I, nor will I ever, accuse another in the manner of the gentleman from Indiana [Mr. WALSH]. Each Member of the Congress has a duty and an obligation to vote on each and every proposal as his or her conscience dictates. It is not within the prerogative of the gentleman from Indiana [Mr. WALSH] to determine and judge the merits or errors in my decisions, particularly when at the time of his comment he was completely ignorant of the facts. The record is now corrected. I thank my colleagues for their indulgence in permitting me an opportunity to refute the gentleman's irresponsible statement of yesterday.

Mr. McSWEENEY. Mr. Speaker, I yield 10 minutes to the gentleman from Indiana [Mr. WALSH].

Mr. WALSH. Mr. Speaker, yesterday my committee chairman asked me to make some remarks, and I suggest that the House membership turn to these original remarks and just see what I said. I thought my remarks were restrained and to the point, but for those Members who were not present I suggest that they see page 10992 of the CONGRESSIONAL RECORD; in substance I pointed out that I did not care how any individual Member of this body voted previously to the present Korean situation.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. WALSH. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I have read the gentleman's speech, and there is no justification for the speech made by the gentleman from Michigan. The gentleman from Michigan [Mr. FORD] has read from a manuscript, showing that he made his speech with deliberation and premeditation. In the Massachusetts Legislature, when one undertook to make a speech to kill another member, we called him a "legislative killer."

Mr. WALSH. I thank the gentleman.

I was sitting here listening to the debate and tending to my business when the gentleman from Michigan obtained the floor and took issue with my position, as he certainly had a right to do. I said earlier in the debate that there seemed to be a great many people that now have 20/20 vision in their hindsight. I think the gentleman from Michigan [Mr. FORD] has 20/20 vision in his hindsight, and he also has clairvoyant powers, because I have never to this moment commented on his specific voting record in the RECORD of the House, and I really had no serious intention to do so. I did say yesterday that I might do so, or I would, but I did not wish to carry on this fight. However, he decided that it was his job to answer what I still consider was my inoffensive non-personal, trying-to-be-patriotic speech. We had just heard a leading Member of the House blame the present Administration of causing two World Wars, and causing the Korean outbreak.

So I sent out and got his record while he was still on the floor. I had that record present. I was upset and so was he. I did not then and do not now like to deal in personalities. In due time I am going to check personally my voting record and my record on attendance. It may not be as good as it should be, but I can assure you that I have missed few important issues and I am going to point out a few instances why it is not as bad as he claims it to be. I am a member of the Committee on Armed Services. I was also a member of the Kilday subcommittee which met off and on for more than three months during the first session of the Eighty-first Congress. We seldomly answered quorum calls when testimony was being presented. Any of you who have served under CARL VINSON on the Committee on Armed Services knows what it means to leave a committee session to answer a quorum call. Of course he has been here a long time and it does not make a lot of difference to him.

Then with reference to his remarks about my votes on the foreign military-assistance bill, I can tell you very easily where I was. I was on the B-36 subcommittee in California. I was gone for more than 1 week, and the members of the committee, both the minority and the majority are unrecorded on that roll call and several others and numerous quorum calls. That is the reason I did not vote on that bill. How is he recorded on the Richards amendment to reduce military assistance to our allies? He told you. He is recorded in favor of it.

I could also go into personal reasons of illness and death in my family that prevented my attendance during four important votes. But I do not care to go into that. I do not want sympathy, and I do not care to take the time of the House to explain matters that are personal to me. But the point I am trying to make here is that without any reason whatsoever, unless it might have touched a mighty sore spot in some people's armor, I was maliciously and—I am using the word considerably—I was maliciously singled out for my remarks and attacked. I took the floor, and here is what I said, in substance:

I could point out to this Member and other Members their voting record in the past. I could, if necessary, point out where he failed to vote for what I consider to be the best interest of the national defense of our country.

We may disagree as to what is for the best interest of our country. It seems as though since the Korean situation has occurred that a lot of people are trying to get up here and apologize for their past votes, for how they voted on certain issues, such as Korean aid and foreign military assistance, which I consider to have been paramount to the success of any future defense of this Nation. I have not attacked this young man on his Korean-aid vote, but he apparently anticipated that I was going to. His vote certainly was contrary to mine, and I still personally think his vote was not in the best interest of this country, and he thinks to the contrary.

But it happens to be that a majority of the House thinks otherwise. I am not attacking his motives, nor his patriotism. I tried yesterday to answer this young man, whom I admit I had never known, for coming down here in the well of this House and saying that I am neglectful of my duty; that I walked out of the Armed Services Committee session; that I disagreed with the gentleman from Georgia, CARL VINSON; and now I am having kind words to say for him. I thought yesterday we were going to get all those things out of our system, and we were going to work side by side. I cannot help but notice that there is a great amount of apology from the left side of the aisle for past votes. I do not care personally how you voted. It is what you are going to do in the future. I do not care what we did on the right. We have not always been correct, but I feel our record of preparation for defense needs far less explaining. But it is what we are going to do now in these critical hours that counts.

So I have no apology to make for my stand or for the remarks I made yesterday. If he thinks I was personally attacking his patriotism, I apologize, because I was not then, and am not now, attacking his motives or his patriotism. But I wish to say that I seriously disagree with his powers of vision as to what was to happen in the international situation, as it is reflected in his voting record during the years 1949 and 1950 and prior to the Korean trouble.

A great many people had the same difficulty.

I wish to say one other thing in closing.

I do not think it is proper for a freshman Congressman to take the floor too often. I have never made a habit of getting up here and loudly expressing my views, as I wanted to listen and observe. A week ago I made my first speech, other than 1-minute remarks, on the floor during this session. I have been here four times since. I wish to apologize for taking the time of this body in these critical hours, but I felt it necessary, as a member of the Armed Services Committee, yesterday and last week, to make my remarks known to you Members. If I hurt any of your feelings, I did not intentionally do so. But I have a very strong conviction about this war and about unanimity and the need for preparation. I think in our Committee on the Armed Services we get more information about the world conflict than in any committee in the Congress. As a father of children, and as a young man interested in the welfare of the Nation, I can lay aside personal differences and we can lay aside past records and think about the future. I do not propose to get into any more personal controversies with any Member of this House unless they personally, maliciously, and purposely attack me, and then, of course, I will take the floor.

The SPEAKER pro tempore (Mr. BONNER). The time of the gentleman from Indiana [Mr. WALSH] has expired.

Mr. McSWEENEY. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Speaker, there is no doubt that we must have a plentiful supply of hemp, cordage, and abacá, as indicated in the pending bill, for which a rule has been asked. There is no doubt that for defense purposes we must have a plentiful supply of cordage, but cutting into that requirement is also the requirement that we must unduly disturb the economy of the Philippines. The Philippine economy depends greatly upon the growth of this product and its sale in the United States. If we can have both, that is, if we need not disturb the economy of the Philippines and we can get a plentiful supply, why not do it?

I believe the amendment that will be offered by the gentleman from Michigan [Mr. CRAWFORD] will carry out those two purposes. It will mean that all abacá that comes from this project in Central America will be stockpiled, and will not go into commercial channels. The statement has been made that the provision in the pending bill, on page 3, section 3, subdivision (c), will preclude the channeling of the fiber into commercial channels. As I read that provision, that is not so.

Furthermore, the Munitions Board presently is permitting private sale of this critical material, instead of stockpiling all of it. I am informed that vast quantities of the subsidized abacá are being sold to private United States manufacturers. If we pass this bill as is, without the suggested amendment, we place the imprimatur of our approval upon such sale by the Munitions Board and those who are in control of this subsidized abacá.

I herewith insert a letter on this important matter from my friend, the distinguished Ambassador from the Philippines and former Delegate to the House, J. M. Elizalde, as follows:

EMBASSY OF THE PHILIPPINES,
Washington, July 24, 1950.

DEAR EMANUEL: I am writing to you in connection with the proposed legislation now pending in Congress which would authorize the continuation and expansion of the abacá production in the Western Hemisphere. I am referring to S. 3520 and its companion bill, H. R. 8351.

I hope you will appreciate my deep concern over this matter because of the disastrous effect that this legislation would have on my country if passed in its present form.

In the accompanying statement I have endeavored to state the Philippine views on this subject, the high lights of which are as follows:

1. This is not a purely defense measure since it does not provide for the channeling of the entire Central American output into the United States stockpile but instead permits its diversion to private manufacturers in competition with Philippine abacá (manila hemp).

2. The maintenance and expansion of the abacá industry in the Philippines is essential to the national security of the United States. It has been the main source for the national stockpile and its production can be increased immediately, given the necessary assistance.

3. Contrary to the impression created at the hearings, the measure does not provide stockpiling in the ground, that is, a standing abacá reserve in the field for utilization only in an emergency, because actually it is intended to extract normal yield periodically for sale to private consumers in the open market.

4. The Central American project is a subsidized operation that has proven costly to the American taxpayers. Experience has shown that abacá produced in Central America would cost 27 cents per pound as compared with 12 cents for Philippine abacá.

5. The record shows that certain private interests will derive continuing and increasing benefits from this project at the expense of the American taxpayers and the Philippine-abacá industry.

6. The abacá industry in the Philippines is one of the main foundations of our economy. It has been our experience that when the abacá industry is prosperous there is also general prosperity among the entire Filipino people because of the great number of families who depend upon it for their livelihood. The displacement of the Philippine abacá from the United States market will seriously lower the living standards of one-sixth of our population and might well become a serious threat to our security.

7. Before and since World War II despite the critical need by this country for this vital material the Philippine-abacá industry has not received any financial assistance from the United States.

8. Since no diplomatic representative of the Philippine Government could properly appear at the hearings we were unable to refute misleading and erroneous information presented at those hearings.

9. It is universally recognized that Philippine abacá (Manila hemp) is superior to Central American abacá or to any other hard fiber due to the fact that the Philippines has the right kind of soil, the favorable climatic conditions, the processing technique, and the experienced labor so necessary in production of the highest-quality fiber. This explains why this fiber has acquired the trade-name of Manila hemp and is known the world over by that name.

Knowing as I do your personal interest in the welfare of my country I am therefore taking the liberty of suggesting that this measure be amended by inserting a provision to the effect (a) that the entire output of this project be channeled into the stockpiling program of the United States and that no part of it should move into the commercial market, and (b) that the exploitation for the production of abacá in Central America be confined to the area of 25,000 acres presently devoted to this purpose and not to provide for its further expansion by utilizing any new area or additional acreage.

I would appreciate it if you could see your way clear to giving our cause your sympathetic consideration.

Sincerely yours,

J. M. ELIZALDE,

HON. EMANUEL CELLER,
House of Representatives,
Washington, D. C.

I believe the amendment is a good one and should be adopted.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein portions of a letter received from the distinguished Ambassador from the Philippines, J. M. Elizalde.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. McSWEENEY. Mr. Speaker, I yield 2 minutes to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Speaker, I am sorry that the gentleman from Indiana and the gentleman from Michigan have both left the floor temporarily. I merely want to make a brief statement which I think should be in the RECORD at this point. I was present yesterday when the statements were made that have been alluded to.

The speech accredited to the gentleman from Indiana, as it appears in the RECORD today does not correspond to what he said on the floor of the House yesterday afternoon. I make that as a flat statement on my honor as a Member of the House of Representatives. I am sure that an examination of the original transcript will show this to be the fact. I feel safe in saying that if the gentleman from Indiana ever becomes more than a freshman Member of this House he will learn that fairness in reporting the statements of what he has previously said and in maintaining the integrity of the RECORD is an attribute much to be valued.

Mr. JACOBS. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. JACOBS. What the gentleman has just said is correct, but I think the gentleman should know a little of the background before he makes that statement. Therefore an understanding is in order.

After the exchange between my colleague, Mr. WALSH, and Mr. FORD, Michigan, I met another gentleman from Michigan—and I might say that I am a friend of both Mr. FORD and Mr. PETER, to whom I am referring, and we discussed the matter. We both agreed that there were things said which should not have been said. We were right at the back of the center aisle. I do not like to see

my friends fussing among themselves, especially when I know both of them and know they are both gentlemen.

Mr. CASE of South Dakota. I think the whole incident may have been unfortunate but I think the RECORD should not be allowed to stand as indicating that what appears in the RECORD today is an accurate record of what was said yesterday.

Mr. JACOBS. Let me say I agree with the gentleman, but it was done pursuant to an understanding between me, Mr. POTTER, and Mr. WALSH, and I am sure Mr. POTTER will confirm it. I asked him to delete a portion. That is why there is a difference between what Mr. WALSH said and what is printed.

Mr. CASE of South Dakota. Then it should not be used by reference today; the printed speech should not have been used by reference today as giving what was actually said yesterday.

Mr. JACOBS. I am not going to argue about the ethics of the situation; I simply state that it was pursuant to a conversation that took place between me and Mr. POTTER, of Michigan, that the change was made.

Mr. CASE of South Dakota. I want to express appreciation to the gentleman from Ohio [Mr. McSWEENEY] for yielding time permitting this matter to be cleared up.

Mr. McSWEENEY. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. DURHAM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 3520) to strengthen the common defense by providing for continuation and expansion of Western Hemisphere production of abacá by the United States.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 3520) for the expansion of Western Hemisphere production of abacá, with Mr. LYNCH in the Chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from North Carolina [Mr. DURHAM] will be recognized for 30 minutes, and the gentleman from Missouri [Mr. SHORT] for 30 minutes.

Mr. DURHAM. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, the purpose of the proposed legislation is to strengthen the national defense by authorizing the United States Government to continue its assistance in the development of a source of abacá—Manila fiber—in the Western Hemisphere.

Abacá is a fibrous plant, indigenous to the Philippines, from which manila hemp is produced. It has been declared to be a product of strategic importance to the national defense and to be in critical short supply. It is being stockpiled un-

der the Strategic and Critical Materials Stockpiling Act.

Prior to World War II, practically the entire supply of abacá came from the Philippines. During the war this source became unavailable and the production of cordage of all kinds suffered because of the nonavailability of abacá. The reaction was of a chain nature, in that as abacá became scarce the producers of cordage were forced to use other less desirable types of fibers, which depleted the stocks of those materials. Eventually, all types of cordage, from those required in agriculture to those required for war purposes, were in extremely short supply. To partially offset this shortage, the Reconstruction Finance Corporation, acting under special legislation to develop defense industries, began the production of abacá in Central America. Climatic and agricultural conditions in that area were satisfactory and the Department of Agriculture had developed sufficient technical knowledge to make such an endeavor feasible.

When this program of abacá production in Central America was undertaken, it was found that the United Fruit Co. was already engaged in the production of bananas in some of those countries and had the physical facilities available to undertake the production of abacá. Through a management contract between RFC, as the agent of our Government, and the United Fruit Co., this program was instituted, and at the present time there are approximately 25,000 acres under cultivation. By various laws the Reconstruction Finance Corporation has been required to withdraw from such types of activity, excepting in those areas where they already have projects under way.

This bill would permit the Government, through the Reconstruction Finance Corporation or any other appropriate agency, to continue cultivation of abacá in the Western Hemisphere. However, it places a maximum limitation of 50,000 acres which can be planted to abacá, and it further provides for the establishment of a revolving fund, from which fund no more than \$35,000,000 can be outstanding at any one time. It further provides that there shall be added to such advances and treated as advances an amount equal to the net value of assets of the program for the production and sale of abacá as held by the Reconstruction Finance Corporation on the effective date of the act.

In this connection, it is appropriate to point out that the present abacá program in Central America entailed an investment of \$40,000,000. A total of approximately \$28,000,000 has been recovered by the Government from the product produced. It is estimated that if it should become necessary to abandon this project, the Government could recover approximately all of the remaining obligation of \$12,000,000 through the liquidation of physical assets and by butcher harvesting the 25,000 acres of abacá now under cultivation. Therefore, the continuance by the Government of the production of abacá in Central America, at current market prices, indi-

cates that the project could be continued and expanded on a self-liquidating basis.

The availability in Central America of a ready source of abacá lessens the amount required in the stockpile where it is presently being stored. This is of major importance since Manila fiber, under presently known measures, can be stockpiled or stored for a maximum period of approximately 3 years, after which it must be rotated, and in the event all of our stockpiling requirements of fiber had to be met from the Philippine source, it is possible that the cost of that particular item in the stockpiling program would be greatly increased because of the inability to properly rotate the stocks.

The prewar rate of production of abacá in the Philippines was 400,000,000 pounds per year, and there was a ready market for every pound of that fiber. The Philippines had then and have now a natural monopoly on this product and can produce, as they did in the past, approximately 95 percent of the world supply. Under present conditions, the Philippine production has dropped to 160,000,000 pounds annually. Our Central American production is approximately 30,000,000 pounds annually, and very limited acreage in Sumatra produced 6,500,000 pounds in 1949. This is a total world production of 196,000,000 pounds as against the prewar Philippine production of 400,000,000 pounds. So there can be no dispute that there is a world-wide shortage of abacá.

The Department of Defense, the Munitions Board, the Department of State, the Reconstruction Finance Corporation and the Cordage Institute are unanimously in favor of this legislation. Some fear has been expressed by others that the passage of this bill would be interpreted by normal financing agencies in the United States as indicating a policy which might deter financing of abacá production in the Philippines. The Senate committee clarified this situation by amending the policy declaration of the bill to provide that it is the policy of the United States to encourage abacá production throughout the world. This committee subscribes to that broader statement of policy. The fact that this bill gives financial support to Central American abacá production and not to the Philippines is based entirely upon the premise that this is a defense measure. The Philippines have been and will continue to be the main producers of abacá in the world. Their production, so long as it is available, is the backbone of our cordage industry. However, in the Western Hemisphere, the United States is, in effect, going into business for itself to provide insurance against the possibility that some unfortunate and unforeseen circumstance might again deny to us other sources of abacá. I would also like to point out that while our present abacá production in Central America is limited to four countries—Panama, Costa Rica, Honduras, and Guatemala—this fact should not be construed as being discriminatory against any other Central American country. The choice of locations for this production is deter-

mined entirely by practical and technical considerations.

In no sense should the proposed legislation be interpreted to indicate any lack of interest on the part of the United States Government or American industry in the development and utilization of abacá from the Philippines or any other source throughout the world.

In approving the proposed legislation, the committee wishes to emphasize that it does so on the basis that the legislation is required in the interest of national defense. The committee has fully considered the possibility that the Government project in Central America might become unduly competitive with Philippine abacá and thereby operate to the detriment of the Philippine economy. While there are those who express this fear, the proponents of the bill express the opinion that there will be a ready market for all of the abacá which the Philippines can produce, and that the competitive feature is more fancied than real. The committee takes the position that there are so many intangible considerations that no one can accurately forecast the end results of this legislation, but that it must be enacted in the interest of national defense.

The bill contains certain safeguards which are calculated to prevent undesirable results. It authorizes the President to terminate any contracts for Central American abacá production, allowing only such additional time as is necessary to liquidate the operation. The committee has added an additional safeguard in that it has amended the bill to provide that the Congress, as well as the President, shall have the authority to terminate the contracts. We hope that our amendment will reassure the Philippine Government. The bill requires that a report be submitted to the Congress at the close of each fiscal year, and it is the intent of the committee that the matter shall be followed closely in order to determine at the earliest practicable date any effects which may be unduly detrimental to the Philippine economy, and to take such corrective steps as the circumstances may require. At present it is anticipated that the Reconstruction Finance Corporation will act as the agent of the Government in contracting for the Western Hemisphere abacá production.

The Secretary of Defense recommends and the Bureau of the Budget approves the proposed legislation.

It was favorably reported to the House by the unanimous vote of the Committee on Armed Services.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. DURHAM. I yield.

Mr. ROGERS of Florida. I wonder if the gentleman or the committee took into consideration a product known as ramie.

Mr. DURHAM. I do not recall that ramie was mentioned in the committee. We were dealing only with abacá, in this special piece of legislation.

Mr. ROGERS of Florida. Ramie is a very strong fiber. It has more lasting quality, I understand, than abacá. I wonder, if we introduced a bill, and it did have merit in it, and it had the ap-

proval of the Munitions Board and others, the committee would give it consideration.

Mr. DURHAM. The gentleman very well knows that if it is anything pertaining to national defense and will help our national defense we would certainly consider it.

Mr. ROGERS of Florida. Would the gentleman rather take that procedure than have an amendment offered to the bill at this time?

Mr. DURHAM. I have already said that I hope the House will adopt this bill as it is, without amendment. I do not believe that is necessary.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. DURHAM. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. Would this abacá contract you are proposing hurt or help the Plymouth Cordage Co., which has been doing business for over 100 years?

Mr. DURHAM. I am looking for a statement made by the company, in which I am sure the gentleman would be interested, because he is conscientious in looking after his constituents. I compliment him for it.

I will be very glad to refer the gentleman to the statement in the hearings in which this legislation is favored by the company.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. DURHAM. I yield.

Mr. CRAWFORD. I think the gentleman has made a very fine statement on this bill.

Mr. DURHAM. I thank the gentleman.

Mr. CRAWFORD. I am going to ask the gentleman this question. I am going to ask you a technical question which has to do with the operations of the law of commodities. Here is a world-wide product.

Mr. DURHAM. The gentleman means the use of this product is world-wide, but it is not grown everywhere throughout the world.

Mr. CRAWFORD. The production of this product is highly concentrated in a small area and the world is dependent upon that small area. That area was practically annihilated by the Japanese. Yet within 5 years after that annihilation it comes back to approximately 60 percent of its prewar production. I am referring now to the Philippine Islands and to the total which appears on page 6739 of the hearings, it seems. I do not know why that page number is so high.

The United States Government has world-wide operations today and a terrific toehold in the Philippines which we must hold. Yet the Government of the United States is starting on a program here which I sincerely believe from the standpoint of the law which governs in the commodity field, unless we amend this bill we are striking a terrifically damaging blow to the small area upon which we must depend for our supplies.

Now my question is this: How can this production go ahead under this bill as here presented, without any amendment whatsoever, without seriously affecting the expansion of production in the Philippines and without seriously affecting

the price upward which American people must pay for this sisal fiber.

Mr. DURHAM. I will endeavor to answer the gentleman's question. It is rather broad, and, of course, it is highly technical. I think the answer is this: that you will not get any production out of that acreage which you are planting for 3 years at best. So you only have 30,000,000 pounds annually, which is about all that we recovered down there from what we have already planted. We have a stockpile shortage, and according to the figures of the American Cordage Institute the cordage industry in this country is consuming 80,000,000 pounds annually, so there is going to be a shortage of this fiber, in my opinion, for the next 10 years.

There are five or six reasons why they have not got back into production in the Philippines. They are all pointed out in the hearings. There are several good reasons for it. On page 6702 you will find five reasons why they have not gotten back into production, which are sound reasons, in my opinion.

Mr. CRAWFORD. The gentleman stated it would be approximately 3 years before we got this new acreage into production?

Mr. DURHAM. That is correct. It takes 3 years from the time it is planted before it is harvested. That is one of the great troubles in the Philippines today. They have been going in there and cutting the fiber any time that they can get some growth on it, when they ought to cut it about every 18 months.

Mr. CRAWFORD. If the gentleman will permit, I think the record shows they are not doing that now. They did butcher their harvest. They did butcher their harvest in 1947, when there was no sisal hemp throughout the world, and when there was the pressure on them to do that.

Mr. DURHAM. I cannot say whether they are doing it at this very hour, but from the information that the committee had that is what we learned. Of course, those small farms were divided up by the Japanese. The Japanese controlled most of this fiber production prior to World War II.

Mr. CRAWFORD. That is correct.

Mr. DURHAM. They were producing 60 percent of all the abacá produced in the Philippines on only 28 percent of the Philippine land under abacá production.

Mr. CRAWFORD. Did the gentleman say prior to World War I?

Mr. DURHAM. No; prior to World War II.

Mr. CRAWFORD. I have to disagree with that. I have studied this very closely, and I cannot agree with that.

Mr. DURHAM. They controlled a large percentage of the crop.

Mr. CRAWFORD. In Mindanao they did. They went in there illegally and acquired the lands illegally, which they should not have done.

Mr. SHORT. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I think every Member of this House is indebted to the gentleman from North Carolina [Mr. DURHAM], who has spent so much time in carefully considering and weighing every

aspect of the problem we are now dealing with.

As chairman of the Subcommittee of the Armed Services Committee dealing with stockpiling, the gentleman from North Carolina [Mr. DURHAM] has given unselfishly and unstintingly of his time and effort, always exercising great patience, clear insight, and sound judgment in dealing with the various problems that come before that subcommittee.

Of course, this bill is really overdue. I would like to pause long enough to remind the Members of the House that we came dangerously near losing the last war due to the shortage of rubber. When the two large battleships of the British Navy were sunk at Singapore in Malay waters, our natural supply of rubber from the Orient was cut off. Not until Big Bill Jeffers, president of the Union Pacific at Omaha, was brought to Washington, and finally brought order out of chaos in building synthetic rubber plants and we got that industry going, were we assured of victory, because rubber, like steel and oil, is indispensable in fighting a modern, mechanized war.

The Government spent over \$700,000,000 in building synthetic rubber plants. When the war ended there was a natural inclination and desire on the part of some people for the Government to dump or get rid of those plants as quickly as possible. Fortunately, the Congress of the United States was wiser than the people who expressed that opinion. Under the able chairmanship of the gentleman from Michigan [Mr. SHAFER] in the Eightieth Congress, we passed legislation that kept many of those synthetic rubber plants in operation and others in a stand-by condition. Up until recently, since we have had an advance in the price of rubber, automobile tires are practically the only article or commodity that one could buy as cheaply as he could before the last war. As the Members of the House know, we are now using more than 200,000 tons of synthetic rubber, mixed with the natural product, annually, which has kept that industry alive, and will stand us in good stead not only in time of peace, and give us good or better product for less money, but which will be absolutely indispensable in case the trouble in Korea should spread into a world-wide conflict.

Unfortunately, we did not exercise good, sound judgment as far as abacá or Manila hemp is concerned. This fiber is indigenous to the Philippines, and we depended practically altogether on the Philippine supply before the last war. It was not handled properly by the Congress at the end of the last global conflict. The chairman of the subcommittee, the gentleman from North Carolina [Mr. DURHAM], has clearly and forcefully pointed out the acute shortage of abacá, which is essential not only to our Navy and other branches of the armed services in time of war, but which is needed very much in our domestic industry, particularly in agriculture, as far as binding twine is concerned. It is most unfortunate that we have not kept those plantations in the different countries of Central America in produc-

tion and as going concerns, just as we have our synthetic-rubber industry.

This bill provides that we shall plant not in excess of 500,000 acres, and that there shall be a revolving fund of not more than \$35,000,000. I will admit that is a considerable amount of money, but it certainly is not too much for this essential and strategic material. We spent over \$700,000,000 developing our synthetic-rubber industry. While it is a large amount, it is absolutely needed from the standpoint of national defense.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. SHORT. I yield.

Mr. NICHOLSON. If this expenditure would just take care of the binding twine, it would be worth while; would it not?

Mr. SHORT. I would not go quite that far. We are not doing it for our domestic economy; we are doing it chiefly because of the necessity of having it for the different branches of our armed services, particularly the Naval Establishment.

Mr. Chairman, the fears of our friends in the Philippines that the industry will be developed to the extent in Central America that it will destroy the Philippine economy are, in my judgment, unfounded. This bill will not prevent the production of abacá in the Philippines; in fact, the United States Government will buy every pound that the Philippines can produce.

Members realize that the Philippine Islands are 7,000 miles away from the United States. Do not forget that Russia has 270 snorkel submarines and has been assisted by German genius in developing those submarines. They can sail at a deeper depth and greater speed than any other submarine in the world. If we have to depend upon the Philippines with this long distance from the continental United States for our supply, we might find ourselves in the same sad predicament that we found ourselves as far as synthetic rubber was concerned when the supply of natural raw rubber was cut off by the fall of Singapore.

I ask the Members not to forget that of the 59 tankers hauling oil from Aruba, Curaçao, and Venezuela in the early months of World War II, 54 were sunk by Nazi submarines off our Atlantic coast until the coast line all the way from Baltimore to Miami, but more particularly down off Cape Hatteras, N. C., was almost a sea of oil.

It is wise that we help our Central American friends as we help our Philippine friends; we want good neighbors near by us, a source of supply that is accessible.

This bill it not a bill to injure any other country or help any other country; it is a bill to save our own necks. I am glad the able gentleman from North Carolina has given us such a clear and forceful picture of the problem with which we are dealing. The full committee, as well as the Subcommittee on the Armed Services, unanimously reported this bill, and I think not a single Member of the House would want to vote against it. I shall not, therefore, use any more of my time but will reserve

the balance. I am glad now to yield 2 minutes to the gentleman from Texas [Mr. THOMAS].

Mr. THOMAS. Mr. Chairman, I ask unanimous consent to proceed out of order and read a short newspaper article.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. THOMAS. Mr. Chairman, before I proceed out of order I wish to commend the gentleman from North Carolina and the gentleman from Missouri, and the members of their subcommittee on the fine, outstanding job they have done on stockpiling. And may I take the liberty of saying on behalf of the Subcommittee on Independent Offices of the Appropriations Committee that handles stockpiling, that we not only have gone along in the past and supplied the necessary funds, but we are going along in the future.

We cannot afford to take any chance. As far as this particular item is concerned, again we cannot afford to take any chance. If we hurt our beloved friends, the Filipinos, we must make it up to them in some other way. I am sure we will. We are their friends, they are ours, and no one has the slightest intention of hurting them.

Mr. Chairman, I have in my hand an article of July 24, in the Houston Post which I want to read. It applies not only to my town but to every town and city in the United States.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. May I say to the gentleman from Texas that I am grateful for what he has said about this bill and about the gentleman from North Carolina and the gentleman from Missouri. I heartily agree with everything they have said about this matter.

Mr. THOMAS. I thank the gentleman.

This article refers to my city of Houston and reads:

TYRANTS ROLL

The sheriff's department has a list of 123 Houstonians who, it says, are members of the Communist Party and who, as such, are your enemies and mine. In the list are the names of 15 Houstonians who, says Sheriff's Captain Loyd Frazier, are prominent (though he adds that none are wealthy). There are also at least 200 more card-holding Reds in Houston. Every one is a potential saboteur; every one is a scab on the United States' war effort. And every one is protected by United States law. But there's one way you can help put a stop to this—write to your Congressman. His name: ALBERT THOMAS. His address: Washington, D. C. Let's change the status of home-front Communists before they get a chance to change ours.

Mr. Chairman, may I make the observation that the American people are kind and generous. We know all of that. However, we have some people in our midst that we have given a mile of latitude when they should not have had perhaps more than a quarter of an inch. We are the only people on earth who would give them more than a quarter of an inch.

It is as certain as I am standing here today—this is just a little advice; it is not friendly advice, either, to the professional Communists in this country—as sure as I am standing here today, if we have any sabotage of any magnitude and any damage is done, the people of this country will rise up in holy horror and woe be unto the Communists. There may be some compounds built, and they may be safely put away for the duration.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from Missouri.

Mr. SHORT. Is that not a strong argument for the passage of this bill? In other words, we may need a lot of rope to hang them?

Mr. THOMAS. There is something to think about in the gentleman's observation.

Mr. SHORT. Mr. Chairman, I yield 5 minutes to the Delegate from Hawaii [Mr. FARRINGTON].

Mr. FARRINGTON. Mr. Chairman, I am entirely in sympathy with the purpose of this legislation. We who live in the Pacific realize the importance of protecting supplies essential to national defense. The gentleman from Missouri has very aptly pointed out what happened to us as the result of our complete dependence upon the production of rubber in Malaya. He also pointed out how our supply of abacá was cut off completely in the last war. In my opinion, it is vital that an arrangement be arrived at which will provide for an adequate stockpiling of this product.

I am, however, very greatly concerned about the feeling which prevails in the Government of the Philippines that this legislation is going to seriously injure their abacá industry. Its importance to the Philippines is very manifest when you realize that 155,000 farms are producing abacá. There are some 800,000 Filipinos who have an interest in this industry. It is the cash crop of an enormous number of small Filipino farmers.

Mr. Chairman, it is important to the national security that we protect these farmers and also preserve their friendly attitude toward this country.

I hope, therefore, that it will be possible to achieve the objectives of this legislation, and at the same time preserve the friendly relationship with the Filipinos, which is so important to our country, by adopting the amendment that will be offered by the gentleman from Michigan [Mr. CRAWFORD]. As I understand that amendment, it will require that the production of abacá in Central America under this arrangement be utilized entirely for stockpiling. I cannot see any sound objection to adopting this amendment. It will satisfy the Filipinos that their industry is not going to suffer.

I understand that loans that are necessary for certain developments in the abacá industry in the Philippines will be denied if this amendment is not adopted. I feel it is vitally important to our interests in the Pacific that we strengthen our economic ties with the Filipinos rather than weaken them. I think it is particularly important under

present conditions that we do this. It seems to me that the proposal that will be made by the gentleman from Michigan is simple enough and will not injure the main purpose of this bill, and should be adopted.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. FARRINGTON. I yield to the gentleman from Michigan.

Mr. CRAWFORD. It is not only for the protection of the Filipinos. We have in this country millions of consumers of sisal products, and, as in the case of synthetic and natural rubber, which the gentleman from Missouri referred to, we have a duty to preserve and protect the price structure to our consumers. The Delegate from Hawaii has pointed out that there are 155,000 Filipino farmers who are ready to grow sisal or Manila hemp now to deliver in the coming months, not 3 years from now. I am not talking against this bill. I am talking against the proposal to discourage those people in producing that product, and this amendment will encourage them to go ahead and produce on those 155,000 farms and keep up the production instead of being discouraged and driven out by the fact that this subsidized production in Central America goes into the open market against those little producers and drives them out of business.

Mr. FARRINGTON. I might add that I have been told that one of the reasons for this legislation is that a large quantity of abacá is at the present time being held in the Philippines. Something like 80,000 bales are said to be held there by three American corporations and not by the Filipino farmers and the plantation operators that produced it. I think we ought to go out and get that abacá.

Mr. DURHAM. Mr. Chairman, if the gentleman will yield, I may say to the gentleman that we went into that very carefully, and I would like to read a statement from the Munitions Board relative to those charges:

Pursuant to your request, I have attempted to obtain some information relating to an allegation that between 60,000 and 100,000 bales of abacá fiber are being held in Manila by International Harvester Co. and Columbia Rope Co., anticipating a rise in price. Mr. John Goble, secretary of the Cordage Institute, advises by telephone that this allegation is entirely false. Both of these companies have replied to an inquiry that they are holding no materials in the Philippines anticipating a rise in price; and, in fact, the only materials there available are the "pipeline" supplies. Normal pipeline would run around roughly 60,000 bales. The Philippine Inspection Service at Manila furnished to the Cordage Institute information about a letter to Mr. McDaniels which letter indicates that there were on hand 40,000 bales of abacá in the inspection, grading, packing, and preparation for shipment processes. This is in fact below normal pipeline, which is about 60,000 bales. No materials are being held for any reason other than the normal preparation treatment; the supply is below normal (in fact Columbia has on hand in the Philippines 552 bales and orders for 766); and there is a ready market, including the stockpile, for any materials which are available. International Harvester Co. and the Columbia Rope Co. are prepared to furnish the committee a telegram denying these allegations.

I just wanted to clear that up.

Mr. FARRINGTON. I thank the gentleman for clarifying that point. I hope the gentleman will agree to the amendment to be offered by the gentleman from Michigan [Mr. CRAWFORD].

Mr. DURHAM. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. DEANE].

Mr. DEANE. Mr. Chairman, in the debate involving the pending legislation there may be a feeling on the part of some that we are not doing what we should for the Philippines. May I point out just what the United States is doing for the Philippines.

First let me say we should approve this legislation without crippling amendments because the Committee of the Armed Services in asking the support of the committee is acting in the best interests of the American Government.

I now refer to what this Government is doing in support of the Philippine domestic economy.

We are all somewhat familiar, perhaps, with the War Damage Commission and the work that is being done by the Commission in the Philippines today. On June 30, 1950, only 662 private property claims remained to be approved. These are significant figures. The Commission had completed the adjudication of 1,248,000 claims and paid \$302,700,000 into the Philippine economy. These settled claims were submitted for a total of \$1,137,000,000 and approved for \$503,500,000. The average rate of allowance so far has been 55.73 percent.

In accordance with the law, the Commission has paid in full all claims approved for \$500 or less, and paid \$500 plus 30 percent of the approved remainder on the larger claims. With the \$400,000,000 authorized by Congress, it is estimated that funds will be adequate to permit the payment of an additional 20 percent. Thus, large claimants will ultimately receive 50 percent of their approved claims. These second payments will be inaugurated in September and concluded in October. Approximately \$87,000,000 will be distributed in the Philippines during the remaining months of the calendar year.

In the field of public property claims the Commission on June 30, 1950, had awarded \$55,250,000, all of the funds allotted to it by the Department of State for the restoration of public buildings. It had approved 1,876 public projects, of which 1,120 were completed. The remainder will be finished before the Commission closes its doors. Despite a reduced staff, construction will continue to be supervised, and the \$8,000,000 still unpaid will be disbursed as the buildings are completed.

The reason I am pointing out these significant figures is the fact that the American Government, it seems to me, is keeping its promise to the Filipino Government in our desire to stand by our friends there and there is no desire on the part of the Congress to take anything away from the Philippines.

I am quite sure that there is available to the committee delicate information which, if spoken on the House floor, might indicate that we do not have full confidence in the Filipino economy. At the same time, as we face one emergency

after another, it seems to me the only proper step for us to take is to come to grips with this important subject and be prepared to develop all kinds of strategic processes that are necessary so that we may be sure that we have all critical material we need.

The potentialities of the Philippines are of course unlimited. They have great natural resources. At the same time, it is a young nation. We have seen what has taken place in Korea. What has taken place in Korea could very easily take place in the Philippines, as well as Burma and some of these other great sections of the Far East. For that reason, I trust that the amendment that will be offered by the gentleman from Michigan will not be adopted.

Mr. FARRINGTON. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield to the Delegate from Hawaii.

Mr. FARRINGTON. I do not believe that the gentleman intends to suggest that what has taken place in Korea is likely to take place in the Philippines, because the background is entirely different. The Filipinos, with almost no exceptions, have been intense in their loyalty to this country. An entirely different situation prevails in Korea.

Mr. DEANE. I might point out this fact to the distinguished Delegate from Hawaii. I have in my hand a letter from a friend of mine in Manila dated July 18. I would like to read a paragraph of that letter:

Developments in Korea have created anxiety in the Philippines. A few of the large American firms have permitted dependents of staff members to return, if they wish. None have been ordered to do so. Momentarily the chief anxiety appears to be a possible shortage of shipping space and its effect upon imports and foodstuffs and capital goods essential for reconstruction.

This friend goes on to say:

There is a feeling of relief that the United States has taken a strong and a vigorous position.

But I feel as we consider this legislation today we must necessarily think in terms of making America strong. If it means we must underwrite certain economic measures in other sections of the world which may have an impact upon the Filipino economy, it does not necessarily follow that we are not going to do what we should or what we will continue to do to try to assist that great section of the world.

Mr. Lecompte. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield.

Mr. Lecompte. Does the gentleman have the same feeling expressed by the Ambassador to the Philippines in a letter to many of us, that his apprehension is unfounded and that this bill does not threaten the economy of the Philippines in any way?

Mr. DEANE. The letter I have before me is not from the Ambassador of the Philippines.

Mr. Lecompte. No, but you did get one from the Ambassador, did you not?

Mr. DEANE. No, I have not.

Mr. Lecompte. He wrote to several of us that in a general way, I think, he

is in favor of this bill, but he did think there should be some amendments made to it. You are not familiar with that?

Mr. DEANE. No, I am not. But I would point out that in September and October of last year I spent approximately a week in the Philippines. They are faced with very severe problems in their economic development. I am not convinced in my own mind that at the present time they are in a position to follow through and produce the goods and merchandise that would be needed in the event of a serious emergency.

Mr. Lecompte. I thank the gentleman for yielding.

Mr. SHORT. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, we should examine this legislation on Government production of Manila hemp to see what it really is. When the United States Government puts up \$35,000,000, I believe the committee will agree with me that it is putting up the entire capital of this proposed abaca industry expansion in Central America. So that if there is such a thing as socializing any industry, the Congress will be socializing the abaca industry in Central America, but for the purposes of United States National defense.

In order to justify such a position it clearly must be shown that this is a defense measure and is required for the safety and security of the United States. I am unable to see that this bill in its present form is completely and exclusively a defense measure. The bill as the committee has drawn it, on page 3, section (c) of section 3 contains the following language:

Abaca fiber, produced under this Act, which from time to time is not needed for stockpiling under the Strategic and Critical Materials Stockpiling Act (60 Stat. 596), as amended, may be sold otherwise than for stockpiling under such act.

Therefore, this bill as drawn, contemplates Government competition with private industry, and such Government competition can be used as a precedent for other industry. The only difference in this bill's treatment of the abaca industry, as against the steel industry in this country is that this is a specialized defense industry down in Central America, and the Government intervention is cloaked in the garments of defense.

Then, looking a little farther to see what has been the situation previously on abaca production in Central America, we see that during the past few years the Central American output has only moved into the United States national stockpile at the rate of 10 percent of their total output. Nine-tenths of it went into private commerce.

I am glad the gentleman from Michigan [Mr. CRAWFORD] has offered this amendment, in order to keep this bill from socializing this industry abroad and competing with one of our good friends, the Philippine Republic. Congress should adopt the gentleman's amendment to insure that this government-produced abaca does go into the national stockpile. I believe that is what the gentleman's amendment does, does it not?

Mr. CRAWFORD. That is the only purpose of the amendment. Here are what you are doing under this plan: The taxpayers of the United States are simply putting up the money to carry the stocks in the arms of the RFC so that private operators do not have to carry those stocks through purchase in the Philippines, carry insurance, and pay the interest while the stocks are moving to the wheels which convert it into rope. Subparagraph (c) should go out of this bill. It should never have been put in there. It should go out for the protection of the people of the United States—the taxpayers.

Mr. FULTON. That is right.

Mr. CRAWFORD. Let industry carry its own burden. That is the reason I stand for private industry, but if it chisels on the taxpayer all the time, then I am not so anxious to defend private enterprise.

Mr. FULTON. I agree with the gentleman that we must safeguard private enterprise, because once Congress gives the Government unlimited range in any defense project and does not limit its field simply to defense, we are then subsidizing outside competition to private enterprise.

Mr. DURHAM. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. DURHAM. So far as I know there is not a private enterprise individual in America opposed to this measure. The Cordage Institute appeared before our committee and they are for it. Under this amendment not a pound would go into the stockpile in 3 years, because you cannot get any production under 3 years. You have got to rotate this every 3 years. Who is going to take it if private enterprise does not take it? You have got a problem that you cannot solve without turning this into private enterprise.

Mr. FULTON. This Government subsidy, with \$35,000,000 of taxpayers' money, is going into the production of abaca in Central America. The average cost in the Philippines has been 12 cents a pound. In Central America where it will be subsidized under this bill, the cost has averaged 27 cents a pound. In addition, as to the Philippine production we have not been using the full amount of it.

Mr. CRAWFORD. Of course the private operators are not objecting to this bill. They want the bill, because the taxpayer carries the burden for them. Why in the world should they object to the bill? Of course they do not. They are all for it. Why would they not be for it?

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. FULTON] has expired.

Mr. SHORT. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky [Mr. MORTON].

Mr. MORTON. Mr. Chairman, I ask unanimous consent to speak out of order.

The CHAIRMAN. Is there objection? There was no objection.

Mr. MORTON. Mr. Chairman, as the father of two sons, one of them 18 years of age, as an officer in the United States Naval Reserve, and chiefly as a citizen of this country, the final outpost of freedom, I find myself deeply concerned in

these troublous times. Yesterday I listened with interest to the able and distinguished chairman of the Armed Services Committee. He commented on certain past policies of this our Government. He particularly pointed out our pursuit of the calculated risk. He emphasized the fact that we needed more calculation and less risk.

If one can give credence to the comments in the press and on the air one reaches the conclusion that those in high place fear a total mobilization because of the possible impact on the American economy and consequently the recovery effort of all freedom-loving war-torn nations. Mr. Chairman, we still face a calculated risk. I for one prefer the economic risk to the military risk. I have full confidence in the will to produce so characteristic of this country. To an extent that will today lies dormant. Action by this Congress is required to give it full expression.

Let us go, Mr. Chairman. Are we seriously worrying about an economic impact at the expense of our military security? If so, our economy may well be dictated in the years to come by the men in the Kremlin. Taxes, allocations, price controls, regimentation, rationing, a 48-hour week—all are unpopular but the people are ready—they are far ahead of us. Again I say: "Let us go."

Mr. DURHAM. Mr. Chairman, I have no further requests for time.

Mr. SHORT. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, no person whom I have ever seen has greater distrust and dislike for socialism than I, and certainly I am not going to approve Government competition with private enterprise. Government with competition is good for good government; I think it is good for good business. I think that the fears of many of the Filipinos and their friends here—and all of us are their friends—are really unfounded.

In the time I am taking I want to read two paragraphs from our report, and we are indebted to our able, hard-working staff member, Robert Smart, for this language. I quote from page 3 of the report:

In approving the proposed legislation, the committee wishes to emphasize that it does so on the basis that the legislation is required in the interest of national defense.

It is on that peg alone that we hang this bill, and that is the only reason that the Government is justified in spending \$35,000,000 as we were justified in spending \$700,000,000 to produce synthetic rubber without depending upon a source many thousands of miles away that could be cut off in time of war.

I continue reading from the report:

The committee has fully considered the possibility that the Government project in Central America might become unduly competitive with Philippine abacá and thereby operate to the detriment of Philippine economy. While there are those who express this fear, the proponents of the bill express the opinion that there will be a ready market for all of the abacá which the Philippines can produce, and that the competitive feature is more fancied than real. The com-

mittee takes the position that there are so many intangible considerations that no one can accurately forecast the end results of this undertaking.

I wish the Members to pay particular attention to the following paragraph:

The bill contains certain safeguards which are calculated to prevent this situation from arising. It authorizes the President to terminate any contracts for Central American abacá production, allowing only such additional time as is necessary to liquidate the operation. The committee has added an additional safeguard in that it has amended the bill to provide that the Congress, as well as the President, shall have the authority to terminate the contracts. The bill requires that a report be submitted to the Congress at the close of each fiscal year, and it is the intent of the committee that the matter shall be followed closely in order to determine at the earliest practicable date any effects which may be unduly detrimental to the Philippine economy, and to take such corrective steps as the circumstances may require.

So I think if anyone reads the bill, reads the report, really understands the intent of the committee, he can have no reasonable objection to this measure.

Mr. Chairman, I yield the balance of my time to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, in the fall of 1935 I went to the southern part of Mindanao and brought back to Manila the first official record of the back-door intrigue into the Philippines by the Japanese who went in there and settled those great abacá plantations. Since 1935 I have watched the production and distribution of abacá throughout the world with a great deal of interest without one penny of financial interest, directly or indirectly, in the business.

During the Eightieth Congress I had the pleasure of introducing and having this great committee approve a bill dealing with the question of rubber supply for the United States which was referred to by the gentleman from Missouri [Mr. SHORT] a few minutes ago. That plan, supported by this committee, has saved the consumers of this country literally tens of millions of dollars in the rubber which they have consumed in the last 4 or 5 years.

Here is a bill which has to do with the cordage supply. Subparagraph (c) which I hope to strike from the bill with my amendment if I can get the necessary votes, takes the RFC out of the business of carrying stocks of this stuff and selling it to private industry. If \$35,000,000 is to be taken from the taxpayers to do this in the name of national defense and with our stockpiles almost absent, why in the name of goodness do we not put this production in the stockpile? If it is to be 3 years, as the subcommittee chairman has pointed out, before you have any production from the new acreage, by all means your production from the acreage, now running around 30,000,000 pounds per year, should go into the stockpile and not into the channels of commerce.

That is the purpose of the amendment which I shall offer when the bill is read for amendment under the 5-minute rule.

The CHAIRMAN. There being no further requests for time, the Clerk will read the bill for amendment.

The Clerk read the bill, as follows:

Be it enacted, etc., That this act may be cited as the "Abacá Production Act of 1950."

DECLARATION OF POLICY

SEC. 2. Whereas abacá, a hard fiber used in the making of marine and other cordage, is a highly strategic and critical material which cannot be produced in commercial quantities in the continental United States, and of which an adequate supply is vital to the industrial and military requirements for the common defense of the United States; therefore, it has been the policy of the United States to continue the program for production and sale of abacá in which it was engaged at the termination of hostilities of World War II, and it is hereby declared to be the policy of the United States to encourage abacá production throughout the world, and in that connection to further the development and maintenance of abacá production in the Western Hemisphere through aid and supplementation of operations under the Strategic and Critical Materials Stock Piling Act (60 Stat. 596) and the national security and common defense.

PROGRAM

SEC. 3. (a) Production of abacá in the Western Hemisphere shall be continued by the United States Government: *Provided*, That the total acreage under cultivation shall not exceed the aggregate under cultivation as of the close of the month next preceding the date upon which this act shall become effective, except that additional acreage may be added in the Western Hemisphere at the direction of the President and reduction of acreage under cultivation to abacá under this act shall be effected whenever the President shall so direct: *And provided further*, That in no event shall the total number of acres under cultivation to abacá under this act at any one time exceed 50,000.

(b) Such surveys and research may be undertaken as are necessary or desirable to obtain the best available land in the Western Hemisphere for the production of abacá, the best development of abacá and development and maintenance of the plantations for the production of abacá established on such land, and the most economical and practical processing and disposition of such fiber and byproducts as result from the production of abacá on such land.

(c) Abacá fiber, produced under this act, which from time to time is not needed for stockpiling under the Strategic and Critical Materials Stock Piling Act (60 Stat. 596), as amended, may be sold otherwise than for stockpiling under such act.

ADMINISTRATION

SEC. 4. (a) The President may issue such rules and regulations and make such determinations as he deems necessary and appropriate to carry out the provisions of this act.

(b) All contracts entered into and all acquisitions of property effected under this act shall be in such manner and on such terms and conditions as the President shall determine.

(c) The President may exercise any or all of the powers, authority, and discretion conferred upon him by this act through such departments, agencies, officers, Government corporations, or instrumentalities of the United States, whether or not existing at the date of the enactment of this act, as he may direct.

(d) The President may transfer to the departments, agencies, officers, Government corporations, or instrumentalities of the United States, or to any of them, which he directs to exercise the powers, authority, and discretion conferred upon him by this

act, such facilities, personnel, property, and records relating to such powers, authority, and discretion, as he deems necessary; and he may so transfer all appropriations or other funds available for carrying out such powers, authority, and discretion.

(e) The financial transactions authorized by this act shall be subject to the Government Corporation Control Act, as amended, and other laws specifically applicable to wholly owned Government corporations as a class.

FINANCING

SEC. 5. (a) For the purpose of carrying out the functions authorized by this act, there is hereby established in the Treasury, a revolving fund which shall consist of (1) such amounts as the Congress may appropriate thereto, which appropriations are hereby authorized, (2) such amounts as may be paid into the fund pursuant to subsection (e) of this section, and (3) amounts received in connection with any transfer pursuant to subsection 4 (d) of this act.

(b) Pursuant to regulations prescribed by the President, the Secretary of the Treasury is authorized and directed to make advances from the fund not to exceed a total of \$35,000,000 outstanding at any one time. There shall be added to such advances and treated as advances an amount equal to the net value of assets of the program for the production and sale of abacá as held by the Reconstruction Finance Corporation on the effective date of this act.

(c) Interest shall be paid on each outstanding advance at such rates as may be determined by the Secretary of the Treasury to be appropriate in view of the terms for which such advances are made.

(d) Appropriations are hereby authorized for payment in the form of a grant, in such amounts as may be estimated in the annual budget as necessary to cover losses. The annual budget program shall specifically set forth any losses sustained in excess of the grant previously made for the last completed fiscal year. Appropriations are hereby authorized for payment to cover such additional losses incurred.

(e) Receipts for each fiscal year may be used for payment of the costs incurred in connection with projects and activities authorized by this act. After providing out of such receipts for necessary working capital requirements, any amounts in excess thereof shall be paid annually into the fund. Such payment shall be applied to reduce the amount of advances outstanding, and any remaining payments shall be covered into the Treasury as miscellaneous receipts.

(f) Until such time as the appropriations herein authorized are made, such of the powers, authority, and discretion provided for in this act as the President may delegate to the Reconstruction Finance Corporation may be exercised by the Reconstruction Finance Corporation under the authority conferred by former section 5d (3) of the Reconstruction Finance Corporation Act, as amended (54 Stat. 573, 961; 55 Stat. 249); joint resolution approved June 30, 1945 (59 Stat. 310); and section 12 of the Reconstruction Finance Corporation Act, as amended (61 Stat. 207), with funds recovered or recoverable from its national defense, war, and reconversion activities.

DISPOSAL OF PROPERTY

SEC. 6. Whenever the President shall determine that any property is excess to the purposes of this act, or that adequate supplies of abacá will be available from other sources within the Western Hemisphere on a basis acceptable to the United States, property held for the purposes of this act may be disposed of in such manner and on such terms and condition as the President may prescribe.

REPORTS

SEC. 7. Within 6 months after the close of each fiscal year a report shall be submitted to the Congress on the activities under this act.

EFFECTIVE DATE AND DURATION

SEC. 8. This act shall become effective on April 1, 1950, and shall remain in effect for 10 years thereafter, unless the President shall direct earlier termination of operations, and for such further period as is necessary to the earliest practicable liquidation of operations under this act.

With the following committee amendment:

Page 7, line 13, after the word "the", insert: "Congress or the."

The committee amendment was agreed to.

Mr. CRAWFORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD. On page 3, line 9, strike out subparagraph (c) and insert the following:

"(c) All abacá fiber produced under this act shall be utilized solely to fulfill the objectives for stockpiling under the Strategic and Critical Materials Stock Pile Act (60 Stat. 596), as amended, and when the objectives of such act as amended have been fulfilled, report shall be submitted to Congress. Nothing herein shall prevent rotation of such fiber as produced under this act where necessary to prevent deterioration, as provided in section 3 (d) of the Strategic and Critical Materials Stock Pile Act (60 Stat. 596), as amended, but such rotation shall be effected only after research and determinations under section 3 (b) of this act."

Mr. CRAWFORD. Mr. Chairman, I ask the Members to refer to line 9, page 3, of the bill, subparagraph (c) which provides that—

(c) Abacá fiber, produced under this act, which from time to time is not needed for stockpiling under the Strategic and Critical Materials Stock Piling Act (60 Stat. 596), as amended, may be sold otherwise than for stockpiling under such act.

This fiber is now being sold into the channels of trade. Of 3,000 bales offered just a short time ago, some 2,800 went into the channels of trade. This fiber, with our now critical situation, is not going into stockpiling, because it can be sold into the channels of trade. The channels of trade reach for it, naturally, because it is right here at their back door. They do not have to carry the ordinary or war risk insurance or interest risk from the Far East to the Atlantic seaboard. Naturally those private consumers of cordage fiber will support a proposal wherein the taxpayers, operating through the RFC, will carry those stocks for them and sell them to these individual users.

The amendment which I offer here does nothing in the world except preserve this production, financed with taxpayers money, for stockpiling purposes, plus, it provides for the rotation, so that the fiber carried over a period of time will not deteriorate. As our subcommittee has pointed out, it will be 3 years before you get production from this new acreage—not from the old acreage; do not get confused on that now—production from the new acreage, which means

to say that if you are going to have any substantial consumption of fiber, you are going to be buying fiber from the Philippine Islands for stock-piling, which means to say that as you bring it in you can rotate it with the production of Central American fiber under this bill and prevent your deterioration.

I cannot imagine on any ground how a person can oppose this amendment. I am not up here shedding salty tears for the protection of the people in the Philippines, as much as I like them, and as much as I respect them and as much as I have worked with them; I am talking about the defense of the United States first, because if the United States is defended, the Philippine Government and the Filipino people will have a chance for a place in the sun, and if we do not defend ourselves, what chance have the Philippines got? The Philippines are a Republic today because the Congress of the United States gave them their independence. And, incidentally, we did not give it to them with my support, because I refused to go along with that proposition, because I believed they could not stand on their own feet. Of course they cannot stand on their own feet, and we have to protect them. And, I repeat, if we go out of the Far East, we will go out of the Far East; you can rest assured about that.

This amendment of mine should be adopted. It in no way interferes with this program except it interferes with the selling of this production subsidized with taxpayers' dollars into the private channels of commerce, and it has got no business there at the present time especially; it has no business there so long as the world is short of this type of fiber as it is today. We should adopt the amendment not just because somebody says something about the Philippines, but because it is good, ordinary horse sense and in defense of the United States to do so. This amendment will give protection in the price levels. It will encourage those people in the Philippines who are now geared and ready for production to go ahead and get the stuff out in the market and into the channels of trade, and it has the same effect with respect to sisal fiber that the operation of synthetic rubber plants have in this country with respect to giving us a supply of rubber. Those plants should be stepped up in production with respect to rubber, and I would support that. But, I think everyone understands the amendment. I do not want to take any more of your time, and I hope the amendment will be adopted.

Mr. SHORT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it is not at all agreeable to disagree with my good friend, the gentleman from Michigan [Mr. CRAWFORD]. However, the Department of Defense and the Munitions Board vigorously oppose any amendment to this measure that would require them to convert all Central American abacá production to the stockpile. The price of abacá before World War II was 7 cents a pound. Last week it was 24 cents a pound. Today it is 26 cents a pound. If all Central

American abacá production is put into the stockpile, the cordage industry in this country, that must be kept in a healthy condition, will be at the complete mercy of the abacá dealers in the Philippines. I am not questioning the motives of our Philippine friends, but I submit to you that it is a pretty bad thing for any nation to have a monopoly on any strategic material in this world. It certainly would be a dangerous thing for us to have to rely upon one source of supply that is so distant from the continental United States.

If this amendment is adopted, no one here can tell where the price of abacá would stop. Every cent of increase in price would come out of the pockets of the American taxpayers.

Like the gentleman from Michigan [Mr. CRAWFORD], I have only the kindest feeling and good will toward our Philippine friends. I do not think I ever had a more enjoyable time than I had in Manila in 1946. I have also had the privilege and pleasure of visiting Guatemala and other Central American countries. I like those countries, too. This is a matter of business, not sentimentality.

This amendment should be defeated.

Mr. DURHAM. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I hope the Committee will vote down the amendment. Suppose we were to adopt a similar policy on all of our strategic and critical materials that are bought and put into the stockpile, for instance, rubber. All of these materials have what we call a life expectancy. Some may last 2 years, some 3 years, some 10 years; and some of them, of course, are permanent. But to apply this restriction and not permit this abacá to go into the channels of trade would mean this: We hope to have peace here some time in our lifetime, and certainly we do not want to be sitting here with a frozen stockpile of billions of dollars' worth of stocks on our hands and not be able to sell them into the channels of industry in peacetime.

If you will read the Stockpiling Act, Public, 520, you will find that it laid down that principle to begin with. We have carried out that principle probably too far in the last 4 or 5 years because industry in this country has been running at a very high level. I think we have exercised wise judgment most of the time, but some of the items probably we have sold down to too small a stockpile.

We would run into the same difficulty if we were to tie down every one of them and adopt such a policy as this in our strategic Stockpiling Act. I certainly hope the House will vote down this amendment.

Mr. COLE of New York. Mr. Chairman, will the gentleman yield?

Mr. DURHAM. I yield.

Mr. COLE of New York. I have been favorably disposed toward the amendment offered by the gentleman from Michigan [Mr. CRAWFORD], but I am disturbed by the situation that is pointed out by the gentleman from Missouri

[Mr. SHORT], the possibility that we might permit ourselves to be victimized by unscrupulous Philippine operators. I am wondering if that market condition could not be corrected by the Government's disposing of such portion of the stockpile as might be necessary in order to level off the market price.

Mr. DURHAM. I would like to be able to assure the gentleman that if that could be done today it would please me very much, to say that we are in that position. But I cannot say to the gentleman that we can do that at the present time.

Mr. COLE of New York. Does the law give to the Munitions Board or to the Defense Department authority to sell out of the stockpile into the channels of normal trade and into the normal market?

Mr. DURHAM. Yes; Public Law 520.

Mr. COLE of New York. But in the opinion of the gentleman there are other factors involved which deny the Government the opportunity of correcting market conditions through the sale of Government stocks into the general market?

Mr. DURHAM. Yes, because if this Stockpile Act was used to go out and sell everything we had in a general market it would affect the market materially, or if we went out and purchased everything we needed tomorrow, it would be vice versa, so it has to be handled in a very careful manner. The gentleman knows those figures are all confidential.

Mr. COLE of New York. I realize that. In a general way I would assume that if the Government stocks were approaching the figure sought by the Government, then the Government would be in a position to release some Government stocks into the general market, but until that time is reached by the Government it would be dangerous for the Government to dispose of its own stocks just for the purpose of correcting market conditions.

Mr. DURHAM. If I were convinced that the stockpile is adequate, I would not be here today asking for this legislation. I thank the gentleman from New York for bringing out the points that he has.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. DURHAM. I yield.

Mr. CHAWFORD. The chairman read previously from the reports of the other body and this body and the hearings are full of information. Yet, with a shortage of production of sisal cordage all over the world here we are involved in this thing with the front-line pages of the newspapers calling for total mobilization and this committee at this very moment sits here and recommends that we turn these stocks into private channels. Where is the defense of the United States?

Mr. DURHAM. I do not believe the gentleman wants to force us into the situation where we would be paying 40 cents for cordage material to go into the stockpile.

Mr. CRAWFORD. Let us take charge of the stocks and hold them for the de-

fense of our own country and let us tell the consumers to cut out the consumption of goods until we win this fight.

Mr. DURHAM. I am sure the gentleman also recognizes the fact that the industrial production in this country is probably one of the greatest things today that Stalin has in his mind.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. DURHAM. I yield.

Mr. SHORT. No Member, Mr. Chairman, should have the fears expressed by the gentleman from Michigan. Certainly this Government, the Department of Defense, and the Munitions Board will take all of the Central American abacá for defense purposes for our stockpile if we need it. Bear in mind that if we had not had a synthetic rubber industry in this country today, we would perhaps be paying twice as much for rubber tires as we have been paying since the close of the last global conflict.

Mr. DURHAM. I might say to the gentleman today that we would extend our contracts for as long as 10 years if it would assure us of securing abacá for the stockpile and secure our national defense.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. CRAWFORD].

The question was taken; and on a division (demanded by Mr. CRAWFORD) there were—ayes 12, noes 58.

So the amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LYNCH, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill S. 3520, pursuant to House Resolution 717, he reported the same back to the House with an amendment adopted in the Committee of the Whole.

Mr. DURHAM. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

BUDGET AND ACCOUNTING PROCEDURES ACT OF 1950

Mr. MADDEN. Mr. Speaker, I call up House Resolution 729 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. 9038) to authorize the President to determine the form of the national

budget and of the departmental estimates, to modernize and simplify governmental accounting and auditing methods and procedures, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Expenditures in the Executive Departments, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommend.

Mr. MADDEN. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN].

Mr. MADDEN. Mr. Speaker, this bill, H. R. 9038, on which we are now asking for a rule, is for the purpose of modernizing and simplifying the accounting, auditing, and other methods and procedures involving our Federal bookkeeping. It authorizes the President to determine the forms to be used for the national budget and the departmental estimates.

Title 1 of this bill provides for a modernized budget and accounting procedure. It authorizes the establishment of a balanced, coordinated accounting program.

Title 3 of the bill provides that no request for legislation authorizing subsequent appropriations for the departments or establishments of the Government shall be transmitted to the Budget Bureau, the President, or the Congress without prior approval of the heads of the departments or establishments.

Title 3 repeals a number of provisions of the existing law which are obsolete or in conflict with the provisions of this bill.

Mr. Speaker, this legislation, if enacted into law, will fulfill a long-wanted need in the operations of the fiscal department of the Federal Government.

We are now operating under the old Budget and Accounting Act of 1921, and a mass of earlier legislation which is outmoded, due to the tremendous growth of our Government in the past 30 years.

Title II further provides that no request for any kind of legislation would authorize any subsequent expenditures which, if enacted, would be a change from the present method. It also provides that under the present situation different departments of the Government in outlying branch offices over the country can have spot sampling of their expenditure vouchers and papers without sending them in to Washington which, in turn, would be a great money saver and also a great time and labor saver in the matter of the operations of the fiscal department of our Government.

Mr. Speaker, this bill has the support of the Committee on Expenditures in the Executive Departments.

The gentleman from Ohio [Mr. BROWN], who is a member of the Hoover

Commission, and the other members of the Commission, went over this legislation very thoroughly. The bill came out of the Rules Committee unanimously. I believe it is a piece of legislation that the Government has been very dilatory in not presenting and having enacted into law before this.

Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. BROWN of Ohio. Mr. Speaker, as the gentleman from Indiana [Mr. MADDEN] has so ably explained, House Resolution 729 makes in order under an open rule and 1 hour of general debate, the bill H. R. 9038, to authorize the President to determine the form of the national budget and of departmental estimates, to modernize and simplify governmental accounting and auditing methods and procedures, and for other purposes.

This bill comes from the Committee on Expenditures in the Executive Departments and amends quite a number of old laws now on the statute books, including the Budget and Accounting Act of 1921 so as to modernize our budget and accounting procedures. It is about 90 percent in line with the Hoover Commission recommendations; in other words, it accepts and puts into effect a great proportion of the recommendations made by the Hoover Commission in connection with budgeting and accounting methods and procedures within the executive branch of the Government.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield.

Mr. CASE of South Dakota. Can the gentleman state whether the bill in the form it now is with the amendments that are proposed by the committee will provide for submission to the Committee on Appropriations of the so-called green sheets, that is, sheets that pin down the classifications of appointments?

Mr. BROWN of Ohio. I am glad the gentleman asked that question. I will touch on that in just a moment.

The Hoover Commission recommended we have what is known as a performance budget rather than the present type of budget. A performance budget is one which will permit the collation, or the putting together, of all appropriation items for a given agency or activity in one place or section so we can find and look at it, and know the full proposed cost of that governmental agency, operation, or activity, instead of being required, as is now too often the case, to search through a great many different pages of the budget in an endeavor to find this, that, and the other cost of a given operation, only to ascertain just what that agency does cost.

I recall one of the activities of the Government which the Hoover Commission studied in connection with the budget. Most of us know that great institution, the Naval Medical Center. It is a very worth-while hospital and Gov-

ernment activity. But as a Member you would find the requested appropriation items dealing with the Naval Medical Center in 27 different places in the budget. If we did not look under this classification, or that classification, in the budget we would not have the complete picture as to the cost of operating the Naval Medical Center. Under the performance budget arrangement provided by this bill we can turn and find the Naval Medical Center requests, and have listed in a single place all the various costs of operation for that particular institution.

The Hoover Commission also recommended that we set up a new general accounting officer in the Treasury Department. This bill does not go that far; but it does provide—and I want the gentleman from California and the gentleman from Missouri to correct me if I am wrong—for the decentralization of accounting down into the various agencies and departments, as the Hoover Commission has recommended.

Mr. KARSTEN. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Missouri.

Mr. KARSTEN. It does provide for agency accounting systems.

Mr. BROWN of Ohio. This is in line in general, with that one exception, of all the Hoover Commission recommendations. So far as I know, and I do not want to speak out of turn for every member of the Commission, but those members on the Commission with whom I have discussed this matter are in favor of this legislation.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Iowa.

Mr. JENSEN. Is this legislation in line with the recommendations of Lindsay Warren, the Comptroller General?

Mr. BROWN of Ohio. Yes. Mr. Warren helped prepare this legislation and has approved this measure, which seems to be agreed to by all of the different officials of Government who are interested. I refer to the Bureau of the Budget and the Treasury Department, in which the accounting officer would have been placed, if we had followed the entire Hoover Commission recommendation. We have agreed this bill will do practically the same thing as our recommendation would have done.

Mr. JENSEN. What proof do we have that if this legislation is made law it will save money?

Mr. BROWN of Ohio. I will discuss that in a moment.

Mr. JENSEN. I do want to say that certainly our governmental bookkeeping system needs a lot of correcting.

Mr. BROWN of Ohio. I am sure no one knows that better than the gentleman from Iowa [Mr. JENSEN], who has served so ably and so well on the Appropriations Committee.

Mr. JENSEN. I thank the gentleman. I remember in 1947 when the Bureau of Reclamation claimed that the Central Valley project was out of money. We

spent everything we had, so they said. Several large projects were stopped, but lo and behold when we investigated and went into the books we found that there was \$7,000,000 plus unexpended.

Mr. BROWN of Ohio. I remember that incident quite well, and I feel this bill may be of some benefit in preventing such a situation in the future.

Mr. JENSEN. That is one incident I can cite. I can stand up here and cite dozens of instances where they have no idea what they have as a balance, what they have spent, or what they have spent it for.

Mr. BROWN of Ohio. I thank the gentleman. I will comment on that in just a moment.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Massachusetts, the majority floor leader.

Mr. McCORMACK. I may say that the gentleman is correct when he says that the Comptroller General, Lindsay Warren, is in favor of this bill. I may also say that the gentleman is correct in saying that Secretary Snyder is in favor of it.

Mr. BROWN of Ohio. And also the Bureau of the Budget.

Mr. McCORMACK. Yes. Secretary Snyder personally called to see me a few days ago and expressed the strong hope that the bill would be reported out of committee and passed.

Mr. BROWN of Ohio. I thank the gentleman.

Mr. McCORMACK. I say that for the RECORD to confirm everything the gentleman from Ohio has said.

Mr. BROWN of Ohio. I thank the gentleman very much.

Mr. Speaker, I wish to make this statement: The gentleman from South Dakota asked me a moment or so ago as to the green sheets carrying the schedules of estimates to accompany appropriation requests. The gentleman from New York [Mr. TABER] appeared before the Committee on Rules and discussed with the Committee on Rules and with the members of the Committee on Expenditures in the Executive Departments the need of the Committee on Appropriations and Members of Congress generally to have the green sheets breaking down the estimated expenditures and appropriation requests for different agencies and departments. There was some discussion as to whether these green sheets should be prepared by the departments, based upon their requests, or by the Bureau of the Budget. As I understand and am informed, inasmuch as the gentleman from New York made a rather strong case for his position, and inasmuch as the Committee on Expenditures in the Executive Departments had not gone thoroughly into the need for these green estimate sheets which he brought to the attention of the Committee on Rules, there has been an agreement reached so that an amendment will be offered which will assure that these green sheets will be furnished as a part of the budget when it is submitted to Congress each year.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I note that section 204 reads:

Except as otherwise provided in this act, the contents, order, and arrangement of the proposed appropriations and the statements of expenditures and estimated expenditures contained in the budget or transmitted under section 203, and the notes and other data submitted therewith, shall conform to requirements prescribed by the President.

As I understand the amendment that is to be proposed, it provides that the estimate shall be accompanied by information as to personal services and other types of expansion in the same manner as for fiscal 1950, but the point is, in saying that this "shall conform to requirements prescribed by the President" will that be interpreted to defeat in any sense or modify the right of the Committee on Appropriations to ask for such supplemental information, in such form as they may need for consideration of the estimates?

Mr. BROWN of Ohio. I cannot say as to what anyone may interpret anything to mean, but it is my understanding this bill will not interfere with the rights of the Committee on Appropriations to get additional information.

Mr. KARSTEN. Mr. Speaker, if the gentleman will yield, we have every desire to cooperate with the Committee on Appropriations in obtaining this information. The language that we have agreed upon will insure that the information will be furnished along with the budget, so it will be here in time to be available to the Members so that they can use it intelligently in analyzing these requests.

Mr. CASE of South Dakota. In the consideration of the budget estimates from time to time instances arise where they desire that information, and I simply want the record clear that in saying "shall conform to the requirements prescribed by the President" it does not operate in any way to defeat the request by the Committee on Appropriations.

Mr. KARSTEN. This will in no way preclude any members of the committee from requesting information.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from West Virginia.

Mr. BAILEY. I would like to inquire of the distinguished gentleman from Ohio if this pending legislation contains any provision for preexpenditures or incumbrance controls of legislative appropriations.

Mr. BROWN of Ohio. I do not think it does. I would not want to make a positive statement, but it is my understanding it does not.

Mr. BAILEY. I think the Congress could well give attention to some means that would create controls. I think there are entirely too many unjustified and uncalled for deficiency appropriations considered by this Congress.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from New York.

Mr. TABER. I think I ought to say to the House at this point that I have very grave doubts about some of the provisions in this bill. I have been over the situation with the gentleman from Missouri [Mr. KARSTEN], the gentleman from Indiana [Mr. HARVEY], and the gentleman from North Carolina [Mr. BONNER], and other members of the Committee on Expenditures in the Executive Departments. I have been over the matter with the Comptroller General and the Director of the Budget. We have arrived at an agreement which I think protects the situation of the Congress and the Appropriations Committee, and would enable the Congress to get the information it needs and require the budget to get it together and furnish the green sheets at the time the appropriation estimates are sent up by the President, so that those green sheets would be available to the committee just as soon as the budget was available. Therefore, the Appropriations Committee would be able to use them to the very best possible advantage.

I would not want the committee or any of its members feel that anything connected with the budget would prevent the Appropriations Committee from obtaining any information, either along the line of the present budget or a future budget, that they felt was necessary for consideration of a budget item that was before them. They are in a position where they can refuse to appropriate or to bring in a bill until the information that is necessary is furnished.

Mr. BROWN of Ohio. I am sure the gentleman from New York is entirely correct and that this legislation will in no way affect the right of the Appropriations Committee or the Congress to get additional information relative to appropriations requests that are received as a part of a budget. I do believe the gentleman from New York [Mr. TABER] has rendered a very worth-while service to the Congress and to the country in the suggestions he has made. I think he convinced both the Rules Committee and the members of the Committee on Expenditures that his suggestions should be written into the bill as amendments so as to protect fully the rights of the Appropriations Committee, so as to guarantee the additional information which is needed on the green sheets will be furnished.

Of course above all else, one of the important features of a performance budget arrangement is that the average Member of Congress as well as the specialists—for I call the men who serve on the Appropriations Committee specialists—will be able to interpret and know something about what these appropriation requests really mean, and to be able to and find in the budget the information they seek. Certainly I do not want to see any sort of a budget arrangement set up where we will not get the detailed information we need and desire as individual Members of Congress, or that is needed and desired by the Appropriations Committee, which of course

must do the great mass of the work on these appropriation bills.

Mr. PLUMLEY. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Vermont.

Mr. PLUMLEY. I think the gentleman's statement was ill-considered when he undertook to say the Appropriations Committee did not know what they were doing when they came to the Rules Committee.

Mr. BROWN of Ohio. I certainly made no such statement. Instead I paid them and Mr. TABER a very high compliment, or I attempted to do so. I must apologize to the gentleman if I failed to make myself clear. If he could understand me, I am sure it was my fault, not his, for he is a very learned, able, and distinguished Member of this body.

I assure the gentleman from Vermont I was attempting to pay a very high compliment to the gentleman from New York, the ranking member of the Committee on Appropriations because he did call to the attention of the Committee on Rules, and to the Committee on Expenditures in the Executive Departments, the weakness in this bill; and as a result of his splendid testimony before our committee certain amendments were prepared and agreed to, which will strengthen the measure, will protect the rights of the individual Members of Congress to get necessary information, and the right of the Committee on Appropriations to have the green estimate sheets. So my words were actually quite complimentary to your committee, sir.

I fear the gentleman, who is usually correct, did misunderstand what the gentleman from Ohio said.

Mr. PLUMLEY. If I misunderstood the gentleman, of course, I regret it, but I doubt that I did misunderstand him.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield.

Mr. CASE of South Dakota. I have been talking this over with other members of the committee here. The thing that disturbs us a little bit is that section 204, as amended, reads:

That the content, order, and arrangement shall conform to requirements prescribed by the President.

We have no objection to the President having in the budget what he wants, but I would like to read this language which we would like to have in the bill.

Mr. BROWN of Ohio. The committee has some additional amendments and, of course, the gentleman may offer amendments if they wish.

Mr. CASE of South Dakota. May I read some language here that we have been talking over which we would like to have considered?

Mr. BROWN of Ohio. I am sorry the gentleman from South Dakota was not before the Committee on Rules and did not discuss this with the Committee on Expenditures in the Executive Departments so that we could have had these amendments considered at this time. If the gentleman will wait until the House resolves itself into the Committee of the Whole House on the State of the Union

for the consideration of this bill, he can ascertain what amendments will be offered, and perhaps may find that his objections have been met fully. At least I hope so.

Of course we cannot amend the bill while we are considering the rule.

Mr. CASE of South Dakota. Of course, we all understand that; but we are discussing the background of the bill.

Mr. BROWN of Ohio. That is right. Mr. CASE of South Dakota. It has occurred to some of us that language like this might help a good deal:

And provided further, That nothing in this act shall be construed to limit the authority of committees of Congress to request and receive such information in such form as they may desire in consideration of and action upon budget estimates.

Mr. BROWN of Ohio. I am sure that amendment could be offered by the gentleman. But I believe the gentleman from New York [Mr. TABER] made it very clear there could be no question as to that right existing. However, if the gentleman wishes to offer his amendment in the Committee of the Whole, I certainly would have no objection to it, because we want to make this bill as strong and as good as we can. I am just as anxious to protect every right of the Committee on Appropriations, and every right of each individual Member of Congress, to be completely informed on all appropriation matters as he.

Mr. PHILLIPS of California. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield.

Mr. PHILLIPS of California. Does the gentleman think it is the fundamental function of the Congress or does he think that it is the fundamental function of the President to determine the details of the budget? This bill gives that authority to the President.

Mr. BROWN of Ohio. To answer the gentleman very plainly, under the law it is the duty and responsibility of the President to submit a budget, but it is the responsibility and duty of the Congress, under the Constitution, to determine whether appropriations shall be made in line with, or contrary to, that budget.

Mr. PHILLIPS of California. The gentleman from Ohio did not quite understand me. As to the form and detail of the budget this bill gives all that authority to the President.

Mr. BROWN of Ohio. Well, someone has to set up the structure of the budget itself, as to the form and detail, under the direction of the Congress. I do not believe the Committee on Appropriations or the Congress has ever set up the form and detail of the budget itself in the past, or that it could do it in the future. Therefore the Bureau of the Budget, working under the direction of the President, has to do it. There has to be some agency, some administrative individual to do such spade work. But the Congress itself continuously keeps control over what is appropriated under the budget.

Mr. WIGGLESWORTH. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield.

Mr. WIGGLESWORTH. I notice on page 7, under Government Statistical Activities, that:

The President, through the Director of the Bureau of the Budget, is authorized and directed to develop programs and to issue regulations and orders for the improved gathering, compiling, analyzing, publishing, and disseminating of statistical information for any purpose by the various agencies in the executive branch of the Government.

Should that not also be subject to the action of the Congress?

Mr. BROWN of Ohio. I presume it will be. I believe the Congress directs what shall be done and gives that authority. But granting authority to the President is generally an order in effect.

Again, let me say, the Congress is not an administrative agency, but the executive branch is designated to carry out the will and instructions of Congress.

Mr. WIGGLESWORTH. It is a very important field which the Appropriations Committee is continually getting into. This gives me the impression that it is being taken out of the hands of the committee.

Mr. BROWN of Ohio. I say, again, the Appropriations Committee can and will control that, absolutely.

May I also say, in conclusion, that I feel this measure is a long step in the right direction. It is more than a step. It puts into effect somewhere between 80 and 90 percent of the recommendations of the Hoover Commission on these matters. I want to be very frank with the House in saying that this is a much better bill, and goes much further in carrying out the recommendations of the Hoover Commission in this particular field of activity, than I thought we would be able to bring before this Congress, so I hope we will pass the bill.

This measure is designed to give us a better budget and a better accounting system. It is designed to decentralize some of the accounting, and to give an opportunity to the Congress to be better informed upon the cost of government and what we are appropriating for when we pass upon an appropriation bill. It is designed to bring greater governmental economy and efficiency, if it is properly administered.

If there has ever been a time in the history of this country when we should make every attempt to obtain greater economy and efficiency in the conduct of public business, it is right now. Any step we can take, any legislation we can enact, which will help reduce the cost of government, especially on the home front, at this time, when we are straining the resources of the Nation to meet the needs of national defense, is one which should be taken. Certainly the time is at hand when this Congress should follow, and follow closely the policy the gentleman from New York [Mr. WADSWORTH] and myself, and some of the others on the Rules Committee, announced many months ago, that we would refuse to vote for or favor any bill which would establish any new governmental project, activity, or agency, not of absolute necessity to the security of this Nation, and which would require any

increase in or new Government expenditure, so long as we had to borrow the money to meet such an expenditure.

So I hope this legislation will result in the submission of a better budget; that the passage of this bill will result in a better accounting system; that we will all be better informed—not just the Appropriations Committee alone, but every Member of Congress—so we may be able to find and weed out any waste or extravagance which may exist in any budget. We must have a complete overall picture as to what Government activities are actually costing, we must be in better position to judge their value and decide how the public money should be spent on that particular activity in the best and most economical way.

I am hoping that as a result of the passage of this legislation, through the watchfulness of the Appropriations Committee, and through our own efforts, we may have much better control over future public spending, and that we may be able to reduce the cost of government, at least on the home front. Certainly we should be able to reduce many, many of the expenditures we are now making on the domestic or civilian activities of our Federal Government.

Let me point out we are now spending approximately \$5,000,000,000 more on the operation of the civilian affairs of the Federal Government each year than were appropriated by the Republican Eightieth Congress 2 years ago. The Nation had pretty good government services then, from the various departmental agencies. There were no great complaints that any essential service had been destroyed or disrupted. Certainly we can find a good deal of the money we need to meet this increased cost of our new national defense effort by reducing or eliminating the waste, the extravagance, and the unnecessary expenditures which have existed in recent months and years in the operation of the civilian features of the Federal Government.

Mr. MADDEN. Mr. Speaker, I move the previous question.

The previous question was ordered. The resolution was agreed to.

Mr. KARSTEN. 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. 9038) to authorize the President to determine the form of the national budget and of departmental estimates, to modernize and simplify governmental accounting and auditing methods and procedures, 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. 9038) modernizing and simplifying governmental accounting and auditing methods and procedures, with Mr. ENGLE of California in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Missouri [Mr. KARSTEN] will be recognized for 30 minutes, and the gentleman from Michigan [Mr. HOFFMAN] for 30 minutes.

Mr. HOFFMAN of Michigan. Mr. Chairman, the gentleman from Indiana [Mr. HARVEY] will control the time on this side.

Mr. KARSTEN. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Chairman, the bill H. R. 9038, the Budget and Accounting Procedures Act of 1950, is a technical measure. I am sure some of the technical details will be ably presented by other members of the committee, but I hope that these details will not obscure the paramount importance of the measure as a whole.

The bill was introduced by the gentleman from Missouri [Mr. KARSTEN], chairman of the Public Accounts Subcommittee of the Committee on Expenditures in the Executive Departments. The gentleman from Missouri has for a long time been familiar with Government accounting from the congressional standpoint; for, as you know, before he became a Member of Congress he has connected with the Committee on Accounts for many years under the leadership of our beloved late Member from Missouri, Mr. John Cochran.

The bill is identical, with the exception of amendments recommended by the committee, to a bill introduced by 11 of the 13 members of the Senate Expenditures Committee and recently reported out unanimously by that committee. It has been called by our agent, Comptroller General Lindsay Warren, the most forward-looking and important measure in its field since the Budget and Accounting Act of 1921.

The provisions of this bill grow out of the experience of the last 29 years in budgeting and accounting in the Government. They embody the principles and objectives of the joint program which has been carried on for the past 3 years by the Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget to improve the Government's accounting. This program is a splendid example of cooperation between the executive and the legislative branches toward the common goal of better accounting and financial reporting in the Federal Government. All three of these officials appeared at the hearings on H. R. 9038 and strongly endorsed the bill. The bill specifically declares the policy of Congress that the three officials continue this program which they have already instituted.

The great need for this legislation is underscored just at this time in view of the large sums which the Congress is going to be called on to authorize for expenditure for national defense. We do not want to repeat the mistakes in the past caused by lack of proper controls over the expenditure of the public funds. With the budgetary improvements and accounting systems contemplated by this

bill, much better machinery will be available for keeping the Congress advised of what the money is being spent for and to aid detection of improper disbursements. There is also a great need for the simplification of accounting procedures contemplated by this bill. While all the improvements contemplated by the bill cannot be accomplished overnight, the bill provides the necessary legislative basis for instituting those improvements.

The bill incorporates all of the recommendations of the Hoover Commission report on budgeting and accounting with a single exception, that for the appointment of an Accountant General in the executive branch with authority over the prescribing of accounting systems and the supervising of accounting operations. That recommendation is contrary to a consistent congressional policy that the Comptroller General, as the agent of the Congress, prescribe accounting requirements for the executive agencies so that appropriate audits may be made of the agencies and that the Congress may exercise control over appropriations and expenditures.

We knew because that had been attempted before. In 1932 and in 1937, I believe, such a proposal was attempted legislatively and was turned down by the Congress. We members of the committee knew that the Congress would not relinquish this arm of the Congress, and the Comptroller General is the arm of the Congress, the watchdog of the Congress on expenditures in the executive departments. Therefore we did not include that one provision in this bill. We knew we could not pass it if we did include it in the bill because 90 percent of Congress, and I believe 100 percent of the members of the Committee on Expenditures, would have voted against that one thing.

Therefore, the committee has rejected this recommendation just as similar recommendations have been rejected on numerous occasions in the past by the Congress. The bill does provide a complete framework of responsibility and authority for development of accounting systems in each executive agency and a system of central accounting and reporting in the Treasury Department, all under principles and standards laid down by the Comptroller General to insure proper financial information and control for the agency heads, the President, and the Congress in fulfilling their respective responsibilities.

The whole reorganization program will be implemented by the adoption of this legislation. It is basic to all of the improvements for which we are striving in the management of the executive branch. It will provide a solid foundation for the best attainable budgeting, accounting, financial reporting, and auditing for the Federal Government, all in proper relationship. It will do all of this without weakening any essential controls by the Congress over the public funds.

Again I wish to stress the fact that Mr. Lindsay Warren, our present Comptroller General and a former Member of

this body, Mr. Snyder, the Secretary of the Treasury, and Mr. Fred Lawton, the Director of the Bureau of the Budget, have given their wholehearted approval of this bill.

The bill was drawn jointly by these three agencies of Government which have to do most exclusively with the budgeting of accounts. I trust the House will pass this important legislation unanimously.

Mr. PHILLIPS of California. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from California.

Mr. PHILLIPS of California. The gentleman has laid a great deal of emphasis on the fact that the budget forms are to be determined by the Comptroller General. My interpretation of the bill does not support that. The Comptroller General is the agent of the Congress.

Mr. HOLIFIELD. I believe section 103 of the bill provides the point I was making, that the budgeting and accounting procedures of the different executive branches shall be prescribed by the Comptroller General.

Mr. PHILLIPS of California. That is not the point I am making. The point I am making, so that the gentleman from California will understand, he thinks and he is saying that the Comptroller General is the one who will determine the form of the budget, but the wording of the bill we are acting upon says that it is the President, and that means the Bureau of the Budget. Under this bill that we are acting upon today, the form of the budget that comes to us could be completely changed, not by the Comptroller who is our agent, but by the President of the United States acting through the Director of the Budget, who is his agent. I question whether the Committee in bringing it out intended to put the power, not of making the budget, but in determining the form of the budget, in the hands not of the Congress, but in the President of the United States.

Mr. HOLIFIELD. I was mistaken in the section I referred to. I meant to refer to section 112 on page 10, where it says:

The Comptroller General of the United States, after consulting the Secretary of the Treasury and the Director of the Bureau of the Budget concerning their accounting, financial reporting, and budgetary needs, and considering the needs of the other executive agencies, shall prescribe the principles, standards, and related requirements for accounting—

Mr. PHILLIPS of California. May I interrupt the gentleman briefly just to say that that power the Comptroller already has, and that is merely in order to provide a uniform accounting system between the various agencies of government, something we never had up to about three and a half years ago.

Mr. HOLIFIELD. But the Comptroller General at the present time, if I am not mistaken, has been doing this as a matter of voluntary agreement between the three branches.

Mr. PHILLIPS of California. No, he has it by authority and by instructions

given him through the Committee on Appropriations. This bill does not have to be passed in order to give him authority, except to have it in writing, perhaps. That is in existence today.

Mr. HOLIFIELD. As appropriation language?

Mr. PHILLIPS of California. Yes.

Mr. HOLIFIELD. Well, there are several things in the bill, I might say, that have been taken from appropriation acts and are now made into basic law.

Mr. PHILLIPS of California. To pursue the point further, section 112, which the gentleman read to me, is antagonistic to section 103 and to section 201, which is the second part of section 102, which says that the President, the Director of the Budget, shall do these things. The gentleman is interpreting the last two to mean that the Comptroller shall do it but I contend that section 112 refers to a different subject matter.

Mr. HOLIFIELD. Section 103 that the gentleman refers to, in my opinion, is an authorization for the President through the Bureau of the Budget to develop programs and to issue regulations and orders for the improved gathering, compiling, analyzing, publishing, and dissemination of statistical information for any purpose for various agencies in the executive branch of the Government.

Mr. PHILLIPS of California. That is the basis upon which the budget is made. The gathering of those statistics begins in August of each year and extends through until the presentation of the Presidential budget on the first Wednesday in January. This bill gives the President and the Director of the Budget, the authority to determine the form in which those facts shall be gathered and presented.

Mr. HOLIFIELD. That is the preliminary gathering of information.

Mr. PHILLIPS of California. That is the same as is going on now, except this bill gives authority now not to the Congress, where I hold it should rest, but to the President through the Bureau of the Budget.

Mr. HOLIFIELD. I think the President has that power now in the Bureau of the Budget. The Bureau of the Budget is the arm of the President, and he certainly has the power to issue rules and regulations for the administration of the function of the Bureau of the Budget. So there is no change there that I can see.

Mr. PHILLIPS of California. There is this change, to the extent that this increases the power, and now it may be done by the Bureau of the Budget more or less in a routine way. Now it is definitely placed in this bill in the hands of the Bureau of the Budget and taken out of the hands of the Congress and out of the hands of the Comptroller General.

Mr. HARVEY. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Indiana.

Mr. HARVEY. It might be illuminating, and I approach this with hesitancy because of the great knowledge I know both gentlemen from California have in this field, but I would say in nailing down effectively the authority of the

Comptroller General to defining the accounting procedures of every department, that all these costs and estimates and statistics must come from those figures. So that when you start with the base of a uniform accounting system prescribed by the Comptroller General, all statistics and information must be developed from that initial information.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. HARVEY. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. PHILLIPS].

Mr. PHILLIPS of California. Mr. Chairman, I have asked for this time to continue the discussion which the gentleman from California and the gentleman from Indiana were carrying on. If the gentleman from Indiana is correct in his statement, which would be an entirely satisfactory statement to me as a budget maker for perhaps 30 years, just why are the other sections in this bill at all? Why was it necessary to put what I call antagonistic sections in the bill, if the objective was the one which the gentleman from Indiana has just discussed?

I also call attention to what may have been overlooked in the committee; it may have been entirely harmless in intent. Section 202 on page 19, line 13, recites that the balance of any money remaining in the appropriation of an agency or a section of an agency, if the establishment or section is transferred, may, with the approval of the President, be transferred to the receiving agency.

I point out, Mr. Chairman, that in the past we have been rather careful, where money is left over in any budget, that it should come back and go through the Appropriations Committee again. We are the only control the people have over the expenditure of money.

I think that was a power given the Bureau of the Budget which the committee may not have intended to give. You see, Mr. Chairman, this is a practical matter with us who work on the Appropriations Committee. Analyzing a budget is a difficult matter at best when it gets into billions of dollars. This year for the first time we operated under a budget which, in some of the agencies, approached the budget which is contemplated in this bill. I say without any hesitation that we had more difficulty this year in getting detailed information regarding the budget items than I have had in the preceding 3 years I have been on the committee. I think that should be taken into consideration. We had to send deliberately in many instances for information which this bill automatically leaves out of the budget. In addition, we had to ask the agencies for information which they themselves felt under this type of budget was no longer necessary. We may not be getting a simplified budget in this new bill; we may be getting a budget in which it is more difficult to trace the money and more difficult to protect the taxpayer.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield to the gentleman from California.

Mr. HOLIFIELD. First, I should like to address myself to the point of the so-called green sheets to which the gentleman refers. We realize that the Appropriations Committee has had trouble during the last year and a half on that. Because of the advice of the gentleman from New York [Mr. TABER] before the Rules Committee, and in conference with the members of our committee, we do have an amendment which we will offer which will remove that difficulty you have had the last year and a half and restore it to its previous condition when the green sheets were available. We think we have covered that.

Mr. PHILLIPS of California. I am glad to hear that. That would remove that part of my objection.

Mr. HOLIFIELD. If the gentleman will now let me speak on his reference to section 202, under the Presidential reorganization plans that have been sent up to us, and more will possibly be coming in in the future, there has been a reorganization of agencies and shifting of them from one executive department to another. I recall as an example the shifting of Public Roads from the old Public Works Agency to the General Services Administration, and then the shifting of it into Commerce. This section provides that where such a function or activity is transferred or assigned from one agency within a department or establishment to another agency the balance of the appropriations will be transferred along with it. But it goes on to say in lines 19 and 20 that "said function or activity is transferred or assigned for any purpose for which the said funds were originally available."

So it does not change the use of the funds. It retains the use of the funds for the original purpose, but it merely takes care of the housekeeping point of transferring it so as to be available to the agency or the new department.

Mr. PHILLIPS of California. I respect that statement and agree with it so far as it goes, but the gentleman does not understand that we deal in big figures, and very often in lump figures.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. PHILLIPS of California. I will discuss this later.

Mr. KARSTEN. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, in presenting this bill to the House I have in mind the Hoover Commission report on budgeting and accounting, in which it is pointed out to the Congress that the present governmental accounting, auditing, and budgeting methods controlled by the Budget and Accounting Act of 1921 are cumbersome, uninformative, and outmoded. More important, however, these old methods do not provide the Government, nor the taxpayer, with accurate and complete information as to revenue received and expenditures made by the Government. There is a great need for simplification and modernization.

The provisions of this measure call for the same philosophy enunciated in

the Hoover Commission report on budgeting and accounting. The bill is designed to accomplish practically all of the major objectives and recommendations made by the Hoover Commission with the exception of establishing the post of an Accountant General under the jurisdiction of the Secretary of the Treasury.

Proposals to establish an Accountant General have been before the House in the past. As I recall, the last bill on this subject was in 1938. It was overwhelmingly defeated, and for very good reasons.

Historically, Congress has control of the purse strings of the Nation. As a necessary adjunct to that power, we have a Comptroller General who is an agent of the Congress to audit the accounts of the executive branch of the Government. He determines the legality of expenditures and the proper application of funds appropriated by the Congress. In fact, he is a definite part of the legislative branch of the Government.

To establish an Accountant General under the Secretary of the Treasury and superimpose him upon the Comptroller General would seriously weaken the control of Congress over appropriated funds. An Accountant General would be responsible only to the President. Congress would lose control over the Nation's purse and surrender it to the executive branch of the Government.

Because this historical legislative jurisdiction of the Congress would be seriously impaired by virtue of creating an Accountant General in the Treasury Department, this recommendation of the Hoover Commission is not included in the legislation.

For over 2 years the Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget have engaged in a voluntary joint accounting program to improve and modernize Federal fiscal operations. I mention this because it is the first time in history that the three major fiscal agencies of our Government have voluntarily joined in a common effort, drawing on the technical resources of their respective agencies, to make accounting, financial reporting, budgeting, and auditing the greatest value to the Government and the taxpayer.

Under this program all have agreed that current accounting and financial reporting are proper functions of the executive branch and accounting systems should be in recognition of this principle. Auditing, independent of the executive branch, is a function of the legislative branch of the Government through the Comptroller General. Properly designed accounting systems are a vital factor to the effectiveness of independent auditing, and accounting systems should be developed as a cooperative undertaking to meet the needs and responsibilities of both the executive and legislative branches of the Government.

The bill we have before us implements by legislation the voluntary joint program which I have described. It embodies all the fundamental fiscal re-

quirements which the General Accounting Office, the Treasury Department, and the Bureau of the Budget have agreed upon as being necessary and essential to effectuate their common goal for improving governmental budgeting, accounting, and auditing methods.

As urged by the Hoover Commission the bill provides a complete framework for bringing the budgeting, accounting, and auditing procedures of the Government up to date. It will set up a fiscal system patterned after sound commercial practices and I believe it will provide much better control over all Federal funds.

The bill contains three titles. Title I on budgeting and accounting is divided into two parts. The first, on budgeting, clarifies the Budget and Accounting Act to emphasize authority for modernization and simplification of budget procedures. It is patterned after sound commercial practices and supplements existing authority for presenting financial information in terms of functions and activities of the Government. Technical amendments to the Budget and Accounting Act are made to develop budgetary information in the manner best suited to present the financial program of the Government.

Increased emphasis is placed on the development by the President through the Bureau of the Budget of plans for better organization, coordination, and management of the executive branch. The paragraphs on statistical activities will provide better coordination in the gathering, compiling, analysis, and publication of statistical information by the executive branch. This supplements existing authority relating to these matters.

Part 2 of title I comprises a complete Accounting and Auditing Act of 1950. It embodies, as I have stated previously, the principles and objectives of the cooperative program which is being conducted under the leadership of the Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget to improve the Government's accounting, financial reporting, and auditing. The provisions of this part will also facilitate the attainment of budgetary improvements provided for elsewhere in the bill. It spells out clear-cut responsibilities and duties while at the same time providing for their exercise in proper relationship and cooperation toward the common goal of making accounting, financial reporting, budgeting, and auditing of the greatest value.

The careful allocation of responsibilities is designed to produce an integrated accounting system for the Government as a whole. Emphasis is placed on the development and use of agency accounting systems as the foundation for financial control and the production of necessary financial information. Provision is made for progressive improvement and simplification of present accounting systems. A specific basis is laid for more comprehensive and selective performance of the independent audit by the

General Accounting Office to the fullest extent practicable at the site of operations. The legislation will provide flexibility that is urgently needed for putting into effect more economical and efficient accounting and auditing procedures in order to obtain maximum benefits from work now going forward under the joint accounting program and lays a solid foundation for carrying out the policies and objectives of the program.

Title II provides that requests for legislation involving authorization for appropriations shall have prior approval of the head of the department or establishment concerned before such request is transmitted to the Bureau of the Budget, to the President, or to the Congress.

Title III repeals over a hundred acts or parts of acts relating mainly to the compilation of the estimates and the furnishing of certain financial data, most of which have been superseded or rendered outmoded by other existing provisions of law. The Budget and Accounting Act of 1921 superseded practically all of these proposed repeal provisions.

The Comptroller General in the hearings before the Committee on Expenditures in the Executive Departments enthusiastically urged passage of the bill. He said that the traditional control of Congress over appropriated funds is not only maintained but is actually strengthened by the measure. I am sure that every Member of the House respects the opinion of Lindsay Warren in these matters.

The bill also has the unqualified support of the Secretary of the Treasury and the Director of the Bureau of the Budget, both of whom attended the hearings. In addition, it has the endorsement of eminent accountants who have knowledge of the Government's fiscal problems.

I would like to call attention to three committee amendments to the bill which prohibit (1) authority to adjust and transfer funds between appropriations within a department during the transitional period of conversion to the new accounting methods contemplated by this measure; (2) the 5 percent interchangeability clause affecting transfers between appropriations within a department for the purposes of economy and efficiency; (3) the authority of the President to establish reserves from appropriations when he determines that purposes intended by the Congress will be accomplished by the expenditure of amounts less than the amounts appropriated.

The committee concluded that these three provisions should be omitted from the bill and left to the Congress for consideration when annual appropriations are provided for the departments and agencies. No attempt should be made to enact these provisions into permanent legislation. They have always been peculiar to the annual appropriation acts and should be continued on that basis. For these reasons the committee adopted the three amendments to the bill. These

amendments strengthen the bill and I believe are a great improvement.

Some opposition to a few provisions of the first title of the bill on budget procedures has been voiced by Members of the Committee on Appropriations. This opposition has been based largely on a fear that the Appropriations Committee might be deprived of certain information relative to salaries paid Federal personnel. In the past it has been customary to submit with the budget, statistical detailed information showing justifications for Federal salaries which has been known as "green sheets." I have no desire to deprive the Congress of any information it is entitled to receive and I intend to propose an amendment which will provide that this statistical information must be furnished along with the budget in order that it will be available to members of the Appropriations Committee.

I am also going to offer some other minor amendments to the budget section of the bill which have been suggested by members of the Appropriations Committee. I have the assurance of the Bureau of the Budget as well as the Secretary of the Treasury and the Comptroller General that these minor amendments will not in any way impair the purpose and objectives of the bill, and I believe the few changes I am suggesting will meet the objections that might otherwise be raised. I hope these minor amendments will be adopted.

This legislation is tremendously important to the three fiscal agencies of our Government in aiding them to take positive action in modernizing and simplifying Federal fiscal requirements.

Not only do I urge passage of the bill because its enactment is of the utmost importance to the progress the agencies will achieve in discharging their respective obligations and duties, but I earnestly urge passage of the bill because I believe that it will provide a solid basis for furnishing the Congress and the President the information and means of control they need for the efficient management of our enormous Federal fiscal structure. Just as important, however, if not more so, it will provide the taxpayers with full disclosure of the financial operations of the Government.

Mr. WIGGLESWORTH. Mr. Chairman, will the gentleman yield?

Mr. KARSTEN. I yield.

Mr. WIGGLESWORTH. Looking at the committee report and the present law and the proposed changes in that law, I notice that under section 201 (e) of the present law—

Mr. KARSTEN. Are you talking about the bill now?

Mr. WIGGLESWORTH. Of the present law. That apparently is to be deleted.

Mr. KARSTEN. I suppose the gentleman is reading from the report.

Mr. WIGGLESWORTH. That section of the present law reads as follows:

The amount of annual permanent and other appropriations including balance of appropriations from prior fiscal years avail-

able for expenditure during the fiscal year in progress as of November 1 of such year.

Mr. KARSTEN. That is amounts which have already been obligated; is that what the gentleman is talking about?

Mr. WIGGLESWORTH. No; I am talking primarily about annual and permanent appropriations, the necessity for reporting which to the Congress would seem at first glance to be deleted by the striking of that paragraph from existing law.

Mr. KARSTEN. The balances the gentleman speaks of are obligated balances.

Mr. WIGGLESWORTH. No; these are permanent appropriations that go on year after year subject to modification by the Congress.

Mr. KARSTEN. I may say to the gentleman that the President in submitting his annual report is required to submit requests for these appropriations in the budget. They will be in the budget and are covered by sections E, G, and H of the bill. Under these provisions full information with respect to existing and proposed appropriations will be shown for the budget year, for the year in progress, and for the fiscal year last completed.

Mr. WIGGLESWORTH. What I want to get a very clear understanding on is that the gentleman as chairman of the subcommittee feels that there is no intention to relieve the President of reporting those annual and permanent appropriations in the future just as he has in the past.

Mr. KARSTEN. No; it would be incumbent upon him to do so under the provisions of the bill.

Mr. WIGGLESWORTH. Now I wish to ask the gentleman a similar question in respect to section 204 (b) of the present law which provides that—

Estimates for lump-sum appropriations shall be accompanied by statements showing in detail the manner of expenditure—

And so forth.

Mr. KARSTEN. This information will be furnished as it has in the past. I am going to offer an amendment which will provide for this. I have discussed the matter with members of the Committee on Appropriations and it is at their suggestion I am proposing the amendment.

Mr. WIGGLESWORTH. There is no intention on the part of the committee to relieve anybody of the responsibility of making the report.

Mr. KARSTEN. The Appropriations Committee has to analyze these requests. It is the desire of the Committee on Expenditures to see that members of the Appropriations Committee have full information in order that they can intelligently analyze these requests for appropriations. That is fundamental. I believe the members of the Executive Expenditures Committee see eye to eye with the members of the Appropriations Committee on this matter.

Mr. WIGGLESWORTH. I merely wanted to get both those points clear in the RECORD.

Mr. HARVEY. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, I have been over the budget features of this bill as carefully as I have been able to in the time I have had. I have felt that there should be certain amendments and have taken them up with the committee and with the Rules Committee.

I wish to ask the gentleman from Missouri [Mr. KARSTEN] at this time if the committee has adopted and instructed the gentleman to offer as committee amendments the several amendments that he and I talked over.

Mr. KARSTEN. I cannot speak for other members of the committee, but I have the assurance that they will agree to the amendments that we discussed up in the Rules Committee.

Mr. TABER. And the gentleman intends to offer them.

Mr. KARSTEN. Yes; I intend to offer them.

Mr. TABER. I would think that this bill with the four amendments that the gentleman from Missouri told us he intended to offer, eliminating certain provisions of the bill, would make the bill an improvement over present law. Those amendments would do away with the requirement that it be a performance budget. It would also require the green sheets to be furnished. With that we can count upon a budget which would give the Appropriations Committee an opportunity to find out what it needs, with reference to the things that will come before it. I think I can see no objection to the bill.

Mr. CANNON. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Missouri.

Mr. CANNON. I desire to join in congratulating the gentleman from Missouri [Mr. KARSTEN] on the care and effectiveness with which this bill has been prepared. The bill fills a long-felt need. May I also express appreciation of the consideration shown the Committee on Appropriations in formulating the bill and the opportunity afforded the committee to study the subject and collaborate with him in drafting the measure? It modifies a number of defects in the law which have long needed attention and is one of the best pieces of legislation introduced during this session of the Congress.

Mr. TABER. I thank the gentleman. I do not think I have anything more to say except that the members of the committee have been most cooperative in trying to arrive at a bill which would accomplish what we need. I am assured by the Comptroller General, and I think I ought to say this, that he expects as a result of the accounting provisions that are placed in here to be able to give the Appropriations Committee more detailed information as to the operations and spendings of the various bureaus and agencies than we have ever had before from the Budget or from the departments, and that he will be able to keep up to date with his audit, something that has been absolutely impossible under the

old method of procedure. I hope that these things will result in great improvement and in savings.

Mr. HARVEY. Mr. Chairman, I yield 3 minutes to the gentleman from Kansas [Mr. REES].

Mr. REES. Mr. Chairman, I want to commend the members of the committee in charge of this legislation for their diligence and their efforts in bringing this measure, to provide a Budgeting and Accounting Procedures Act, to the House for its approval.

I am glad to be advised that the measure has at least 90 percent of the recommendations of the Hoover Commission.

I am particularly interested in being assured that this legislation has the approval of the Comptroller General, Mr. Lindsay Warren. The Comptroller General is the official who will have, more than anyone else, to do with carrying out the intent and purpose of this proposed legislation. Lindsay Warren commands the respect and confidence of the Membership on both sides of the aisle. I feel that so long as Lindsay Warren is in charge of the Comptroller General's Office and is permitted to exercise the authority that we expect to be granted in this bill, we will have better conditions in respect to accounting and budgeting in our Government.

Mr. KARSTEN. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the distinguished chairman of the subcommittee in charge of this measure, the gentleman from Missouri.

Mr. KARSTEN. The bill has the unqualified support of the Attorney General. He enthusiastically urged the committee to pass it because he said it will provide him with the tools and implements he needs to carry out this program. That appears on page 17 of the report.

Mr. REES. I thank the gentleman for his statement. I am glad to know also that it has the approval of the Secretary of the Treasury, Mr. Snyder. It is good to observe that it has the approval of the committee on both sides of the aisle, and I am especially gratified to know that the very hardworking gentleman from New York [Mr. TABER], approves the bill provided certain amendments he has suggested are adopted. I know of his deep concern in securing improved budget and accounting procedures in our Government. I hope the approval of this legislation will bring about more efficiency and more economy than we have had in the past. I believe that if the intent and purpose of this legislation is carried out, we can have some degree of economy and efficiency.

The House Committee on Post Office and Civil Service, of which I have the honor to be a member, has shown a deep interest in legislation that would bring about more efficiency and the cutting out of a lot of duplication and multiplication of effort now being carried on in Government.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Minnesota, who is also a member

of the Committee on Appropriations, who has given a great deal of attention to the problems involved in this legislation, and who has been outstanding in his demand for economy in Government expenditures.

Mr. H. CARL ANDERSEN. While the gentleman from Kansas is on the floor, I want to compliment him for the efforts he made the other day in preventing the construction of a \$15,000,000 building which was entirely unnecessary at this time.

Mr. REES. That, of course, is separate legislation. I thank the gentleman for his comment. I should add the gentleman was also active in support of my efforts.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Iowa, who is also one of the hardworking and effective members of the Appropriations Committee of the House.

Mr. JENSEN. I do want to say to the gentleman that the reason it appears that most all of us members of the Committee on Appropriations are for this bill is for the simple reason that we are quite sure that it cannot make matters worse than they are now in the Accounting Office and the way the budget is presented to the Committee on Appropriations. We certainly feel that there is no way this thing can go after this bill becomes law than the good way, because it is just as bad now as it possibly can be.

Mr. REES. I trust that the approval of this legislation by the Congress will bring about a little more efficiency and economy that is so much needed in our Government, especially at this time.

Mr. JENSEN. We hope it will.

Mr. REES. And I know about the concern of the gentleman from Iowa with this problem as an active member of the committee, and he has made a great contribution to Congress and to the country.

At this crucial hour and in view of the impending crisis, this Congress ought to reappraise and reexamine its expenditures and authorizations with a view of cutting out all unnecessary non-defense charges against our Government. I believe as much as \$5,000,000,000 could be saved from expenditures already appropriated and authorized if we could get the nondefense agencies to cooperate. It ought to be done now.

Mr. HARVEY. Mr. Chairman, I yield 3 minutes to the gentleman from Kansas [Mr. SCRIVNER].

Mr. SCRIVNER. Mr. Chairman, I take this time to ask some questions to see if I can get some information. I agree with the gentleman from Iowa [Mr. JENSEN] that all we can do is hope that this will make the situation better. I was glad to have Mr. TABER's reassurance that this measure may help. But, in looking over the bill and the report I would like to ask someone to tell us where this new legislation is going to bring economy in Government, where it is going to bring us greater efficiency, and how it will solve a practical situation with which the members of the Committee on Appropriations are faced.

For instance, coming in as agency heads do, with a lump-sum figure, we ask some details about "What are you going to use that money for?" They break down a list of items and say, "We will spend it for this, we will spend it for that, and we will spend it for this other." The next year when they come back in they have more requests, and lo and behold we find the same items, and we say, "Well, gentlemen, that is what you said you were going to spend the money for last year. What did you spend it for?" "Well, we spent it for something else." Is there anything in this bill that will prevent anything like that happening?

Mr. KARSTEN. Mr. Chairman, if the gentleman will yield, I think very definitely this bill will help correct the situation that the gentleman mentioned.

Mr. SCRIVNER. Then we find another situation arising. For instance, in the 1949 appropriations we granted a certain sum of money for a certain activity. All of that money was not used. With some of remainder they started an entirely new activity about which they said nothing when they previously appeared before the committee. Now, is there anything in this bill that will stop that?

Mr. HOLIFIELD. Mr. Chairman, if the gentleman will yield, we have tried to correct that situation, and in section 202, on page 19, we say:

When under authority of law a function or an activity is transferred or assigned from one agency within any department or establishment to another agency in the same department or establishment, the balance of appropriations which are determined by the head of such department or establishment to be available and necessary to finance or discharge the functions or activities so transferred or assigned may, with the approval of the President, be transferred to, and be available for use by, the agency to which said function or activity is transferred or assigned for any purpose for which said funds were originally available.

Mr. SCRIVNER. That will not correct the situation about which I have been talking. This section has nothing to do with that, for transfer is not involved. For instance, we can take an activity in any one of the departments. Maybe they have asked for \$100,000. They use only \$75,000 for that activity, so they have \$25,000 left, and they start something entirely new, about which nothing has been said to the Appropriations Committee or the legislative committee, yet under the general power they claim the right to do it.

Mr. HOLIFIELD. That is illegal under present basic law, if I am not mistaken, and we affirmatively say here that the transfer and use of the funds shall be for the purpose originally intended.

Mr. SCRIVNER. There is no transfer involved in this. They just have the money left, they did not spend it all, so they start something new. Then they come to us and say, "We have to have \$25,000 more this year because this program has already been started, it is already under way."

Mr. HOLIFIELD. I am under the impression that there is a basic law in re-

gard to the expenditure of funds for the purpose which Congress intends.

Mr. SCRIVNER. But they do it. I trust this bill will stop that practice.

Mr. HOLIFIELD. Certainly we are not changing the basic law. The Comptroller General has the authority to disallow such expenditures.

Mr. KARSTEN. Mr. Chairman, I yield 4 minutes to the gentleman from North Carolina [Mr. BONNER].

Mr. BONNER. Mr. Chairman, for 20 or 30 years there has been discussion whether the function of prescribing accounting systems of the Government should be in the executive or legislative branch. The framers of the Budget and Accounting Act of 1921 placed this function, though not on a complete basis, with the Comptroller General of the United States, an agent of the Congress. This gave him a positive means of seeing that the accounting machinery provided an effective basis of control over the expenditure of public funds. Repeated attempts were made to shift this function from the legislative to the executive branch on the ground that accounting was an essential tool of management. These were vigorously resisted and defeated by the Congress on every occasion as an unwholesome encroachment on congressional control of the public funds.

There is no question that the development of accounting in the Government, from the standpoint of usefulness to management, has lagged. This is attributable at least in part to the fact that in arguing about where the functions should be performed not enough time and energy was devoted to getting together and getting the accounting job done properly from all viewpoints involved. There should be no question in anybody's mind that accounting needs to be developed and established in the Government both from the standpoint of being a useful tool to good management and to provide a sound structure for control of the public funds and full disclosure of the results of operations—in individual agencies and for the Government as a whole.

About 3 years ago the Comptroller General, representing the legislative branch, and the Secretary of the Treasury and the Director of the Bureau of the Budget, representing the executive branch, got together and organized a joint program to improve accounting throughout the Government. This program recognized the multiple purposes accounting must serve and was dedicated to the idea that legislative and executive functions in connection therewith had to be performed in proper relation. Notable progress has been made as a result of the cooperative work done under that program. Reports of that progress were filed in the hearings on this measure. The present bill recognizes the need for placement of responsibility in the executive branch for the establishment and maintenance of adequate accounting systems. At the same time it retains in the Comptroller General authority to prescribe the basic accounting requirements. It thus maintains in an agency of the Congress the

means for making the accounting structure of the Government serve as a basis for effective control over the funds which Congress provides and as a means for seeing to it that the wishes of the Congress are carried out and that there will be full disclosure of the uses of public funds. The allocation of functions between the Comptroller General, the individual executive agencies and the central fiscal agencies in the executive branch is the result of actual experience and extensive work under the joint accounting program.

The Comptroller General is given the authority and responsibility by this bill for prescribing basic principles and standards to be observed by the executive agencies in connection with their accounting systems, after considering their needs. The Comptroller General's requirements will provide a basic framework for the Government's over-all accounting. They will, however, enable the individual agencies to develop their detailed accounting procedures so that they will most effectively serve their management needs and be adapted to the particular kind of operations for which they are responsible. It is obvious that these two sets of responsibilities must be exercised in proper relation to each other. In recognition of this the bill provides that the Comptroller General shall cooperate with the executive agencies in the development of their accounting systems. When agency accounting systems comply with the Comptroller General's basic requirements, they will be approved by him. Systems in operation will be reviewed by the Comptroller General, and the results of such reviews will be made available to agency heads, the Secretary of the Treasury, the Director of the Budget, and the Congress.

Effective provision is also made for tying in accounting in each executive agency with the central requirements of the executive branch. The Comptroller General, in prescribing principles and standards and related requirements, is required to consult with the Secretary of the Treasury and the Director of the Bureau of the Budget. Likewise, such basic requirements must provide for suitable integration between agency and Treasury accounting. Also, the Comptroller General is required to cooperate with the Treasury in the setting up of the Treasury's system of central accounting and reporting. In these ways the bill recognizes the need, not sufficiently satisfied under present conditions, for accounting in all agencies to form part of an integrated pattern which will make it possible for the Treasury Department to readily prepare over-all statements on the financial operations and condition of the Government.

These provisions represent an extension of the principles of the Federal Property Act of 1949. The Comptroller General is directed to continue to exercise the authority given him by that act with respect to property accounting, and, to the extent he deems necessary, the authority he has under section 309 of the Budget and Accounting Act of 1921 over

appropriation and fund accounting. Any such exercise of authority is to be consistent with the pattern laid out in this bill, of consultation with the other central fiscal agencies, and consideration of the needs of all the executive agencies. The Comptroller General will thus be able to exercise all this authority over accounting systems in terms of prescribing principles, standards, and basic requirements, and cooperative development of systems. He will not have to go down to the point of minor procedural details in those cases where the agencies assume their proper responsibility as outlined in the bill, but will be able to exercise a guiding hand over the general development of a sound accounting structure, in all its phases, for the entire Government.

Mr. Chairman, it is certainly very pleasing to both sides of this aisle, I am sure, and to me as a member of this committee, to see cooperation on the part of the leadership on the left side and the leadership on the right side in endeavoring to work out here a piece of legislation that will be satisfactory to all.

The chairman of the subcommittee that held the hearings on this bill was certainly fair in inviting and giving notice of the hearings to all who desired to appear before the committee and giving them ample time. There appeared before the committee the Secretary of the Treasury. The Budget was represented, as well as the Comptroller General. All were unanimous in their approval of the bill and in the fact that the bill was satisfactory to each department.

It so happens that on the Expenditures Committee there are very fine men who are the ranking members of the committee on both the Republican side and the Democratic side. After the hearings were completed and we went into executive session, three sections of the bill were questioned. The gentleman from Michigan [Mr. HOFFMAN], who is a diligent worker and a splendid member of the committee, expressed himself to the effect that if sections were deleted it would be perfectly satisfactory to him. The Bureau of the Budget had some question or objection to one section. So the committee deleted all three sections. Then, no one else desiring to appear before the committee and no one being in opposition to the proposed legislation, the bill was reported favorably.

After that it came to the attention of the committee that the distinguished gentleman from New York [Mr. TABER], for whom this House has the highest regard and respect, had certain ideas about changes in the bill. So anxious was the chairman of the subcommittee to meet all objections and get a piece of legislation that would do the job and meet the objections of both the majority and minority that he agreed with the gentleman from New York [Mr. TABER] to insert certain amendments and to make certain changes in the bill, and particularly to provide the worksheets that come down from the various departments and the Budget.

I have noticed distinguished members of the Committee on Appropriations have taken active part on the floor in asking questions about the bill. That is a wholesome thing. I have watched the gentleman from Massachusetts [Mr. WIGGLESWORTH], whom I admire greatly, make his observations. Now that the bill is all clear, I want to say this, and it is the first time I have had the opportunity or taken the opportunity with reference to the kind remarks that are continuously made here about a very close friend of mine—a very dear friend of mine—a splendid public servant. Those remarks are most pleasing to me, coming from the type of men that they do on both sides of the aisle in the House of Representatives, men who are respected throughout the Nation.

The Comptroller General of the United States is a fine man; he is a great citizen; he is a great leader; he is a true American; and it is pleasing to me to hear the high compliments that are paid him on account of my association with him since boyhood and also by virtue of my working with him for 16 years and then succeeding him in the House.

Mr. Chairman, I had prepared a statement to deliver on this legislation, but after seeing the unanimous agreement that we have reached on both sides, I have come to the conclusion that the less said about the bill after agreement had been reached on it would be the best.

I am delighted to have had a part in working out the agreements that we have reached. I admire the manner in which the leading minority member of the Committee on Appropriations appeared before the Committee on Rules and expressed himself about the bill. As it now stands, it is my opinion that we will have a piece of legislation which will enable the Comptroller General and the other officials of the Government to make a clearer and more rapid report to the Congress of the expenditures of funds, and save the taxpayers of America many dollars.

Mr. HARVEY. Mr. Chairman, I yield myself the remaining time.

Mr. Chairman, the budget and accounting processes of our Federal Government need an overhauling and I think this is an example of a job that has been long overdue. One of the most frequent criticisms I have heard, even long before coming to Congress, is with reference to the tremendous amount of red tape involved in the fiscal processes of our Government. I realize the Government of the United States has grown and that it is never going to be a simple process, but I do think it could be much more efficient and economical. We have had the example of the Hoover Commission giving a great deal of study to this particular program. H. R. 9038 does conform almost entirely, while not entirely, to the Hoover Commission recommendations. I quote from their statement:

The citizens committee—

Which was a committee set up to promote the enactment of the Hoover report—

The citizens committee does not want to oppose major reorganization measures which

are only in partial accord with the Commission's recommendations or which differ in only one or two particulars.

And to further quote:

The task of the citizens committee is to analyze reorganization measures and to point out how they differ from the recommendations of the Hoover Commission.

Now listen to this carefully:

The major difference between the recommendations of the Hoover Commission and that of this bill is that this bill places the authority for the accounting procedures and auditing in the Office of the Comptroller General, an agent of the Congress, rather than in a new office which the Hoover Commission suggested be called the Accountant General to be placed in the Department of the Treasury.

The Congress has been, and I think rightly so, very zealous of the fact that the Office of the Comptroller General remain an arm of the Congress. Corroborating what my good friend the gentleman from North Carolina [Mr. BONNER] has said, Lindsay Warren, the present Comptroller General and former Member of this House, has been an excellent administrator. He has saved the country millions of dollars. Even more important, through advice to the various Federal agencies concerning proposed expenditures, he has carried out the intent of the Congress.

Without impugning the motives of either the author of the bill, because he has been very cooperative, or the chairman of the committee, I do feel that the bill was reported out with insufficient hearings. The bill was drafted, according to the testimony—at least the basic philosophy of the bill—by the Secretary of the Treasury Snyder, Budget Director Lawton, and Comptroller General Warren. They were the only witnesses who were called to testify upon the bill. It would seem to me that members of the Appropriations Committee who are so intimately concerned with this measure should have been notified and given an opportunity to present their views. Congress should not lightly consider legislation that will have far-reaching effects upon fiscal affairs. Many of the phases of this bill are noncontroversial, and I think the gentleman from Missouri [Mr. KARSTEN] is to be congratulated upon presenting the legislation. I want also to suggest that he has been very cooperative in accepting amendments.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. HARVEY. I yield.

Mr. BONNER. With respect to reporting the bill out, of course it happens I made the motion to report the bill out. I have the highest regard and respect for the gentleman from Indiana. So much so that he will remember once on a subcommittee, of which I am chairman, a controversy arose about a matter in his State, and, demonstrating my confidence in respect to the ability of the gentleman, instead of sending a three-man subcommittee to Indiana, I sent the gentleman, who is now speaking, to Indiana and told him to come back and whatever his decision was about the matter would be adopted by

the committee. So I certainly tried to pay my highest respect and show my confidence in the gentleman.

The point I want to make, the three gentlemen you spoke of are the only ones who appeared to testify about this legislation before the committee. I asked the question whether or not anybody else wanted to testify, and there was no one else there. I took it for granted that the matter had been on the committee calendar that hearings would be held, and that if anybody was opposed to any portion of it they would certainly have expressed themselves. As soon as we found out that the gentleman from New York [Mr. TABER] had some views and observations about it and desired to change certain sections, we met his objections.

Mr. HARVEY. The gentleman interrupted me before I had an opportunity to complete my statement, because I intended to say that even in spite of this fact Mr. KARSTEN and the committee had been cooperative in accepting proposed amendments to make the bill a better and more satisfactory piece of legislation.

I thank the gentleman for his contribution.

A performance budget would be simpler, for the usual breakdown of the budget into personnel, supplies, and travel expenses of any given department or agency would be eliminated. The cost would be given in lump sum. The costs would be broken down, if requested, into so-called units, such as average cost for maintenance and travel of employees. The breakdown, however, would not give the subcommittees of the Appropriations Committee the necessary and vital information. For example, in considering the budget for any given segment of an agency or department, one of the most important estimates is the number of employees contemplated, and the rate of pay. This figure—and I am speaking to members of the Appropriations Committee—you certainly would like to have the figures in any given segment for the number of personnel involved to compare with the previous year and the year before that. Without a breakdown into the number of personnel you are not in a position to give a constructive appraisal of the appropriation bill. I think that has been corrected in the so-called "green sheet" that will be sent up, and which the gentleman from New York [Mr. TABER] has suggested as a method of meeting that point.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield at that point?

Mr. HARVEY. I yield.

Mr. HOLIFIELD. We were very glad, as the gentleman said, to have the gentleman from New York [Mr. TABER] make this suggestion, because we all respect him and we know that he has the job of working with the Appropriations Committee and he needs every bit of information that is available. We went to the trouble of asking the Bureau of the Budget to give us an estimate of how much it would cost them to make these green sheets available. It was a very modest sum, and all of the mem-

bers of the subcommittee felt that that expenditure would be more than justified in getting this valuable information to the members of the Committee on Appropriations.

Mr. HARVEY. Yes; I am glad the gentleman from California has re-emphasized that because I think it will very possibly allay some of the suspicions that the members of the Appropriations Committee may have had that the performance budget would not give them the facts that they should have in considering appropriation bills.

Let me say also that the author of the bill has been very cooperative in revising the language of the bill so that the so-called performance budget will not be mandatory. The amended provision will take care of that. We all recognize the fact that the performance budget even as the omnibus appropriation bill, is purely experimental and if it should not prove as workable as we hope and think it will, we would certainly want to have an optional provision so that we would not be, as he expressed it, stuck with it.

Some of the desirable objectives of this legislation are to streamline the accounting and auditing procedures; and these features are in line with the Hoover Commission report. The powers given to the Comptroller General would center responsibility for accounting to an extent that is lacking at present. One significant feature that should produce great economy is the proviso that would eliminate the necessity of sending millions of vouchers and supporting evidence to Washington. The auditing could be done just as well at various substations at a great saving. Mr. Warren has also testified that the warrant system is outmoded, no longer serves a useful function, and should be abandoned. Also that many accounts his office is required by law to carry are no longer necessary and only serve to increase the workload in his office. Mr. Warren, however, had no estimate as to the number of such accounts subject to elimination. In the hearings I asked him whether it would mean 2, 20, or 500. Mr. Warren replied:

We would have no idea in the world of that until we got the figures.

The following questions and answers followed on this subject:

Mr. HARVEY. To go ahead regarding this section 116, would you have any estimate as to the number of ledger accounts that would be eliminated if the authority were given to the Comptroller General?

Mr. WARREN. None whatever.

Mr. HARVEY. Would it be 2, 20, or 500?

Mr. WARREN. We would have no idea in the world of that until we got the figures.

Mr. HARVEY. It could be as many as 500, could it?

Mr. WARREN. Yes.

Mr. HARVEY. How many ledger accounts do you carry?

Mr. WARREN. They would run up to the thousands.

Mr. HARVEY. Could you give me an example of one that might well be eliminated under this?

Mr. WARREN. Mr. Weitzel, I wish you would give an example of that.

Mr. WEITZEL. Mr. Harvey, one of those would be limitation accounts which are kept

in the General Accounting Office, where there is a limitation of so many dollars under a particular appropriation, for example, on how much can be spent on personal services in the District of Columbia. We keep in the General Accounting Office a limitation account for each of those, and there are hundreds of those. The agencies keep those accounts, and we have found from long years of experience that the effective way of auditing to see whether the agency keeps within those limitations is right within the agency itself.

We have had a system under which the agencies furnish us information from their records, which we post on those ledger accounts. But we have no way of verifying whether that information is correct without inspecting agency accounts.

I do not want to discount the value of that under the present system, but as we go out and work with the agencies in setting up proper controls and prescribe certain related accounting-system requirements and make comprehensive audits of the agencies right at the site of their operations, that is the place where we can check whether they are keeping within their limitations.

In that event, the limitation accounts in the General Accounting Office may not only become nonessential but wasteful.

The Citizens' Committee for the Hoover Report says that this bill gives the Comptroller General even greater powers than he has previously held, in that he is empowered to prescribe accounting practices for branches of the executive. With this objection, I do not hold. It would seem to me that some one person in authority should have the right to prescribe a uniform accounting system so that the auditing will be easier. After all, accounting is not a policy decision, but a mechanical device to keep a record of expenditures. There can be no valid reason for the many Federal agencies to use different types of systems.

Sections 201 and 203 of the bill give great powers to the President to modify appropriations made by the Congress, and I think it was agreed that these sections would be stricken by committee amendment. We were assured by the Comptroller General's testimony that this problem would be adequately covered by section 1111 of the omnibus appropriation bill. By the same testimony section 103 could be eliminated. This section gives great leeway to the various agencies in making the transition to the performance budget.

My greatest disappointment in this legislation is that it does not promise to alleviate the greatest evil of the fiscal affairs of our Government, which is deficiency appropriations. There are undoubtedly circumstances under which an agency would find added duties or unexpected costs would make its appropriation inadequate. But far too often an agency simply does not take seriously the will of Congress, goes right ahead spending and hoping that Congress will bail them out rather than close down the services. None of the three who testified, Mr. Lawton, Snyder, or Warren offered that this bill would help alleviate this condition, except under certain circumstances when an approaching deficiency could be detected sooner.

In conclusion may I suggest that members of the Appropriation Committee give this legislation their careful scrutiny for

their committee is most intimately involved. This committee has a very great function to perform for the Congress and taxpayers. It is a very difficult assignment, involving hours of labor, too often unappreciated. It is my hope that this legislation will prove beneficial to the Appropriations Committee, the Congress, and to the people.

Mr. KARSTEN. Mr. Chairman, I yield such time as he may desire to the gentleman from Texas [Mr. BECKWORTH].

(Mr. BECKWORTH asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. BECKWORTH. Mr. Chairman, on tomorrow some very important agricultural legislation will be considered by the House.

As a part of my remarks, and for the information of the House, I wish to include the following letters and statistics:

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING,
ADMINISTRATION,
FIELD SERVICE BRANCH,
Tyler, Tex.

Representative LINDLEY BECKWORTH,
Member of Congress,
Washington, D. C.

DEAR SIR: This is written to acquaint you with the thoughts of the farmers of Smith County in regard to the very small cotton allotments that have been given to the farms that were classified as new growers, due to the fact that they had no cotton history for the years of 1946, 1947, and/or 1948. I am sure that you will be hearing from a certain percent of them and thought information from this office would be of assistance in answering their inquiries.

As you well know, the allotment for this county was very small and inadequate considering the trend back to cotton. Our allotment being only 14,500 acres for 1950, where it was 76,000 acres prior to the war.

The county committee (composed of farmers) were allowed, under the law, to set aside a certain percent of the county allotment for reserves. This was done, but reserves of sufficient size couldn't be set up to give the desired relief. In fact, we had many complaints from farms that varied greatly in size and in the amount of acres allowed for cotton.

We have just mailed to the farmers that made application as new growers their allotments. The reserve that could be set aside for this group was 607.8 acres, for this acreage we had 450 applications. The allotments being so small that many say that they can't afford to fool with it, to get ready to plant and cultivate such a small crop would cost more than could be realized out of the crop. These allotments varying in size from 0.01 acre to 5 acres, and to get a 5-acre allotment it had to be a very large farm.

The people of this county, who were looking to cotton for a cash crop, something that they could depend on, are certainly dissatisfied with the present cotton-allotment law. It is their belief, everyone that has expressed their opinion to me, that they as individuals and Smith County as a whole have been discriminated against. The way to make a living for their family is a thought and a question mark forever present in the minds of the small farmer of this county and this section of the State of Texas.

This letter is not written in criticism but merely to convey to you the feelings of the farmers of this county.

Yours truly,

DAN G. OWEN,
Secretary, Smith County PMA.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Canton, Tex., March 20, 1950.

O. L. HAPTONSTALL,
Fruitvale, Tex.

DEAR SIR: This is to advise that the county committee finds it necessary to set up a zero allotment on the above farm serial number. Since we had 600 applications for new grower allotments and only 427.7 acres of cotton, you can see that the average allotment would have been 0.7 of an acre if all approved for allotments. The county committee approved 257 farms for new grower allotment with an average allotment of 1.7 acres. In view of the above facts we cannot see that you have been done any disservice by disapproval of your application.

Any appeal from the above must be made within 15 days from the date of this notice.

Your application was disapproved for one of the reasons set out below.

1. Work stock and equipment not available.
2. Has a cotton allotment on another farm.
3. Cotton allotment not necessary to livelihood of operator.
4. Land not adapted to production of cotton.
5. Allotment which could be set up too small to be of possible benefit to farm operator.

R. W. BROWN,
N. L. CHEATHAM,
J. M. STEPHENS,
County Committee, Van Zandt County
PMA.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Canton, Tex., April 11, 1950.

HON. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: The county committee has requested that I give the following answers to the questions asked in your letter of April 3, 1950.

1. Six hundred and forty-two farms received 5 acres or less in Van Zandt County.
2. Approximately 600 farmers made application for new grower allotments.
3. There were 427.7 acres of cotton to distribute to new grower farmers in this county.
4. Each farm which received an allotment received from 0.4 acre to 4.5 acres. The allotments averaged 1.7 acres.
5. It was necessary that a considerable number be given a zero allotment.
6. The committee regards approximately 70 percent of the applicants genuine farmers.

Very truly yours,

JAMES C. HODGE,
Secretary, Van Zandt County PMA.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Decatur, Tex., July 17, 1950.

LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: The information shown below was requested by you under the dates of May 8 and May 16. We regret very much that we were unable to furnish you with this information sooner. The Wise County PMA committee, composed of G. A. Collier, Chico; C. W. Slay, Rhome; W. D.

Phillips, Decatur, has asked me to express to you their appreciation of your efforts in behalf of the small cotton and peanut producers.

We have 601 cotton producers in Wise County; 170 of these received less than 5 acres of cotton; 27 new producers applied for acreage. There was 90.5 acres to distribute to these new producers; 72.3 acres of this was distributed. None obtained zero acres. We consider 100 percent of these as genuine farmers. The recent cotton amendment helped our new producers to the amount of 75.3 acres. It helped the old ones to the amount of 388.2 acres. Ninety-five percent of our producers receiving less than 5 acres probably will grow no cotton; none will cease to farm for themselves.

We have 928 peanut producers in Wise county. Ten is the least number of acres a farmer can afford to economically grow. Four hundred and sixty-two producers received allotments of less than 10 acres. Sixty-five producers received allotments less than 2 acres. All of the producers receiving allotments of less than 2 acres will cease to grow peanuts. None will cease to farm for themselves. Thirty-six producers applied for peanut acreage in 1950. The new producers allotments were received from the State reserve. These 36 new producers received 130.1 acres.

Yours very truly,

F. P. MARTIN,
Secretary, Wise County PMA.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Goliad, Tex., May 10, 1950.

HON. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: In reply to your letter of May 6, 1950, we are listing below what we consider is an accurate estimate of the information you desire.

Number of cotton producers in county: 381.

Farmers receiving less than 5 acres of cotton: 49 old growers and 27 new growers. Number of new producers applying for cotton acreage: 55.

Acreage available for new producers: 150. Acres allotted to each new producer: An average of 4.2 each.

Number receiving zero acres: 19. What percent regarded as genuine farmers: 100 percent.

Recent cotton amendment helped new producers by how many acres: None.

Helped old growers by how many acres: 1,206.7.

Number producers receiving less than 5 acres that will grow no cotton: 5 percent.

Number producers who will cease to farm for themselves: None.

R. J. ARNOLD,
Chairman, Goliad County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Quitman, Tex., May 29, 1950.

HON. LINDLEY BECKWORTH,
New House Office Building,
Washington, D. C.

DEAR CONGRESSMAN: This is in reference to your letter, dated May 13, 1950, to the Wood County PMA Committee.

We have approximately 400 peanut producers in the county. The least number of acres each producer can afford to grow is 2 acres. We have about 150 producers who received allotments of less than 2 acres. Of those growers having allotments of less than 2 acres, there will be about 25 or 50 who will cease to grow peanuts. I do not

believe there will be any to cease to farm for themselves. The number of new producers were 35 and the number of acres distributed was 21.4 acres and the average to each was 0.6 of an acre.

The excess acreage (for oil) up to the 1947 picked and threshed will help at least 150 or 200 producers in Wood County. (I am told today, June 5, 1950, by Mr. Akers, that peanuts for edible purposes are worth \$200 to \$220 a ton and for oil purposes from \$100 to \$120 a ton.) Part added in parenthesis by Lindley Beckworth.

Hoping the above is the desired information, I am

Yours very truly,

ROY E. BARNETT, Secretary, Wood County PMA Committee.

DEPARTMENT OF AGRICULTURE, PRODUCTION AND MARKETING ADMINISTRATION, Quitman, Tex., April 10, 1950.

HON. LINDLEY BECKWORTH, House Office Building, Washington, D. C.

DEAR CONGRESSMAN: This is in reference to your letter of April 5, 1950, to the county committee.

(1) The number of farmers receiving 5 acres of cotton or less was 1,248. (2) The number of new producers that applied for allotments was 340. (3) The acreage that was available to distribute among the new producers was 300. (4) Each producer received from 1 acre to 1.1 acres. (5) The number of zero allotments was 10. (6) The percent of new producers regarded as genuine farmers was 83 percent (300) applications.

The number of applications left from item 2, less item 5, less item 6, consisted of 30 applications that did not meet the necessary eligibility requirements.

If you desire further information please advise.

Yours very truly,

ROY E. BARNETT, Secretary, Wood County PMA.

DEPARTMENT OF AGRICULTURE, PRODUCTION AND MARKETING ADMINISTRATION, De Ridder, La., May 22, 1950.

Mr. LINDLEY BECKWORTH, Congress of the United States, House of Representatives, Washington, D. C.

DEAR CONGRESSMAN BECKWORTH: In reference to your letter of May 18, 1950, listed below is a tabulation to your questionnaire. Thank you for your interest in peanut and cotton farmers.

Very truly yours,

T. SHELBY OAKES, Administrative Officer, Beauregard Parish Production and Marketing Administration.

Peanuts, 1950

Table with 2 columns: Description of peanut production metrics and corresponding counts. Includes rows for number of producers, acres, allotments, and cessation of farming.

DEPARTMENT OF AGRICULTURE, PRODUCTION AND MARKETING ADMINISTRATION, De Ridder, La., June 1, 1950. DEAR SIR: Please find enclosure for your attention. Yours very truly, T. SHELBY OAKES, Parish Administrative Officer, County Committee of Beauregard County. Cotton, 1950

Table with 2 columns: Cotton production metrics and counts. Includes rows for producers in Beauregard Parish, farmers receiving less than 5 acres, and acreage distribution.

DEPARTMENT OF AGRICULTURE, PRODUCTION AND MARKETING ADMINISTRATION, Montague, Tex., May 9, 1950.

Re letter dated May 6, 1950. Hon. LINDLEY BECKWORTH, Washington, D. C.

DEAR SIR: In Montague County we have approximately 700 actual cotton producers.

We have 266 farmers in the county who received allotments of less than 5 acres under the original cotton law. Of course some of these figures were raised to more than 5 acres under the new 65-45-percent provision.

We had 139 applications for new grower cotton allotments in Montague County, and only 100 acres reserve was available for allocation to these applicants. These new producers received allotments from 0.5 to 2.7 acres, but none received a zero allotment. We estimate that 86 percent of these new producers are genuine farmers.

The recent cotton amendment did not help new cotton producers in our county since we did have enough acreage returned to the committee to cover the additional required for old producers under the 65-45-percent provision. However, the county did receive 1,244.3 acres additional allotment under the new law to aid the old producers.

We estimate that at least 50 to 60 percent of the 266 farmers receiving less than 5 acres probably will grow no cotton in 1950. Approximately 20 percent of this number will cease to farm for themselves.

Yours truly,

BUEL E. WRIGHT, Secretary, Montague County PMA.

DEPARTMENT OF AGRICULTURE, PRODUCTION AND MARKETING ADMINISTRATION, Covington, La., May 9, 1950. Representative LINDLEY BECKWORTH, House of Representatives, Washington, D. C.

DEAR MR. BECKWORTH: In reply to your request of April 29, 1950, the following is for your information.

- 1. There are 221 cotton producers in this parish.
2. One hundred and fifty-four received less than 5 acres of cotton.
3. Fifty-one applied as new producers.

4. There were 141 acres to distribute among new producers.

5. Each received a percent share according to cropland and requested acreage.

6. No producer received zero acres.

7. About 75 percent of new producers are genuine farmers.

8. The recent cotton amendment helped none of our new producers. The frozen acreage amendment gave us 4 acres for new producers.

9. The recent cotton amendment helped none of our old producers. The frozen acreage amendment gave us 13.1 acres for old producers.

10. About 15 of our producers receiving less than 5 acres will probably grow no cotton.

11. A very small percentage will cease to farm for themselves.

Very truly yours,

BERT N. BRUMFIELD, Parish Administrative Officer.

DEPARTMENT OF AGRICULTURE, PRODUCTION AND MARKETING ADMINISTRATION, Amite, La., May 9, 1950.

HON. LINDLEY BECKWORTH, House of Representatives, Washington, D. C.

DEAR SIR: We acknowledge receipt of your letter of April 28, 1950.

We submit the following information:

Cotton producers in Tangipahoa Parish: 817.

Farmers which received less than 5 acres of cotton: 444.

New producers who made application for cotton: 103.

Acreage distributed to new producers: 303.2.

Did any receive zero acreage: Yes.

New producers regarded as genuine farmers: 75 percent.

Recent cotton amendment which helped new producers: 9 acres.

Recent cotton amendment which helped old producers: 34.6 acres.

Estimated producers receiving less than 5 acres, who will grow no cotton: 25 percent.

Estimated number who will cease to farm for themselves: 2 percent.

Yours very truly,

MURPHY J. BURCH, Parish Administrative Officer.

DEPARTMENT OF AGRICULTURE, PRODUCTION AND MARKETING ADMINISTRATION, Seguin, Tex., July 22, 1950.

HON. LINDLEY BECKWORTH, House of Representatives, Washington, D. C.

DEAR MR. BECKWORTH: In reference to your letter of May 6 concerning cotton acreage allotments in Guadalupe County, I am listing below your questions and our answers, which in some cases are estimates:

How many cotton producers are in your county: 1,200.

How many farmers received less than 5 acres of cotton: 186.

How many new producers applied for acreage: 108.

How much acreage was there to distribute among the new growers: 373.0.

How much did each get: 3.5 acre average. Did any receive zero acres: Yes, 3.

What percent: 0.03 percent.

What percent of the new producers do you regard as genuine farmers: 90 percent.

How much in acres did the recent cotton amendment help your new producers: None. The old ones: 4,740.

How many of your producers receiving less than 5 acres probably will grow no cotton: 25 percent.

How many will cease to farm for themselves: 10 percent.

Thanking you for your interest in this matter, I am

Yours very truly,

R. E. HOFFMAN,
Chairman, Guadalupe County PMA
Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Seguin, Tex., July 22, 1950.

HON. LINDLEY BECKWORTH,
House of Representatives,

Washington, D. C.

DEAR MR. BECKWORTH: In reference to your letter of May 15 concerning peanut acreage allotments in Guadalupe County, I am listing below your questions and our answers, which in some cases are estimates:

Number of peanut producers in Guadalupe County: 424.

Generally, in thinking of your average farmer and producer, what is the least number of acres he can afford to grow or economically grow: 5 acres.

How many producers in county received allotments less than the number of acres mentioned above: 105.

How many peanut producers received allotments of less than 2 acres: 43.

Of the number of peanut farmers receiving allotments of less than 2 acres, how many will cease to grow peanuts: 75 percent.

How many new producers applied for peanut acreage in Guadalupe County in 1950: 30.

How many acres did you have to distribute to them: 61.4 acres.

Approximately how much did each receive: 2 acre average.

Thanking you for your interest in this matter and Guadalupe County, I am

Yours very truly,

R. E. HOFFMAN,
Chairman, PMA Guadalupe County
Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Floydada, Floyd, Tex., June 30, 1950.

HON. LINDLEY BECKWORTH,
House of Representatives,

Washington, D. C.

DEAR MR. REPRESENTATIVE: In reply to your note of May 6, 1950, I will submit answers to your questions. I regret that I was unable to answer prior to this time, but we were prohibited from replying by Mr. Frank K. Woolley, Deputy Administrator, PMA. However, he has now removed the prohibition.

There are 1,263 cotton producers in Floyd County. There were 49 new growers and 11 old growers that received less than 5 acres of cotton. There were 271 applications for new growers acreage. There were 3,793 acres to distribute among new growers. Each new grower received 0.5476 of the indicated acreage (what the old grower received, which was 0.2623 of tilled acreage adjusted). No new producer received zero acreage. Of the applications received, less than 50 percent are genuine farmers. The new growers were not helped by recent cotton amendments. The old growers were helped to the extent of 6,911 acres additional cotton allotment. This was allocated to 339 farmers. There were 796 farmers who applied for adjustments, but only 339 received any relief. Of the producers receiving less than 5 acres only about 25 will actually grow cotton. There will be none to cease farming because of the allotment reductions.

KCVI—702

At present time the total county allotment is 51,803.8 including all adjustments.

Very truly yours,

RAY S. MCENTIRE,
Secretary, Floyd County PMA.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
May 9, 1950.

HON. LINDLEY BECKWORTH,
House of Representatives,

Washington, D. C.

DEAR SIR: Below is the report of the information called for by you for Geneva County: How many cotton producers are in your county: 2,142.

How many farmers in your county received less than 5 acres of cotton: 191.

How many new producers applied for acreage: 72.

How much acreage was there to distribute among the new producers in your county: 311.

How much did each get: B-33, 4.5; B-145, 1.4; C-235, 8.3; D-163, 4.5; E-62, 1.2; E-167, 0.2; F-4, 4.5; F-36, 22.3; F-133, 0.7; F-139, 0.3; F-146, 3.3; F-147, 0.5; G-12, 2.6; G-20, 9; G-85, 3; G-103, 4.5; G-128, 5.5; G-105, 2.7; H-26, 3.4; H-53, 5.9; H-92, 6.5; H-93, 2.1; H-95, 2.5; H-97, 2; H-101, 3; I-113, 5.8; I-114, 4.1; I-103, 4.5; I-135, 3.7; I-139, 1.5; I-145, 2; I-154, 3.9; I-160, 7.2; I-161, 4.9; J-23, 4.5; J-35, 5.4; J-39, 4.5; J-45, 4.2; J-86, 3.6; K-42, 4.5; K-55, 4.5; K-78, 3; K-123, 4.5; K-130, 0.3; K-131, 0.6; K-138, 11.6; L-19, 2.9; L-21, 9; L-35, 9; L-42, 4.5; L-51, 4.5; L-55, 5.4; M-43, 5.5; M-50, 6.3; M-51, 4.5; M-70, 4; N-56, 3.4; N-83, 3.7; N-99, 8.4; N-106, 3.6; N-129, 2.7; N-130, 3.8; N-132, 4.5; N-134, 1.5; O-12, 2.7; O-30, 1.9; O-38, 3.6; O-47, 2.8.

Did any receive zero acres: No.

What percent of new producers do you regard as genuine farmers: 90 percent.

How much in acres did the recent cotton amendment help your new producers: None. The old ones: 306.9.

How many of your producers receiving less than 5 acres probably will grow no cotton: 28.

How many will cease to farm for themselves: 100 in 1951; beyond 1951 we would not know how to predict.

Very truly yours,

F. W. BOLIN,
Vice Chairman of Geneva County
PMA Committee.
C. RILEY BROWN,
Member of Geneva County
PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Bay Minette, Ala., May 8, 1950.

MR. LINDLEY BECKWORTH,
House of Representatives,

Washington, D. C.

DEAR MR. BECKWORTH: As requested in your letter addressed to the Baldwin County PMA Committee, I wish to advise that we have approximately 600 cotton farmers in this county. About 300 of these farms received less than 5 acres allotment. We only had about 180 acres to distribute to new growers; therefore they received an acreage from 0.1 up to 10 acres. We did not have any producers who fled for an allotment who did not get his percent. The recent cotton amendment only helped five farmers in this county with a total increase of 15 acres. I will say that approximately one-half of them will plant no cotton at all due to the fact that their allotment is so small. I am sure that none of them will cease to farm for themselves; although they cannot grow

cotton, they will produce some other crop instead.

Yours truly,

WOODROW W. BOOTH,
County Administrative Officer.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Brewton, Ala., May 8, 1950.

LINDLEY BECKWORTH,
House of Representatives,

Washington, D. C.

DEAR CONGRESSMAN BECKWORTH: I appreciate your letter of May 5, 1950, and am listing below information as requested:

Cotton producers in the county: 1,554.

Farmers receiving less than 5 acres: 478.

Applicants for new growers allotments: 90.

Acreage distributed for new growers: £62.

Each new grower received some acreage.

Percent regarded as genuine farmers: 50.

Acres to new growers by recent cotton amendment: 0.

Acres to old growers by recent cotton amendment: 75 percent.

Producers receiving less than 5 acres who probably will grow no cotton: 250.

Producers who will cease to farm for themselves: 5 percent.

Very truly yours,

E. N. MCCALL,
Chairman, Escambia County PMA
Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND
MARKETING ADMINISTRATION,
Fresno, Calif., July 14, 1950.

Re: Cotton Allotment Data, Fresno County,
Calif.

Congressman LINDLEY BECKWORTH,
House of Representatives,

Washington, D. C.

HONORABLE CONGRESSMAN BECKWORTH: The following is the information requested concerning cotton allotment in Fresno County:

How many cotton producers are in your county: 3,674.

How many farmers in your county received less than 5 acres of cotton: 311.

How many new producers applied for acreage: 484.

How much acreage was there to distribute among the new producers in your county: 7,000.

How much did each get: Unable to state—acreage is varied greatly.

Did any receive zero acres: Yes, 220.

What percent of the new producers do you regard as genuine farmers: All regarded as such.

How much in acres did the recent cotton amendment help your new producers: Not applicable to new producers.

The old ones: 302.2 acres.

We have answered all those questions for which the county committee can supply a reasonably accurate answer.

Very truly yours,

FRANK LONG,
Chairman, PMA County Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND
MARKETING ADMINISTRATION,
Chatsworth, Ga., July 18, 1950.

DEAR MR. BECKWORTH: This is in regard to your letter of May 4, 1950, concerning cotton allotments in Murray County.

1. Number of cotton producers in county: 939.

2. Number of allotments for less than 5 acres: 226.

3. Number of new producers applying for acreage: 57.

4. Acreage distributed among new producers: 141.3
5. Acreage each was given: 141.3.
6. Did any receive zero acreage: No.
7. Percent of new producers regarded as farmers: 10.
8. Number of acres the recent cotton amendment helped new growers: 0; old growers, 379.2.
9. Farmers receiving less than 5 acres who will probably grow no cotton: 22.
10. Farmers who will cease to farm for themselves: 25.

Yours very truly,

S. C. PLOTT,
County Administrative Officer, Murray County, Ga.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Poteau, Okla., May 8, 1950.

HON. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: In reply to your letter of May 4, we are listing below the answers to your questions for LeFlore County.

1. Total cotton farmers in county: 2,155.
2. Number of farmers receiving less than 5 acres: 408 farms. Number of farmers receiving exactly 5 acres: 864 farms.
3. Thirty-five new growers applied for acreage.
4. Fifty-one acres were available for new growers' requests.
5. Each new grower averaged only 1.5 acre per farm.
6. One hundred percent of new producers regarded as genuine cotton farmers.
7. Recent cotton amendment helped new growers receive an increase of 157 acres.
8. Recent cotton amendment helped old growers receive an increase of 820 acres.
9. Probably 60 percent of growers receiving less than 5 acres will grow no cotton.
10. Probably only about 2 percent will cease to farm for themselves. In this county there is quite a lot of diversified farming.

We appreciate your interest in these problems and please feel free to call on us at any time that we can furnish you with information.

Very truly yours,

A. H. MILLER,
Chairman, LeFlore County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Beaufort, S. C., May 5, 1950.

LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: With reference to your letter of May 2, 1950, the inquiries listed therein are answered below:

- How many cotton producers are in your county: 650.
- How many farmers in your county received less than five acres of cotton: 600.
- How many new producers applied for acreage: 57.
- How much acreage was there to distribute among the new producers in your county: 69.5.
- How much did each get: From 0.3 to 3.8 acres.
- Did any receive zero acres? No.
- What percent of the new producers do you regard as genuine farmers: 90 percent.
- How much in acres did the recent cotton amendment help your new producers: None. The old ones: 30.
- How many of your producers receiving less than 5 acres probably will grow no cotton: 50.

How many will cease to farm for themselves: None.

Very truly yours,

M. L. BOSTICK,
County Administrative Officer, PMA.

COOPERATIVE EXTENSION WORK IN
AGRICULTURE AND HOME ECONOMICS,
STATE OF FLORIDA,
Blountstown, Fla., May 10, 1950.
LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: There are 59 cotton producers in our county; 43 farmers received less than 5 acres of cotton, in our county; 15 new producers applied for acreage. There were 6 acres to distribute among the producers in our county. Each new producer got from 0.3 to 0.8 acres. None received zero acres. I regard the new producers to be 100 percent genuine farmers. The recent amendment helped our new producers zero acres. The old ones 4 acres; 25 producers receiving less than 5 acres will probably grow no cotton. None will cease to farm for themselves.

Yours very truly,

FRED J. GREEN,
Administrative Officer.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Quincy, Fla., May 8, 1950.

MR. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: This is the information you requested on cotton from Gadsden County, Fla.:

There are only 13 cotton producers in the county; 12 farmers received less than 5 acres of cotton; 3 new producers applied for cotton acreage; 0.7 was the acreage to distribute among the new producers; one got 0.2, one 0.3 and another 0.2 acre; none received zero acres. All producers are genuine farmers. The new amendment did not help the new or old producers. About two-thirds of the producers receiving less than 5 acres will not grow cotton. None will cease to farm for themselves.

Trusting this is the information you desired, I am,

Yours very truly,

BERNARD H. CLARK,
Administrative Officer.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Purvis, Miss., May 5, 1950.

MR. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: With reference to your letter of May 2, 1950, in regard to cotton acreage of Lamar County, I am listing below the requested information:

- Cotton producers in Lamar County: 1,200.
- Farmers receiving less than 5.0 allotment: 540.
- New producers applying for an allotment: 183.
- Amount of acreage available to new growers: 680 acres.
- Each new grower received approximately 3.8 acres.
- Number of new growers receiving zero allotments: 11.
- Genuine farmers: 80 percent.
- Several new growers received help from the law recently passed by Congress from excess acreage which was turned back in by farmers that would not plant cotton this year. Approximately 70 acres was given to new growers and 450 acres given to old growers. Approximately 100 farms received less than

5.0 as allotment will not plant cotton this year. About 25 farmers will cease to farm for themselves.

Trusting this the desired information,

Yours very truly,

FRED K. ROBERTS,
County Administrative Officer, Lamar County PMA.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Lucedale, Miss., May 4, 1950.

MR. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: In answer to your recent letter we wish to advise that we have 410 farmers in George County with cotton allotments, 130 of that amount being applicants for a new-producer allotment. There were 262 farmers received an allotment of less than 5 acres.

This county received 465.7 acres for the new producers and as we were able to raise them to 3.8 no matter what the factor gave them, the majority received the 3.8 allotment. None received zero allotments.

Most of the ones asking for new allotments had been doing war work and are now wanting to start up farming operations again.

The recent cotton amendment helped only 5.1 acres in this county on the old allotments but none on the new producers except that the released acreage for reapportionment will bring them up to 40 percent of their cropland.

Most of the ones who received allotments and did not release are intending to plant all they are allowed, but a few say that they did not receive enough to plant. Very few will cease to farm for themselves.

I hope this information will help you. Please feel free to call on us at any time.

Yours very truly,

B. ALTON GAVIN,
County Administrative Officer,
George County PMA.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Burgaw, N. C., May 5, 1950.

HON. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: In reply to your inquiry about cotton producers in our county, we enclose a copy of the information which you requested.

We trust that this answers your questions completely.

Very truly yours,

T. W. GARRISS,
Secretary, Pender County PMA.

1. How many cotton producers are in your county: 348.
2. How many farmers in your county received less than 5 acres of cotton: 267.
3. How many new producers applied for acreage: 23.
4. How much acreage was there to distribute among the new producers in your county: 15.6.
5. How much did each get: Average of 1 acre.
6. Did any receive zero acres: 6.
7. What percent of new producers do you regard as genuine farmers: 100.
8. How much in acres did the recent cotton amendment help your new producers: None.
9. How much in acres did the recent cotton amendment help your old producers: 11 acres.
10. How many of your producers receiving less than 5 acres probably will grow no cotton: 25.

11. How many will cease to farm for themselves: None.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Taylorsville, N. C., May 4, 1950.

To: Mr. LINDLEY BECKWORTH, House of Representatives.

From: G. R. Fulbright, secretary, Alexander County Production and Marketing Committee.

Subject: Cotton acreage allotments.

We are listing below information requested by your recent letter.

1. Number of cotton producers in Alexander County: 1,128.
2. Number of farms in county for which the cotton allotment is less than 5 acres: 940.
3. Number of new producers applying for acreage: 49.
4. Acreage available for distribution among new producers in county: 90.
5. Average allotment received by new producers: 1.8 acres.
6. No zero acres received.
7. Percent of new producers regarded as genuine farmers: 100 percent.
8. Acreage added by recent cotton amendment: None.

Only two producers in county were eligible for increase in their allotment under recent amendment. These two producers would have been eligible for a total of 0.8 acre.

9. Estimate of number of producers receiving less than 5 acres that will probably grow no cotton in 1950: 100.

G. R. FULBRIGHT.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Pittsboro, N. C., May 8, 1950.

LINDLEY BECKWORTH,
Third District, Texas.

DEAR SIR: In reference to your letter of May 2, 1950, concerning information on cotton in Chatham County, N. C., it is as follows: (a) 920 cotton producers; (b) 857 received 5 acres or less; (c) 72 new producers applied for cotton acreage; (d) 50 acres to distribute to new producers; (e) each received from 0.1 to 2 acres; none received zero allotments; (f) about 75 percent genuine farmers; (g) the recent cotton amendment did not help new growers any. One old farm received increase of 1.1 acres from this amendment; (h) there probably will be 25 percent of the growers that received less than 5 acres will not plant any cotton because the allotment is too small.

Very truly yours,
R. O. FEARRINGTON,
Secretary, Chatham County PMA
Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Wilson, N. C., May 8, 1950.

DEAR MR. BECKWORTH: In reply to your letter of May 3 the information you asked for is listed below:

1. Number of cotton producers in Wilson County: 2,006.
2. Number of farms receiving less than 5 acres: 1,389.
3. Number of applications for new growers allotment: 33.
4. Acreage available for new growers: None.
5. Acreage issued new growers, 46.3.
6. Number receiving zero acres: None.
7. Percent of new growers considered genuine producers: 100 percent.
8. Acreage old growers benefited by recent cotton amendment: 448.3.
9. Acreage new growers benefited by recent cotton amendment: None.
10. Number of producers receiving less than 5 acres that will not plant the cotton: 150 (estimated).

11. Number of producers ceasing to farm for themselves in 1950: 20 (estimated).
Sincerely,

MALLIE STOTT,
Secretary, Wilson County PMA.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Lawrenceville, Va., June 30, 1950.

Mr. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: In reply to your letter of May 3, in regard to cotton acreage in Brunswick County:

1. Number of growers: 1,446.
2. Less than 5 acres: 1,151.
3. New growers: 79.
4. Divided among them: 10.3 acres.
5. Each got: From 0.1 to 0.4 acre.
6. Zero allotment: None.
7. Regarded as genuine farmers: 50 percent.
8. Amendment helped new producers: None; old ones: 359.3 acres.
9. Will grow no cotton that received less than 5 acres: 150.

Yours truly,
W. P. HOUSE,
Secretary, Brunswick PMA County
Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Dinwiddie, Va., July 7, 1950.

Mr. LINDLEY BECKWORTH,
Member of Congress,
Washington, D. C.

DEAR MR. BECKWORTH: Listed below you will please find the questions with applicable answers contained in your letter of May 3, 1950, requesting certain cotton data for Dinwiddie County, Va.:

1. How many cotton producers are in your county. Answer. Number allotments, group I and II, 266.
2. How many farmers in your county received less than 5 acres of cotton? Answer. 258.
3. How many new producers applied for acreage? Answer. 26.
4. How much acreage was there to distribute among the new producers in your county? Answer. 2.9 acres.
5. How much did each get? Answer. About 0.1 acre.
6. Did any receive zero acres? Answer. No eligible new grower applicant received no allotment.
7. What percent of the new producers do you regard as genuine farmers? Answer. 100 percent.
8. How much in acres did the recent cotton amendment help your new producers? Answer. None.
9. The old ones? Answer. 26.1 acres.
10. How many of your producers receiving less than 5 acres probably will grow no cotton? Answer. 50 percent.
11. How many will cease to farm for themselves? Answer. None.

With best wishes, I am,
Yours very truly,
F. W. YOUNG,
Secretary, Dinwiddie PMA County
Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
State College, N. Mex., July 21, 1950.

Hon. JOHN E. MILES,
House of Representatives,
Washington, D. C.

DEAR MR. MILES: This is in reply to your letter of June 23 addressed to Mr. Leslie Martin, chairman of State PMA committee, wherein you requested that we submit cer-

tain data regarding the 1950 cotton acreage-allotment program.

The following is a tabulation by county of the information requested:

County	Number of producers	Number receiving 5 acres or less	Number of new producers applying for acreage	Number considered genuine farmers
Chaves.....	731	54	34	34
Curry.....	11	-----	-----	-----
De Baca.....	54	40	49	48
Dona Ana.....	1,834	326	28	28
Eddy.....	553	27	25	25
Harding.....	9	4	-----	-----
Hidalgo.....	160	14	25	25
Lea.....	450	12	166	160
Luna.....	225	2	21	21
Otero.....	41	7	-----	-----
Quay.....	331	18	145	145
Roosevelt.....	872	71	185	83
Sierra.....	125	17	12	12
Socorro.....	107	54	100	91
Valencia.....	10	8	10	10

County	Acreage available for new producers	Average acres received by new producers	Acreage increase because of Public Law 471
Chaves.....	2,092	61	782
Curry.....	-----	4	36
De Baca.....	202	-----	-----
Dona Ana.....	450	10	-----
Eddy.....	120	4	742
Harding.....	-----	-----	-----
Hidalgo.....	418	16	-----
Lea.....	3,494	21	652
Luna.....	375	17	-----
Otero.....	18	9	84
Quay.....	1,951	13	-----
Roosevelt.....	449	5	6,812
Sierra.....	67	6	-----
Socorro.....	689	7	-----
Valencia.....	100	10	-----

The acreage was distributed to new producers on the basis of a factor applied to the cropland acreage, not to exceed the amount requested by the new producers. The only producers receiving zero acreage were those which were not considered to be genuine cotton farmers by the county committee.

New producers were not benefited by the increase in acreage because of Public Law 471.

All producers receiving a cotton allotment on 5 acres or less received such an allotment on basis of past cotton history. It is therefore anticipated that these producers will plant cotton since they are established cotton farmers.

Very truly yours,
ARCHIE M. VANCE,
Executive Officer, State Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Columbia, S. C., May 31, 1950.

Hon. JOSEPH R. BRYSON,
House of Representatives,
Washington, D. C.

DEAR MR. BRYSON: I wish to thank you for your letter of May 25 asking for certain data on cotton-acreage allotments in South Carolina.

Enclosed is a tabulation giving answers to most of your questions. Repeating your questions:

1. How many cotton producers are in each county of South Carolina? See column 1.
2. How many farmers in each county received less than 5 acres of cotton? See column 2. It might be added that 19,000 farmers in the State received an acreage allotment of exactly 5 acres. Changing your question then, there are 39,908 farms in the State receiving an allotment of 5 acres or less.

3. How many new producers in each county applied for acreage? See column 3.

4. How much acreage was there to distribute among the new producers in each county? See column 4.

5. How much did each get? See column 5. In answering this question, we have given the smallest acreage allotted to any one farm in the county and the highest acreage allotted in the county to any one farm. It should be understood that many farmers received new grower allotments between these two figures.

6. Did any receive zero acres? All applicants for new grower allotments that were eligible under the regulations did receive an allotment.

7. What percent of the new producers in each county do you regard as genuine farmers? I have no data on which to answer this question.

8. How much in acres did the recent cotton amendment help your new producers county by county? The recent amendments did not help new cotton producers in any county due to the fact that new cotton producers were not eligible to receive any additional allotment under the amendments. The amendments were based solely on history of cotton production and the new cotton producers did not have any cotton history.

9. How much in acres did the recent cotton amendment help old cotton producers? See column 6.

10. How many producers, county by county, receiving less than 5 acres probably will grow no cotton? I have no data on which to base an answer to this question.

11. How many will cease to farm for themselves county by county? I have no data on which to answer this question.

If there is any additional information that you think we may furnish you we will be very glad, indeed, to hear from you.

With kindest regards, I am

Very truly yours,

R. W. HAMILTON,
Chairman, South Carolina State PMA
Committee.

Cotton acreage allotment data, South Carolina.

County	(1) Number cotton farms	(2) Number receiving less than 5 acres	(3) Number new cotton farms	(4) Allotment (acres) distributed to new cotton farms	(5) Smallest and largest allotment (acres)		(6) Acres received under cotton amendment
					Smallest	Largest	
					Abbeville.....	1,608	
Aiken.....	2,379	314	90	262	.2	10.6	3,471
Allendale.....	674	12	11	65	1.8	17.0	1,003
Anderson.....	4,216	471	55	306	.7	35.7	1,727
Bamberg.....	1,108	114	35	133	1.0	10.0	545
Barnwell.....	1,338	79	16	102	1.9	32.7	2,009
Beaufort.....	714	618	57	69	.3	3.8	21
Berkeley.....	2,066	960	96	236	.9	17.1	211
Calhoun.....	1,069	139	13	53	1.3	9.8	1,801
Charleston.....	684	657	40	50	.7	3.1	6
Cherokee.....	2,235	363	121	538	.7	37.5	1,428
Chester.....	1,490	204	65	304	1.0	14.3	1,611
Chesterfield.....	2,825	310	112	490	.9	28.8	2,574
Clarendon.....	2,766	275	26	46	.6	4.3	1,059
Colleton.....	2,399	976	141	331	.8	10.1	1,290
Darlington.....	2,166	259	50	120	.6	6.3	4,008
Dillon.....	1,376	192	22	83	.2	14.6	2,886
Dorchester.....	1,577	441	105	439	1.0	15.0	299
Edgefield.....	1,380	198	64	270	.9	26.3	1,538
Fairfield.....	1,065	207	28	120	3.0	10.0	244
Florence.....	3,681	1,334	36	70	.3	5.6	4,410
Georgetown.....	822	553	34	43	.8	3.0	192
Greenville.....	4,297	1,212	89	328	.4	11.9	1,805
Greenwood.....	1,100	253	55	193	.1	20.6	487
Hampton.....	1,154	249	55	198	.9	13.7	942
Horry.....	2,437	1,748	163	306	.6	4.5	460
Jasper.....	727	367	29	90	1.6	8.9	60
Kershaw.....	1,923	267	86	332	1.0	15.0	1,984
Lancaster.....	1,790	384	77	233	1.4	9.5	1,304
Laurens.....	2,281	396	115	549	.2	52.4	2,518
Lee.....	1,537	112	5	27	1.5	8.6	4,621
Lexington.....	2,098	608	93	535	1.5	16.3	2,389
McCormick.....	738	119	34	146	.4	10.8	198
Marion.....	1,488	409	19	58	.1	5.1	882
Marlboro.....	1,188	58	8	110	3.5	36.4	3,343
Newberry.....	1,751	432	75	321	.2	24.3	537
Oconee.....	2,492	690	71	216	.7	26.4	2,443
Orangeburg.....	4,718	668	80	454	.4	53.3	641
Pickens.....	2,351	503	38	99	.7	5.9	330
Richland.....	1,562	441	123	493	.5	18.3	1,384
Saluda.....	1,630	422	91	274	.8	9.3	2,158
Spartanburg.....	5,346	1,041	132	592	.9	36.1	1,961
Stmter.....	2,809	255	44	167	1.0	15.0	460
Union.....	976	118	41	204	1.9	23.8	1,342
Williamsburg.....	3,556	944	55	109	.4	8.8	2,004
York.....	2,185	293	110	571	.7	24.0	67,247
Total.....	91,712	20,908	2,960	10,993	.1	53.3	67,247

Number of 1950 cotton farms by acreage ranges, Georgia

County	0.1 to 4.9	5	5.1 to 10	10.1 to 15	15.1 to 25	25.1 to 50	50.1 to 75	75.1 to 100	100.1 to 150	150.1 to 200	200.1 to 300	300.1 to 500	500 and over	Total
Appling.....	359	281	337	48	26	9								1,060
Atkinson.....	188	56	41	2	2	1								290
Bacon.....	357	154	140	16	7									674
Baker.....	110	77	91	25	24	23	1		1	2				354
Baldwin.....	87	99	155	45	31	22	7		1	2				449
Banks.....	210	264	279	94	58	16	2		1					924
Barrow.....	126	142	385	217	124	64	7	4	1					1,070
Bartow.....	170	65	359	232	249	147	45	19	11	7	4			1,308
Ben Hill.....	152	73	200	66	41	34	6	1	2					575
Berrien.....	448	143	86	15	12	3		1	1					709
Bibb.....	91	58	45	15	11	4								224
Bleckley.....	22	30	199	147	133	55	18	3	2		1			610
Brantley.....	28	3	1											32
Brooks.....	466	362	268	70	41	11	7							1,225
Bryan.....	69	20	12	4	2									107
Bulloch.....	211	248	651	272	206	130	28	6	4	3				1,759
Burke.....	62	100	262	275	266	242	87	48	30	20	24	10	3	1,429
Butts.....	40	44	147	119	84	50	12	7	8	1				512
Calhoun.....	81	36	102	41	47	23	8	4	8	1	1			352
Camden.....	1													1
Candler.....	60	81	209	106	78	33	11	5	3	2	1			589
Carroll.....	368	478	1,182	447	266	81	16	3	2					2,843
Catoosa.....	212	266	120	26	14	1								629
Charlton.....	3	1												4
Chatham.....	11	3	3											17
Chattahoochee.....	11	25	8	2										47
Chatooga.....	177	136	339	144	115	31	4	1		1		1		949
Cherokee.....	463	480	262	39	17	7								1,268
Clarke.....	107	101	160	47	36	25	2							478
Clay.....	68	43	113	57	20	19	8			3				336
Clayton.....	57	87	136	44	19	11	3	3						360
Clinch.....	71	8	5											84
Cobb.....	475	415	460	81	46	17	1	1						1,496
Coffee.....	377	192	366	98	64	17	2	1						1,117
Colquitt.....	290	321	646	227	136	88	13	9	5	3				1,738
Columbia.....	162	156	173	44	27	20	9	1						594
Cook.....	309	152	118	14	11	9	1	1						615
Coweta.....	232	215	384	147	108	63	20	3	9				1	1,187
Crawford.....	90	120	94	44	20	9	4	1						382
Crisp.....	64	70	213	105	86	57	23	9	9	4				640
Dade.....	204	80	45	6	3									338
Dawson.....	116	98	56	8	6									285
Decatur.....	356	148	116	25	10	8		1						661

Number of 1950 cotton farms by acreage ranges, Georgia—Continued

County	0.1 to 4.9	5	5.1 to 10	10.1 to 15	15.1 to 25	25.1 to 50	50.1 to 75	75.1 to 100	100.1 to 150	150.1 to 200	200.1 to 300	300.1 to 500	500 and over	Total	
De Kalb	155	96	86	20	10	6					1			374	
Dodge	73	120	480	372	203	103	15	9	1	4	1			1,381	
Dooly	51	93	280	254	226	145	36	14	15	3	6		1	1,124	
Dougherty	75	71	44	14	18	9	2	1	2					236	
Douglas	244	276	177	43	27	7		2						775	
Early	230	219	365	131	87	71	24	4	8	5	2	1	1	1,148	
Echols	43	7	3	1										54	
Effingham	104	197	67	15	13	9								405	
Elbert	129	178	652	282	155	57	14	2	3					1,452	
Emanuel	81	196	525	271	197	125	18	7	12	4	1		2	1,439	
Evans	33	99	114	53	30	21	6	9	1	1				390	
Fayette	60	117	356	135	69	44	9	2	2		1	2		803	
Floyd	271	215	414	237	165	89	14	11	4	2	1	2		1,444	
Forsyth	292	396	569	121	59	18	3	2		1				1,461	
Franklin	219	227	651	303	148	68	7	3	1					1,613	
Fulton	282	215	317	94	68	18	8	2			1			1,085	
Gilmer	30	20												50	
Glascock	27	13	96	58	88	55	12	7	2	1				376	
Gordon	189	284	616	270	185	74	13	2	2				1	1,616	
Grady	514	133	75	16	16	6								754	
Greene	125	74	313	146	66	32	6	2	1					785	
Gwinnett	339	468	788	229	119	63	3	4	1	1				2,023	
Habersham	115	181	75	9	3									380	
Hall	534	346	490	104	66	27	6	6		1				1,580	
Hancock	164	176	307	140	112	66	20	11	3	2	1			1,002	
Haralson	358	364	401	70	37	11	1							1,242	
Harris	172	117	137	53	35	9	2	2	1		1			509	
Hart	125	221	528	355	272	114	15	5	1	1				1,637	
Heard	53	139	310	111	76	37	7	2						736	
Henry	173	111	403	228	190	122	19	13	11	5	1			1,276	
Houston	65	74	218	79	82	61	16	5	1	1				602	
Irwin	127	85	375	111	88	67	17	3	3					876	
Jackson	101	169	565	343	218	98	22	8	7	3	1	1		1,536	
Jasper	56	65	149	81	43	43	7	6	7	2	3	1		463	
Jeff Davis	361	156	47	13	8	4		1						590	
Jefferson	76	69	228	277	272	165	57	15	16	9	5	2		1,192	
Jenkins	18	41	197	185	116	111	24	12	13	3	5			725	
Johnson	27	46	193	203	203	132	29	17	9	3	3	1	1	867	
Jones	155	82	45	5	5	6		1						299	
Lamar	69	104	188	93	48	22	2	1		1				523	
Lanier	93	28	20	4	1	1								147	
Laurens	154	237	654	495	299	216	47	21	14	6	7	1	2	2,153	
Lee	127	110	62	28	21	12	3	1	2					399	
Liberty	62	1	2											65	
Lincoln	76	150	294	64	48	17	2	1			2	1		625	
Long	145	20	19											185	
Lowndes	490	163	94	19	12	3		1						782	
Lumpkin	119	39	18	3	2									181	
McDuffie	34	42	185	123	84	46	16	8	7	2	4			551	
McIntosh	1													1	1
Macon	42	52	187	157	125	63	36	18	15	3	7	1		736	
Madison	237	270	703	297	110	57	16	2	1	2				1,695	
Marion	88	87	195	52	40	20	3	2	1					468	
Marietta	140	210	342	203	136	98	26	7	9	2	1	2		1,176	
Miller	204	208	197	61	30	15	5	2	2		1			725	
Mitchell	196	249	336	117	96	75	9	5	8	1				1,002	
Monroe	116	60	155	64	38	14	4	2						453	
Montgomery	45	182	166	62	55	28	6	3	2					549	
Morgan	84	82	139	140	103	123	41	14	18	3	3	6		846	
Murray	219	157	347	112	57	18	2	2						914	
Muscogee	23	11	16	2	3		1							56	
Newton	92	120	262	178	87	66	22	4	7	3	1	1		843	
Oconee	49	64	243	173	123	57	19	3	3		1			735	
Oglethorpe	177	199	451	206	122	55	13	2	5					1,230	
Paulding	182	105	490	180	86	24	3	3	1					1,044	
Peach	18	52	85	35	14	18	4	4	3					233	
Pickens	189	135	161	27	8	3	1	1						525	
Pierce	361	110	113	25	16	1								626	
Pike	30	126	229	107	99	60	15	6	4	2		2		680	
Polk	207	314	415	174	138	58	11	4	1	1				1,323	
Putnam	58	87	137	48	22	15	4	3	1					375	
Pulaski	17	48	166	118	101	71	17	14	6	1	1			560	
Quitman	125	39	56	19	15	10	3	2						269	
Randolph	110	117	191	69	66	37	18	6	8	4				625	
Richmond	60	91	84	50	44	24	9	2		1				365	
Rockdale	74	89	202	91	68	38	5	4	2	1				574	
Schley	24	21	96	72	55	42	7	1	1	1	1			320	
Screven	106	144	398	278	230	136	30	11	15	5	2	2	1	1,358	
Seminole	158	133	193	54	26	16	4	2						586	
Spalding	83	74	177	77	53	43	12	4	2					525	
Stephens	137	116	158	31	10	3	1							456	
Stewart	103	111	136	30	25	8	4	2			1		1	421	
Sumter	95	77	268	108	132	95	28	8	8	2		1		822	
Talbot	109	195	113	20	17	9								463	
Taliaferro	35	79	179	71	43	17	3	1						428	
Tattnell	249	278	318	69	43	20	4	1						983	
Taylor	40	69	197	124	81	74	20	5	3	1				604	
Telfair	155	248	305	69	42	24	3	2	1					849	
Terrell	70	53	200	83	89	65	31	13	13	4	2	1		624	
Thomas	440	149	138	23	27	12	3	1						793	
Tift	203	175	327	72	47	16	7	1	1		1			850	
Toombs	128	232	288	133	87	47	6	6	2	2	1			932	
Trenton	38	108	131	76	31	26	4	3	3	1				422	
Troup	159	115	237	80	37	20	1			2				651	
Turner	110	140	233	97	52	27	5	5	3					672	
Twiggs	76	150	171	52	41	20	5	3						518	
Upson	128	124	123	23	18	15	1							432	
Walker	417	422	432	72	40	5		1						1,389	
Walton	54	54	276	323	341	196	43	19	15	5	2	1		1,329	
Ware	258	39	19	5	1									322	
Warren	32	28	121	118	208	103	28	15	14	2	3			672	
Washington	85	157	322	274	212	158	37	6	13	2	2			1,268	

Number of 1950 cotton farms by acreage ranges, Georgia—Continued

County	0.1 to 4.9	5	5.1 to 10	10.1 to 15	15.1 to 25	25.1 to 50	50.1 to 75	75.1 to 100	100.1 to 150	150.1 to 200	200.1 to 300	300.1 to 500	500 and over	Total
Wayne	130	196	101	55	27	8	2							519
Webster	99	75	72	22	10	11	2	1						292
Wheeler	44	119	246	66	39	21	10	1	1					547
White	90	213	132	16	7									458
Whitfield	612	345	324	47	21	7		1						1,357
Wilcox	58	104	340	205	161	99	17	5	4	3				996
Wilkes	166	306	305	121	60	43	15	3	4	4				1,027
Wilkinson	144	157	200	48	31	12	1	2	1					596
Worth	172	359	450	170	123	66	23	8	8	1			1	1,381
State total	23,298	21,590	35,894	15,647	11,046	6,282	1,504	616	459	167	108	41	14	116,665

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Stillwater, Okla., June 16, 1950.

Hon. TOBY MORRIS,
Member of Congress,
Washington, D. C.

DEAR CONGRESSMAN MORRIS: This is in reply to your letter of May 29, 1950, requesting certain information with respect to 1950 cotton-acreage allotments in Oklahoma. We are enclosing a tabulation which shows, by counties, most of the data requested in your letter.

We are unable to furnish you with a count of the number of cotton producers in each county; however, we have listed in column 1 of the enclosed tabulation the number of cotton-acreage allotments in each county, which will represent approximately the number of producers in each county.

Column 2 of the tabulation shows the acreage allotment determined for each county in accordance with the provisions of Public Law 272, Eighty-first Congress. In establishing these county allotments, the State committee held out and used for adjustments the maximum 15 percent provided in the law and, in most instances, county committees in Oklahoma reserved and used the maximum acreage provided for in the law for making adjustments in individual farm allotments.

Columns 6 through 10 show the effects of the application by the county committees of the provisions of Public Law 471, Eighty-first Congress. The application of these provisions resulted in a net increase in the State allotment of only 26,000 acres, although approximately 40,000 acres were granted under the 65-45-40 provision of the

law, and 26,000 acres were reallocated from the acreage released. In some counties, the acreage required to provide the minimum (65-45-40) exceeded the acreage released, in which cases there was no acreage available for reapportionment to hardship cases and new farms. In other counties the county committees were not able to reallocate all of the acreage available because of the two limitations (40 percent of the cropland and past production of cotton) which were placed on the county committee in the law.

The 40-percent provision prevented the county committees from allocating additional acreage allotment to some farms on which a large percentage of the cropland had been devoted to cotton in the past and on which the county committees felt that the allotment was inadequate in view of the past production of cotton.

The "past production of cotton" limitation prevented the county committees, in many instances, from allocating additional allotment to farms on which there is little or no cotton history but which have been acquired through purchase or rental by cotton farmers who have the equipment, experience, and desire to grow more cotton. This provision also eliminated "war crop credit" from consideration in determining the maximum acreage which could be allocated to a farm.

You will recall that Public Law 272 provided for the determination of farm allotments on the basis of a prescribed percentage of the cropland on the farm, provided the acreage allotment so determined did not exceed the highest planted cotton acreage for the farm during the base period. In Comanche County, for example, of the 1,488 cotton allotments established, 162 farms received an allotment equal to the highest

acreage planted in any year during the base period, which represented no reduction in the acreage for these farms and resulted in further reduction in the acreage on all other farms in the county.

Concerning your question as to whether any person received a zero allotment who made application for a new-grower allotment, the county committees established a new-grower allotment for each applicant who was eligible under the provisions of the law.

You will notice that columns 9 and 10 are incomplete. You have not obtained that information for all counties as yet.

There may be some minor changes in some of the items on the enclosed tabulation; however, there will be no substantial change in any of the county totals.

We are unable to answer all of the questions in your letter at this time. For example, we shall not be able to determine the number of producers who received allotments and who planted no cotton until after all cotton acreages have been measured. The eligibility provisions, the determination of allotments based on percentage of cropland, and the war crop credit provisions, as provided in the law, did result in the establishment of allotments on a considerable number of farms on which the producers had no intention of growing cotton in 1950.

We appreciate your interest in this matter and your efforts in connection with cotton legislation. We hope that this information will be helpful and that you will call on us for any additional information which you desire.

Very truly yours,
CHARLES T. CAMERON,
Chairman, Oklahoma State PMA
Committee.

1950 cotton allotments, Oklahoma

District	County	Number of cotton farms	Original allotment	Number under 5 acres	Number new growers	Acreage of new grower allotment	Acreage released ¹	Acreage required under 65-45-40 provision ¹	Acreage reapportioned ¹	Number new growers receiving additional allotment ¹	Number old growers receiving additional allotment ¹
1	Beaver										
	Cimarron										
	Ellis	67	525.3	10	5	8.0	66.4	38.1	28.3	1	15
	Harper										
	Texas										
2	Alfalfa										
	Garfield	7	78.0	4	4	10.1		3.9			1
	Grant										
	Kay	45	547.5	9	15	62.0	37.0	12.9	7.2		
	Major	170	877.8	55	48	90.0		177.6			57
	Noble	481	2,847.0	162	65	109.0	87.6	434.2			77
	Woods										
Woodward	34	180.6	11	3	8.0	17.0	38.8			2	
Total district 2		737	4,630.9	241	135	279.1	141.6	667.4	7.2		
3	Craig	41	207.8	13	1	3.0	4.5	20.3			2
	Delaware	5	15.0	4	4	10.0					
	Mayes	653	3,644.3	205	58	87.0	252.2	83.3	162.9	22	13
	Nowata	115	901.8	42	30	77.0	55.5	84.3	35.4	5	16
	Osage	736	11,691.6	74	49	203.0	1,103.1	838.0	265.1	33	138
	Ottawa										
	Pawnee	1,307	11,868.2	248	74	143.0	563.0	295.4	266.7		
	Rogers	652	3,915.8	202	38	88.5	373.3	93.3	267.6	29	55
	Tulsa	648	8,080.8	59	23	73.0	516.2	340.3	130.5	9	36

¹ Provisions of Public Law No. 471.

1950 cotton allotments, Oklahoma—Continued

District	County	Number of cotton farms	Original allotment	Number under 5 acres	Number new growers	Acreage of new grower allotment	Acreage released	Acreage required under 65-45-40 provision	Acreage reapportioned	Number new growers receiving additional allotment	Number old growers receiving additional allotment
	Wagoner.....	2,112	30,259.7	317	25	75.0	1,812.8	426.8	895.7	3	172
	Washington.....	76	360.7	39	12	18.0		16.8			3
	Total district 3.....	6,345	70,945.7	1,203	314	747.5	4,680.6	2,198.5	2,023.9		
4	Beckham.....	2,072	66,243.2	114	115	613.8	159.9	3,007.0			312
	Blaine.....	931	12,071.1	124	102	371.0	484.6	753.1			138
	Custer.....	1,073	18,379.2	161	168	574.1	38.2	838.4			115
	Dewey.....	840	7,619.6	340	218	447.8		762.8			
	Roger Mills.....	1,300	19,745.0	96	75	245.0	90.4	1,335.9			
	Washita.....	2,711	86,064.3	185	156	944.0	78.4	296.7			103
	Total district 4.....	8,927	211,222.4	1,020	834	3,195.7	851.5	7,083.9			
5	Canadian.....	980	12,968.5	176	51	216.0	661.4	1,596.0			220
	Cleveland.....	863	6,115.7	190	38	144.4	946.8	166.5	684.3	14	156
	Creek.....	2,222	18,625.6	265	47	196.7	787.1	156.0	542.4	9	152
	Grady.....	2,981	34,938.2	357	231	709.0	522.5	3,559.5			461
	Kingfisher.....	277	1,766.4	97	49	145.0	75.4	137.1			20
	Lincoln.....	1,986	13,285.5	337	52	130.6	496.4	57.1	175.1	11	48
	Logan.....	1,272	9,146.6	270	86	154.0	1,297.8	368.5	929.2	46	225
	McClain.....	1,637	21,458.9	117	51	142.0	1,200.3	946.5	323.4	34	310
	Okfuskee.....	2,540	29,210.0	229	15	95.1	643.1	528.1			144
	Oklahoma.....	359	2,964.0	83	32	87.1	142.8	70.7	34.7	9	12
	Payne.....	1,093	8,110.7	256	101	255.0	1,017.5	243.4	770.2	57	290
	Pottawatomie.....	1,286	8,393.5	289	63	101.1	1,034.9	269.2	545.4	29	148
	Seminole.....	1,548	9,344.1	455	79	133.0	1,469.2	136.6	816.2	57	129
	Total, district 5.....	19,044	176,327.7	3,121	895	2,509.0	10,385.2	8,235.2	4,820.9	266	2,333
	6	Adair.....	33	111.5	23	3	8.0	13.9		9.0	3
Cherokee.....		245	1,327.3	73	20	30.0	186.8	14.9	30.0	7	318
Haskell.....		1,390	11,484.7	146	44	81.0	1,589.8	267.7	1,262.2	21	374
Hughes.....		2,227	18,200.6	275	72	106.0	2,573.6	234.6	1,581.3	22	374
McIntosh.....		2,952	34,631.6	199	13	94.3	1,607.5	465.8	1,151.7		
Muskogee.....		2,949	50,089.6	271	70	435.0	4,040.7	141.2	1,338.6	7	231
Okmulgee.....		2,346	33,063.8	140	26	140.8	1,692.9	365.9	1,175.2	2	450
Pittsburg.....		1,849	19,373.4	259	55	99.0	1,861.1	195.6	1,542.5	23	303
Sequoyah.....		927	7,304.9	215	28	43.0	1,267.7	90.8	362.6	11	54
Total district 6.....		14,918	175,587.4	1,601	331	1,037.1	14,834.0	1,766.5	8,453.1		
7	Caddo.....	4,152	62,420.0	435	215	968.0		2,874.0			682
	Comanche.....	1,478	17,571.5	200	161	448.6	16.8	1,292.2			264
	Cotton.....	1,013	19,817.2	73	147	800.0	158.4	895.0			131
	Greer.....	1,485	52,493.5	82	76	425.0	28.6	433.9			
	Harmon.....	1,086	56,339.3	25	48	494.0	107.5		107.5	37	
	Jackson.....	2,056	69,478.9	280	421	2,303.0	24.6	421.0			
	Kiowa.....	1,845	53,459.5	152	216	1,110.0		2,192.9			357
	Tillman.....	1,568	62,074.3	79	193	1,462.5		1,140.4			133
	Total, district 7.....	14,683	393,654.2	1,326	1,483	8,011.1	333.9	9,249.4	107.5		
8	Atoka.....	1,067	6,001.1	351	101	171.1	292.9	341.8			
	Bryan.....	2,721	28,888.6	389	82	201.8	2,500.9	1,397.6	1,085.8	28	478
	Carter.....	828	5,169.3	237	88	142.0	253.8	166.4	39.9		50
	Coal.....	900	8,436.2	185	43	66.0	779.0	133.0	643.0	17	128
	Garvin.....	1,758	16,495.7	305	103	407.7	512.2	128.4	244.9	15	105
	Jefferson.....	1,173	27,344.3	50	64	32.0	229.8	4,695.3			318
	Johnston.....	685	5,753.6	225	54	104.3	678.7	244.9	271.6	16	88
	Love.....	1,120	16,047.5	106	42	242.7	1,983.6	362.6	1,610.3	8	380
	Marshall.....	496	8,196.4	51	12	27.0	1,167.1	211.6	721.7	9	102
	Murray.....	357	2,882.2	80	16	77.0	731.5	30.1	278.8	7	39
	Pontotoc.....	1,051	6,203.3	331	63	105.0	769.4	77.5	350.4	8	90
	Stephens.....	1,779	19,118.7	222	60	219.0	323.3	1,418.2			221
	Total, district 8.....	13,935	150,236.9	2,533	728	1,796.6	10,222.2	9,207.4	5,246.4		
9	Choctaw.....	1,760	14,590.7	396	105	141.0	2,466.4	195.8	1,429.4		
	Latimer.....	492	2,244.9	209	65	97.0	333.1	33.4	208.0	30	45
	LeFlore.....	2,122	17,621.7	419	35	51.0	3,504.7	220.6	980.5		
	McCurtain.....	1,599	22,538.9	332	134	280.0	2,088.4	325.7	1,458.0	56	215
	Pushmataha.....	606	3,268.3	201	64	103.0	327.6	33.3	223.5	21	58
Total, district 9.....	6,579	60,264.5	1,557	403	672.0	8,720.2	808.8	4,299.4			
State.....	85,235	1,243,295.0	12,612	5,128	18,255.1	50,235.6	39,255.2	24,986.7			

Mr. KARSTEN. Mr. Chairman, I yield the balance of the time to the gentleman from Virginia [Mr. GARY].

Mr. GARY. Mr. Chairman, shortly after my daughter first entered school I met her teacher on the street one day and she told me laughingly: "Several days ago I asked your daughter a question. She said, 'I do not know the answer but my Daddy does and I will find out tonight and let you know tomorrow.'"

I am a lawyer and I do not know all of the answers about this accounting procedure. The Gary family, however,

has diversified its activities. I have a brother who is a certified public accountant and who had the privilege of serving as Executive Assistant and Director of Research of the accounting phase of the Hoover Commission investigation. He is now engaged in the installation of a new accounting system in the Coast Guard which will conform with the recommendations of that Commission.

So I turned to him for information on this bill, and this is what he said:

There is no doubt in my mind but that H. R. 9038 represents the best possible ap-

proach to improvement of accounting and auditing for the Federal Government. It is complete consistent and incorporates into law the features of the accounting improvement program that is being conducted in the Coast Guard and other agencies of the Government under the joint program. In addition, it provides for the elimination of duplicate and cumbersome procedures which not only have made the installation of the accounting system in the Coast Guard more difficult, but also will effect economies in the handling of routine transactions.

It is my opinion that this proposed bill is all of the major legislation that is required to do the complete accounting and auditing

improvement job for the entire Federal Government. I remember that some time ago you asked me why legislation was not developed that would write into law the approach to this problem that is being made by the joint program. This legislation does just that.

Mr. Chairman, the critical situation which we face today not only requires that we drastically curtail nonmilitary expenditures and eliminate all non-essential expenditures, but that we utilize the most modern budgeting and accounting procedures available to supervise and control the vast expenditures which we must authorize. This bill also does that and I hope it will be enacted into law.

The CHAIRMAN. All time having expired, 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 "Budget and Accounting Procedures Act of 1950."

TITLE I—BUDGETING AND ACCOUNTING
PART I—BUDGETING

Definition

SEC. 101. Section 2 of the Budget and Accounting Act, 1921 (42 Stat. 20), is amended by adding at the end thereof the following:

"The term 'appropriations' includes, in appropriate context, funds and authorizations to create obligations by contract in advance of appropriations."

Performance budget and regulations

SEC. 102. (a) Section 201 of such act is amended to read as follows:

"SEC. 201. The President shall transmit to Congress during the first 15 days of each regular session, the budget, which shall set forth his budget message, summary data and text, and supporting detail. The budget shall set forth in such form and detail as the President may determine—

"(a) functions and activities of the Government, constituting a performance budget;

"(b) a segregation of operating, and of capital and investment programs;

"(c) any other desirable classifications of data;

"(d) a reconciliation of the summary data on expenditures with proposed appropriations;

"(e) estimated expenditures and proposed appropriations necessary in his judgment for the support of the Government for the ensuing fiscal year, except that estimated expenditures and proposed appropriations for such year for the legislative branch of the Government and the Supreme Court of the United States shall be transmitted to the President on or before October 15 of each year, and shall be included by him in the budget within revision;

"(f) estimated receipts of the Government during the ensuing fiscal year, under (1) laws existing at the time the budget is transmitted and also (2) under the revenue proposals, if any, contained in the budget;

"(g) actual appropriations, expenditures, and receipts of the Government during the last completed fiscal year;

"(h) estimated expenditures and receipts, and actual or proposed appropriations of the Government during the fiscal year in progress;

"(i) balanced statements of (1) the condition of the Treasury at the end of the last completed fiscal year, (2) the estimated condition of the Treasury at the end of the fiscal year in progress, and (3) the estimated condition of the Treasury at the end of the ensuing fiscal year if the financial proposals contained in the budget are adopted;

"(j) all essential facts regarding the bonded and other indebtedness of the Government; and

"(k) such other financial statements and data as in his opinion are necessary or desirable in order to make known in all practicable detail the financial condition of the Government."

(b) Section 203 of such act is amended to read as follows:

"SEC. 203. (a) The President from time to time may transmit to Congress such proposed supplemental or deficiency appropriations as in his judgment (1) are necessary on account of laws enacted after the transmission of the budget, or (2) are otherwise in the public interest. He shall accompany such proposals with a statement of the reasons therefor, including the reasons for their omission from the budget.

"(b) Whenever such proposed supplemental or deficiency appropriations reach an aggregate which, if they had been contained in the budget, would have required the President to make a recommendation under subsection (a) of section 202, he shall thereupon make such recommendation."

(c) Section 204 of such act is amended to read as follows:

"SEC. 204. Except as otherwise provided in this act, the contents, order, and arrangement of the proposed appropriations and the statements of expenditures and estimated expenditures contained in the budget or transmitted under section 203, and the notes and other data submitted therewith, shall conform to requirements prescribed by the President."

(d) Section 205 of such act is amended to read as follows:

"SEC. 205. Whenever any basic change is made in the form of the budget, the President, in addition to the budget, shall transmit to Congress such explanatory notes and tables as may be necessary to show where the various items embraced in the budget of the prior year are contained in the new budget."

(e) The last sentence of section 207 of such act is amended to read as follows: "The Bureau, under such rules and regulations as the President may prescribe, shall prepare the budget, and any proposed supplemental or deficiency appropriations, and to this end shall have authority to assemble, correlate, revise, reduce, or increase the requests for appropriations of the several departments or establishments."

(f) Section 214 of such act is amended to read as follows:

"SEC. 214. The head of each department and establishment shall prepare or cause to be prepared in each year his requests for regular, supplemental, or deficiency appropriations."

(g) Section 215 of such act is amended to read as follows:

"SEC. 215. The head of each department and establishment shall submit his requests for appropriations to the Bureau on or before a date which the President shall determine. In case of his failure to do so, the President shall cause such requests to be prepared as are necessary to enable him to include such requests with the Budget in respect to the work of such department or establishment."

(h) Section 216 of such act is amended to read as follows:

"SEC. 216. Requests for regular, supplemental, or deficiency appropriations which are submitted to the Bureau by the head of any department or establishment shall be prepared and submitted as the President may determine in accordance with the provisions of section 201."

Transitory provisions

SEC. 103. In order to expedite the conversion from present budgeting and accounting methods to the performance type of Budget

contemplated in the amendments made by this part, the head of each department and establishment in the executive branch of the Government, with the approval of the President, is authorized and directed, until the end of the second full fiscal year following the date of the enactment of this act, to make such transfers and adjustments within his department or establishment between appropriations available for obligation by such department or establishment in such manner as he deems necessary to cause the obligation and administration of funds and the reports of expenditures to reflect the financial requirements of the functions and activities of the department or establishment. Reports of transfers and adjustments made pursuant to the authority of this section shall be made currently to the President and the Congress.

Government statistical activities

SEC. 104. The President, through the Director of the Bureau of the Budget, is authorized and directed to develop programs and to issue regulations and orders for the improved gathering, compiling, analyzing, publishing, and disseminating of statistical information for any purpose by the various agencies in the executive branch of the Government. Such regulations and orders shall be adhered to by such agencies.

Improved administration of executive agencies

SEC. 105. The President, through the Director of the Bureau of the Budget, is authorized and directed to evaluate and develop improved plans for the organization, coordination, and management of the executive branch of the Government with a view to efficient and economical service.

Business-type budgets

SEC. 106. The first two sentences of section 102 of the Government Corporation Control Act of 1945 (59 Stat. 597), are amended to read as follows: "Each wholly owned Government corporation shall cause to be prepared annually a business-type budget which shall be submitted to the Bureau of the Budget, under such rules and regulations as the President may establish as to the date of submission, the form and content, the classification of data, and the manner in which such budget program shall be prepared and presented."

PART II—ACCOUNTING AND AUDITING

Short title

SEC. 110. This part may be cited as the "Accounting and Auditing Act of 1950."

Declaration of policy

SEC. 111. It is the policy of the Congress in enacting this part that—

(a) The accounting of the Government provide full disclosure of the results of financial operations, adequate financial information needed in the management of operations and the formulation and execution of the budget, and effective control over income, expenditures, funds, property, and other assets.

(b) Full consideration to be given to the needs and responsibilities of both the legislative and executive branches in the establishment of accounting and reporting systems and requirements.

(c) The maintenance of accounting systems and the producing on financial reports with respect to the operations of executive agencies, including central facilities for bringing together and disclosing information on the results of the financial operations of the Government as a whole, be the responsibility of the executive branch.

(d) The auditing for the Government, conducted by the Comptroller General of the United States as an agent of the Congress be directed at determining the extent to

which accounting and related financial reporting fulfill the purposes specified, financial transactions have been consummated in accordance with laws, regulations or other legal requirements, and adequate internal financial control over operations is exercised, and afford an effective basis for the settlement of accounts of accountable officers.

(e) Emphasis be placed on effecting orderly improvements resulting in simplified and more effective accounting, financial reporting, budgeting, and auditing requirements and procedures and on the elimination of those which involve duplication or which do not serve a purpose commensurate with the costs involved.

(f) The Comptroller General of the United States, the Secretary of the Treasury, and the Director of the Bureau of the Budget conduct a continuous program for the improvement of accounting and financial reporting in the Government.

Accounting and reporting provisions

SEC. 112. (a) The Comptroller General of the United States, after consulting the Secretary of the Treasury and the Director of the Bureau of the Budget concerning their accounting, financial reporting, and budgetary needs, and considering the needs of the other executive agencies, shall prescribe the principles, standards, and related requirements for accounting to be observed by each executive agency, including requirements for suitable integration between the accounting processes of each executive agency and the accounting of the Treasury Department. Requirements prescribed by the Comptroller General shall be designed to permit the executive agencies to carry out their responsibilities under section 113 of this part, while providing a basis for integrated accounting for the Government, full disclosure of the results of the financial operations of each executive agency and the Government as a whole, and financial information and control necessary to enable the Congress and the President to discharge their respective responsibilities. The Comptroller General shall continue to exercise the authority vested in him by section 205 (b) of the Federal Property and Administrative Services Act of 1949 (63 Stat. 389) and, to the extent he deems necessary, the authority vested in him by section 309 of the Budget and Accounting Act, 1921 (42 Stat. 25). Any such exercise of authority shall be consistent with the provisions of this section.

(b) The General Accounting Office shall cooperate with the executive agencies in the development of their accounting systems, including the Treasury Department, in the development and establishment of the system of central accounting and reporting required by section 114 of this part. Such accounting systems shall be approved by the Comptroller General when deemed by him to be adequate and in conformity with the principles, standards, and related requirements prescribed by him.

(c) The General Accounting Office shall from time to time review the accounting systems of the executive agencies. The results of such reviews shall be available to the heads of the executive agencies concerned, to the Secretary of the Treasury, and to the Director of the Bureau of the Budget, and the Comptroller General shall make such reports thereon to the Congress as he deems proper.

SEC. 113. (a) The head of each executive agency shall establish and maintain systems of accounting and internal control designed to provide—

- (1) full disclosure of the financial results of the agency's activities;
- (2) adequate financial information needed for the agency's management purposes;
- (3) effective control over and accountability for all funds, property, and other

assets for which the agency is responsible, including appropriate internal audit;

(4) reliable accounting results to serve as the basis for preparation and support of the agency's budget requests, for controlling the execution of its budget, and for providing financial information required by the Bureau of the Budget under section 213 of the Budget and Accounting Act, 1921 (42 Stat. 23);

(5) suitable integration of the accounting of the agency with the accounting of the Treasury Department in connection with the central accounting and reporting responsibilities imposed on the Secretary of the Treasury by section 114 of this part.

(b) The accounting systems of executive agencies shall conform to the principles, standards, and related requirements prescribed by the Comptroller General pursuant to section 112 (a) of this part.

SEC. 114. (a) The Secretary of the Treasury shall prepare such reports for the information of the President, the Congress, and the public as will present the results of the financial operations of the Government: *Provided*, That there shall be included such financial data as the Director of the Bureau of the Budget may require in connection with the preparation of the budget or for other purposes of the Bureau. Each executive agency shall furnish the Secretary of the Treasury such reports and information relating to its financial condition and operations as the Secretary, by rules and regulations, may require for the effective performance of his responsibilities under this section.

(b) The Secretary of the Treasury is authorized to establish the facilities necessary to produce the financial reports required by subsection (a) of this section. The Secretary is further authorized to reorganize the accounting functions and install, revise, or eliminate accounting procedures and financial reports of the Treasury Department in order to develop effective and coordinated systems of accounting and financial reporting in the several bureaus and offices of the Department with such concentration of accounting and reporting as is necessary to accomplish integration of accounting results for the activities of the Department and provide the operating center for the consolidation of accounting results of other executive agencies with those of the Department. The authority vested in and the duties imposed upon the Department by sections 10, 15, and 22 of the act entitled "An act making appropriations for the legislative, executive, and judicial branches of the Government for the fiscal year ending June 30, 1895, and for other purposes", approved July 31, 1894 (28 Stat. 162, 208-210), may be exercised and performed by the Secretary of the Treasury as a part of his broader authority and duties under this section and in such a manner as to provide a unified system of central accounting and reporting on the most efficient and useful basis.

(c) The system of central accounting and reporting provided for herein shall be consistent with the principles, standards, and related requirements prescribed by the Comptroller General pursuant to section 112 of this part.

SEC. 115. (a) When the Secretary of the Treasury and the Comptroller General determine that existing procedures can be modified in the interest of simplification, improvement, or economy, with sufficient safeguards over the control and accounting for the public funds, they may issue joint regulations providing for the waiving, in whole or in part, of the requirements of existing law that—

- (1) warrants be issued and countersigned in connection with the receipt, retention,

and disbursement of public moneys and trust funds; and

(2) funds be requisitioned, and advanced to accountable officers under each separate appropriation head or otherwise.

(b) Such regulations may further provide for the payment of vouchers by authorized disbursing officers by means of checks issued against the general account of the Treasurer of the United States: *Provided*, That in such case the regulations shall provide for appropriate action in the event of delinquency by disbursing officers in the rendition of their accounts or for other reasons arising out of the condition of the officers' accounts, including under necessary circumstances, the suspension or withdrawal of authority to disburse.

SEC. 116. The Comptroller General is authorized to discontinue the maintenance in the General Accounting Office of appropriation, expenditure, limitation, receipt, and personal ledger accounts when in his opinion the accounting systems and internal control of the executive, legislative, and judicial agencies are sufficient to enable him to perform properly the functions to which such accounts relate.

Auditing provisions

SEC. 117. (a) Except as otherwise specifically provided by law, the financial transactions of each executive, legislative, and judicial agency, including but not limited to the accounts of accountable officers, shall be audited by the General Accounting Office in accordance with such principles and procedures and under such rules and regulations as may be prescribed by the Comptroller General of the United States. In the determination of auditing procedures to be followed and the extent of examination of vouchers and other documents, the Comptroller General shall give due regard to generally accepted principles of auditing, including consideration of the effectiveness of accounting organizations and systems, internal audit and control, and related administrative practices of the respective agencies.

(b) Whenever the Comptroller General determines that the audit shall be conducted at the place or places where the accounts and other records of an executive agency are normally kept, he may require any executive agency to retain in whole or in part accounts of accountable officers, contracts, vouchers, and other documents, which are required under existing law to be submitted to the General Accounting Office, under such conditions and for such period not exceeding 10 years as he may specify, unless a longer period is agreed upon with the executive agency: *Provided*, That under agreements between the Comptroller General and legislative and judicial agencies the provisions of this sentence may be extended to the accounts and records of such agencies.

General provisions

SEC. 118. As used in this part, the term "executive agency" means any executive department or independent establishment in the executive branch of the Government but (a) except for the purposes of sections 114, 116, and 119 shall not include any Government corporation or agency subject to the Government Corporation Control Act (53 Stat. 597), and (b) except for the purposes of sections 111, 114, and 116 shall not include the Post Office Department.

SEC. 119. The head of each executive agency is authorized to designate the place or places, at the seat of government or elsewhere, at which the administrative examination of fiscal officers' accounts will be performed, and with the concurrence of the Comptroller General to waive the administrative examination in whole or in part: *Provided*, That the same authority is hereby conferred upon

the officers responsible for the administrative examination of accounts for legislative and judicial agencies.

TITLE II—APPROPRIATIONS

TRANSFERS BETWEEN APPROPRIATIONS

SEC. 201. After the end of the second full fiscal year following the date of enactment of this act, with the approval of the President, the head of each department and establishment in the executive branch of the Government is authorized to make transfers and adjustments between appropriations within his department or establishment in order to promote economy and efficiency, but no appropriation shall be increased or decreased thereby during any fiscal year by more than 5 percent. Reports of such transfers and adjustments with the reasons therefor shall be made currently to the President and the Congress and shall be summarized annually in the budget.

AUTHORIZATIONS FOR APPROPRIATIONS

SEC. 202. No request for legislation, which, if enacted, would authorize subsequent appropriations for a department or establishment in the executive branch of the Government, shall be transmitted to the Bureau of the Budget, to the President, or to the Congress by such department or establishment, or by any organizational unit thereof, without the prior approval of the head of such department or establishment.

REDUCTIONS IN APPROPRIATIONS

SEC. 203. To promote economy and to reduce expenditures, the President is authorized to establish and to modify from time to time reserves from appropriations for the executive branch of the Government to the extent that he determines that the purposes intended by the Congress will be accomplished by the expenditure of amounts less than the amounts appropriated.

ADJUSTMENT OF APPROPRIATIONS FOR REORGANIZATION

SEC. 204. (a) When under authority of law a function or an activity is transferred or assigned from one agency within any department or establishment to another agency in the same department or establishment, the balance of appropriations which are determined by the head of such department or establishment to be available and necessary to finance or discharge the function or activity so transferred or assigned may, with the approval of the President, be transferred to, and be available for use by, the agency to which said function or activity is transferred or assigned for any purpose for which said funds were originally available. Balances so transferred shall be credited to any applicable existing appropriation account or accounts, or to any new appropriation account or accounts, which are hereby authorized to be established, and shall be merged with funds in the applicable existing or newly

(b) When under authority of law a function or activity is transferred or assigned from one department or establishment to another department or establishment, the balance of appropriations which are determined by the President to be available and necessary to finance or discharge the function or activity so transferred or assigned, shall be transferred to and be available for use by the department or establishment to which said function or activity is transferred or assigned for any purpose for which said funds were originally available. Balances so transferred shall be credited to any applicable existing appropriation account or accounts, or to any new appropriation account or accounts, which are hereby authorized to be established, and shall be merged with funds in the applicable existing or newly

established appropriation account or accounts and thereafter accounted for as one fund.

TITLE III—REPEALS AND SAVINGS PROVISIONS

REPEALS

SEC. 301. The following acts and parts of acts are hereby repealed:

(1) Section 10 of the act of August 1, 1914 (38 Stat. 680; U. S. C., title 31, sec. 582).

(2) So much of section 4 of the act of June 20, 1874 (18 Stat. 109; U. S. C., title 31, sec. 583 (1)), as reads: "and hereafter the Secretary of the Treasury shall annually submit to Congress detailed estimates of appropriations required for said expenses;"

(3) The last proviso in the first paragraph under the heading "Judgments; United States Courts" of the act of April 27, 1904 (33 Stat. 422; U. S. C., title 31, sec. 583 (2)).

(4) The last sentence of section 5 of the act of August 5, 1882 (22 Stat. 256; U. S. C., title 31, sec. 583 (3)).

(5) So much of the matter appearing under the heading "Mints and Assay Offices" of the act of March 4, 1911 (36 Stat. 1292; U. S. C., title 31, sec. 583 (4)), as reads: "and the Secretary of the Treasury shall, for the fiscal year 1913, and annually thereafter, submit to Congress, in the regular book of estimates, detailed estimates for the expenses of this Service."

(6) So much of the matter appearing under the heading "Treasury Department" in the act of August 26, 1912 (37 Stat. 596; U. S. C., title 31, sec. 583 (5)), as reads: "Provided further, That estimates hereunder shall be submitted in detail for the fiscal year 1914, and annually thereafter."

(7) The last sentence of the paragraph under the heading "Federal Farm Loan Board" of the act of September 8, 1916 (U. S. C., title 31, sec. 583 (7)), appearing on page 803 of volume 39 of the Statutes at Large; and the third and last paragraph under the heading "Federal Farm Loan Bureau" of the act of March 3, 1917 (U. S. C., title 31, sec. 583 (7)), appearing on page 1084 of volume 39 of the Statutes at Large.

(8) The last sentence on page 48 of volume 30 of the Statutes at Large, in the act of June 4, 1897 (U. S. C., title 31, sec. 583 (8)).

(9) The first sentence of section 6 of the act of March 3, 1919 (40 Stat. 1309; U. S. C., title 31, sec. 583 (10)).

(10) The last proviso under the heading "Office of the Chief Signal Officer" of the act of March 2, 1907 (34 Stat. 1159; U. S. C., title 31, sec. 583 (11)).

(11) The sixth full paragraph appearing on page 648 of volume 29 of the Statutes at Large in the act of March 3, 1897 (U. S. C., title 31, sec. 583 (13)).

(12) So much of the matter following the heading "Bureau of Mines" in the act of March 3, 1915 (38 Stat. 858; U. S. C., title 31, sec. 583 (14)) as reads: "estimates shall be submitted specifically for all personal services required permanently and entirely in the Bureau of Mines at Washington, D. C., and previously paid from lump-sum or general appropriations;"

(13) The proviso at the end of the fourth paragraph on page 312 of volume 37 of the Statutes at Large, in the act of August 17, 1912 (U. S. C., title 31, sec. 583 (15)).

(14) The third paragraph appearing on page 1082 of volume 32 of the Statutes at Large, in the act of March 3, 1903 (U. S. C., title 31, sec. 583 (16)).

(15) So much of section 12 of the act of June 26, 1906 (34 Stat. 480; U. S. C., title 31, sec. 583 (18)), as reads: "and he shall annually submit to Congress estimates to cover the cost of the establishment and maintenance of fish hatcheries in Alaska, the salaries and actual traveling expenses of such officials, and for such other expenditures as may be necessary to carry out the provisions of this act."

(16) The proviso at the end of the first full paragraph on page 456 of volume 32 of the Statutes at Large, in the act of June 28, 1902 (U. S. C., title 31, sec. 583 (20)).

(17) The second full paragraph on page 841 of volume 38 of the Statutes at Large, in the act of March 3, 1915 (U. S. C., title 31, sec. 583 (21)).

(18) The fourth full paragraph on page 2 of volume 38 of the Statutes at Large, in the act of May 1, 1913 (U. S. C., title 31, sec. 583 (22)).

(19) The proviso at the end of the second paragraph under the heading "Bureau of Immigration and Naturalization" of the act of March 4, 1907 (34 Stat. 1329, 1330; U. S. C., title 31, sec. 583 (23)).

(20) The second full paragraph on page 374 of volume 35 of the Statutes at Large, in the act of May 27, 1908 (U. S. C., title 31, sec. 583 (25)).

(21) So much of the last paragraph on page 396 of volume 37 of the Statutes at Large, in the act of August 23, 1912 (U. S. C., title 31, sec. 583 (26)), as reads: "For the fiscal year 1914 and annually thereafter estimates in detail shall be submitted for all personal services required in the Indian Office."

(22) The proviso at the end of the first full paragraph on page 646 of volume 41 of the Statutes at Large, in the act of May 29, 1920 (U. S. C., title 31, sec. 584).

(23) Section 3660 of the Revised Statutes (U. S. C., title 31, sec. 585).

(24) Section 4 of the act of June 22, 1906 (34 Stat. 448; U. S. C., title 31, sec. 586).

(25) Section 4 of the act of March 4, 1909 (35 Stat. 907; U. S. C., title 31, sec. 587).

(26) Section 2 of the act of June 30, 1906 (34 Stat. 762; U. S. C., title 31, sec. 588); and the proviso in the first paragraph on page 1367 of volume 34 of the Statutes at Large, in the act of March 4, 1907 (U. S. C., title 31, sec. 588).

(27) Section 3661, as amended, of the Revised Statutes (U. S. C., title 31, sec. 589).

(28) So much of the first paragraph on page 255 of volume 24 of the Statutes at Large, in the act of August 4, 1886 (U. S. C., title 21, sec. 590), as reads: "Provided further, That all printing and engraving for the Geological Survey, the Coast and Geodetic Survey, the Hydrographic Office of the Navy Department, and the Signal Service shall hereafter be estimated for separately and in detail, and appropriated for separately for each of said bureaus."

(29) Section 3662 of the Revised Statutes (U. S. C., title 31, sec. 591).

(30) Section 3663 of the Revised Statutes, as amended (U. S. C., title 31, sec. 594).

(31) Section 3664 of the Revised Statutes (U. S. C., title 31, sec. 597).

(32) Section 3665 of the Revised Statutes (U. S. C., title 31, sec. 598).

(33) The second paragraph under the heading "Revenue Cutter Service" in the act of March 2, 1889 (25 Stat. 907; U. S. C., title 31, sec. 600).

(34) So much of the second full paragraph on page 512 of volume 24 of the Statutes at Large, in the act of March 3, 1887 (U. S. C., title 31, sec. 601), as reads: "That the Secretary of the Treasury shall for the fiscal year 1887, and for each fiscal year thereafter in the annual estimates, report to Congress the number of persons employed outside of the District of Columbia, as superintendents, clerks, watchmen and otherwise, and paid from appropriations for the construction of public buildings showing where said persons are employed, in what capacity, the length of time and at what rate of compensation."

(35) So much of the sixth full paragraph on page 374 of volume 26 of the Statutes at Large, in the act of August 30, 1890 (U. S. C., title 31, sec. 601) as reads: "and hereafter the Secretary of the Treasury shall annually report to Congress in the book of

estimates a statement of the expenditure of the appropriation for 'repairs and preservation of public buildings' which shall show the amount expended on each public building and the number of persons employed and paid salaries from such appropriation."

(36) So much of section 1317 of the Revenue Act of 1921 (42 Stat. 314; U. S. C., title 31, sec. 602) as reads: "; and the Secretary of the Treasury shall submit for the fiscal year 1921, and annually thereafter, an estimate of appropriations to refund and pay back duties or taxes erroneously or illegally assessed or collected under the internal revenue laws, and to pay judgments, including interest and costs, rendered for taxes or penalties erroneously or illegally assessed or collected under the internal revenue laws".

(37) The first paragraph on page 133 of volume 22 of the Statutes at Large, in the act of July 1, 1882 (U. S. C., title 31, sec. 603).

(38) The eighth paragraph under the heading "Foreign Intercourse" of the act of May 3, 1905 (33 Stat. 1214; U. S. C., title 31, sec. 603).

(39) The last paragraph on page 48 of volume 30 of the Statutes at Large, in the act of June 4, 1897 (U. S. C., title 31, sec. 604).

(40) The eighth paragraph under the heading "Under the Engineer Department" of the act of February 13, 1913 (37 Stat. 671; U. S. C., title 31, sec. 605).

(41) The sixth paragraph under the heading "Fortifications in Insular Possessions" of the act of March 3, 1905 (33 Stat. 847; U. S. C., title 3, sec. 606).

(42) So much of the first section of the act of August 4, 1886 (24 Stat. 246; U. S. C., title 31, sec. 607), as reads: "the estimates for the Army and Navy hospital service shall be submitted as a part of the Military Establishment."

(43) The first full paragraph on page 117 of volume 31 of the Statutes at Large, in the act of April 17, 1900 (U. S. C., title 31, sec. 609).

(44) Section 3668 of the Revised Statutes (U. S. C., title 31, sec. 610).

(45) So much of the first paragraph on page 357 of volume 20 of the Statutes at Large, in the act of March 3, 1879 (U. S. C., title 31, sec. 611), as reads: "Provided, That hereafter, in making his estimates for railway mail service the Postmaster General shall separate the estimate for postal-car service from the general estimates; and in case any increase or diminution of service by postal cars shall be made by him, the reasons therefor shall be given in his annual report next succeeding such increase or diminution."

(46) So much of the first paragraph under the heading "United States Geological Survey" in the act of March 3, 1887 (24 Stat. 527; U. S. C., title 31, sec. 612), as reads: "; and hereafter the estimates for the Geological Survey shall be itemized."

(47) The first paragraph on page 455 of volume 32 of the Statutes at Large, in the act of June 28, 1902 (U. S. C., title 31, sec. 612).

(48) Section 4 of the act of August 15, 1876 (19 Stat. 200; U. S. C., title 31, sec. 613).

(49) The fourth paragraph of section 26 of the act of June 30, 1913 (38 Stat. 103; U. S. C., title 31, sec. 613).

(50) The eighth full paragraph on page 1421 of volume 36 of the Statutes at Large, in the act of March 4, 1911 (U. S. C., title 31, sec. 614).

(51) The eighth full paragraph on page 1206 of volume 33 of the Statutes at Large, in the act of March 3, 1905 (U. S. C., title 31, sec. 615).

(52) The fourth full paragraph under the heading "Government in the Territories" of the act of July 16, 1914 (38 Stat. 479; U. S. C., title 31, sec. 616).

(53) The first full paragraph on page 492 of volume 39 of the Statutes at Large, in

the act of August 11, 1916 (U. S. C., title 31, sec. 617).

(54) The proviso in the first paragraph under the heading "Rent in the District of Columbia" of the act of March 4, 1915 (38 Stat. 1108; U. S. C., title 31, sec. 617).

(55) The seventh paragraph on page 433 of volume 32 of the Statutes at Large, in the act of June 28, 1902 (U. S. C., title 31, sec. 618).

(56) The ninth full paragraph on page 755 of volume 36 of the Statutes at Large, in the act of June 25, 1910 (U. S. C., title 31, sec. 618).

(57) The fourth full paragraph on page 362 of volume 27 of the Statutes at Large, in the act of August 5, 1892 (U. S. C., title 31, sec. 619).

(58) The first full paragraph on page 764 of volume 36 of the Statutes at Large, in the act of June 25, 1910 (U. S. C., title 31, sec. 620).

(59) Section 6 of the act of August 1, 1914 (38 Stat. 679; U. S. C., title 31, sec. 621).

(60) The last full sentence in the first paragraph on page 254 of volume 23 of the Statutes at Large, in the act of July 7, 1884 (U. S. C., title 31, sec. 622).

(61) Section 5 of the act of June 30, 1936 (34 Stat. 763; U. S. C., title 31, sec. 626).

(62) The proviso at the end of the first paragraph on page 579 of volume 37 of the Statutes at Large, in the act of August 24, 1912 (U. S. C., title 31, sec. 626).

(63) Section 7, as amended, of the act of August 26, 1912 (37 Stat. 626; 37 Stat. 790; U. S. C., title 31, sec. 629).

(64) The fourth full paragraph on page 854 of volume 37 of the Statutes at Large, in the act of March 4, 1913 (U. S. C., title 31, sec. 630).

(65) The proviso at the end of the seventh paragraph on page 1030 of volume 31 of the Statutes at Large, in the act of March 3, 1901 (U. S. C., title 31, sec. 633).

(66) The second paragraph under the heading "Contingent, Bureau of Ordnance" of the act of July 12, 1921 (42 Stat. 128; U. S. C., title 31, sec. 636), down through the first proviso therein.

(67) So much of the third paragraph under the heading "Contingent expenses, Navy Department" of the act of June 22, 1906 (34 Stat. 427; U. S. C., title 31, sec. 637), as reads: "and hereafter it shall not be lawful to expend, for any of the offices or bureaus of the Navy Department at Washington, any sum out of appropriations made for the Naval Establishment for any of the purposes mentioned or authorized in the said foregoing paragraph."

(68) So much of the paragraph under the heading "Increase of the Navy, equipment" of the act of March 3, 1915 (38 Stat. 952; U. S. C., title 31, sec. 648), as reads: "and beginning with July 1, 1915, equipment outfits shall be charged to appropriation 'Increase of the Navy, Construction and machinery.'"

(69) The two provisos in the paragraph under the heading "Fuel and transportation" of the act of March 3, 1915 (38 Stat. 944; U. S. C., title 31, sec. 649).

(70) The proviso in the tenth paragraph on page 236, of volume 28 of the Statutes at Large, in the act of August 6, 1894 (U. S. C., title 31, sec. 650).

(71) The fourth full paragraph on page 1175 of volume 34 of the Statutes at Large, in the act of March 2, 1907 (U. S. C., title 31, sec. 655).

(72) So much of the first full paragraph on page 1391 of volume 42 of the Statutes at Large, in the act of March 2, 1923 (U. S. C., title 31, sec. 656), as reads: "and the budget estimates for each of such appropriations shall hereafter carry separately the amounts required for such transportation costs."

(73) The proviso in the seventh full paragraph on page 520 of volume 32 of the Stat-

utes at Large, in the act of June 30, 1902 (U. S. C., title 31, sec. 657).

(74) The proviso in lines 2 through 8 on page 710 of volume 36 of the Statutes at Large, in the act of June 25, 1910 (U. S. C., title 31, sec. 664).

(75) Section 3682 of the Revised Statutes (U. S. C., title 31, sec. 674).

(76) Section 3683 of the Revised Statutes (U. S. C., title 31, sec. 675).

(77) The second full paragraph on page 1303 of volume 41 of the Statutes at Large, in the act of March 3, 1921 (U. S. C., title 31, sec. 676).

(78) The proviso in lines 7 through 17 on page 203 of volume 20 of the Statutes at Large, in the act of June 19, 1878 (U. S. C., title 31, sec. 677).

(79) Section 3684 of the Revised Statutes (U. S. C., title 31, sec. 681).

(80) Section 6 of the act of May 30, 1908 (U. S. C., title 31, sec. 683).

(81) So much of the paragraph under the heading "Pay of Assistant Custodians and Janitors," on pages 1153 and 1154 of volume 31 of the Statutes at Large, in the act of March 3, 1901 (U. S. C., title 31, sec. 684), as reads: "and hereafter no other fund appropriated shall be used for this service."

(82) The second paragraph under the heading "United States Commerce Court" of the act of March 4, 1911 (36 Stat. 1234; U. S. C., title 31, sec. 687).

(83) Section 26 of the act of June 30, 1913 (38 Stat. 103; U. S. C., title 31, sec. 688).

(84) Section 400 of the Second Deficiency Appropriation Act, 1947 (U. S. C., title 31, sec. 694).

(85) Section 607 of the act of June 30, 1945, as amended (59 Stat. 304; U. S. C., title 5, sec. 947).

(86) Section 3 of the act of March 3, 1875, as amended (18 Stat. 370; U. S. C., title 31, sec. 624).

(87) So much of the act of March 26, 1934, as amended (48 Stat. 466; U. S. C., title 5, sec. 118c), as reads "with the budget estimates."

(88) So much of the paragraph under the heading "Department of State" in the act of August 5, 1909 (36 Stat. 119; U. S. C., title 5, sec. 157), as reads: "and estimates for further appropriations hereunder shall include in detail salaries for all persons to be employed and paid in the Department of State at Washington, District of Columbia."

(89) The last proviso under the heading "Working Capital Fund" in the act of July 12, 1943 (57 Stat. 393; U. S. C., title 5, sec. 558a).

(90) So much of section 17 of the act of May 22, 1920, as amended (41 Stat. 620; U. S. C., title 5, sec. 730), as reads: "annually to the Bureau of the Budget."

(91) Section 31 of the act of September 7, 1916, as amended (39 Stat. 749; U. S. C., title 5, sec. 782).

(92) The last sentence of section 35 of the act of September 7, 1916, as amended (39 Stat. 749; U. S. C., title 5, sec. 785).

(93) So much of section 1 of the act of October 1, 1890 (26 Stat. 653; U. S. C., title 10, sec. 214), as reads: "and the Signal Corps of the Army shall remain a part of the Military Establishment under the direction of the Secretary of War, and all estimates for its support shall be included with other estimates for the support of the Military Establishment."

(94) The last proviso of section 4 of the act of March 12, 1926 (44 Stat. 206; U. S. C., title 10, sec. 1597).

(95) So much of section 1 of the act of June 12, 1917, as amended (40 Stat. 153; U. S. C., title 16, sec. 452), as reads: "and the Secretary of the Interior is directed to submit, for the fiscal year 1919 and annually thereafter, estimates of the amounts required for the care, maintenance, and development of the said parks."

(96) So much of section 1 of the act of July 24, 1876, as amended (19 Stat. 99; U. S. C., title 24, sec. 278), as requires estimates for the care and maintenance of the national military cemeteries to be submitted annually by the Director of the National Park Service.

(97) So much of section 1 of the act of January 24, 1923 (42 Stat. 1208; U. S. C., title 31, sec. 12), as reads: "The aggregate of all estimates of appropriations from the 'reclamation fund' contained in the budget for any fiscal year shall be included in the totals of the budget for that year."

(98) The second paragraph under the heading "Pay, miscellaneous" of the act of March 3, 1909 (35 Stat. 754; U. S. C., title 31, sec. 609a).

(99) The third paragraph under the heading "Office of the Fourth Assistant Postmaster General" of the act of June 9, 1896 (29 Stat. 316; U. S. C., title 31, sec. 610a).

(100) The last proviso under the heading "National Home for Disabled Volunteer Soldiers" of the act of October 2, 1888, as amended (25 Stat. 543; U. S. C., title 31, sec. 719).

(101) Section 119 of the act of June 3, 1916 (39 Stat. 213; U. S. C., title 32, sec. 25).

(102) So much of the fourth full paragraph on page 558 of volume 39 of the Statutes at Large in the act of August 29, 1916 (U. S. C., title 34, sec. 504), as reads: "and the Secretary of the Navy shall each year, in the annual estimates, report to Congress the number of persons so employed, their duties, and the amount paid to each."

(103) The last proviso in the third paragraph on page 377 of volume 37 of the Statutes at Large in the act of August 23, 1912 (U. S. C., title 39, sec. 769).

(104) Section 27 of the act of January 12, 1895, as amended (28 Stat. 604; U. S. C., title 44, sec. 37).

(105) The eighth full paragraph on page 382 of volume 35 of the Statutes at Large in the act of May 27, 1908 (U. S. C., title 44, sec. 37).

(106) The last paragraph under the heading "Government in the Territories" in the act of June 20, 1874 (18 Stat. 99; U. S. C., title 48, sec. 1456).

SAVING PROVISIONS

SEC. 302. (a) The omission of any provision of law from the provisions of law repealed under section 301 shall not be construed as limiting the application of section 201 or 216 of the Budget and Accounting Act, 1921, as amended, or the powers of the President thereunder, or as evidencing an intent that such provision was not to be superseded by such sections.

(b) Whenever any law authorizes expenditures for a particular object or purpose to be made from an appropriation item referred to in such law by the specific title theretofore used for that appropriation item in the appropriation act concerned, and thereafter such title is changed or is eliminated from such appropriation act, expenditures for such object or purpose thereafter may be made from any corresponding appropriation item.

(c) Except where authority for performance of a function is specifically repealed in section 301, none of the provisions of such section shall be construed as affecting the jurisdiction or responsibility of any agency or officer of the Government over any function or organizational unit referred to in such section.

(d) Existing laws, policies, procedures, and directives pertaining to functions covered by this act, and not inconsistent herewith or repealed hereby, shall remain in full force and effect unless and until superseded, or except as they may be amended, under the authority of this act or under other appropriate authority.

With the following committee amendments:

Page 6, line 17, strike out all of section 103.

Page 7, line 11, strike out "104" and insert "103."

Page 7, line 20, strike out "105" and insert "104."

Page 8, line 2, strike out "106" and insert "105."

Page 18, line 2, strike out all of section 201.

Page 18, line 16, strike out "202" and insert "201."

Page 19, line 1, strike out all of section 203.

Page 19, line 10, strike out "204" and insert "202."

The committee amendments were agreed to.

Mr. KARSTEN. Mr. Chairman, I have four minor amendments at the Clerk's desk. I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. KARSTEN:

Page 1, line 7, strike out "Definition."

Page 2, line 4, strike out "Performance Budget and Regulations"; line 13, strike out the comma and insert in lieu thereof a semicolon; line 14, strike out "constituting a performance budget;"; lines 15 and 16, strike out "'(b) a segregation of operating, and of capital and investment programs;".

Page 4, line 22, after "Sec. 204", insert "(a)."

Page 5, line 3, insert:

"(b) The budget and statements furnished with any proposed supplemental or deficiency appropriations shall be accompanied by information as to personal services and other objects of expenditure in the same manner and form as in the budget for the fiscal year 1950: *Provided*, That this requirement may be waived or modified, either generally or in specific cases, by joint action of the committees of Congress having jurisdiction over appropriation."

Mr. HARVEY. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. HARVEY to the amendment: Page 5, line 3, strike out the period and insert: "*And provided further*, That nothing in this act shall be construed to limit the authority of the Committee of Congress to request and receive such information in such form as they may desire in consideration of and action upon budget estimates."

Mr. KARSTEN. Mr. Chairman, I would like to make a brief explanation of the amendments I submitted. I would like to also add that we see no objection to the amendment offered by the gentleman from Indiana [Mr. HARVEY] and will be glad to accept it.

Mr. Chairman, the Clerk, in reading the amendment, used the word "committee," singular. The word is "committees," plural. I suggest that the amendment be corrected accordingly.

The four amendments I am offering were suggested by members of the Committee on Appropriations. The amendments in no way impair the objectives of the bill. I have discussed these minor changes with the Comptroller General, the Secretary of the Treasury, and the

Director of the Bureau of the Budget. They have no objection to the amendments.

Under the first three amendments the President will have authority to submit either a performance budget or an item budget. At the present time we are using what is known as the performance or functional budget. The proposed amendments will continue existing authority and under these minor changes the President may submit either a functional or item type budget.

The last amendment relates to the green-sheets provision. It simply provides that this statistical information shall be furnished to the Congress along with the budget in justification of budget requests.

Mr. Chairman, I hope the amendments will all be adopted.

Mr. HARVEY. Mr. Chairman, I have been informed that the amendment as offered will require a slight revision. I ask unanimous consent to withdraw it and reoffer it in the proper form.

The CHAIRMAN. Is there objection?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. HARVEY: At the end of the amendment offered by Mr. KARSTEN, add the following amendment. Strike out the period and insert: "*And provided further*, That nothing in this act shall be construed to limit the authority of the committees of Congress to request and receive such information in such form as they may desire in consideration of and action upon budget estimates."

Mr. KARSTEN. Mr. Chairman, if the gentleman will yield, the committees of Congress now have this authority. I think it is desirable, however, to restate it in the bill as the gentleman from Indiana has requested. I think we on this side can agree to the amendment.

Mr. HARVEY. May I say by way of explanation that we have taken language that has previously been written into appropriation bills and put it into substantive legislation. This was done at the request of the gentleman from South Dakota [Mr. CASE], of the Appropriations Committee. I do not know that it is absolutely necessary, but it may well be an added precaution that will protect the rights of the Appropriations Committee and the Congress.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. HARVEY] to the amendment offered by the gentleman from Missouri [Mr. KARSTEN].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri, as amended.

The amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ENGLE of California, 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. 9038) to authorize the President to determine the form of the national budget and of de-

partmental estimates, to modernize and simplify governmental accounting and auditing methods and procedures, and for other purposes, pursuant to House Resolution 729, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

Mr. KARSTEN. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent that the Committee on Expenditures in the Executive Departments have until midnight tonight to file a report on the bill H. R. 9129.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

AUTHORIZING ANNUAL AND SICK LEAVE WITH PAY FOR COMMISSIONED OFFICERS OF PUBLIC HEALTH SERVICE

Mr. PRIEST submitted a conference report and statement on the bill (S. 2160) to amend the Public Health Service Act to authorize annual and sick leave with pay for commissioned officers of the Public Health Service, to authorize the payment of accumulated and accrued annual leave in excess of 60 days, and for other purposes.

GOVERNMENT PUBLICATIONS

Mr. FURCOLO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. FURCOLO. Mr. Speaker, the other day in addressing the House I tried to point out the necessity for paying some attention to economy in those endeavors which have nothing to do with defense. In line with that thought I pointed out the need to try to limit the printing being done by a great many governmental agencies and departments. I prepared a resolution authorizing a committee to be set up to determine what publications the agencies and depart-

ments of Government were printing which had no relation whatever to defense matters.

I have since learned that the Joint Committee on Printing would have jurisdiction of such an investigation and I want to urge them to have hearings as quickly as possible to determine what publications, if any, can be eliminated during this emergency in trying to economize wherever it is possible to do so. This is merely one small attempt to economize, but I think it should be done right away.

The SPEAKER. Under previous order of the House, the gentleman from Georgia [Mr. LANHAM], is recognized for 20 minutes.

OUR NATIONAL DEFENSE

Mr. LANHAM. Mr. Speaker, not once before have I asked for time to speak to the House under a special order. Last night as I lay upon my bed, not able to sleep, I determined to speak my convictions, although my speaking was only the voice of one crying in the wilderness and with no language but a cry.

Sleep would not come because of the weight of responsibility that rests upon me, and upon every other Member of Congress in this hour of crisis and danger. Of course, this same responsibility rests upon every citizen of the United States, but not to so great a degree as upon us, their representatives. Each one of us was chosen because the people back home at least believed us to be men of integrity, of character, of some ability, and with other qualities that fitted us for leadership. If we fail to exercise effective leadership during these trying and terrifying days, our constituents should and will retire us in favor of others who will furnish adequate leadership.

While I think that the Congress is not primarily to blame for the tragic lack of preparedness on the part of our armed services, nevertheless, we will be responsible if we allow it to continue. We were misled by some pompous and self-important officials of our Defense Establishment, to believe that our Defense Establishment was adequate for our protection against attack. Moreover, some of the funds appropriated by Congress were held up by the President, no doubt on the advice of the boastful man who heads our Defense Establishment. I cannot blame the President too much, since he had to depend for the facts and advice upon which he based his actions upon these same men who were sadly wrong in their judgment as to our needs for defense. He will have to bear the blame, however, if he allows these men to bungle further.

As I say, I feel we are not to blame for our lack of preparedness. But we are to blame if we allow this condition to continue, or if we allow our economic and fiscal affairs to degenerate to the same low ebb as our Defense Establishment.

How, then, shall we meet and measure up to our responsibilities?

In the first place, I am sure that we must face some hard facts, acknowledge their existence, and quit our wishful thinking and day-dreaming.

And the first hard fact that we must face is that world war III began with the invasion of South Korea. It is not the dramatic and awe-inspiring beginning that our defense chiefs expected; neither is it the kind of war they envisioned. But I am convinced that after Korea will come Formosa, and then western Germany, Yugoslavia, possibly Iran, Greece, and Turkey. The refusal of the Russians to fight the war our defense chiefs had prepared for reminds me of the old story of the boasting southerner who, before he faced his first Yank, claimed that the southerners could whip the Yankees with cornstalks. After four hard years of fighting, his statement was recalled to him. In answer he ruefully remarked that the Yanks refused to fight with cornstalks.

So if we would fight Stalin we must meet him fully prepared to fight whatever kind of war, and with whatever kinds of weapons, he employs. To recognize this as the beginning of world war III is necessary if we are to arm adequately and prepare our economic forces for the struggle. This does not mean that our might, both military and industrial, potentially now and eventually in fact, may not be such a warning to Soviet Russia that she will decide that discretion is the better part of valor and cease to urge her satellites to attack around the perimeter of the world as she now threatens to do.

The second hard fact that we must face is human nature as exemplified in the spectacle of selfishness and lack of patriotism that has caused a wave of unnecessary buying and hoarding. Enlightened self-interest, and the normal and laudable desire of every man to do well and prosper for his own and his family's sake is the spark plug of our free-enterprise system, and the glory of our free way of life. But until men's hearts are changed and they accept the Christian instead of the materialistic philosophy of life, which will happen only in the millennium, we must realize that this enlightened self-interest so easily degenerates under stress into utter selfishness.

The third fact that we must face is that there is no easy way out of our plight. Freedom has ever been hard-won and as hardly held. We cannot temporize with halfway measures.

Having faced these unpleasant and hard facts, what course shall we pursue to preserve our own liberty and that of the free peoples of the world?

In the first place, the President should give us military and civilian Defense Department heads in whom we can have confidence. Acknowledgment of failure on their part and repentance cannot suffice in this crisis. The President has a load of responsibilities upon his shoulders that is man-killing, and must have advisers upon whom he can depend and in whom the Congress has faith. This is a struggle for survival, and only the fittest should be placed in high places of leadership.

In the next place, the Congress must forget partisan politics and give the President the support and encouragement that he must have to wage a successful

fight against the forces of despotism and brutality. This we can do by furnishing the necessary funds to hasten our armament program to the utmost.

We must then leave the actual conduct of the war to those leaders in whom we have confidence.

A few weeks ago when I suggested that the Secretary of National Defense ought to resign, I did that in a letter which I sent back home. It was intended only for the people back home. It was copied in the Atlanta Journal and then by the Associated Press. I want to tell you that the response from all over the country has been tremendous. When I suggested that I did not suggest it as a sort of punishment for this man who has made so many errors. I did not do it to try to seek a scapegoat for the Congress or for others who are responsible, but for this purpose alone: The man has demonstrated his unfitness for the job. In times like this, in a crisis like this, not only he but the head of every other department of the Government ought to be men of ability, men who can see that our national interests are protected.

But it is in the industrial and civilian mobilization effort that Congress must bear the responsibility and the blame if things go wrong. As I have said, this is a struggle for the survival of freemen and our way of life. Hence we must mobilize our civilian and industrial potential as thoroughly as we do our military forces. Business and industry must go on. But it cannot go on as usual. Recent events in the field of price rises, inflation, and hoarding prove that it cannot go on as usual. If we hesitate and delay our industrial mobilization and the enlistment of our civilian forces, we will fall into the trap set for us by Stalin, who thinks he will never have to fight us directly, if he can force us to spend our strength and waste our resources around the world, and dissipate our industrial power by profiteering and industrial strife at home.

So I urge that we quit talking about controls in the future, and act now to freeze, at the pre-Korea level, prices, wages, and profits. Action is imperative now that our manpower be conserved and our industrial strength protected. Wild inflation will ruin us. Prices and wages can easily be frozen at reasonable levels, and profits should be curbed by an excess-profits tax, imposed now and not next year.

Strikes should be forbidden by law. By and large labor cooperated wonderfully well during the past war with industry to do the greatest job of production the world has ever seen. But there were glaring exceptions which incensed the people and lowered the morale of our fighting men. This must not be repeated.

Our nondefense expenditures should be cut to the bone, else our economy will be unable to stand the strain. Moreover, we must finance this war as we go. The huge national debt is the result of our failure to do this during the last war, while huge fortunes were made. We cannot afford to add to this debt the stupendous sums that will be necessary to bring the present war and whatever

may follow to a successful determination. Increased taxes are not popular, but they are necessary if we are to survive as a free nation. It may be that they should not be imposed until the Ways and Means Committee has had time to study the entire problem, and report sometime early next year. That applies to taxes generally, but not to the excess-profits tax which should be enacted now.

These are hard and unpopular measures. But so is the job of fighting which our young men are so bravely doing. Surely if we can ask them to give their lives for freedom and a free world, we can discipline ourselves and show the world that a democracy can survive in the face of the worst that a ruthless and Godless enemy can do.

We can win and preserve freedom, justice, and Christianity for the peoples of the world, but we cannot do it by halfway measures.

We are sometimes discouraged and disheartened at the apparent success of brute force and criminal practices in world-wide affairs. Occasionally, I am tempted to agree with the pessimistic philosophy of Matthew Arnold so well expressed in some of the most beautiful words in all English poetry, and I quote:

The sea of faith
Was once, too, at the full, and round earth's
shore
Lay like the folds of a bright girdle furled.
But now I only hear
Its melancholy, long, withdrawing roar,
Retreating, to the breath
Of the night-wind, down the vast edges
drear
And naked shingles of the world.

And, love, let us be true
To one another! for the world, which seems
To lie before us like a land of dreams,
So various, so beautiful, so new,
Hath really neither joy, nor love, nor light,
Nor certitude, nor peace, nor help for pain;
And we are here as on a darkling plain
Swept with confused alarms of struggle and
flight,
Where ignorant armies clash by night.

But we should take heart and renew our faith. For, after all, this is a moral universe, and right will win in the end. Yet, unless we are prepared to meet force with force, and propose a superior moral and ethical ideal to the materialistic Marxian philosophy of our enemies, the triumph of right may be delayed for generations.

As Ernest Bevin recently said, "Free men have never been vanquished by slaves." So in spite of the pessimistic view of our civilization that predicts its total eclipse, I believe that free men, following Christian morals and ideals, and exercising the power of these forces, backed up by the necessary physical force can and will preserve our western civilization, and our free way of life. But we cannot dilly-dally. This is the hour. We must act.

The SPEAKER. Under previous order of the House, the gentleman from Texas [Mr. PATMAN] is recognized.

SMALL BUSINESS DEFENSE PLANTS ACT OF 1950

Mr. PATMAN. Mr. Speaker, today I have introduced in the House a bill (H. R. 9243) to create the Small Defense

Plants Corporation and to preserve small-business institutions and free, competitive enterprise. The distinguished Senator from Alabama [Mr. SPARKMAN] has introduced an identical bill in the Senate. As you know, Senator SPARKMAN is the chairman of the Small Business Committee of the Senate, while I have the honor of being the chairman of the Small Business Committee of the House.

Senator SPARKMAN and I have issued a joint statement which, in our opinion, sets forth compelling reasons for introducing at this time legislation which will, when it becomes law, provide an instrument to effectively mobilize the economic resources of the small-business institutions of our country in the defense effort. Senator SPARKMAN will place in the RECORD our joint statement on the Small Business Defense Plants Act of 1950, and I sincerely hope that Members of the House will find an opportunity to read it.

For the further information of the membership, I shall ask unanimous consent to include in my remarks a copy of the bill which is to be cited as the "Small Business Defense Plants Act of 1950," together with a summary and analysis of the bill and a comparison with the 1942 act creating the Smaller War Plants Corporation.

The Smaller War Plants Corporation, which I had the privilege of being joint author, created by the Congress in 1942, was a welcome addition to the war effort in World War II, but its passage came late. It did not come during the period of preparation when we were mobilizing our economic and industrial resources. The present proposal for a Small Defense Plants Corporation is needed to supplement and coordinate the small-business segment of our economy with the Defense Production Act of 1950 now under consideration by the Committees on Banking and Currency of the Senate and the House of Representatives.

The proposal of Senator SPARKMAN and myself to create a Small Defense Plants Corporation is wholly in keeping with objectives of the Defense Production Act of 1950 and with the President's message to the Congress transmitting a report on the situation in Korea—Document No. 646. The Defense Production Act states:

It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this act.

In order to carry out the policy so enunciated, we must have affirmative and positive legislation. The Small Business Defense Plants Act of 1950 provides means for carrying out congressional policy in regard to small business in an affirmative and positive manner.

I am confident that Senators and Representatives will join with Senator SPARKMAN and myself in enacting this legislation into law. We cannot afford to take a chance. Small business must be provided with an effective instrument which will insure participation in our defense effort. Small business' contribution to our economy in times of stress has been magnificent. We need small

business in the present defense effort more than ever before, and we need that effort now.

Therefore, any plan of mobilization of economic and industrial resources which does not utilize the capacities and skills of small business is incomplete, negligent, and dangerous. Decentralization and diversification must be based on small-business participation and, therefore, must be made while we have the choice.

The matters above referred to follow:

[H. R. 9243, 81st Cong., 2d sess.]

A bill to create the Small Defense Plants Corporation and to preserve small-business institutions and free, competitive enterprise

Be it enacted, etc., That this act may be cited as the "Small Business Defense Plants Act of 1950."

Sec. 2. (a) One of the corporations created under the Defense Production Act of 1950 shall be a body corporate under the name "Small Defense Plants Corporation" (hereinafter referred to as the "Corporation"), which Corporation shall be under the general direction and supervision of the President. The principal office of the Corporation shall be located in the District of Columbia, but the Corporation may establish such branch offices in other places in the United States as may be determined by the board of directors.

(b) The Corporation is authorized to obtain money from the Treasury of the United States, for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$500,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$500,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Corporation from the revolving fund when requested by the Corporation.

(c) The management of the Corporation shall be vested in a board of five directors, who shall be appointed by the President, by and with the advice and consent of the Senate, and two of whom shall have been engaged exclusively in private small-business enterprise, in industry or commerce, for at least 10 years. One such director shall be chosen from the ranks of labor, one from the ranks of farmers, and one from the public at large. The President shall designate one of the board members to act as chairman and administrative head of the Corporation. Each member of the board shall receive compensation at the rate of \$15,000 per annum, except that the chairman shall receive compensation at the rate of \$17,500 per annum.

(d) The Corporation shall not have succession, beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to an act of Congress. It shall have power to adopt, alter, and use a corporate seal, which shall be judicially noticed; to make contracts; to lease such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to select and employ such officers, employees, attorneys, and agents as shall be necessary for the transaction of business of the Corporation; to define their authority and duties, require bonds of them, and fix the penalties thereof; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed. The board of directors of the Corporation shall determine and prescribe the manner in which its obligations shall be incurred and its ex-

penses allowed and paid. The Corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The Corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, facilities, officers, and employees thereof in carrying out the provisions of this act.

(e) All moneys of the Corporation not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Corporation or in any Federal Reserve bank. The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Corporation in the general performance of its powers conferred by this act. All insured banks, when designated by the Secretary of the Treasury, shall act as depositories, custodians, and financial agents for the Corporation.

Sec. 3. (a) The Corporation is empowered—

(1) to make loans or advances, on such terms and conditions and with such maturities as it may determine, to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land, or to finance the acquisition of equipment, facilities, machinery, supplies, or materials, or to supply such concerns with capital, to be used in the manufacture of articles, equipment, supplies, or materials for defense or essential civilian purposes; and such loans or advances may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise;

(2) to purchase or lease such land, to purchase, lease, build, or expand such plants, and to purchase or produce such equipment, facilities, machinery, materials, or supplies, as may be needed to enable the Corporation to provide small-business concerns with such land, plants, equipment, facilities, machinery, materials, or supplies as such concerns may require to engage in the production of such articles, equipment, supplies, or materials;

(3) to lease, sell, or otherwise dispose of to any small-business concern any such land, plants, equipment, facilities, machinery, materials, or supplies;

(4) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Corporation to furnish articles, equipment, supplies, or materials to the Government; and

(5) to arrange for the performance of such contracts by letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Corporation to perform such contracts.

(b) In any case in which the Corporation certifies to any officer of the Government having procurement powers, that the Corporation is competent to perform any specific Government procurement contract to be let by any such officer, it shall be the duty of such officer to let such procurement contract to such Corporation upon such terms and conditions as may be specified by the Corporation. Such subcontracts may be let upon such terms and conditions as the Corporation may deem appropriate in accordance with such regulations as may be prescribed under section 201 of the First War Powers Act, 1941.

Sec. 4. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant

any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation, or for the purpose of obtaining money, property, or anything of value, under this act, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than 2 years, or both.

(b) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (2) with intent to defraud the Corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Corporation, or (4) gives any unauthorized information concerning any future action or plan of the Corporation which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Corporation, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than 5 years, or both.

(c) The provisions of sections 202, 216, 281, 431, 432, and 433 of title 18 of the United States Code, insofar as applicable, are extended to apply to contracts or agreements with the Corporation under this act.

Sec. 5. Whenever the Corporation has completed any transaction under clause (1), (2), or (3) of section 3 (a) of this act, it may transfer the loan, advance, plant, equipment, facilities, machinery, materials, supplies, leases, or other property resulting from such transaction to the Reconstruction Finance Corporation, and the Reconstruction Finance Corporation shall service and administer such loan, advance, or property, as the agent of the Corporation, remitting to it any interest, principal, or other proceeds or collections, after deducting actual expense of service and administration.

Sec. 6. (a) It shall be the duty of the Corporation, and it is hereby empowered, to coordinate and to determine the means by which the productive capacity of small-business concerns can be most effectively utilized for national defense and essential civilian production.

(b) It shall be the duty of the Corporation, and it is hereby empowered, to consult and cooperate with appropriate governmental agencies in the issuance of all orders limiting production by business enterprises, in order that small-business concerns will be most effectively utilized in the production of articles, equipment, supplies, and materials for national defense and essential civilian purposes.

(c) It shall be the duty of all governmental agencies, in the issuance of all orders limiting production by business enterprises, to consult and cooperate with the Corporation in order that small-business concerns will be most effectively utilized in the production of articles, equipment, supplies, and materials for national defense and essential civilian purposes.

Sec. 7. The Corporation shall have power, and it is hereby directed, whenever it determines such action is necessary.

(1) to make a complete inventory of all productive facilities of small-business concerns which can be used for defense and essential civilian production or to arrange for such inventory to be made by any other governmental agency which has the facilities;

(2) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

(3) to obtain detailed information as to the methods and terms which Government prime contractors utilize in letting subcontracts and to take action to insure the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

(4) to take such action in the letting of Government procurement contracts as is necessary to provide small-business concerns with an adequate incentive to engage in defense and essential civilian production and to facilitate the conversion and the equipping of plants of small-business concerns for such production;

(5) to certify to the Reconstruction Finance Corporation, or any of its subsidiaries, the amount of funds required to convert to defense production any plant of a small-business concern interested in obtaining from the Reconstruction Finance Corporation, or any of its subsidiaries, the funds necessary to provide for such conversion;

(6) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this act;

(7) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

(8) to obtain from any Federal department, establishment, or agency engaged in defense procurement or in the financing of defense procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this act; and

(9) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply whenever it appears that any small business is unable to obtain materials for defense or essential civilian production from its normal sources.

(10) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate the defense program or for essential civilian purposes.

(11) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies.

Sec. 8. (a) In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Corporation to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirements with respect to capacity and credit.

(b) The Congress has as its policy that a fair proportion of the total purchases and contracts for supplies and services for the Government shall be placed with small-business concerns. To effectuate such policy,

small-business concerns within the meaning of this act shall receive any award or contract or any part thereof if it is determined by the Corporation and the contracting procurement agencies (1) to be in the interest of mobilizing the Nation's full productive capacity, or (2) to be in the interest of the national defense program.

Sec. 9. The Corporation shall make a report every 60 days of operations under this act to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let, and for whom financing is arranged, by the Corporation, together with the amounts involved, and such report shall include such other information, and such comments and recommendations, with respect to the relation of small-business concerns to the defense effort, as the Corporation may deem appropriate.

Sec. 10. The Attorney General is directed to make, or request the Federal Trade Commission to make, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the defense program. The Attorney General shall submit to the Congress within 90 days after the approval of this act, and at such times thereafter as he deems desirable, reports setting forth the results of such surveys and including recommendations for such legislation as he may deem necessary or desirable.

Sec. 11. Section 101 of the Government Corporations Control Act is amended by inserting immediately after "Commodity Credit Corporations;" the following: "Small Defense Plants Corporation;"

SUMMARY AND ANALYSIS OF THE SMALL DEFENSE PLANTS ACT OF 1950

This bill provides for the creation of a Small Defense Plants Corporation, similar to the Smaller War Plants Corporation of World War II. It is designed to meet national defense and civilian needs. The proposed Corporation will have the authority to make loans and provide credit for small-business concerns. In addition, it will perform certain functions for small business relating to procurement and other matters.

Section 1: Section 1 cites the act as the "Small Defense Plants Act of 1950."

Section 2 (a): This subsection creates the Small Defense Plants Corporation within the framework of the proposed Defense Production Act of 1950. The purpose of this provision is to integrate this legislation with the basic mobilization law—the Defense Production Act of 1950.

Section 2 (b): This subsection provides the Corporation with a revolving fund not to exceed \$500,000,000 for the exercise of its statutory functions.

Section 2 (c): This subsection authorizes the appointment and provides for the composition of the Corporation's Board of Directors. To insure that the Directors will have a genuine understanding and be representative of small business, it is provided that two of their number shall have had 10 years' experience in the small-business field. Labor, agriculture, and the general public are also represented.

Section 2 (d): This subsection provides that the Corporation shall be in existence until June 30, 1952 (the expiration date of the Defense Production Act of 1950).

Section 2 (e): This subsection makes provision as to depositaries for corporate funds.

Section 3 (a): This subsection contains the banking powers of the Corporation. These include the power (1) to make loans or advances, on such terms and conditions as it may determine, to finance plant construction, conversion, or expansion, or the acquisition of equipment, facilities, machinery, supplies, or materials—for defense

or essential civilian purposes; (2) to purchase or lease land, plants, equipment, facilities, machinery, materials, or supplies as may be needed to provide small-business concerns with the same for defense or essential civilian production; (3) to lease, sell, or otherwise dispose of to any small-business concern land, plants, equipment, facilities, machinery, materials, or supplies; (4) to enter into contracts with the United States Government and any procurement agency for the purpose of furnishing articles, equipment, supplies, or materials to the Government; (5) to arrange for the performance of such contracts by letting subcontracts to small-business concerns.

Section 3 (b): This subsection enables the Corporation to act as prime contractor with the Government and to sublet awards to small-business concerns acting as sub-contractors.

Section 4: This section provides for criminal penalties for false statements and other unlawful conduct in connection with the administration of the act.

Section 5: This section provides that Corporation's loans and advances may be transferred to the Reconstruction Finance Corporation for servicing and administration.

Section 6: This section provides that the Corporation shall coordinate and determine, in cooperation with other governmental agencies, the means by which the productive capacity of small-business concerns can be most effectively utilized for national defense and essential civilian production.

Section 7: This section empowers the Corporation to integrate small business in the national defense effort by acting (1) to make or arrange for a complete inventory of all productive facilities of small-business concerns which can be used for defense or essential civilian production; (2) to consult and cooperate with procurement officers in order to utilize the potential productive capacity of small-business plants; (3) to take action to insure the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable; (4) to take such action in the letting of Government procurement contracts as is necessary to provide small-business concerns with an adequate incentive to engage in defense and essential civilian production; (5) to certify to the Reconstruction Finance Corporation the amount of funds required to convert to defense production any plant of a small-business concern; (6) to determine within any industry the firms which are to be designated "small-business concerns" for the purpose of this act; (7) to certify to a Government officer with respect to the competency, as to capacity and credit, of any small-business concern or concerns to perform a specific procurement contract; (8) to obtain from any Federal procurement or financing agency reports concerning the letting of contracts and subcontracts, or the making of loans, to small-business concerns; (9) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply whenever it appears small-business concerns are unable to get materials for defense or essential civilian purposes; (10) to make studies and recommendations to appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment for small-business concerns; (11) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from such agencies.

Section 8 (a): This subsection provides that certification of a small-business concern by the Corporation as to its competency with respect to capacity and credit shall be conclusive.

Section 8 (b): This subsection effectuates the congressional policy that a fair share of

Government contracts shall be placed with small-business concerns. Any such small-business concern shall receive any award or contract, or any part thereof, if the Corporation and the contracting procurement agencies determine such action to be in the interest of mobilizing the Nation's full productive capacity in the national-defense program.

Section 9: This section provides that the Corporation shall make a report every 60 days to the President and to the Congress.

Section 10: This section directs the Attorney General to make or to request the Federal Trade Commission to make surveys to ascertain factors tending to eliminate competition and injure small business in connection with the defense effort.

Section 11: This section provides that the Corporation shall be subject to the provisions of the Government Corporations Control Act.

COMPARISON OF BILL CREATING SMALL DEFENSE PLANTS CORPORATION WITH 1942 ACT CREATING SMALLER WAR PLANTS CORPORATION

The sections contained in the present bill are modeled rather closely on sections contained in the so-called Small Business Mobilization Act of 1942. The 1942 act created the Smaller War Plants Corporation in section 4 thereof, and provided for servicing of its loans by RFC in section 5. The 1942 act also, in sections 1, 2, 3, and 5, conferred certain small-business functions on the Chairman of the War Production Board, which for the most part and for all practical purposes came to be exercised in time by the Chairman of the Smaller War Plants Corporation.

Thus, the first six sections of the Small Business Mobilization Act of 1942 contain a body of law which has been drawn on, with a few changes and a few supplements, to draft the present bill.

The following shows the comparative distribution of sections:

Present bill	1942 act
Section 1	
Section 2	Section 4 (a) to (e)
Section 3	Section 4 (f)
Section 4	Section 4 (g)
Section 5	Section 6
Section 6	Section 1
Section 7	Section 2
Section 8	Section 3
Section 9	Section 5
Section 10	
Section 11	

SECTION BY SECTION COMPARISON

Section 1 of bill: This provides that the act may be cited as the "Small Business Defense Plants Act of 1950." The 1942 act provided for no official name, although it came to be known as the Small Business Mobilization Act.

Section 2 (a): This provides for the creation of the Small Defense Plants Corporation, instead of Smaller War Plants Corporation created by section 4 (a) of the 1942 act. The Corporation is to be created under the Defense Production Act of 1950 i. e., by the President, instead of being created outright.

Section 2 (b): This provides for a \$500,000,000 revolving fund to finance the new Corporation. Section 4 (b) of the 1942 act provided for capital stock of \$150,000,000 later increased to \$350,000,000. The revolving-fund method is now preferred to the capital-stock method.

Section 2 (c): This provides that the Board of Directors be appointed by the President, by and with the advice and consent of the Senate, instead of by the Chairman of the War Production Board, as provided in section 4 (c) of the 1942 act. The only qualification specified in section 4 (c) of the 1942 act was that the directors be "deemed to be familiar with the problems of small business." Said section also provided for appointment of the chairman by the board

members. No salaries for directors were specified in the 1942 act, although the salaries paid were substantially less than those specified in the present bill.

Section 2 (d): This follows almost exactly the wording of section 4 (d) of the 1942 act. There are only two exceptions. First, the new Corporation is necessarily given a different termination date than SWPC. Secondly, the bill substitutes the phrase "select and employ," in place of "select, employ, and fix the compensation of," as used in the 1942 act. The reason is to make clear that employees must be selected pursuant to the Classification Act and similar controlling legislation.

Section 2 (e): This follows the exact wording of section 4 (e) of the 1942 act.

Section 3 (a) (1): This follows the exact wording of section 4 (f) (1) of the 1942 act, with two exceptions. First, there is the addition of the phrase, "including the acquisition of land," after the phrase, "finance plant construction, conversion, or expansion." This merely adds expressly what is already implied as is evidenced by the references to "such land" in sections 4 (f) (2) and 4 (f) (3) of the 1942 act. Secondly, the power is conferred for "defense or essential civilian purposes," instead of "war or essential civilian purposes."

Section 3 (a) (2): This follows the exact wording of section 4 (f) (2) of the 1942 act.

Section 3 (a) (3), section 3 (a) (4), section 3 (a) (5): These follow the exact wording of section 4 (f) (3), section 4 (f) (4), and section 4 (f) (5) of the 1942 act.

Section 3 (b): This follows the exact wording of the balance of section 4 (f) of the 1942 act, with two exceptions. First, the certification is to be made, and the terms specified, by the new Corporation, instead of by the Chairman of the War Production Board. Secondly, the certification may be made "to any officer of the Government having procurement powers," which has the same meaning, in fewer words, as the 1942 act.

Section 4: This follows exactly the wording of section 4 (g) of the 1942 act with two exceptions. First, the section numbering is section 4 (a), 4 (b), and 4 (c), respectively, instead of section 4 (g) (1), 4 (g) (2), and 4 (g) (3) in the 1942 act. Secondly, the statutory references to the Criminal Code in section 4 (g) (3) of the 1942 act are changed to the appropriate references to title 18 of the present United States Code.

Section 5: This is exactly the same wording as section 6 of the 1942 act with two essential exceptions. First, the 1942 act, section 6, provided that the corporation "shall" transfer the loan, advance, etc. to another agency to service and administer same, whereas the bill states "may." Secondly, the servicing agency named in the 1942 act was Defense Plants Corporation, a then subsidiary of Reconstruction Finance Corporation, whereas the servicing agency named in the bill is the Reconstruction Finance Corporation.

Section 6 (a): Section 6 (a) of the bill is a modified version of the first paragraph of section 1 of the 1942 act. The duty is assigned to the new Corporation, instead of to the Chairman of the War Production Board, acting through a deputy appointed by him. The purpose is for "national defense and essential civilian production," instead of "war production" mentioned in section 1 of the 1942 act.

Section 6 (b): Section 6 (b) is almost entirely the identical wording of the second paragraph of section 1 of the 1942 act. Again, however, the duty is imposed on the new Corporation, instead of the Chairman of the War Production Board, and again it is related to "national defense and essential civilian purposes," with no reference to "war" production.

Section 7: Section 7 of the bill follows closely section 2 of the 1942 act. There are

two main exceptions. First, the power is assigned to the new Corporation, instead of the Chairman of the War Production Board. Secondly, the purposes are not stated to be for "war" production, as specified in section 2 of the 1942 act, but for defense and essential civilian production. Other differences in the subsections may be noted as follows:

Section 7 (1): This is patterned on section 2 (1) of the 1942 act. However, the inventory study authorized is limited to small-business firms, whereas the 1942 act has no such limitation.

Section 7 (2): This is patterned on section 2 (2) of the 1942 act. However, the power conferred is "to consult and cooperate with," instead of "to direct the attention of" procurement officers, as provided for in the 1942 act.

Section 7 (3): This is patterned on section 2 (3) of the 1942 act, in regard to procuring information as to the extent of subcontracting to small concerns by prime contractors. However, the language is somewhat tighter than the 1942 act.

Section 7 (4): This is patterned on section 2 (4) of the 1942 act. The language, however, is tightened somewhat.

Section 7 (5): This is almost the exact wording of section 2 (5) of the 1942 act. The only exception is to eliminate the Corporation itself as one of the agencies to which a certification can be directed—inasmuch as the Corporation under the bill makes the certification.

Section 7 (6): This is a new provision expressly authorizing the new Corporation to determine in each industry which enterprises are to be designated "small-business concerns." SWPC, under the 1942 act, made such determinations without express authorization.

Section 7 (7): This is the exact wording of section 2 (6) of the 1942 act.

Section 7 (8): This is virtually the same wording as section 2 (7) of the 1942 act.

Section 7 (9): This is a new provision authorizing the obtaining of allocation information from suppliers themselves whenever it appears that small-business concerns are unable to obtain materials.

Section 7 (10): This is patterned on the first part of section 2 (8) of the 1942 act. However, it goes further than authorizing studies, and provides for the making of recommendations to Federal agencies—to insure a fair and equitable share of supplies to small-business concerns.

Section 7 (11): This is patterned on the second part of section 2 (8) of the 1942 act, in regard to insuring that small-business concerns receive fair and equitable treatment from Government agencies.

Section 8 (a): This is virtually the same as the first sentence of section 3 of the 1942 act. Again, the power is given by the bill to the Corporation, instead of the Chairman of the War Production Board. The second sentence of section 3 of the 1942 act is omitted in this bill.

Section 8 (b): This is a new provision effectuating congressional policy that small business receive a fair share of all Government procurement. It expresses congressional policy in language which is positive and affirmative rather than in the negative language of the 1942 act. Small business shall receive contracts if determination is made jointly by the Corporation and the procuring agency that it is in the interest of mobilizing the Nation's full productive capacity in the national defense program.

Section 9: This is the exact wording of section 5 of the 1942 act except that the report of operations under the act is made by the Corporation, instead of by the Chairman of the War Production Board.

Section 10: This is a new provision, not contained in the 1942 act, in reference to the antitrust laws.

Section 11: This also is a new provision placing the Corporation under the Government Corporation Control Act.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. ANDERSON of California (at the request of Mr. MARTIN of Massachusetts) indefinitely on account of illness.

EXTENSION OF REMARKS

Mr. DURHAM asked and was given permission to revise and extend his remarks and include certain extraneous matter.

Mr. SADOWSKI (at the request of Mr. PRIEST) was given permission to extend his remarks in three instances, in each to include extraneous matter.

Mr. HAYS of Arkansas (at the request of Mr. PRIEST) was given permission to extend his remarks and include extraneous matter.

Mr. WOLVERTON asked and was given permission to extend his remarks in three instances; in two to include extraneous matter.

Mr. HESELTON asked and was given permission to extend his remarks in two instances, in each to include extraneous material.

Mr. VAN ZANDT asked and was given permission to extend his remarks and include extraneous matter.

Mr. BOYKIN (at the request of Mr. KARSTEN) was given permission to extend his remarks and include extraneous matter.

Mr. JACKSON of Washington (at the request of Mr. BONNER) was given permission to extend his remarks in two instances.

ADJOURNMENT

Mr. LANHAM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 6 minutes p. m.) the House adjourned until tomorrow, Thursday, July 27, 1950, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1591. A communication from the President of the United States, transmitting supplemental estimates of appropriation for the fiscal year 1951 in the amount of \$45,999,000 for the Post Office Department (H. Doc. No. 659); to the Committee on Appropriations and ordered to be printed.

1592. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1951 in the amount of \$36,000,000 for the General Services Administration (H. Doc. No. 660); to the Committee on Appropriations and ordered to be printed.

1593. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1951 in the amount of \$36,000 for the Department of the Interior (H. Doc. No. 661); to the Committee on Appropriations and ordered to be printed.

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. CELLER: Committee on the Judiciary. House Joint Resolution 510. Joint resolution to exempt certain counsel employed by committee from certain Federal laws under Special Committee on Campaign Expenditures, 1950; without amendment (Rept. No. 2743). Referred to the House Calendar.

Mr. PRIEST: Committee of conference. S. 2160. An act to amend the Public Health Service Act to authorize annual and sick leave with pay for commissioned officers of the Public Health Service, to authorize the payment of accumulated and accrued annual leave in excess of 60 days, and for other purposes; without amendment (Rept. No. 2744). Ordered to be printed.

Mr. HOBBS: Committee on the Judiciary. S. 1838. An act to amend title 28 of the United States Code relating to fees of United States marshals; with amendment (Rept. No. 2745). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOBBS: Committee on the Judiciary. H. R. 9171. A bill to provide for the temporary appointment of referees in bankruptcy, and for other purposes; with amendment (Rept. No. 2746). Referred to the Committee of the Whole House on the State of the Union.

Mr. DAWSON: Committee on Expenditures in the Executive Departments. H. R. 9129. A bill to amend the Federal Property and Administrative Services Act of 1949, and for other purposes; with amendment (Rept. No. 2747). 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. PATMAN:
H. R. 9243. A bill to create the Small Defense Plants Corporation and to preserve small-business institutions and free, competitive enterprise; to the Committee on Banking and Currency.

By Mr. ASPINALL:
H. R. 9244. A bill to amend the authority given the Secretary of the Interior by the act of June 25, 1947, to construct the Paonia reclamation project, Colorado, and for other purposes; to the Committee on Public Lands.

By Mr. SCRIVNER:
H. R. 9245. A bill to eliminate compensation of members of the Armed Forces of the United States from taxable income, and for other purposes; to the Committee on Ways and Means.

By Mr. VINSON:
H. R. 9246. A bill to provide for the renegotiation of contracts, and for other purposes; to the Committee on Ways and Means.

By Mr. BAILEY:
H. R. 9247. A bill to provide for the admission of Puerto Rico into the Union; to the Committee on Public Lands.

By Mr. BOGGS of Delaware:
H. R. 9248. A bill to grant income-tax exemptions with respect to compensation received for active service in the Armed Forces; to the Committee on Ways and Means.

By Mr. MULTER:
H. R. 9249. A bill to amend section 402 (a) of the National Housing Act to change the name of the Federal Savings and Loan Insurance Corporation; to the Committee on Banking and Currency.

By Mr. LANHAM:
H. R. 9250. A bill to authorize United States participation in the creation and maintenance of a United Nations armed police force to prevent and remove threats to the peace and to suppress acts of aggression and other breaches of the peace, and

for other purposes; to the Committee on Foreign Affairs.

By Mr. SMITH of Virginia:
H. R. 9251. A bill to fix the responsibilities of the Disbursing Officer and of the Auditor of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. KUNKEL:
H. R. 9252. A bill to protect the national safety and security from the consequences of price and credit inflation, and for other purposes; to the Committee on Banking and Currency.

By Mr. DAVENPORT:
H. Res. 736. Resolution creating a select committee to conduct an investigation and study of recent increases in the price of food and other commodities; 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. DAVIES of New York:
H. R. 9253. A bill for the relief of Jacob Lurie; to the Committee on the Judiciary.

By Mr. HEFFERNAN:
H. R. 9254. A bill for the relief of Mrs. Haruko Watanabe Bruntel and Kenneth Michael Bruntel; to the Committee on the Judiciary.

By Mr. MITCHELL:
H. R. 9255. A bill for the relief of Josephine F. Garrett; to the Committee on the Judiciary.

By Mr. PRICE:
H. R. 9256. A bill for the relief of Miyako Matsuda; to the Committee on the Judiciary.

By Mr. REES:
H. R. 9257. A bill for the relief of Betty Minoru Kawachi; to the Committee on the Judiciary.

By Mr. SADLAK:
H. R. 9258. A bill for the relief of Stanley Trella; to the Committee on the Judiciary.

SENATE

THURSDAY, JULY 27, 1950

(Legislative day of Thursday, July 20, 1950)

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

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

Our Father God, Thou hast so formed our being that all the highways of our hearts lead to Thy face and our deepest cravings are satisfied only in Thee. Turning aside for this hallowed moment from the violence and turbulence of human strife, we would hush both the words of the wise and the prattle of the foolish.

Strengthen us with Thy might that we may bear our full part in the decisive struggle that has shadowed these days. Facing, now, unfinished tasks calling for courage and sacrifice and wisdom, upon the President of the United States, the Vice President, the Congress, and all public servants who, sharing the heavy load of these epochal days, shape our policy and guide our destiny, pour in double measure Thy enabling grace. Make our bodies Thy temple and our