

15, 1951. The account appears on page 23 of that periodical:

In January 1949, George Kennan, then the top State Department policy planner, made a flat prediction to a *Time* correspondent: "By next year at this time we will have recognized the Chinese Communists."

On May 17, 1949, the *New York Times'* Benjamin Welles reported from London that "the United States and British Governments have agreed to coordinate their policies toward eventual recognition of the Chinese Communist regime."

In October 1949, Lincoln White, State Department press officer, said that the United States had begun talks on recognition of Communist China many months previously. He added there would be further conversations in the future with all the nations interested in diplomatic relations with a Chinese Government of unquestionable authority.

In December 1949, Secretary of State Dean Acheson told a *Time* correspondent: "What we must do now is shake loose from the Chinese Nationalists. It will be harder to make that necessary break with them if we go to Formosa." On the same day, another high State Department source told the same correspondent: "Acheson has been steadily arguing with Truman to go along on an early recognition of Communist China. Just before Truman left for Key West, Acheson got him to admit the logic of early recognition. Truman said that Acheson had made a forceful case. The trouble now isn't with Truman, but in persuading him to override the pressure from congressional and other groups not to recognize."

That is all, Mr. President, I have to say on the Kennan ambassadorship for the present. I shall return to the subject presently.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Snader, its assistant reading clerk, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2594) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1952—AUTHORIZATION FOR PRESIDENT PRO TEMPORE TO SIGN ENROLLED BILL

Mr. CAIN. Mr. President, I ask unanimous consent that the President pro tempore be authorized to sign, during the recess following today's session, the enrolled bill (S. 2594) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, and for other purposes.

The PRESIDING OFFICER (Mr. CLEMENTS in the chair). Is there objection to the request of the Senator from Washington? The Chair hears none, and it is so ordered.

RECESS

Mr. CAIN. Mr. President, I move that the Senate stand in recess until Monday next, at 12 o'clock noon

The motion was agreed to; and (at 9 o'clock and 33 minutes p. m.) the Senate took a recess until Monday, June 30, 1952, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 28 (legislative day of June 27), 1952:

DEPARTMENT OF THE AIR FORCE

James T. Hill, Jr., of the District of Columbia, to be Assistant Secretary of the Air Force.

COMPTROLLER OF CUSTOMS

Margaret Daly Campbell, of Highland Park, N. J., to be Comptroller of Customs with headquarters at New York, N. Y., to fill an existing vacancy.

WITHDRAWAL

Executive nomination withdrawn from the Senate June 28 (legislative day of June 27), 1952:

POSTMASTER

Arthur E. Carstens to be postmaster at Hilbert, Wis.

HOUSE OF REPRESENTATIVES

SATURDAY, JUNE 28, 1952

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

Rev. Walter A. Mitchell, pastor, Fountain Memorial Baptist Church, Washington, D. C., offered the following prayer:

Our Heavenly Father, we bow in humble submission before the throne of the God of our fathers with the deepest gratitude for Thy love and mercy. We thank Thee for that shelter and succor which are far beyond what the world can give. Help us to love Thee because Thou didst first love us. More than ever before we pray that Thou shalt inspire us with the love of justice and righteousness and with the old American ideals and principles for a better future. Bring us into a unity of soul, mind, and heart, in allegiance to one Lord and one law. Help us, O Lord, to have mighty convictions, mighty surrenders, and mighty endeavors as we rededicate our lives today at the altar of service to our country. May our service be strong, patriotic, and positive.

Wilt Thou graciously remember our President, our Speaker, and all Members and officers of this House. And finally, our Father, we pray that eternal peace shall reign within the hearts of all the nations and within our own lives as individuals.

This we pray today in the name of Jesus, our Lord and Master. Amen.

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

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House

is requested, a bill of the House of the following title:

H. R. 7313. An act making appropriations for the legislative branch for the fiscal year ending June 30, 1953, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ELLENDER, Mr. CHAVEZ, Mr. MCKELLAR, Mr. BRIDGES, and Mr. SALTONSTALL to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5426. An act relating to the Reserve components of the Armed Forces of the United States.

The message also announced that the Senate insists upon its amendments to the said bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LONG, Mr. HUNT, and Mr. CAIN to be the conferees on the part of the Senate.

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. LANGER members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 52-25.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT OF 1938

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3554) to amend the Agricultural Adjustment Act of 1938, as amended, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 8, after "year", insert "(or on January 1 of such marketing year in the case of Maryland tobacco)."

Page 1, line 10, strike out all after "year" over to and including "and" where it appears the first time in line 2 on page 2 and insert "in which such marketing year begins."

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

Mr. HOPE. Mr. Speaker, reserving the right to object, and I shall not object, will the gentleman explain the nature of the Senate amendments?

Mr. COOLEY. This bill amends the definition of the carry-over and total supply for Maryland-type tobacco. The amendment made by the Senate is merely in the nature of a clarifying amendment, and is to make it clear that the total supply is not to include tobacco produced during the current marketing year. That, I understand, is the only change made.

Mr. HOPE. I withdraw my reservation of the right to object, Mr. Speaker.

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

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

COOPERATIVE AGRICULTURAL EXTENSION WORK

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 6773) to provide for the further development of cooperative agricultural extension work, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert "That appropriations available for agricultural extension work in the fiscal year ending June 30, 1953 (except the amount apportioned pursuant to section 23 (b) (2) of the Bankhead-Jones Act, as amended (7 U. S. C. 343d-1)), shall be paid to the States, Alaska, Hawaii, and Puerto Rico in the same proportions as appropriations available for such work in the fiscal year ending June 30, 1952."

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

Mr. RANKIN. Reserving the right to object, Mr. Speaker, has the gentleman consulted the other members of the Committee on Agriculture? What effect does this amendment have?

Mr. COOLEY. The Committee on Agriculture met yesterday and unanimously approved the procedure I am following now, that is, to accept the Senate amendment. What actually happened was that the House bill authorized an additional appropriation of \$516,000 to prevent reduction in the extension-service funds for those States adversely affected by the census of 1950.

The effect of the Senate amendment is to hold the status quo, so to speak, and to permit the funds to be apportioned, as they have been apportioned, without regard to the 1950 census.

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

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

ROBINSON REMOUNT STATION, FORT ROBINSON, DAWES COUNTY, NEBR.

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 4686) authorizing the transfer of a certain tract of land in the Robinson Remount Station, Fort Robinson, Dawes County, Nebr., to the city of Crawford, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 3, line 3, strike out "50 percent of." Page 3, after line 5, insert:

"Deeds to the property conveyed pursuant to this act shall contain a reservation to the United States of all gas, oil, coal, and other mineral deposits or fissionable materials as may be found on such lands and the right to the use of the lands for extracting and removing same."

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

Mr. HOPE. Mr. Speaker, reserving the right to object, I understand that the amendments which were put in by the other body are entirely satisfactory to the gentleman from Nebraska who is the author of the bill, and I see no reason why they should not be accepted.

Mr. MILLER of Nebraska. It is satisfactory I think to the senior member from Nebraska and Senator MORSE from Oregon who presented the amendments. I think it is satisfactory to the city of Crawford.

Mr. HOPE. Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

RESERVE COMPONENTS OF ARMED FORCES OF THE UNITED STATES

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5426) relating to the Reserve components of the Armed Forces of the United States, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. BROOKS, FISHER, CLEMENTE, COLE of New York, and VAN ZANDT.

PERMISSION TO ADDRESS THE HOUSE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and include certain excerpts and statements, newspaper articles, and editorials.

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

There was no objection.

[Mr. PATMAN addressed the House. His remarks appear in the Appendix 1.]

EXTENSION OF REMARKS

Mr. CURTIS of Nebraska. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a complete copy of the funeral services of the late Hon. Karl Stefan. I am informed that it exceeds the usual limit, and the cost is estimated

to be \$180. Notwithstanding, I ask unanimous consent that it may be inserted in the RECORD.

Mr. RANKIN. The truth of the business is that it will not cost anything extra because all the people are employed and all the machinery is in operation so I am sure there will be no objection.

The SPEAKER. Notwithstanding the cost, and without objection, the extension may be made.

There was no objection.

THE STEEL STRIKE

Mr. BENDER. 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 Ohio?

There was no objection.

Mr. BENDER. Mr. Speaker, it is high time that the Federal authorities charged with the responsibility of expediting the settlement of industrial disputes move themselves to end the steel strike. Our President has gone on a sit-down strike against the Taft-Hartley Act and the country. Our mediation authorities are obviously taking their cue from the White House.

Meanwhile, the industrial production of our country is grinding to a halt. Within the next few days, some of our major steel producers will be shut down. In Cleveland, the Midland Steel Co., General Motors, and the Cadillac tank plant are closing down entirely or working on limited schedules. Our entire economy is gravely threatened.

This issue is bigger than any personal quarrel or political ambition. It is vital to the future of our country that the machinery for settling this dispute be put in motion at once. Without Government intervention at the Presidential level, the issues would long since have been resolved. It is up to Mr. Truman now to set the wheels which he stopped back into motion. Management and labor are ready to talk. Our Government must not keep them apart.

CALL OF THE HOUSE

Mr. H. CARL ANDERSEN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered. The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 121]

Aandahl	Burdick	Doughton
Abernethy	Carlyle	Eaton
Addonizio	Carnahan	Evins
Albert	Case	Fallon
Allen, La.	Celler	Fenton
Anfuso	Chatham	Frazier
Arends	Clemente	Furcolo
Aspinall	Cole, N. Y.	Gore
Bates, Ky.	Combs	Gwinn
Beamer	Coudert	Hall,
Beckworth	Cox	Edwin Arthur
Belcher	Davis, Tenn.	Hall,
Boggs, Del.	Dawson	Leonard W.
Boggs, La.	Deane	Hand
Bolling	Dempsey	Hebert
Bonner	Dingell	Heffernan
Buckley	Donovan	Heller

Herter	Miller, N. Y.	Seely-Brown
Holifield	Mitchell	Shafer
Jackson, Wash.	Morano	Sheppard
James	Morris	Smith, Wis.
Jones,	Morrison	Stanley
Hamilton C.	Moulder	Steed
Judd	O'Hara	Stigler
Kean	Patten	Stockman
Kelley, Pa.	Philbin	Sutton
Kennedy	Pickett	Tackett
Kilburn	Potter	Thompson, Tex.
King, Calif.	Powell	Vail
King, Pa.	Reece, Tenn.	Vinson
Kirwan	Reed, Ill.	Weich
Kluczynski	Richards	Wharton
Larcade	Rogers, Tex.	Wickersham
Lyle	Sabath	Wills
McDonough	Sasscer	Wolcott
McKinnon	Scott, Hardie	Woodruff

THE SPEAKER. On this roll call 318 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

LEGISLATIVE PROGRAM

MR. MARTIN of Massachusetts. 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 Massachusetts?

MR. MARTIN of Massachusetts. Mr. Speaker, I asked for this time in order to inquire of the majority leader as to the program for next week.

MR. McCORMACK. Next week will be one of those uncertain weeks. Almost anything can develop, as we all know.

MR. MARTIN of Massachusetts. And probably will.

MR. McCORMACK. Yes. For the guidance of the Members as to what we hope we will be able to take care of, in addition to other matters which might arise such as conference reports and other things which cannot be anticipated, on Monday there will be two contempt proceedings out of the Committee on Un-American Activities. I might remind the House that it is the policy on such matters to have a roll call so that no technical questions can be raised in any court proceedings as to the presence of a quorum. I do not imagine there will be much debate on those two matters.

Then there is a bill, H. R. 6544, in relation to the Independence National Historical Park. That concerns Philadelphia and it was brought to my attention by my colleagues from Philadelphia, the Democratic representatives and the gentleman from Pennsylvania [Mr. HARDIE SCOTT] who introduced the bill. The five Democratic Congressmen have been very cooperative with him, and have asked me to program it, and I am putting it on the program for Monday. Messrs. BARRETT, GREEN, CHUOFF, and GRANAHAN are urging that it be programmed, and they are strong for the bill. At their request I am putting it down for Monday, and I think it is a good thing to do.

Then there is H. R. 8122. That is the dual parity program. That relates to the farmers of our country. I think that is 90 percent, and extending the support prices for a period of 2 years.

There is House Resolution 689, authorizing the Judiciary Committee to

file reports with the Clerk of the House when the House is not in session.

Then there is H. R. 7871, the emergency flood-control bill.

If some of these bills cannot get through on Monday, I may have to get them in later on during the week, because on Tuesday there is the Private Calendar and the omnibus judges bill.

MR. MARTIN of Massachusetts. I understand there will be three conference reports also on Monday.

MR. McCORMACK. I would also include in the names I mentioned a moment ago the gentleman from Pennsylvania [Mr. HUGH D. SCOTT, JR.].

MR. HUGH D. SCOTT, JR. Mr. Speaker, will the gentleman yield?

MR. McCORMACK. I yield to the gentleman from Pennsylvania.

MR. HUGH D. SCOTT, JR. My uncle is president of the Independence Hall Association, and the bill was introduced by Mr. HARDIE SCOTT, at his instance, at my request and the request of other Members of Congress from Pennsylvania. At far as I know all Members of Congress from Pennsylvania on both sides have heartily supported the Independence Hall Association. A great deal of the work is progressing. It is a beautiful sight, and when the weather is better we hope all Members of Congress will come up and see what Independence Hall looks like.

MR. McCORMACK. That is fine. I meant to include my friend's name. It shows what united action on the part of the membership on both sides can do. The delegation of Democratic Congressmen were in to see me the other day, and they were urging that I get it on the program. I know that is pleasing to my two Republican friends from Philadelphia, and will be pleasing to the people of Philadelphia.

MR. HUGH D. SCOTT, JR. Any constructive action is pleasing to the Republican Members from Philadelphia.

MR. McCORMACK. What is constructive, of course, is a question of fact. But we all agree that this is constructive.

Then there is the omnibus judge bill.

On Tuesday there is the Oklahoma primary, and the usual understanding will apply to that. Any roll call on that day will go over until Wednesday.

Wednesday is Consent Calendar day and there will be suspensions. I am unable to state what the suspensions will be now because that is a matter of consultation, but I will announce them as soon as I can.

MR. MARTIN of Massachusetts. A great deal of interest is manifested on this side of the aisle as to the so-called mine safety bill. Will that be programmed?

MR. McCORMACK. That bill, in my opinion, is a must, if we can get it up. That is one of the things under consideration, whether it will be taken up under suspension of the rules or not. I am for any action that will get it up.

MR. MARTIN of Massachusetts. Inquiry is made for the information of the House, to let them know we are making an earnest effort to get it considered.

MR. McCORMACK. That bill should come up. As far as I am concerned, and

I know the gentleman from Massachusetts agrees, it is a must. There is a tremendous feeling in favor of the bill on both sides of the aisle.

Then there is H. R. 7888, to amend the Legislative Reorganization Act of 1946. That is on Wednesday.

I made a promise to the gentleman from Mississippi [Mr. COLMER] that that bill would come up. It will follow the suspensions on Wednesday. Conference reports, of course, will take precedence, but that is the tentative order.

Then there is S. 2360 relating to the motor carrier securities, and

S. 2357 relating to horticultural commodities.

Any further program will be announced later with, of course, the usual reservation on conference reports.

MR. RANKIN. Mr. Speaker, will the gentleman yield?

MR. McCORMACK. I yield.

MR. RANKIN. Let me say to the gentleman from Massachusetts, and the other Members of the House, that the Korean veterans' bill is being considered in the Senate today. I feel confident that it will pass today and that we will be able to get the conference report before the House early next week. Congress cannot afford to adjourn until that measure is finally passed.

MR. McCORMACK. I think we all agree with the gentleman on that.

May I say to the membership that it is very important that each Member be here every day next week.

CONSTITUTION OF COMMONWEALTH OF PUERTO RICO

MR. ENGLE submitted a conference report and statement on House Joint Resolution 430, approving the Constitution of the Commonwealth of Puerto Rico which was adopted by the people of Puerto Rico on March 3, 1952.

SUPPLEMENTAL APPROPRIATION BILL, 1953

MR. RILEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 8370) making supplemental appropriations for the fiscal year ending June 30, 1953, 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 further consideration of the bill H. R. 8370, with Mr. WALTER in the chair.

The Clerk read the title of the bill.

THE CHAIRMAN. When the Committee rose on yesterday the Clerk had read down to and including line 13 on page 19 of the bill.

Are there further amendments to be offered at this time?

MR. ROGERS of Colorado. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Colorado: On page 19, line 10, after the word "bases" strike out the colon, insert a semicolon and the following: "of the total

amount appropriated in this paragraph \$12,000,000 shall be allocated to the Lowry Air Base at Denver, Colo."

Mr. ROGERS of Colorado. Mr. Chairman, my amendment is designed for the purpose of protecting lives and property within my own congressional district. This is based upon a survey that has been made and is the result of four plane crashes at Lowry Field air base, Denver, Colo., within the last 8 years.

At the time the Korean war broke out they moved the training command of the B-29 gunnery to Lowry Field with the result that the Lowry Field air base, which at that time had a runway of approximately 8,000 feet, was unable properly to handle the B-29's without hazard to the people of the city and county of Denver. In the fall of last year a B-29 crashed near this base and it resulted in the death of eight airmen. Fortunately no civilians were killed. At the time of the crash it hit approximately a block of houses within the city and county of Denver and it was only two blocks from a school in which there were approximately 250 children.

We of the Colorado delegation took this matter up with the Air Force. I direct attention to page 34 of the committee report in which it is stated:

In the first place, the committee learned that the 1952 public works program for the three services was far from being firm, even though the committee had been given assurances at the time that the program was firm. As to the 1953 program, the committee learned from the Director of the Budget that it had been presented to both the Armed Services Committee and to this committee at too late a date "to do an effective job of reviewing and examining."

May I point out to the members of the committee that we asked the Air Force to take this up, which they did. We submitted to them many suggestions as to the proper method and manner of meeting this hazard as it exists at Lowry Air Base.

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

Mr. ROGERS of Colorado. I yield to the gentleman from New York.

Mr. TABER. Did the gentleman go before the committee and ask for a hearing on this item?

Mr. ROGERS of Colorado. We first took it up with the Air Force through the Armed Services Committee.

Mr. TABER. But the gentleman did not go before the Appropriations Subcommittee so that it might have an opportunity to look into that particular matter?

Mr. ROGERS of Colorado. That is correct. This is not an additional appropriation nor is there an additional amount requested.

Mr. TABER. It is not included with the budget estimate?

Mr. ROGERS of Colorado. In the \$1,-200,000,000? I do not know. The only thing I do know is that according to the report submitted by the committee no mention or reference whatsoever is made to Lowry Air Force Base at all and because of that and because of the hazards and dangers in connection therewith and because of the statement made by the re-

port of the committee, I feel that this is the only opportunity the Air Force will have to rectify the condition that exists at the present time. According to the report that they gave to the Colorado delegation, they estimate it will cost approximately \$12,000,000 to get this job done.

(On request of Mr. MAHON, and by unanimous consent, Mr. ROGERS of Colorado was allowed to proceed for five additional minutes.)

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

Mr. ROGERS of Colorado. I yield to the gentleman from Texas.

Mr. MAHON. The gentleman is to be commended for his interest in Lowry Field. But is it not true that there is no authorization for this project which he is discussing, there are no funds in the bill for it and no request for funds for this project either through the Armed Services Committee or the Committee on Appropriations? It is true also that if these funds are given to Lowry Field they will have to be taken away from other very essential projects? We have already cut the Air Force request by a half billion dollars. It may be stated also that Lowry Field was given \$25,000,000 in the appropriation bill of last year, much of which is unexpended. I know the gentleman is truly concerned about the problem but the gentleman will agree that if officials use the balance of the \$25,000,000 and they want additional funds they may apply for them. I think the gentleman should withdraw his amendment because, in my opinion, the House will not adopt the amendment under the circumstances. There is nothing that would justify the gentleman's request at this time.

Mr. ROGERS of Colorado. Well then, if that is true, may I ask the gentleman what is the meaning of your report on page 34? You say:

As to the 1953 program the committee learned from the Director of the Budget that it had been presented to both the Committee on Armed Services and to this committee too late a date to do an effective job of reviewing and examining.

Then you go ahead and you state positively here that they have no firm commitments.

Mr. MAHON. The bases are listed, and in the justifications and the hearings the amounts are provided for each base. But, Lowry Field is not among those included. So, it seems to me that the gentleman's amendment is premature. It might be appropriate next year, but I cannot see how it would be applicable at this time.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I move to strike out the last word and I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mr. RILEY. Mr. Chairman, if the gentlewoman will yield, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 8 minutes.

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

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Chairman, in this morning's issue of the Washington Post there is an article regarding the Wholesale Liquor Dealers Association, headed by Mr. Kronheim, who testified regarding political contributions. In one paragraph it lists me as having received \$100 contribution from the liquor dealers. A man named Porter was reported to have said by the Washington Post that in 1949 he made certain contributions to various Democratic Members of the Congress totaling \$5,800 and \$100 to Edith Nourse Rogers, Republican of Massachusetts.

It is my practice, Mr. Chairman, not to take any contributions for my campaigns. I certainly did not receive or take \$100 from Mr. Porter. I hope the Washington Post will correct the error. I believe Mr. Porter did not make any such statement before the committee. He could not have, because it is not true. And a member of the House Committee said that my name was not mentioned at the hearings.

[From the Washington Post, Tuesday July 1, 1952]

CORRECTION

Seton Porter, president of the National Distillers Products Corp., of New York, testified before a House Judiciary Subcommittee last Friday.

He made no mention of any campaign contribution to Rep. Edith Nourse Rogers (R., Mass.) as reported in the Washington Post. The Washington Post regrets the error.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. BROOKS].

Mr. BROOKS. Mr. Chairman, I want to say that I admire, naturally, the solicitude of the gentleman from Colorado [Mr. ROGERS] in looking after the interests of the air base at Lowry Field. Lowry Field is a great air base of the Air Force. I have had occasion to inspect it in the past, but they do have there at the present time, Mr. Chairman, a real problem due to the hazards surrounding the approaches to the field and the crowded conditions around it. I discussed the matter with the Air Force, and the matter is being investigated to see how the hazard can be removed and the normal use of the field continued. I think in fairness to Lowry Field the best thing to do is to let this matter run its regular course. A commission headed by General Doolittle has been set up to study this problem, due to the fact that not only at Lowry Field, but at other fields throughout the Nation, there are hazards to the approaches to the fields. That commission is working hard on the problem. Lowry, perhaps, is not in better shape than any other air base in the country in this respect. When we get the report from the Doolittle committee I think we will know what the situation is with reference to Lowry Field.

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

Mr. BROOKS. I yield to the gentleman from Colorado.

Mr. ROGERS of Colorado. The gentleman is familiar with the fact that this matter has been referred to the Air Force; that they have made an estimate and determined that there is this hazard to the people of the city of Denver.

Mr. BROOKS. Yes; there is that hazard, and they want to do something to relieve the situation to protect Lowry Field. I agree with the gentleman that Lowry Field is a great air base, and it is a valuable asset to the Air Force.

Mr. MAHON. They have \$25,000,000 they have not used.

Mr. ROGERS of Colorado. That was given under a program of training between 18,000 and 20,000 men, and that was for barracks and facilities. I did not understand it was to be used for runway purposes, hence this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RILEY].

Mr. RILEY. Mr. Chairman, I hope this amendment will be defeated. I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado [Mr. ROGERS].

The question was taken; and on a division (demanded by Mr. ROGERS of Colorado), there were—ayes 21, noes 90.

So the amendment was rejected.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN of Michigan: On page 19, line 2, strike out "\$1,200,000,000" and insert "\$1,120,000,000."

Mr. HOFFMAN of Michigan. Mr. Chairman, this amendment would strike \$80,000,000 from this item of \$1,200,000,000. The reason for this amendment is found in a report which was presented to and adopted by the Committee on Expenditures in the Executive Departments earlier in the week. A subcommittee of that committee on which served the gentleman from Virginia [Mr. HARDY], the gentleman from Missouri [Mr. BOLLING], the gentleman from California [Mr. SHELLEY], the gentleman from Florida [Mr. LANTAFF], the gentleman from Nevada [Mr. BARING], the gentleman from New York [Mr. RIEHLMAN], the gentleman from Ohio [Mr. BENDER], the gentleman from Michigan [Mr. MEADER], joined in a unanimous report, adopted by the full committee without objection and which reads as follows:

JUNE 27, 1952.

OVERPROGRAMMING FOR AIR FORCE DORMITORY CONSTRUCTION

INTRODUCTION

The subcommittee has found that over \$80,000,000 of programmed expenditures for Air Force troop housing is unnecessary. This finding resulted from a base-by-base analysis of 105 major Air Force bases, using figures furnished by the Air Force. In testimony at a hearing the Air Force has acknowledged the accuracy of the subcommittee's analysis and has already initiated action to correct deficiencies in policies and procedures on housing its airmen which would have resulted in building more dormitories than it needs. Simply stated, this would amount to excess building of more than 200 three-story dormitories costing \$400,000 each.

The subject of airmen's housing formed a major part of the study of construction at Andrews Air Force Base on which this subcommittee reported to the Congress March 20, 1952 (H. Rept. No. 1623, 82d Cong.). In the report on Andrews the Air Force was found to be planning new dormitories to replace serviceable buildings which had been recently rehabilitated at considerable expense. The Air Force has now advised us that since our earlier report it has strengthened this aspect of its policy. It has applied this revised policy to other bases with a saving of \$13,199,000 worth of barracks planned to be built. Following that report, the subcommittee expanded its inquiry to a consideration of over-all Air Force housing in continental United States.

BASIS OF THIS REPORT

Air Force method of computing dormitory requirements

The Air Force policy was to build dormitories for 80 percent of its airmen, on the theory that 20 percent of the men have dependents and will live in homes either on or off the base. At bases where the Air Force estimates that homes for these married airmen would not be available either on the base or in the community, it planned to build dormitory spaces for these men also. A low estimate of the number of houses available in the community (an uncertain and variable factor) results in a higher requirement for dormitory spaces on the base.

Percentage of married airmen

Studies prepared by the Air Force show that 32.2 percent of all airmen are married. Exclusive of the air training command, 30.1 percent live with their dependents.

Excess spaces

The analysis showed that about 30 percent of the buildings for airmen's housing which the Air Force plans to construct would not be needed in the foreseeable future. At a simple 80 percent of troop strength 21.3 percent of the buildings are excess; on the basis of family housing needs reported by the Air Force to the Housing and Home Finance Agency 29.7 percent of the buildings are excess; on the basis of current experience in family housing 33.4 percent of the buildings are excess.

Two factors inflated the Air Force's estimates of dormitory requirements as presented to the Congress.

(1) The estimate of houses available in the communities at each base was grossly underestimated. For example:

	Airmen actually living in the community as of Jan. 31, 1952	Air Force estimates of homes available in the community
Eglin AFB, Valparaiso, Fla.	1,835	0
Kelly AFB, San Antonio, Tex.	1,643	0
Rapid City AFB, Rapid City, S. Dak.	1,047	100
Castle AFB, Merced, Calif.	1,925	200
McChord AFB, Tacoma, Wash.	1,407	300

The Air Force is also promoting a program of family housing construction by private agencies. This is done through a finding that an area is a critical area and developing with the Housing and Home Finance Agency relaxed credit and mortgage insurance commitments as a means to induce construction. The effect of this coupled with the dormitory construction would be to provide dormitories and private houses for the same airmen.

(1) The second factor concerns the percentage of airmen for whom dormitory spaces are programmed. Although 30 percent of the

airmen live off base with dependents, the Air Force policy was to build dormitories to accommodate at least 80 percent of its enlisted strength. This had the effect of providing rooms for at least 10 percent of the airmen who obviously will not occupy the space. The explanation offered the subcommittee for this wasteful program was that prior to Korea only the higher ranks of married enlisted men, approximately 20 percent, were allowed to live off base. Those airmen in the lower ranks who married were not allowed to reenlist. After Korea Congress granted quarters allowance to the lower ranks of enlisted men with dependents. These men now, in the main, also live off base. The Air Force has taken the position that at some time in the future it will be able to return to its old policy and require that these airmen, about 10 percent of its strength, live on the base. Consequently, the Air Force was building, or was planning to build the extra dormitories on the supposition that they might be needed in the future, and even this supposition was predicated on congressional action.

This future need for additional dormitories will not spring up over night. If it should ever arise, the present allowance of 72 square feet per man provides an ample cushion, while new construction is planned and speeded to meet the needs. All of the additional 10 percent now living off the bases could be housed in dormitories on the bases by temporarily reducing individual space allowances to 63 square feet, well above the minimum space allowance established by the Secretary of Defense.

Based on a space allowance of 72 square feet per man it is estimated that there is a surplus of 25,808 spaces in the 1952 program, about \$51,616,000, and a surplus in the bill now before Congress of 16,051 spaces, about \$32,102,000. (A list of the bases where excess dormitories would have been built by 1955 and the approximate cost, will be found appended to this report.)

CONCLUSIONS

The Air Force has already secured in its 1952 appropriation more than \$50,000,000 which it does not need, and has been authorized by the House for its 1953 program over \$30,000,000 which it does not need. The appropriation for this latter authorization is about to be considered by the House. These excesses were caused by using faulty estimates of housing dormitories for men who would not live on the base.

Following our first hearing and prior to the hearing held on June 26, 1952, the Air Force changed its policy. Dormitories will now be built to house only 70 percent of the enlisted strength to conform to conditions as they actually exist. Assurances have been provided that action to correct other deficiencies in policies and procedures with respect to airmen's housing have now been initiated by the Air Force. These corrections should include quick and decisive action not only to eliminate future contracts for excess dormitories but to cancel contracts for such dormitories which have been already awarded.

The committee has not had an opportunity to study the wisdom of requiring a rescission of the more than \$50,000,000 of excess appropriation provided for fiscal 1952 and recommends to the Appropriations Committee a close scrutiny of this subject.

With respect to the appropriation for fiscal 1953, the committee is not yet advised as to the amount requested of or allowed by the Appropriations Committee. If the full amount has been included in the bill to be considered by the House, an amendment should be offered to reduce the appropriation for dormitory construction by at least \$30,000,000.

The Air Force is a young organization and has had limited experience in coping with

the tremendous administrative responsibilities involved in its operations. Competent leadership is required to correct its inefficiencies. The committee is grateful particularly to Assistant Secretary Edwin V. Huggins for his cooperative attitude and for his manifest determination to make improvements. It is unfortunate that a congressional committee had to point out the deficiencies herein discussed but it is gratifying that Secretary Huggins has taken prompt corrective action. We believe that he has a consciousness of the necessity for economy in the operations of the Air Force. He has assured us that faulty policies have been corrected and that he will seek to eliminate ineptitude in effectuating those policies.

When added together the unnecessary programmed expenditures discussed in this report aggregate nearly \$100,000,000. It is gratifying to have assurance from the Air Force Assistant Secretary that he will not permit the construction of barracks which are destined to stand empty.

Alexandria Air Force Base, Alexandria, La.	\$1,314,000
Altus Air Force Base, Altus, Okla.	574,000
Ardmore Air Force Base, Ardmore, Okla.	412,000
Barksdale Air Force Base, Shreveport, La.	1,440,000
Camp Beale Air Force Base, Camp Beale, Calif.	2,154,000
Bergstrom Air Force Base, Austin, Texas	492,000
Biggs Air Force Base, El Paso, Tex.	776,000
Blytheville Air Force Base, Blytheville, Ark.	822,000
Bryan Air Force Base, Bryan, Tex.	612,000
Campbell Air Force Base, Hopkinsville, Ky.	214,000
Carswell Air Force Base, Ft. Worth, Tex.	1,380,000
Castle Air Force Base, Merced, Calif.	1,082,000
Charlestown Air Force Base, Charlestown, S. C.	820,000
Clinton Air Force Base, Clinton, Okla.	1,468,000
James Connally Air Force Base, Waco, Tex.	1,070,000
Davis-Monthan Air Force Base, Tucson, Ariz.	1,028,000
Donaldson Air Force Base, Greenville, S. C.	1,328,000
Dover Air Force Base, Dover, Del.	1,914,000
Edwards Air Force Base, Muroc Lake, Calif.	1,842,000
Eglin Air Force Base, Valparaiso, Fla.	3,594,000
Ent Air Force Base, Colorado Springs, Colo.	604,000
Fairchild Air Force Base, Spokane, Wash.	1,112,000
Forbes Air Force Base, Topeka, Kans.	2,860,000
Foster Air Force Base, Victoria, Tex.	398,000
Galveston Air Force Base, Galveston, Tex.	566,000
Grandview Air Force Base, Grandview, Mo.	674,000
Great Falls Air Force Base, Great Falls, Mont.	434,000
Gunter Air Force Base, Gunter, Ala.	354,000
Hanscom Air Force Base, Bedford, Mass.	1,122,000
Harlingen Air Force Base, Harlingen, Tex.	1,404,000
Holoman Air Force Base, Alamogordo, N. Mex.	698,000
Hunter Air Force Base, Savannah, Ga.	1,556,000
Kelly Air Force Base, San Antonio, Tex.	11,488,000
Kinross Air Force Base, Kinross, Mich.	528,000

Kirtland Air Force Base, Albuquerque, N. M.	\$2,568,000
Lake Charles Air Force Base, Lake Charles, La.	2,652,000
Lakeland Air Force Base, Lakeland, Fla.	818,000
Langley Air Force Base, Hampton, Va.	1,754,000
Laredo Air Force Base, Laredo, Tex.	698,000
Larson Air Force Base, Moses Lake, Wash.	1,540,000
Laughlin Air Force Base, Del Rio, Tex.	754,000
Lawson Air Force Base, Columbus, Ga.	690,000
Limestone Air Force Base, Limestone, Maine	1,878,000
Lincoln Air Force Base, Lincoln, Nebr.	2,700,000
Lockbourne Air Force Base, Columbus, Ohio	2,412,000
March Air Force Base, Riverside, Calif.	2,018,000
Mather Air Force Base, Sacramento, Calif.	856,000
McGuire Air Force Base, McGuire, N. J.	734,000
Mountain Home Air Force Base, Mountain Home, Idaho	4,332,000
Newcastle Air Force Base, Newcastle, Del.	650,000
Niagara Falls Air Force Base, Niagara Falls, N. Y.	290,000
Offutt Air Force Base, Omaha, Nebr.	666,000
O'Hare Air Force Base, O'Hare, Ill.	302,000
Paine Air Force Base, Paine, Wash.	366,000
Palm Beach Air Force Base, Palm Beach, Fla.	2,320,000
Patrick Air Force Base, Cocoa, Fla.	548,000
Plattsburg Air Force Base, Plattsburg, N. Y.	498,000
Pope Air Force Base, Ft. Bragg, N. C.	2,496,000
Portsmouth Air Force Base, Portsmouth, N. H.	2,276,000
Raleigh-Durham Air Force Base, Raleigh, N. C.	390,000
Rapid City Air Force Base, Rapid City, S. Dak.	710,000
Reese Air Force Base, Lubbock, Tex.	574,000
Sedalia Air Force Base, Knobnoster, Mo.	1,396,000
Seaford Air Force Base, Seaford, Mich.	588,000
Seaman Air Force Base, Monroe, La.	1,310,000
Seymour-Johnson Air Force Base, Goldsboro, N. C.	560,000
Smoky Hill Air Force Base, Salina, Kans.	4,328,000
Stead Air Force Base, Reno, Nev.	232,000
Suffolk County Air Force Base, Suffolk County, N. Y.	1,016,000
Travis Air Force Base, Fairfield, Calif.	1,802,000
Truax Air Force Base, Truax, Wis.	370,000
Walker Air Force Base, Roswell, N. Mex.	778,000
Wichita Air Force Base, Wichita, Kans.	618,000
Camp Wolters Air Force Base, Camp Wolters, Tex.	1,700,000

Let me repeat two statements, from the report:

The subcommittee has found that over \$80,000,000 of programmed expenditures for Air Force troop housing is unnecessary. This finding resulted from a base-by-base analysis of 105 major Air Force bases, using figures furnished by the Air Force. In testimony at a hearing the Air Force has ac-

knowledged the accuracy of the subcommittee's analysis.

The Air Force has already secured in its 1952 appropriation more than \$50,000,000 which it does not need, and has been authorized by the House for its 1953 program over \$30,000,000 which it does not need.

Note the situation: This matter was before the Committee on Appropriations, and the Air Force succeeded in persuading that committee through its subcommittee to give it this \$80,000,000, which the amendment would strike, which the Hardy committee finds—and mark this—and which the Air Force now agrees it does not need. Why not recapture that amount from the total of this particular item which carries it. This reduction will not result in less money for any other activity which the Committee on Appropriations has passed upon. It but strikes from the \$1,200,000,000 the \$80,000,000 which the Air Force says it does not need for the purpose for which it was requested.

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

Mr. HOFFMAN of Michigan. I yield.

Mr. MAHON. I think the gentleman makes a good point. It has been anticipated that 80 percent of the airmen would be single, whereas only 70 percent are single and live in these barracks so they are not going to need as many barracks as they thought they would need. In the whole program, they have only had about one-fifth of what they need, and in the whole program they need far more barracks than they have had. In view of the fact that we have cut the Air Force request here by over a half-billion dollars and taking into consideration in that cut the problem which the gentleman has presented, I think it would be dangerous for us to cut any deeper.

Mr. HOFFMAN of Michigan. I get the argument. I assume the gentleman will make this same argument when he opposes the amendment. What his argument amounts to is this. And here are the facts, and let us not get away from it. The Air Force asked the Committee on Appropriations and it got \$50,000,000 for 1952, and \$30,000,000 for 1953 for the construction of barracks. The committee headed by Mr. HARDY, and all the credit belongs to the gentleman from Virginia and to the members of his subcommittee. I merely picked it up because I understood it would not be offered on the majority side—now look—the Air Force got this \$80,000,000. They admit they do not need it, and the argument of the gentleman opposing it is this: That the Air Force program will be expanded at some time in the future, and therefore the Committee on Appropriations having authorized \$80,000,000 too much the gentleman contends we should permit the Air Force to keep it on hand for some future activity. That ignores the principle and the practice that the Committee on Appropriations should be advised accurately of what the Air Force or any other force needs when asked to make appropriations.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

By unanimous consent (at the request of Mr. MAHON), Mr. HOFFMAN of Michigan was permitted to proceed for two additional minutes.

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

Mr. HOFFMAN of Michigan. Yes; but will the gentleman give me one of the minutes that he has secured?

Mr. MAHON. Yes.

Now the Air Force people have come repeatedly to the committee and asked to reprogram some of these items for which funds have been provided because with experience they are learning, for example, that they do not need as many barracks per man as they thought they needed. So the committee has been consulted, and has agreed to these reprogramming efforts on the part of the Air Force, and all the money will be required for the Air Force program.

Mr. HOFFMAN of Michigan. Mr. Chairman, now will the gentleman yield to me?

Mr. MAHON. I yield.

Mr. HOFFMAN of Michigan. Now look here. This is the fact and you cannot get away from it. The Air Force went to the Committee on Appropriations, and it asked for \$80,000,000 which is carried in this bill, in this item and which it now says it does not need for the purpose for which it was requested. The argument of the gentleman is only this: We should let them have this \$80,000,000; to spend some time in the future for any purpose it may consider desirable. And the answer to that is that when they or any department wants money, it should go first to the Committee on Appropriations and they should give them accurate information justifying their request. Otherwise why an appropriation committee? Why not a lump sum over all appropriations? No one is claiming any fraud or anything like that, they just did not figure out right. They have \$80,000,000 they do not need, and my argument is that we should take it out of this item and then let the Air Force, if they are expanding or if they need it for other purposes, come back to the Committee on Appropriations and ask for the money it needs for any purpose and the House will give them what they need. We should not leave \$80,000,000 million floating around somewhere in the air hoping or expecting that the Air Force is going to need and spend it for something—some purpose for which it was not appropriated. We have too much of that now.

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

Mr. HOFFMAN of Michigan. If my time has not expired, yes.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. TABER, and by unanimous consent, Mr. HOFFMAN of Michigan was allowed to proceed for three additional minutes.)

Mr. TABER. When we took up this appropriation we were told, as the gentleman from Texas [Mr. MAHON] said, they had figured their barracks proposition too heavy. That was one of the elements that resulted in the reduction for construction by the Air Force in the

United States and overseas of \$568,000,000. If that is not enough to cover this situation where they do not need the money, that would be one thing, but I think we should have something to show that the \$568,000,000 cut is not enough. I wonder if there is anything along that line in sight.

Mr. HOFFMAN of Michigan. Here is the answer to that: It is the same answer I have given before. The Air Force comes before the Appropriations Committee. It says, "We need money for barracks, including barracks, down here at Andrews Field." They get the money, fifty million for 1952 and thirty million for 1953. The gentleman from Virginia [Mr. HARDY] and his subcommittee go into this matter and they find, and the Assistant Secretary agrees with them, that they do not need, they do not intend to use that fifty and thirty million dollars.

My point is only this: That that item of \$80,000,000 included in this total should be taken out. Then, if later the Air Force finds it needs the money, let it come to the Appropriations Committee. Any other course would establish a policy of giving them what they ask, in that and every department, and then, when they find they made a mistake, that the request was too large, leave it in there, put it through the House even when there is no need for it, even though it is admitted that had the facts been known the Appropriations Committee would not have included it.

Mr. GROSS. Any other course negates the action of the Hardy committee, does it not?

Mr. HOFFMAN of Michigan. Well, the gentleman will speak for himself. I can see little to be gained by investigation if not followed by appropriate action.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

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

Mr. Chairman, this is the matter I tried to clear up in the closing minutes of the debate yesterday. I tried rather unsuccessfully to get it understood. Maybe my presentation was not clear, but I am not sure that the explanations provided by the committee were full and complete.

I had given some consideration to offering an amendment similar to that offered by the gentleman from Michigan [Mr. HOFFMAN]. I decided not to do it because I was not able to determine what effect it might have on the Air Force, and my thoughts ran along the line of the discussion which was raised by the gentleman from New York [Mr. TABER] a moment ago.

There are two aspects to this amendment. One of them is the question of the more than \$30,000,000 in the authorization for 1953, which the Air Force cannot and will not use. I have no way of knowing the extent to which the reduction in barracks construction was given consideration by the Appropriations Committee, and whether a substantial part of that five hundred and sixty-eight million cut which the Appropriations Committee made was based on this barracks reduction. If the gentleman can answer that question, I can determine

my own position, or what my position should be with respect to this amendment.

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

Mr. HARDY. I shall be delighted to yield to the gentleman.

Mr. RILEY. If the gentleman will look at pages 37 and 38 of the committee's report under the category "Housing, troop and family," he will find that the committee has recommended appropriations of between 50 and 60 percent of the authorized housing as authorized by the Armed Services Committee, which is considerably less, I believe, than the figure the gentleman is dealing with.

Mr. HARDY. If the gentleman will straighten this out for me I would appreciate it; I do not know just what he means by 50 percent of the housing. Does that refer to troop housing, family housing, or what?

Mr. RILEY. It is troop and family housing. There is no family housing for the zone of the interior; but there is some for these isolated foreign stations.

Mr. HARDY. My recollection of the authorization bill is that it included amounts for troop housing aggregating \$115,000,000 in the continental United States. Am I to understand from the gentleman from South Carolina that in working out the cut which would be applied to the Air Force on its troop housing construction that you instructed them to cut their construction for this year by 50 percent?

Mr. RILEY. We are not asking for more than 50 percent of the amount which has been authorized. I would like to say to the gentleman from Virginia that we have instructed the Air Force to build operational facilities first, even if some of the men have to live in tents; let the barracks come second; the runways, maintenance shops, fuel systems, and things of that kind have to come first. If the gentleman will look at the way this is set up by categories I believe he will find this is true.

Mr. HARDY. I am trying to figure it out, but I say to the gentleman that I cannot understand the hieroglyphics of the Appropriations Committee.

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

Mr. HARDY. If the gentleman from New York can straighten me out I would be delighted to yield.

Mr. TABER. I just want to get this straight: For housing in this country the authorization figure involved \$162,399,000.

Mr. HARDY. That was the total for housing.

Mr. TABER. That is the total amount; and the figure that was allowed was \$98,000,000.

Mr. HARDY. For total housing.

Mr. TABER. That would be subject to about a 4-percent reduction because we knocked off \$50,000,000 from these total figures.

Mr. HARDY. On the basis of that it would seem to me that the Appropriations Committee has in effect said: You cannot build more than approximately

half the amount of troop housing which you have requested.

Mr. TABER. And on the overseas picture—

Mr. HARDY. I think we might skip that, if the gentleman does not mind, because I am talking about housing in the United States.

There is one other question insofar as I am concerned with respect to continental United States troop housing: With the reduction which the Appropriations Committee has already made I believe that that phase of this amendment should be defeated.

There is one other aspect of it which I think we should still get straight and that is more than \$50,000,000 of the funds appropriated for fiscal year 1952 have not been expended and the Air Force now says it does not need and will not expend these funds for barracks: Should there be a rescission of that? Or what should we do about it?

The CHAIRMAN. The time of the gentleman from Virginia has expired.

(On request of Mr. MAHON, and by unanimous consent, Mr. HARDY was allowed to proceed for two additional minutes.)

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

Mr. HARDY. I yield.

Mr. MAHON. In the request for public works funds last year—

Mr. TABER. This is last year?

Mr. HARDY. Fiscal 1952.

Mr. MAHON. Fiscal 1952, a large reduction was made in the request for public works of the Air Force which more than accommodates itself to the issue which the gentleman raises. We have over-authorized for housing but we have under-appropriated for housing.

Mr. HARDY. As I recall the testimony of Secretary Huggins on this particular point he advised our subcommittee that the Appropriations Committee had given the Air Force an order to secure their public works construction with \$200,000,000 less than they had asked for; that is for fiscal 1952, I am talking about. Am I to understand that \$50,000,000 of that \$200,000,000 which you told them to hold down is represented by this troop housing?

Mr. MAHON. I think that would be a fair statement. Most of the funds have not been expended, but officials will be back for more next spring. We are at the beginning of a buildup of the Air Force from 95 to 143 wings.

Mr. HARDY. The gentleman should know if he does not know that in reference to the matter of going from 95 to 143 wings the actual requirements for troop housing are on many bases reduced.

Mr. MAHON. The over-all requirement for 143 wings is certainly greater for housing than for 95 wings.

Mr. HARDY. I think the gentleman has satisfied me reasonably well. In view of the fact that there was a curtailment in their total funds in the 1952 program of \$200,000,000, and this represents only \$50,000,000, it would simply avoid having them appear and ask for restoration of the \$50,000,000 for some other purposes.

Mr. MAHON. I think the gentleman is correct.

Mr. RILEY. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 10 minutes, the last 2 minutes to be reserved to the committee.

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

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. FORD].

Mr. FORD. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Michigan [Mr. HOFFMAN]. This report by the Hardy committee is a good example of the information which we on the Committee on Appropriations should have. If the Committee on Appropriations would take greater advantage of committees such as the Hardy committee we could do a better job in the handling of budget requests.

Secondly, we would be most unwise if we did not take advantage of the specific recommendations of the Hardy committee in this instance. They have pointed out clear-cut reasons why we should make this reduction totaling \$30,000,000. The argument has been made that if we do not disturb the present recommended funds in the long run it will balance out in the end. Members of this subcommittee on appropriations contend certain reductions take into account the facts submitted to the Congress by the Hardy committee.

This is a loose and slip-shod method. We should make the Air Force account for everything they cannot spend. What they cannot spend we should take away from them. We should not let these funds drift back and forth without firm control by the Congress.

To keep the Air Force on record as to where they spend their money we should approve the amendment offered by the gentleman from Michigan.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. BROOKS].

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

Mr. Chairman, I think this effort to economize unduly on troop housing and family housing is false economy. There is no branch of the service that needs housing worse than the Air Force does today. I have seen the housing that is being used by the Air Force, and some of it is not fit to house human beings. Yet we are taking men out of civilian life by the draft and housing them under conditions which we should be ashamed of. I want to say this further: That when we take a man into the armed services we obligate ourselves to give that man reasonable housing; and when we fail to appropriate money as we have failed in the past to appropriate money for the men in the armed services, we are Welching on the obligation that we have to the servicemen of this country.

It is false economy, Mr. Chairman, because the men that go into the service do not stay in the service when they are

inadequately housed. It is false economy because when you take a man with a wife and a family into the service you do not keep him at all. It is false economy because we provide the sum of \$51.30 for a private first class with one dependent per month. It is false economy because when we do not provide the housing ourselves we give the serviceman, the private first class, \$77.10 if he has two dependents and we give a man with over two dependents \$96.90, and we are not saving money when we pay them the housing allotments that we do.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. MEADER].

Mr. MEADER. Mr. Chairman, being a member of the Hardy committee, I want first to congratulate the gentleman from Virginia [Mr. HARDY] on an outstanding piece of work for the people of this country in pin pointing and exposing a wasteful practice. With the confusion about the appropriation as developed in this debate, I am afraid we are not going to take full advantage of that investigative work.

Certainly this must be true. The Committee on Appropriations made whatever cuts it did wholly without knowledge of the facts developed by the Hardy committee. The lack of need for the \$80,000,000, that the gentleman from Michigan [Mr. HOFFMAN] would strike out, was not known to the Committee on Appropriations when it acted. Therefore, if the cut the Appropriations Committee made could be substantiated before, certainly you can add \$80,000,000 and leave the situation exactly where it was, because the Committee on Appropriations did not act on the basis of this information which has been developed by the Hardy committee only within the last week.

I want to point out that in addition to the \$80,000,000, the Air Force also admits that there is \$13,000,000, at least, that they can save on other bases, by fixing over existing barracks, based on the Andrews Field report of the Hardy committee. So, in this bill you are giving the Air Force \$93,000,000 they do not need, instead of \$80,000,000, and the \$13,000,000 is not the complete picture. That is simply the amount saved on a survey which is far from finished. We do not know how much more may be saved.

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

Mr. MEADER. I yield to the gentleman from Ohio.

Mr. BENDER. I think the gentleman should emphasize the fact that the Air Force itself admits that this money is not needed.

Mr. MEADER. I thank the gentleman. These facts were only known within the last week. The Committee on Appropriations could not have acted on the basis of this knowledge, because it was finally confirmed only day before yesterday.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, I am going to be perfectly frank with the

committee. I am going to tell you just how I feel. There is no such situation as the gentleman from Louisiana describes. There is no use kidding yourselves about that.

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

Mr. TABER. I decline to yield. I want the gentleman to understand what the picture is.

There is no situation where anybody in the Air Force is without adequate housing today. These people have not been able to build the things that have been provided for. On top of that, the \$50,000,000 that has been developed in the report here that is not needed for construction certainly ought to be taken into consideration. We did take into consideration that they did not need a considerable portion of the funds in the 1953 budget. They evidently had \$50,000,000 of surplus in the 1952 funds. This amendment would not take it out, but it would reduce the over-all building funds. They probably have plenty of funds to let all the contracts they ought to let, even if this amendment were adopted. Frankly, I think that \$50,000,000 is about as far as it ought to go.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RILEY].

Mr. RILEY. Mr. Chairman, I think the Hardy committee has done a magnificent job. I think we are all interested in trying to get economy practiced in our Armed Forces. But I want to call the attention of the committee to the fact that the Subcommittee on Public Works for the Military has been studying since the 1st of February on its own account the constructing programs of all three services. We have gone into the matter thoroughly. We have studied it from every angle possible within that time, and we have taken into consideration the figures which have been shown here today.

I believe, and I think the other members of the subcommittee will agree with me, that every dollar we have appropriated here today is necessary to carry out the program. We have cut these people to the bone and scraped some of the bone in order to make them come up with a firm, reasonable, well-planned program.

There are bases on which you will have to have troop housing. It may be that some of these men are going to have to live in tents on some of these bases. There may be bases already constructed on which there is a surplus of housing, but I submit to you that when you cut the authorization and the request by 50 percent you have cut it enough. I am not going to stand in the way of training Air Force men and I am not going to send the sons of America into air bases where they do not have at least reasonable housing.

Mr. Chairman, I hope the amendment will be defeated.

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

Mr. RILEY. I yield to the gentleman from Virginia.

Mr. HARDY. I should like to make this observation: I believe that if you

have already reduced the troop housing item by 50 percent, as stated by the gentleman, that is a sufficient cut. I hope the amendment will be defeated.

Mr. RILEY. I thank the gentleman very much for that contribution.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. RILEY) there were—ayes 65, noes 83.

So the amendment was rejected.

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

The Clerk read as follows:

Amendment offered by Mr. Gross: On page 19, line 5, after the word "Missouri" strike out the comma and insert a colon, and on page 19 strike out all on lines 6, 7, 8, 9, and 10 to the words "Provided further."

Mr. RILEY. Mr. Chairman, I ask unanimous consent that all debate on this amendment, and amendments thereto, close in 10 minutes.

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

There was no objection.

Mr. GROSS. Mr. Chairman, on yesterday the gentleman from Florida [Mr. SIKES] made a very fine statement protesting vigorously against the creation of new military installations when we have presently existing installations which can be expanded and used, and the taxpayers of the country saved many millions of dollars. I commend the gentleman for his statement of yesterday, and the amendment which I offer today is in line with that. It would simply stop any further construction of this air base at Grandview, Mo., this conversion of a cow pasture municipal airport into an air base. Last year, the gentleman from Kansas [Mr. SCRIVNER], when that subject was under debate, said that this would eventually cost the taxpayers of this country about \$40,000,000. I believe the top figure he used was \$40,000,000. This is a good place to stop this thing. Last year it was contended and an appropriation of \$13,000,000 was provided, that this air base was an urgent proposition, and had to be built right now—right away—no loss of time. A year has gone by, and if I am correctly informed, there has been no more than a million dollars spent on this air base at Grandview, Mo.

There are plenty of air bases in the Middle West, which can be expanded. There is an air base at Ottumwa, Iowa, which can be used. It is of permanent, brick construction. I want to point out that it is not in my district. It can be used as an air base. There are plenty of air bases presently existing in the Middle West. Let us use those bases. This is foot-in-the-door legislation. Let us get the foot out of the door.

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

Mr. GROSS. I yield.

Mr. MAHON. Does the gentleman realize that there is no money in this bill for the Grandview Air Base so it seems to me that his amendment would not be effective in this regard.

Mr. GROSS. Let me say to the gentleman from Texas, there is no way in

the world that I can tell whether there is any money in this bill, whether by some of the devious language in this bill, unexpended balances may be made available for expenditure at Grandview. At least it will be the intent of the Congress here that we do not want to go on with this proposition down there when we have air bases within a comparatively few air miles of Grandview, Mo., which can well be expanded, and air bases that can well be activated, which today are standing idle and falling into ruin.

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

Mr. GROSS. I am glad to yield to the able gentleman from Kansas who is constantly striving for efficiency and economy in the Military Establishment.

Mr. SCRIVNER. I can confirm the statement made by the gentleman from Texas that there is no money in this bill for Grandview. I would point out that if the gentleman's amendment is adopted, and construction of Grandview proceeds, we would be in the position of doing this: Kansas City, Mo., is holding an election this coming month, July, to turn over the title to the Air Force. If we adopt this amendment I am afraid word will go out to Kansas City that the Air Force does not want fee title, and then the citizens will vote not to grant the fee and we will be in a worse position.

Mr. GROSS. But they have a lease for 25 years which the Government can cancel at will.

Mr. SCRIVNER. Fee title is far better than any 25-year lease, as I am sure the gentleman would agree. I admire the gentleman's zeal in ferreting out these instances of waste; but, as I said, there is no money in this bill for Grandview.

Mr. GROSS. What I am trying to do is to get this thing stopped, and save the taxpayers an eventual expenditure of \$40,000,000.

Mr. SCRIVNER. Any saving to the taxpayers is to be commended.

The CHAIRMAN. The gentleman from Idaho [Mr. Wood] is recognized.

Mr. WOOD of Idaho. I yield back my time, Mr. Chairman.

Mr. IRVING. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Iowa [Mr. Gross], which in my opinion is in effect another effort to again try to discredit a sound and worth while project. I opposed the gentleman successfully last year when he offered a similar amendment. I am sure that no Member of this body will be influenced by his perhaps unintentional but apparent misstatements regarding this matter. Could it be that the gentleman is more zealous about the fact that there are perhaps less desirable locations in his own State of Iowa that he would like to see used than he is for his protestations for economy.

The gentleman questions the Grandview, Mo., program of the Air Force because it happens to be in the same county as the home of the President. He evidently approves of all others as he makes no attack on them. As before he slurringly refers to this fine airfield site as a cow pasture, strangely reflecting on

everybody's judgment except his own. He has been advised by members of the committee that his amendment serves no useful purpose because in this present bill no money is being appropriated for its construction—yet he has refused to withdraw his amendment as requested. I feel sure that so much displeasure was felt when the same efforts failed last time that it could possibly be the reason for this action.

I would like to tell the Members that in my opinion much more work has been done and the progress of the major objectives is further along than the gentleman from Iowa would lead you to believe. Only a few days ago the announcements were made regarding the letting of several large contracts for all types of work on the Grandview installations.

I ask the Members to defeat the Gross amendment decisively so that we may remove the incentive for further unwarranted criticism. The Members will remember a much clearer picture of this entire situation was given to the House a year ago by me when the actual consideration of the approval was before us. Therefore it is not my intention to take up further time now of the Members in a repetition of my remarks.

Mr. RILEY. Mr. Chairman, I would ask the gentleman from Iowa if he will withdraw his amendment, inasmuch as there is no appropriation in this bill for Grandview.

Mr. GROSS. Certainly not.

Mr. RILEY. Then I ask for a vote, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. Gross].

The amendment was rejected.

Mr. H. CARL ANDERSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. H. CARL ANDERSEN: On page 19, line 2, strike out "\$1,200,000" and insert "\$1,170,000,000."

Mr. H. CARL ANDERSEN. Mr. Chairman, we have had much worth-while discussion on this particular item. I do think we should try to save a little at least, and from all the evidence given we can cut this \$30 million, instead of the \$80,000,000 previously offered, without doing the Air Force the least harm. I believe I can say that this is entirely in agreement with Mr. Taber's viewpoint, is it not?

Mr. TABER. It is.

Mr. H. CARL ANDERSEN. It will be far better to utilize this \$30 million to construct additional jet fighters and bombers, than to construct barracks for which there is no need. Let us help give the men in Korea more planes instead of duplicating construction of unneeded buildings. I hope the committee will accept my amendment.

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

Mr. Chairman, we are now in the midst of the build-up of the Air Force to 143 wings. Of course, it is far below what we need to have if we are to have overwhelming superiority in the air. The Air Force officials came and asked us for \$2,000,000,000 at this time for public

works. There is no doubt in the world in my mind that they do need \$2,000,000,000 for public works. Not only do they not need that, they need twice as much more later on to finish this build-up to 143 wings. But by reason of the work of the gentleman from South Carolina [Mr. RILEY] and his subcommittee, and by reason of the dissatisfaction of the committee with the program presented, the committee said, "Gentlemen, we are for air power. We do not want to cut the striking force of this Nation. We know that this is a dangerous world, but we do not believe you are ready to obligate or spend the money you are asking for. Go back to the Pentagon, get your pencils and work with us and bring us something realistic."

So we worked with them on this program. Finally they said if we would give them in cash \$1,250,000,000 they could go forward with this program without slowing down the essential construction until next spring, when they expect to come in for a supplemental, for additional funds. They said, "If you will give up this money, we will take the responsibility for pushing the program forward as fast as it can be pushed." Some Members wanted to make another reduction. So a majority of the Members voted to reduce the figure to \$1,200,000. This proposed amendment is a reduction of \$30,000,000 more, and we are maneuvering the Congress into this position: Then we will take the responsibility ourselves for retarding a program which is already far behind schedule when the responsibility had been assumed by the Air Force when they said: "We can go ahead with maximum speed on \$1,250,000,000."

It, therefore, seems to me that in order to put the bee on the Air Force, so to speak, in order to say: "You said you could deliver on \$1,250,000,000. Now, go ahead and deliver; it is your responsibility, you said you could do it." That is where we have got them. But we transfer the responsibility to ourselves if we make further reductions in this bill. It seems to me we should not make this reduction of \$30,000,000.

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

Mr. MAHON. I yield.

Mr. SIKES. Is it not also true that the Air Force is having to absorb in this \$1,250,000,000 an additional \$52,000,000 for planning and engineering which they had asked for?

Mr. MAHON. Yes. That is far more than the funds involved in the controversy over barracks which we discussed last year. We cut them more than enough to take care of the barracks picture last year. Let us not maneuver ourselves into the position of trying to strangle the Air Force at this time; let us give them the ball and ask them to run with it. Under the circumstances we are strategically in the right position, so let us not maneuver ourselves out of it.

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

Mr. MAHON. I yield.

Mr. ELSTON. As to the order of priority of the various construction items which are listed on pages 39 and 40, are

we to assume that because those items are numbered that that is any indication of their priority?

Mr. MAHON. Not necessarily. Not at all.

Mr. ELSTON. Or does the Air Force have the discretion to take them up in such order of priority as they see fit?

Mr. MAHON. The gentleman is correct.

Mr. TABER. Mr. Chairman, if the gentleman will yield—

Mr. MAHON. I yield.

Mr. TABER. Did they not refuse absolutely to give us any priority? They could not give us any.

Mr. MAHON. As to whether or not you want a runway built or a parking apron, it would be difficult to give any priority; each is just as important as the other. It has to be left to them if they are to operate successfully.

Mr. ELSTON. Is there any priority as to stations or locations? Are they required to take any particular one?

Mr. MAHON. These stations are listed in the report; they are all authorized, and they are the stations upon which the funds will be expended. There is no priority as to stations.

Mr. Chairman, I ask for a vote.

Mr. GROSS. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, on this business of constructing barracks for the Air Force, I have one small installation in my district, one of those so-called classified installations. I made an inspection of it last fall at the suggestion of the chairman of the subcommittee, the gentleman from Texas [Mr. MAHON]. I believe he sent a similar letter to every Member of Congress urging inspections of installations in their districts. I found there a hotel dormitory type of barracks. I have kicked around over the country in years past and I have stayed in many, many hotels that were inferior to the dormitory type of barracks that has been built in my district at heaven only knows how much extravagance and waste of the taxpayers' money.

Mr. PRICE. Mr. Chairman, will the gentleman yield at that particular point?

Mr. GROSS. No, not at this time.

I saw there a Bendix washer and clothesdrier for every 9 men. I remember back in 1917 in World War I when I was in the service we did our washing with a scrub brush. Today, a Bendix clothes drier and a Bendix washer for every 9 men! Inlaid asphalt floors, beautifully veneered doors for every room, locks on the doors—mind you, brass or bronze door knobs and locks. I put in 3 years in the service but this is the first time in my life that I ever saw a setup where an enlisted man could lock himself in his room.

This is the place where, I told you last year, it has been reported to me they put in some \$16 nickel-plated, solid brass toilet paper holders. They are there because I saw them, and they are still there unless they have been removed recently. There are solid brass nickel-plated tooth brush holders in this installation in my district. It is time we get down to rock bottom and stop that sort

of thing because the taxpayers' money is going right out of the window.

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

Mr. GROSS. I yield to the gentleman from Texas.

Mr. MAHON. The gentleman mentioned this matter to me and it was investigated. I have in my office evidence of the investigation. This is just good construction like American boys are entitled to, at permanent installations of this type. It was built firmly rather than of the type built in a theater of operations, it is good construction. Why should not American boys be entitled to reasonably good buildings, particularly when you can buy this cheaper than having something inferior? This is a good piece of construction in which the taxpayer gets his money's worth over a long period of years.

Mr. Chairman, under unanimous consent granted, I insert at this point in the RECORD a summary of the construction at the base under discussion.

A STATEMENT OF THE TYPE OF AIR FORCE CONSTRUCTION AT WAVERLY, IOWA, A PERMANENT AIR FORCE INSTALLATION—GENERAL STATEMENT

Construction plans and specifications were prepared by Holabird and Root and Burgee, architect-engineers, Chicago, Ill., under direction of Office, Chief of Engineers. The district engineer was instructed to use plans and specifications without change, except to correct minor errors in definitives and to adjust as required for site adaptation. The operations building, tower building, radio stations, and central heating plant were designed for masonry construction only. The remainder of the buildings were designed for masonry construction with a wood frame alternate. This is typical practice for the A. C. & W. sites. At Waverly, bids were taken on a basic advertisement for concrete-block buildings throughout with an alternate bid for wood frame on the buildings where frame was permitted. Identical bids were received for both types of construction. Accordingly, the award was made for all masonry buildings.

BUILDING OUTLINE

Airmen barracks and officers quarters: Floors are soft wood with asphalt tile finishing with exception of heater room and mechanical room. Walls are concrete block, furred on inside and finished with gypsum board. Ceilings are gypsum board. The roof is wood frame with roll roofing. The hardware used is as follows: Butts are painted iron; push plates, where required, are bronze; pull plates, where required, are bronze; locks—working parts are bronze, case is painted iron; door knobs are bronze; door closers, where required, are painted iron. All of these items comply to the Federal specifications as outlined in the architect-engineer standard specifications for buildings. Based on a review of the as-built plans, it has been determined that toilet accessories—paper holders, towel racks, tooth brush and tumbler holders—comply with the Federal specifications, which provide for polished unplated white metal fixtures. An exception by the district engineer

gave the contractors the option to provide painted or plated white metal.

Mess hall: Floor is concrete slab on grade, no finish. Walls are concrete block, unfinished on the interior except for painting. Ceilings are acoustical tile in dining room, cement asphalt board in kitchen, and gypsum board in storage, toilet, and heater rooms. Roof is of wood frame construction surfaced with roll roofing. The information on hardware and toilet room accessories is the same as for quarters. Kitchen equipment, contractor furnished, consists of stainless steel serving counter, with built-in stainless steel components. The balance of kitchen equipment is standard, Office, Chief of Engineers centrally procured type.

Radio buildings: Floors are concrete slab on grade, finished with asphalt tile, except in boiler room and ventilating room which are exposed concrete. Walls are concrete block, unfinished inside except for painting. Ceiling, no finish. Roof is reinforced concrete with built up roofing. The hardware is the same as referenced above.

Supply, administration, and recreation building: The floor is soft wood with asphalt tile covering in the recreation and administration portions, and concrete slab on grade in supply room. Walls are concrete block, furred and finished with gypsum board in the recreation and administration portions and unfinished in the supply room. Ceiling is gypsum board in the recreation and administration areas and unfinished in the supply room. Roof is wood frame with roll roofing. Hardware same as before. Thresholds are cast iron and overhead door in the supply room is steel. Toilet room accessories same as referenced for airmen's barracks and officers' quarters.

Maintenance building: Floor, concrete slab on grade; walls, concrete block, no interior finish; ceilings, no finishing; roof, wood frame, roll roofing, hardware same as referenced above.

Operations building: Structure frame is reinforced concrete. Floor is concrete slab on grade with asphalt tile finish except in mechanical equipment rooms. Walls, concrete block, unfinished except for painting. Ceiling is unfinished except in certain operational sections—operations, message center, teleprinter, briefing, triangulator and indicator—which have acoustical tile finish. Roof is reinforced concrete with built-up roofing. Hardware same as referenced above.

Mr. GROSS. If the gentleman made an investigation of this Air Force installation, he saw hundreds of dollars' worth of storm sashes, in a section of the country where zero and below zero weather is not unusual, that are practically worthless. If you made an investigation of the extravagances at this installation, whose fault is it?

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

Mr. GROSS. I yield to the gentleman from Louisiana.

Mr. BROOKS. May I say to the gentleman that I am not familiar with the gentleman's installation; but the Committee on Armed Services did investigate very carefully the housing situation for

which they asked an authorization running from \$1,900 to \$2,100 per man unit. It seemed to us that you could not build palaces very well for that amount of money. The Navy wants \$1,900, the Air Force wants a little bit more. It is really about the same amount. Some have a little additional and some have a little less.

Mr. GROSS. I know what the gentleman is talking about. As I say, I spent nearly 3 years in the Army, beginning in 1916. In that time I was in only two barracks, once for 2 days at Brest, France, and again for a few days at Camp Devens, Mass., on my way out of the service. Somehow I seem to have lived through it. I am not advocating that troops live in tents today but certainly they do not need these plush hotel dormitory type barracks.

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

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

Mr. MAGEE. What did the gentleman say about the type of toilet-paper holders that were used?

Mr. GROSS. Solid brass nickel-plated at \$16 apiece.

Mr. MAGEE. The gentleman is from a State where the tall corn grows and I am afraid he is trying to make out a case for the Iowa corn cob.

Mr. GROSS. The gentleman from Iowa is trying to make out a case for economy.

Mr. RILEY. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 7 minutes, the last 2 minutes to be reserved to the committee.

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

There was no objection.

Mr. DAVIS of Wisconsin. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, whether or not the membership here is determined to vote for or against this amendment, some statements have been made that should be cleared up.

First of all, I do not think that any of you can rest your conscience, that if you vote for this amendment you had saved either \$80,000,000 that you talked about earlier, or the \$30,000,000 that is involved in this amendment. This is actually an increment on a large building program. This is a partial appropriation for a larger program that has been authorized. That money is going to be spent for housing either in a more compressed period of time or in a larger period of time. Do not kid yourself that because the Hardy committee said that so much money could be saved, by cutting that many dollars off of this bill you are going to save that money. It just does not work that way.

Now, there are many ways in which savings can be made. The statement has been made that the Hardy committee report was not before the Committee on Appropriations; that members of our committee did not know that the Hardy committee said we could save \$80,000,000, and therefore the Committee on Appropriations did not take that

into consideration. Well, what in the world have the gentleman from South Carolina [Mr. RILEY], the gentleman from Massachusetts [Mr. FURCOLO] and our committee staff headed by John Donnelly, been doing since last February if we did not take some of the things that we learned into consideration? Was all of that work wasted? If some of the statements that have been made here are true, then time has been wasted because we did not have before us the specific number of dollars that the Hardy committee said we could save. John Donnelly did not sit up day and night poring over the hearings of the Hardy committee just in order to salve his conscience, I am sure of that. When you have a chance to study our subcommittee hearings, which have now been published, you will note that our committee has specifically pinned the Air Force down and told them there are two types of barracks, one recommended by the Strategic Air Command, and the other the standard Air Force type of barrack. Those are the things they will be permitted to build within the money appropriated for the building of barracks for these men. There has not been any publicity about some of these things that have been done; there has not been any headline on this particular work that has been done. Most of that has come from an investigating committee over in the other body that dropped the thing like a hot potato and left it to a clean-up committee in this body to actually transfer those newspaper headlines into terms of dollars and cents, and that is the position of our subcommittee this morning. And that clean-up job is reflected in dollar savings in the bill before us.

This appropriation, as I told the House yesterday, is a stop-gap thing as far as the Air Force is concerned. We have not been able to give it the attention that it ought to have because of the limitation of time, because of inadequate justifications, and the fact that the authorization bill was piled right smack on top of committee consideration of this appropriation. But, as I said, there are certain ground rules which this subcommittee has put into effect and which will be used by the Air Force; ground rules that will prevent some of these glaring things that the gentleman from Iowa and some of the others have called attention to.

Do not think for a minute that simply by lopping off a certain number of dollars you have saved that amount for the Treasury. It simply means that a lesser amount is going to be built during the course of this fiscal year, to be built at some later time.

I am not greatly concerned how you vote on this particular amendment. This \$30,000,000 is not going to make or break the Air Force housing program. It probably will not affect it a great deal except by way of a possible delay, but I do not want a lot of people kidding themselves into thinking that voting for this amendment will save \$30,000,000, because that is not the fact.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. ELSTON].

Mr. ELSTON. Mr. Chairman, I have asked for this time to pursue the inquiry I made earlier of the chairman of the subcommittee and of the gentleman from New York [Mr. TABER] with respect to the list of Air Force bases and other installations contained on pages 39 and 40 of the committee report, and to ask again if the numbering of the bases on this list is an indication that such bases and plants are to be considered in the order of their listing.

Mr. TABER. If the gentleman will yield, my understanding is that that list is there, and they are numbered. On the other hand, the numbers mean nothing as to priority. It is up to the Air Force and their operations as to what they can do and when they should do it.

Mr. ELSTON. In other words, while the Barksdale Air Force Base is No. 1, but the Lockland plant near Cincinnati, Ohio, where they are making jet engines, is No. 126, it does not follow that the Barksdale Base will be taken up first and the Lockland plant when No. 126 is reached.

Mr. TABER. Not unless the Air Force decides that. They have given out no priority along that line.

Mr. DAVIS of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. ELSTON. I yield.

Mr. DAVIS of Wisconsin. Simply to confirm what the ranking minority member of the committee has stated, this list is in the report by way of limitation and not as a priority list. This list is submitted here only to make it clear that none of the money which has been outlined in various categories on pages 37 and 38 in the report is to be used on any installations of the Air Force not specifically listed on pages 39 and 40 of the bill.

Mr. ELSTON. Then the numbers do not mean anything?

Mr. DAVIS of Wisconsin. They have no significance whatsoever.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RILEY].

Mr. RILEY. Mr. Chairman, I hope the amendment offered by the gentleman from Minnesota will be defeated. This matter was thoroughly discussed in connection with the amendment offered by the gentleman from Michigan [Mr. HOFFMAN], and the Committee of the Whole saw fit at that time to defeat that.

I call the attention of the Committee to the fact that this investigating committee has studied this problem since last February and has gone into the plans and specifications of these buildings and eliminated anything of a plush nature, or anything of a gingerbread nature, or anything of a decorative nature. We are allowing to go into these plans and specifications only usable and wearable articles. We are going to get a list from the services each month as to the money they have spent, the bases on which it is spent, and the increments for which it is spent.

In connection with this study, I am glad to report that the barracks today are costing in round figures \$400 per inmate less than they did a year ago. That is the result of the study and the simplification and the firming up of the plans

of the barracks. We have cut this appropriation bill in accordance with the results of these studies.

I hope the amendment offered by the gentleman from Minnesota will be defeated.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. RILEY. I yield to the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

Mr. H. CARL ANDERSEN. The gentleman realizes from all the information given to him that it is impossible even to let the contracts relating to about \$30 million of this amount during this present fiscal year.

Why should we not save a little money here with no harm whatever to our national defense? A little tightening up is not going to do the Air Force any harm whatsoever. My amendment is offered because of the fact that there was considerable support here for a far larger cut, \$80,000,000.

Mr. RILEY. We have already tightened this program up to the tune of cutting off half a billion dollars. I would not want to see another penny extracted from the appropriation for the Air Force.

Mr. Chairman, I hope the amendment offered by the gentleman from Minnesota will be defeated, and I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota.

The question was taken; and on a division (demanded by Mr. H. CARL ANDERSEN) there were—ayes 50, noes 84.

So the amendment was rejected.

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

Mr. Chairman, the House owes a vote of thanks to the subcommittee on Military Construction headed by the gentleman from South Carolina [Mr. RILEY], the other members being the gentleman from Massachusetts [Mr. FURCOLO], and the gentleman from Wisconsin [Mr. DAVIS]. They have been holding hearings almost constantly since the first day of February. The rest of the members of military appropriations came into these hearings after our other subcommittees had finished their work, largely on the procurement program.

I have, and our Nation should have, the greatest admiration for these men of ours in the Air Force who have, as always, done such a magnificent job of fighting in all corners of the world. They are the world's best. So that any of these remarks which have been made, or which will be made, which may be critical of some of the programs of the Air Force are not in the least bit critical of these men and the flying and fighting job that they have done and are doing. It has been proved—and admitted by the top men in the Air Force—that in this program of construction, growing as rapidly as it has from the small force that we had up to the contemplated 143 group force, there has been a great deal of indecision, there has been some vacillation, and there have been many changes of plans, missions, and installations. This expansion should have had a logical, practical, cohesive progressive plan. However, I doubt there is an air base in the United States which has

been contemplated in this program, which has not had anywhere from 6 to 50 changes on that base. In many instances the very mission of the base itself has been changed. A case in point is the air base at Grandview. We were told last year that due to the fact that Kansas City is centrally located with highways and railways and communications, it was the one best place in all the United States for headquarters of this Central Air Defense Command. Now we hear rumors that Grandview is not going to be used as headquarters for the Air Defense Command, but that the headquarters are going to be in Colorado Springs, that Grandview is only going to be the central district base, and that the Continental Air Command Headquarters is going to be moved from Mitchell Field to Grandview Air Base. In other words, the Air Force program is constantly changing. We do not know what it is to be tomorrow; they do not know. We are hoping that with the new chief of installations, named Thursday at noon, there will be a better and more comprehensive and more realistic and more common sense construction program, not only as to the mission of these air bases, but the construction that is to be thereon made. There have been many instances which have occurred in this construction program on which criticism is warranted. The matter of the barracks mentioned by the gentleman from Iowa has been under constant scrutiny by this subcommittee.

If the gentleman will read all of the hearings and the final report, he will find that the committee under Mr. Riley has made demands on the Air Force and on the Chief of Engineers of the Army for economy and common sense in construction. He will see that the barracks, which are to be built, will be in every way adequate, but that the so-called plush has been almost completely eliminated. I trust the gentleman will be much better pleased a year from now when the report is made as to the progress of this program so far as economy and realism is concerned. There are places where some things have been done, which this committee has pointed out to the Air Force should not be done, should be stopped, and those who are the perpetrators of the plans should be given the most severe punishment possible. For instance, one example is when under the guise of soil erosion work as shown by falsified work orders, the Air Force was building a 9-hole golf course. That has been stopped. The men who were responsible for this misuse of funds should be punished. There are many other things which must be stopped. The Air Force must be economical. The Air Force must be realistic in these programs.

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

Mr. SCRIVNER. I yield to the gentleman from Iowa.

Mr. GROSS. I have had a case where the Air Force kicked approximately \$100,000 out of the window by taking a low bid from a manufacturer in the State of Iowa, and the general who permitted that, and it was testified before a committee in the other body that they had

made the mistake, that they had thrown nearly \$100,000 away, instead of being court-martialed has been promoted from a 3-star to a 4-star general. Where is the punishment for these things?

Mr. SCRIVNER. I do not know anything about that particular case, but I would request the gentleman to do this: I know the members of this military appropriations subcommittee. There is not a finer group of men in Congress. If you or any other Member of the House or the Senate find instances where there is anything wrong, or any waste, if you will let us know we will stop it.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. RILEY. Mr. Chairman, I ask unanimous consent that all debate on this chapter do now close.

Mr. BROOKS. Reserving the right to object, Mr. Chairman, I did want to say a word on housing. I would like to have 5 minutes.

Mr. RILEY. Mr. Chairman, I ask unanimous consent that all debate on this chapter close in 5 minutes.

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

Mr. MEADER. Reserving the right to object, Mr. Chairman, I have an amendment after section 804. I do not think it is controversial.

Mr. RILEY. Mr. Chairman, I ask unanimous consent that all debate on this chapter close in 7 minutes.

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

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. Brooks] for 3½ minutes.

Mr. BROOKS. Mr. Chairman, I really wanted 5 minutes.

The CHAIRMAN. Under the unanimous-consent request, the debate will close in 7 minutes. Under the division of time the gentleman is entitled to 3½ minutes.

Mr. BROOKS. Mr. Chairman, I really wanted 5 minutes with reference to housing. It is something that I have studied considerably.

Our Committee on Armed Services did not overlook the matter of housing. I think good housing is very essential to the armed services. We studied the types of barracks being planned and constructed in all the armed services. Each one of them will average about \$12 per square foot for all the services. In the Army the sizes will be from 105- to 225-men barracks.

I want to say to my distinguished friend from New York who took exception to my comment regarding housing in the armed services that I have taken this information from these reports, and I quote:

There are of course in existence many barracks inferior to those described (by me a moment ago). Some of them were built during the last World War. Some of them were built 20 to 30 years or more ago, and they were temporary barracks when they were built. With respect to all of these it can be said that they vary from virtually uninhabitable to reasonably usable, depending of course on the kind of original construction and the maintenance which had been performed during their lives.

I read that for the reason—and I speak advisedly—I have seen housing that is not habitable. It is not fit to be used. I am very glad the subcommittee of the Committee on Appropriations has come in with an appropriation that will give our men in the uniformed services the type of housing they ought to have. It is not going to be luxury housing, and I do not think it should be. But the barracks including kitchen and dining facilities in the Army will cost about \$2,100 per man. The Navy, on the other hand, will run around \$1,900 per man. There are some certain extras that will run it up over \$2,000. The Air Force will run roughly \$2,000 per man unit.

I mentioned these things because it shows you cannot get palace-like construction out of these figures.

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

The Clerk read as follows:

Amendment offered by Mr. MEADER: Page 20, after line 10, insert a new section as follows:

"Sec. 805. No part of the funds herein appropriated shall be used to expand the facilities of the Department of the Air Force to establish or maintain a separate system for providing such supplies and services as were furnished to the Department of the Air Force by the Department of the Army prior to August 1, 1951."

The CHAIRMAN. The Chair recognizes the gentleman from Michigan.

Mr. MEADER. Mr. Chairman, this amendment is the same as one adopted by the House on April 9, 1952, with respect to the 1953 Defense appropriation bill. Its purpose is to prevent the Air Forces from setting up a duplicating third supply system for so-called common-use items.

I understand the Senate proposes to approach this same problem with a little different language but with the same objective in mind. The final language can probably be perfected in conference.

I have discussed the amendment with the leadership of the committee on both sides of the aisle. I understand it is agreeable to them.

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

Mr. MEADER. I yield.

Mr. RILEY. The gentleman's amendment seems to be sound. We have no objection on this side; we will accept the amendment.

Mr. DAVIS of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield.

Mr. DAVIS of Wisconsin. This is entirely consistent with the action the House took on the regular Defense Department appropriation bill.

Mr. MEADER. It is almost precisely the same language except it deals only with facilities, because the item in the bill deals only with public works of the Air Forces.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RILEY].

Mr. RILEY. Mr. Chairman, we will accept the amendment. I ask for a vote.

THE CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was agreed to.

MR. BARTLETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARTLETT: On page 21, line 6, strike out the period, insert a colon, and the following language: "Provided, That not to exceed \$5,000 of the funds herein made available shall be available for painting the exterior of the Jessie Lee Children's Home at Seward, Alaska."

THE CHAIRMAN. The question is on the amendment offered by the Delegate from Alaska.

The amendment was agreed to.

The Clerk read as follows:

CHAPTER IX
MUTUAL SECURITY

TITLE I—DEPARTMENT OF DEFENSE
DEPARTMENT OF THE ARMY—CIVIL FUNCTIONS

Government and relief in occupied areas

For expenses, not otherwise provided for, necessary to meet the responsibilities and obligations of the United States in connection with the government or occupation of certain foreign areas (except Germany, Japan and Austria), including, subject to such authorizations and limitations as may be prescribed by the head of the department or agency concerned, tuition, travel expenses, and fees incident to instruction in the United States or elsewhere of such persons as may be required to carry out the provisions of this appropriation; travel expenses and transportation; services as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a), at rates not in excess of \$50 per diem for individuals; translation rights, photographic work, education exhibits, and dissemination of information, including preview and review expenses incident thereto, hire of passenger motor vehicles and aircraft; repair and maintenance of buildings, utilities, facilities, and appurtenances; not to exceed \$2,000 for contingencies for the United States commanders, commissioners, or other administrators of foreign areas, to be expended in their respective discretions; such minimum supplies for the civilian populations of such areas as may be essential to prevent starvation, disease, or unrest, prejudicial to the objectives sought to be accomplished; and such supplies, commodities, and equipment as may be essential to carry out the purposes of this appropriation; \$11,000,000, of which not to exceed \$1,500,000 shall be available for administrative expenses: *Provided*, That the general provisions of the Appropriation Act for the current fiscal year for the military functions of the Department of the Army shall apply to expenditures made by that Department from this appropriation: *Provided further*, That expenditures from this appropriation may be made outside continental United States, when necessary to carry out its purposes, without regard to sections 355, 1136, 3648, and 3734, Revised Statutes, as amended, civil service or classification laws, or provisions of law prohibiting payment of any person not a citizen of the United States: *Provided further*, That expenditures from this appropriation may be made, when necessary to carry out its purposes, without regard to section 3709, Revised Statutes, as amended, and the Armed Services Procurement Act of 1947 (41 U. S. C. 151-161): *Provided further*, That expenditures may be made hereunder for the purposes of economic rehabilitation in such occupied areas in such manner as to be consistent with the general objectives of the Economic Cooperation Act of 1948, as amended, and in the manner authorized by section 111 (b) (1) thereof: *Provided further*, That funds appropriated here-

under and unexpended at the time of the termination of occupation by the United States, of any area for which such funds are made available, may be expended by the President for the procurement of such commodities and technical services, and commodities procured from funds herein or heretofore appropriated for government and relief in occupied areas and not delivered to such an area prior to the time of the termination of occupation, may be utilized by the President, as may be necessary to assist in the maintenance of the political and economic stability of such areas: *Provided further*, That before any such assistance is made available, an agreement shall be entered into between the United States and the recognized government or authority with respect to such area containing such undertakings by such government or authority as the President may determine to be necessary in order to assure the efficient use of such assistance in furtherance of such purposes: *Provided further*, That such agreement shall, when applicable, include requirements and undertakings corresponding to the requirements and undertakings specified in sections 5, 6, and 7 of the Foreign Aid Act of 1947 (Public Law 389, approved December 17, 1947): *Provided further*, That funds appropriated hereunder may be used, insofar as practicable, and under such rules and regulations as may be prescribed by the head of the department or agency concerned to pay ocean transportation charges from United States ports, including territorial ports, to ports in the Ryukyus for the movement of supplies donated to, or purchased by, United States voluntary nonprofit relief agencies registered with and recommended by the Advisory Committee on Voluntary Foreign Aid or of relief packages consigned to individuals residing in such areas: *Provided further*, That under the rules and regulations to be prescribed, the head of the department or agency concerned shall fix and pay a uniform rate per pound for the ocean transportation of all relief packages of food or other general classification of commodities shipped to the Ryukyus regardless of methods of shipment and higher rates charged by particular agencies of transportation, but this proviso shall not apply to shipments made by individuals to individuals: *Provided further*, That the President may transfer to any other department or agency any function or functions provided for under this appropriation, and there shall be transferred to any such department or agency without reimbursement and without regard to the appropriation from which procured, such property as the Director of the Bureau of the Budget shall determine to relate primarily to any function or functions so transferred: *Provided further*, That not to exceed \$1,725,000 of the funds appropriated under this head for the fiscal year 1950, shall remain available until June 30, 1953, for the payment of obligations incurred under contracts executed prior to July 1, 1950.

MR. JONES of Alabama. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, on yesterday the gentleman from New York [Mr. COUDERT], offered an amendment to the item contained on page 11 for the Tennessee Valley Authority. His amendment was to reduce the total amount \$150,000,000 to \$85,000,000. This amendment prevailed. Under the limitation of time that had been previously imposed, the committee did not have an opportunity to examine at that time the amendment in the light of the requirements of both the Tennessee Valley Authority and the Atomic Energy Commission.

On yesterday, in a minute and a half, the gentleman from New York [Mr.

COUDERT] had this to say about his amendment:

Private power companies representing over a billion dollars in capital have offered to produce the power, and they have offered to produce it without expense to the United States.

The evidence will not support any such conclusion. Let us look at the facts and see what took place and what arrangements were made to furnish the required power to the Atomic Energy Commission.

The Atomic Energy Commission needed 7,500,000,000 kilowatt-hours of energy annually to carry on their operation. They set about to acquire this power from either the private utilities or the Tennessee Valley Authority. A group of five utility companies, jointly known as the Electric Energy, Inc., was invited by the AEC to submit a bid. Both TVA and the Electric Energy, Inc., were asked to submit their rates and bids for 25 percent, 50 percent, 75 percent and 100 percent of their power requirements. Both submitted their rates on the requested percentages and as a result of the examination of these rates it was decided that the TVA would be asked to produce 75 percent of the power and the Electric Energy, Inc., would be asked to produce 25 percent. This conclusion was warranted for many reasons as is well explained in the following letter which I received today from Mr. R. W. Cook, Director of Production, Atomic Energy Commission:

UNITED STATES ATOMIC
ENERGY COMMISSION,
Washington, D. C., June 28, 1952.

Hon. ROBERT E. JONES, JR.,
House of Representatives.

DEAR MR. JONES: This is in response to your recent request concerning the power supply required for the proposed expansion program now before Congress and the steps taken and the reasoning which lead to the decision to obtain the additional power required for the proposed expansion of gaseous diffusion facilities at Paducah on a basis of 75 percent of the total requirement being obtained from TVA and 25 percent from Electric Energy, Inc., a group of five utilities.

As you know, under the present program, 50 percent of the total requirement at Paducah will be obtained from TVA and 50 percent will be obtained from EEE. The proposals received from TVA and EEE in December of 1950 for the present program were very competitive. At the time the present EEE contract was negotiated, the estimated annual charges (TVA, \$14,922,000, and EEE, \$14,697,560) showed a possible difference in favor of EEE of \$224,000 per annum. Since that time escalation provided for in the EEE contract to reflect the increases in cost of construction of the facilities now indicates a difference in annual charges (EEE, \$15,252,000, and TVA, \$15,088,000) of \$164,000 per annum in favor of TVA.

The primary reason for this shift in relative positions lies in the fact that the EEE rate is escalated on the basis of actual construction costs of the facilities, while the TVA rate is escalated on the basis of the Engineering News Record cost index, a national index.

In obtaining the additional power required for the proposed expansion at Paducah, the Commission was in the fortunate position of being adjacent to two large power utility systems and deemed it in the Government's interest to seek proposals from both utilities, TVA and EEE, for 100 percent of the

power, or such portions thereof in increments of 25 percent on which they wished to submit.

An analysis of the 100 percent proposals of TVA and EEI, based on cost to the AEC, on an annual charge based on 95 percent load factor, showed a material difference in favor of TVA. EEI was then given an opportunity to submit another proposal and, after many discussions during which it was pointed out that with certain changes we felt they could submit a more competitive proposal, a revised 100 percent proposal was submitted by EEI.

An analysis of the revised 100 percent EEI proposal with TVA, based on cost to the AEC on an annual charge based on 95 percent load factor, and 3½ percent financing, showed a difference in favor of TVA of \$2,673,000 or a total of \$63,825,000 over 25 years, the proposed term of the contract. (If EEI is required to pay 3¾ percent to obtain financing for the capital cost of the facilities, this would increase the per annum cost by \$290,000.)

As to income taxes paid by EEI, based on a guaranteed return of 8 percent, after taxes, on the equity capital they would furnish in the amount of \$8,500,000 out of a total estimated cost including working capital of \$222,500,000, their estimate of annual income-tax payments is \$603,000 or \$15,075,000 in 25 years. Thus the income taxes paid by EEI over a 25-year period would lack in offsetting by \$51,750,000 the saving to the AEC resulting from the TVA proposal.

The TVA proposal is on a commodity basis, with provisions for escalation of capital, fuel, and operating labor cost on formulas based on recognized indices, while the EEI proposal would result in a guaranty of costs and a guaranteed return of 8 percent after taxes on the equity capital they would furnish.

Also, the cost of the facilities to be constructed under the TVA or the EEI 100 percent proposal would be paid for by the Federal Government and in turn by the taxpayers. Under the EEI proposal it would be paid for over a 25-year period by the AEC and through the EEI charges for power and EEI would become the owners of a debt free plant in 25 years. Under the TVA proposal, the costs will similarly be paid for by AEC, and TVA, a Government agency, will become the owner of the plant.

You may be interested that in the TVA's 1951 Annual Report, for the years 1950 and 1951, the TVA reported net income, as computed under the Federal Power Commission's uniform system of accounts, of 5.8 and 5.4 percent, respectively. Considering the depreciation reserve as providing for the repayment of invested capital, the net income could be considered as being available for payment in lieu of interest or for return to the Federal Treasury for the benefit of all taxpayers.

In reviewing the other alternatives, the cost per kilowatt hour under the TVA 75 percent proposal was less than their 100 percent proposal. EEI did not submit a 75 percent proposal. The cost per kilowatt hour under the TVA 50 percent proposal was considerably less than the EEI 50 percent proposal and the cost per kilowatt hour of the EEI 50 percent proposal was more than the EEI 100 percent proposal. Although the cost per kilowatt hour under the TVA 25 percent proposal was less than the EEI 25 percent proposal, it was felt that, since the Joppa plant, now under construction to serve 50 percent of the load under the present program was planned so that two additional generating units could be added, the addition of two units at the Joppa plant was adequate for 25 percent of the additional load and this should permit EEI to submit a proposal at a cost per kilowatt hour more nearly competitive with TVA. Subsequent discussions with EEI and a preliminary pro-

posal for 25 percent indicated that a more competitive proposal could be obtained.

Further consideration indicated many advantages to the program by splitting the additional requirements, 75 percent TVA and 25 percent EEI. They are:

1. It provided two large utility systems from which to draw interim and back-up power supply, simplifying the problems on each system and increasing the dependability and reliability thereof. In addition, EEI under the 100 percent proposal was not able to fulfill all the requirements for the interim power required. Under this arrangement all requirements would be fulfilled.

2. The cost of the power during the construction period and the interim power required for the operation of the diffusion plant would be lower.

3. Access would be secured to a larger market for the absorption of any power released by a reduction in demand or termination of operations by the AEC. This would enable the Commission to negotiate more favorable cancellation provisions.

4. Additions to, and full completion of generating stations now under construction would reduce the reserves required and provide economies in construction cost, in use of critical materials, equipment, labor and in time required for completion.

5. This split would avoid the application of the higher coal cost escalator under the TVA 100 percent proposal.

6. An advantage is gained from the standpoint of dispersion.

7. It is sound from an engineering point of view.

In view of the above, it was decided that the split of 75 percent TVA and 25 percent EEI was most advantageous to the Government. Accordingly, TVA was assigned the responsibility to supply 75 percent of the additional power requirements and negotiations are now under way with EEI on the balance of 25 percent.

At Oak Ridge, which is well within the TVA power system, after discussions with adjacent public utilities on their interest to furnish the additional requirements for the proposed expansion program, and receipt of their reply that they did not feel they could submit proposals because the distance from their load centers to Oak Ridge was so great it was not economical because of transmission costs, the responsibility for supplying this additional power was assigned to TVA.

At the new gaseous diffusion plant, for which a site has not been selected, we expect to secure all the power requirements from private utilities and to that end are now negotiating with a group of 15 companies who have formed together and submitted a proposal for the total requirements.

If any additional information is desired please advise.

Yours very truly,

R. W. COOK,
Director of Production.

If TVA had furnished 100 percent of the power, their annual rate charges would have been approximately \$2,600,000 less than the rates offered by the Electric Energy, Inc. Or during the 25 years of the life of the contract a savings would have been made of approximately \$66,000,000.

Under the proposal which the subcommittee accepted and reported, however, TVA was asked to furnish 75 percent of the power. This annual saving in rate would be approximately \$2,000,000, and during the life of the contract it would amount to \$50,000,000. At the expiration of the 25-year period all plant facilities will be owned by the Federal Government. On the other hand, if the Coudert amendment prevails, at the end

of the 25-year period the plant will be owned by the EEI and the Federal Government will have paid \$50,000,000 more in power rates than would be required by a contract with TVA.

What is this Coudert amendment? It is an amendment to require the taxpayers of this country, every year for 25 years, to pay a bonus of at least \$2,000,000 to a group of five private power companies whose representatives kept the telephones of this Capitol hot with their importunities all day yesterday. This is a case of a group of private utilities setting up a special corporation to get a contract from the Government to do for a handsome guaranteed fee and without any risk the job that an established agency of the Government itself can do as well at a huge savings to the taxpayers. This is an obvious effort to milk the taxpayers of more than \$2,000,000 a year. This is not economy. Let us have no nonsense about that. It is at least \$50,000,000 of outrageous extravagance.

The taxpayers provide the money for payment of the power bills of the Atomic Energy Commission. Each year they will pay an extra \$2,000,000 if the Coudert amendment is adopted. When AEC has paid for the EEI plant, the plant will belong to the power companies. I say that any Member of this House who supports this amendment shows a reckless disregard for the taxpayers' interest. I gave \$2,000,000 as the minimum additional amount which it will cost every year to have EEI do all the job instead of 25 percent as recommended by AEC. But \$50,000,000 is, in my judgment, likely to prove a gross underestimate of the proposed grab. While TVA has offered AEC a firm price subject only to adjustments for such factors as changes in the general level of construction costs while the plant is being built, and changes in the cost of fuel to operate it, EEI's proposal is, in fact, not a firm rate at all but merely a cost-plus fee arrangement.

This amendment is willful extravagance. It goes against the judgment of the agency responsible for the AEC program. It goes against common sense and responds to the wishes of one of the most greedy and ambitious lobbies this Congress has ever seen.

I am against the Coudert amendment and for the proposal recommended by the Atomic Energy Commission under which 75 percent of these power requirements will be provided by TVA.

Mr. PHILLIPS. Does that take into consideration, which the evidence appears to show it does not, the tax situation as between the in lieu and actual taxes?

Mr. JONES of Alabama. Let us get to that point now and I am glad the gentleman raises it. Under the tax arrangements and arrangements of the contract entered into by the companies and AEC, the Electric Energy, Inc., would pay \$150,000 annually in income taxes. So that means that the Federal Government by executing that contract on a 100 percent basis with EEI would receive \$603,000 a year in income taxes. If the Atomic Energy Commission executes the contract with TVA we save

\$2,600,000. It is simple arithmetic. Which is greater, \$603,000 or \$2,600,000?

The CHAIRMAN. The time of the gentleman from Alabama has expired.

(On request of Mr. COOPER, and by unanimous consent, Mr. JONES of Alabama was allowed to proceed for five additional minutes.)

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

Mr. JONES of Alabama. I yield to the gentleman from Massachusetts.

Mr. MCCORMACK. Of course, the amendment offered yesterday reducing this appropriation by \$65,000,000 came up at an unfortunate time when there was very little time left, approximately 2½ or 3 minutes, for debate. It was impossible to adequately and properly discuss and cover it in that length of time. The gentleman from Alabama has made an outstanding argument as to why the action taken by the Committee of the Whole on yesterday, when we get into the House, should not be rejected. Not only because of the able argument of the gentleman, but from the angle of national defense, this is vitally important to the security of our country with reference to the production of atomic energy and all that goes with it. I join with my friend and others in urging that when we get into the House that we reject the amendment and permit the appropriation recommended by the Committee on Appropriations to be adopted by the House.

Mr. JONES of Alabama. I thank the gentleman. To go a little bit further in emphasizing what the gentleman from Massachusetts has stated, one of the advantages of acquiring energy from the Tennessee Valley Authority is that they will have interim power available where the Atomic Energy Commission can proceed without delay. If we have to delay until such time that we will have full production and full capacity of the generating units to be constructed by the private power companies, then we will lose time. The Coudert proposal comes rather late, and it is unfortunate that the private utility companies have come up and started a campaign without presenting all of the facts.

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

Mr. JONES of Alabama. I yield to the gentleman from Tennessee.

Mr. BAKER. Is it true that in this letter from the Atomic Energy Commission, which the gentleman will insert in the RECORD when we go back in the House, it is stated that the Atomic Energy Commission asked the private-utility companies to make the expansion power available for Oak Ridge, and that they refused?

Mr. JONES of Alabama. The surplus energy needed to supplement the power already going to Oak Ridge will not be available from private utilities, because they refused, and they refused on the ground that they could not generate and transmit electricity that great a distance at a rate which the Federal Government could afford to pay.

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

Mr. JONES of Alabama. I yield to the gentleman from Tennessee.

Mr. COOPER. Is it not true that the question of the policy with respect to the Tennessee Valley Authority was settled years ago, and that it is not involved here? None of this power is for the people of that area or that section. All of the power sought to be produced here is for atomic energy, and for that alone, and it is vital and necessary to have this power for the production of atomic energy, and this is the only source from which that necessary power can be secured.

Mr. JONES of Alabama. The gentleman from Tennessee is absolutely correct. Not only that, but the Tennessee Valley Authority did not propose that they construct these generating units. That proposal came from the AEC, and they were charged with the responsibility of obtaining power at the lowest possible cost. Now, when they come up with a proposition of saving the taxpayers \$2,000,000, there is something sinister and wrong in that. I do not know what sins can be committed in the name of private enterprise, but certainly this is one, because factually you cannot sustain any other conclusion. I think we will all agree that one of the most important topics of discussion that comes from this well is saving the taxpayers' money. If you believe that the Federal Government should be frugal and make wise and sound investments, you cannot under any circumstances or conditions justify the support for striking out the ability of the Tennessee Valley Authority to produce this energy.

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

Mr. Chairman, in my considered judgment the committee on yesterday made a most serious mistake in adopting the Coudert amendment. I shall discuss this matter from a nonpartisan standpoint and a factual standpoint. There are those in this House on both sides of the aisle, who, when the name of the Tennessee Valley Authority comes up, react just the same as if you waved a red flag in the face of a bull. That is unfortunate. The United States has over a billion dollars invested in TVA. But let us not go too far along that line. Listen to the committee report. It may be some of you have not read it:

The bill includes the budget estimate of \$150,000,000 to provide funds for commencing construction of steam electrical generating plants, transmission lines and other facilities necessary to provide power for the expansion program of the Atomic Energy Commission. The two programs go hand in hand and one is useless without the other. The program provides for the construction of 10 additional or new generating units with a rated capacity of 1,710,000 kilowatts. The total estimated cost of the program is \$305,000,000.

I asked the gentleman from Alabama [Mr. JONES] if it was not true that in a letter from the general manager of the Atomic Energy Commission it was stated that the Atomic Energy Commission asked private utilities to build a steam plant to furnish this extra power at Oak Ridge. He stated, "Yes." I saw it in the letter. The private utilities refused. You can see why they refused.

In the first place, TVA has all the customers. We hope and pray that this

war will not last forever. A private utility would be silly if they built a plant right in the middle of TVA when TVA has all the customers, and there would no longer be any use for it after 5 or 6 years because surely the emergency will be over in that time.

This is what it boils down to. This is no fight on TVA. When you vote this \$65,000,000 cut, it means that if you want atom bombs, replace that \$65,000,000. If you do not want atom bombs, cut it out. This will delay the program about 1 year, or make it that much longer.

The Kingston plant, which is located only 10 miles from Oak Ridge, is the one that gets two new units. This same bill carries an appropriation of almost \$500,000,000 to expand the atomic-energy plants at Oak Ridge. You know that Oak Ridge is the place that produces the atom bombs. They must have this additional electricity at Oak Ridge. It carries the steam plant at Rogersville, Tenn., two new units at Kingston, Tenn., which is Oak Ridge itself, for it is joined together, and at Gallatin, Tenn., for the Paducah, Ky., plant. Not one kilowatt hour of that goes to us Tennessee backwoodsman. It goes into the producing not only of atom bombs but what they call a family of atom weapons. I think even New York, as close as it is to the eastern seaboard, needs the protection of atom bombs and atom weapons to be produced at this great plant at Oak Ridge. So you are not fighting TVA when you cut this \$65 million out. You are fighting the production of atomic bombs. Nobody can deny that. Not one penny of it goes to burn our electric lights in our houses or to furnish what the people from New England, with all due respect to them, seem to think Tennessee has gotten too much of. What has Tennessee gotten out of it? I might say this, without digressing in the least, I do wish many Members of my party, and I am a Member of the party to which the gentleman belongs who offered the amendment, would come to Tennessee and visit us. Come down there and see what we are like. It would seem that we must be a different kind of people according to the way we have been pictured by the New England folks. You will find in Tennessee the same kind of people as you will find in New England, but just because the TVA is there, they would take out a rapier or a pearl-handled dagger and reach in and cut out \$65,000,000. It is wrong. It is fundamentally unsound. Suppose this great plant at Oak Ridge was in the Sahara Desert. It would not make any difference. Tennessee would get the same benefit out of it as it does now.

Mr. PHILLIPS. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, my intention is not to engage in a lengthy argument over the merits or demerits of this case, but to bring certain facts before the committee. If it were suggested that this would be an excellent opportunity for a thorough investigation of the TVA situation, I for one would be very much in accord with it. Yesterday the gentleman from New York [Mr. COUDERT] offered an amendment which reduced by a certain sum

the amount of money to be provided to the TVA for the construction of steam plants. I thought it was a good amendment at the time, and I voted for it. I still think it is a good amendment. I think some of the things that have been discussed today could bear a little further comment, and as I said before, they might well be investigated. I recall several years ago, we argued loud and long on the floor and in the corridors over whether or not we should build one steam plant in the TVA area for the purpose of firming up the electric current which was then being provided by the hydroelectric facilities, which we had favored and voted for. When this program is finished, Mr. Chairman, 62 percent of the power developed in the TVA will be developed by steam plants, an excellent example of the camel's head under the tent, and shortly the body following the head. It is said here on the floor that the AEC urged, or perhaps compelled the TVA to build these additional plants. The testimony does not quite support that statement. Those plants are now outside the territory of the TVA, the originally established territory of the TVA. I am going to say frankly, they are not very much outside; they are 10 to 15 miles out of it, but nevertheless that is another case of the camel's head, which I think might be looked into. The point I would like to make is that the AEC did not really force the TVA because the AEC asked for bids from both private industry and the TVA. I do not have the letter, but the gentleman from New York yesterday showed me a letter which indicated that the private companies were willing to supply these facilities, and to build the facilities at their own expense, and that the difference in the annual cost for current was what the gentleman from Alabama indicated, approximately \$2,500,000 a year. But, Mr. Chairman, when they set that figure the TVA did not include interest, so far as I can determine. That did not include depreciation which the ordinary company would take. That did not include taxes on the same basis which private utilities would pay taxes.

Mr. Chairman, if we continue squeezing out all the taxpaying industries in the United States, who is going to pay the taxes to run this expensive Government?

I now yield to the gentleman from Alabama.

Mr. JONES of Alabama. Let me read to you a portion of a letter from the Atomic Energy Commission.

Mr. PHILLIPS. Can you do it quickly? I have a couple of other points I would like to make.

Mr. JONES of Alabama. As to income taxes paid by EEI, based on a guaranteed return of 8 percent, after taxes, on the equity capital they would furnish in the amount of \$8,500,000 out of a total estimated cost including working capital of \$222,500,000, their estimate of annual income-tax payments is \$603,000 or \$15,075,000 in 25 years. Thus the income taxes paid by EEI over a 25-year period would lack in offsetting by \$51,750,000 the saving to the AEC resulting from the TVA proposal.

Mr. PHILLIPS. I cannot yield further, because I want to say that if the

gentleman from Alabama is agreeing with me that this is something which requires a complete investigation, I would be glad to go along with him. When these plants are built and used for the atomic-energy program, then nobody knows now what the power will be used for when the atomic-energy program lets down.

The CHAIRMAN. The time of the gentleman from California has expired.

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

Mr. Chairman, the purpose of foreign military and economic aid is to help make strong those nations allied with us in the current world struggle for survival against the forces of Communist aggression.

During the debate on this bill there has been testimony that such aid since World War II has reached the \$40,000,000,000 mark. Yet, today 560,000 soldiers of the Nationalist Government of the Republic of China now on Formosa and anxious to fight on our side, are without shoes.

This is the largest Asiatic anti-Communist army.

Commenting on military assistance for this particular area in the very bill now before us, the report presented by the distinguished gentleman from Virginia [Mr. GARY] states:

There is no other area of the world where the immediate need for military strength to ward off communism is more apparent.

And the bill provides for \$540,000,000 for material and training in the general area of China including the troops on Formosa who today are on maneuvers without shoes.

The gentleman from Virginia [Mr. GARY] and I saw the crack Sixty-seventh Division of the Chinese Nationalist troops drill in the hills near Taipeh 2 months ago. These, the best fitted of all the Chinese troops, wore old sneakers or tennis shoes as they marched in the mud and muck and fought mock battles.

The picture disturbed Admiral Radford, who inspected these troops on Formosa shortly after our visit, and just a few days ago the admiral reported to the Joint Chiefs of Staff the inadequate trickle of equipment being sent to the island should be quickly augmented.

Forty billion dollars in foreign military and economic aid since World War II but no shoes for this Asiatic anti-Communist army!

Ask any infantryman what a good pair of army field shoes means to health, morale, and efficiency.

General Chase, who now heads the American mission of 400 officers training this friendly Chinese Army on Formosa, is at a loss to understand why we are neglecting to do more for an army which, when the chips are really down, as his men put it, may mean the difference between victory or failure in this life-and-death struggle.

And General Chase adds another clincher to his argument we should be beware of a slow boat to the Chinese on Formosa and fail to appraise realistically their possibilities. He points out that it costs only \$300 to sustain a Chinese Nationalist soldier on Formosa for

1 year. The Pentagon tells me that the yearly cost to sustain an American GI runs close to \$6,000. There is congressional testimony the figure is considerably higher.

I have referred to the gentleman from Virginia [Mr. GARY] who saw these shoeless soldiers with me on Formosa and I feel certain that he as chairman of the committee reporting this aid bill aims to do what he can to have this deficiency corrected. I ask him if he has a word of comment.

Mr. GARY. Mr. Chairman, may I say that I thoroughly agree with the gentleman that the Chinese soldiers do need equipment. The one word that we heard more on Formosa than any other was "hardware"; that they needed "hardware" for the troops.

It is also true that they need shoes. I never saw a pair of leather shoes on a single Chinese soldier.

I am inclined to believe that if the Chinese are properly equipped they will make good soldiers.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

(By unanimous consent, Mr. CANFIELD was allowed to proceed for two additional minutes.)

Mr. GARY. The gentleman will remember that on Korea we were told that the Korean troops now are among the best in the line. When we called attention to the poor showing that they made at the beginning of the struggle we were told by the officers from General Van Fleet right down the line that it was because at that time they were not adequately trained and equipped. But now since they have been properly trained and properly equipped they are giving an excellent account of themselves. I think the same thing would be true of the Chinese soldiers.

We are providing materials and equipment for them in this bill, and I trust that we shall continue to do so, because I think they are a very vital factor in our defense against Communism in that section of the world.

Mr. CANFIELD. I am glad the gentleman from Virginia made that statement; I think it is going to give real heart to those troops on Formosa who are on our side in this world conflict.

Mr. KERSTEN of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CANFIELD. I yield to the distinguished gentleman from Wisconsin who is so well informed on the world struggle and its dangerous portents.

Mr. KERSTEN of Wisconsin. I want to compliment the gentleman from New Jersey on pointing this out because, as he said, here we have one of the greatest potential anti-Communist forces in the world, particularly in Asia. We should center our attention on properly equipping them. The failure of the administration to give the green light to the Chinese Nationalist forces in Asia is one of the great tragedies of our time. A new Republican administration will base its foreign policy on liberation instead of containment and will aid these anti-Communist Chinese forces to free China and deliver the death blow to Communism in Asia.

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

Mr. Chairman, I want to speak for a minute or two on the question that has now arisen regarding the amendment which was adopted yesterday to reduce the TVA authority by \$65,000,000.

I have information from very reliable sources that since the Coudert amendment to the bill was adopted, when the authorization bill was before the House recently, striking out two steam plants in the TVA area, the private utilities which surround the TVA area have now made plans and are ready to build all the necessary facilities, not only generating plants but transmission lines to furnish the atomic-energy plant with all the power they can use or want. Because of that I can see no reason why the taxpayers of America should be burdened with another \$65,000,000. The private utility companies which surround TVA joined together during World War II to pool their power for the defense effort. They are still doing so. They are good Americans and certainly they would not do anything that would in the least hinder the production of the atomic bomb.

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

Mr. JENSEN. I yield to the gentleman from Illinois.

Mr. YATES. Do these private utilities offer to take any risk at all in their proposal? As I understand their offer, it is proposed that they will invest a certain amount of money after having obtained loans guaranteed by the Federal Government, and they want a 25-year contract from the Atomic Energy Commission under the terms of which they will be guaranteed an 8-percent return on equity capital, after taxes, during the 25-year period plus an amortization of their entire investment within 25 years. At the end of 25 years, after having received these benefits, the entire plant would belong to them; is that correct?

Mr. JENSEN. Not quite.

Mr. YATES. What is their proposal? Mr. JENSEN. I have no information to that effect.

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

Mr. JENSEN. I yield to the gentleman from California.

Mr. PHILLIPS. I have a copy of the letter to which the gentleman is referring and to which the gentleman from New York made reference yesterday, and I find nothing in it to support the query of the gentleman from Illinois. I think it is a straightforward proposition to provide 1,296,000 kilowatts.

Now there is another point involved in the question of these plants. The TVA figures its rates on the cost of current, which includes the cost of the plants. Suppose it was discovered that the plant cost more than the TVA had expected when it made its rates. Would the TVA raise its cost to the consumer as a private utility would have to do to survive, or would the taxpayers be called upon to pay the difference?

Mr. JENSEN. It is the same old story. It is subsidized power, and the

American taxpayers pay the difference in the final analysis for all these subsidized programs.

Mr. YATES. May I invite the attention of the gentleman from California to the fact that the utilities, the private group that is proposing to supply the power to site X, requested cancellation costs of \$220,000,000 from the Atomic Energy Commission?

The CHAIRMAN. The time of the gentleman from Iowa has expired.

(On request of Mr. YATES, and by unanimous consent, Mr. JENSEN was allowed to proceed for five additional minutes.)

Mr. YATES. They asked that the Government allow cancellation costs up to about \$220,000,000 on a proposed investment by the private group of \$400,000,000.

Mr. JENSEN. Of course, they must have some kind of assurance to justify spending their shareholders' dollars. This is a temporary deal.

Mr. YATES. I will ask the gentleman from California whether that is not the fact. He was at the hearing.

Mr. PHILLIPS. It was \$57 million for an actual power cancellation cost.

Mr. YATES. That is only partly true. AEC contemplates receiving power for its expanded program from three sources. There were three cancellation costs—the TVA asked for a cancellation allowance of \$28,000,000; EEI, a private group, a cancellation allowance of \$28,000,000; and the third group a cancellation allowance of \$220,000,000, thus making up total cancellation costs of \$277,000,000 requested by AEC of our subcommittee. That was the reason I presented my amendment yesterday to limit cancellation costs of \$57,000,000, because we did not know what the cancellation costs would ultimately be with respect to the third group, and because the subcommittee believed cancellation costs of \$220,000,000 were excessive in view of the proposed \$400,000,000 investment.

Mr. PHILLIPS. I think that is the figure we should take—\$57,000,000.

Mr. YATES. That is the figure the House did take. The gentleman knows and our hearings show that the Atomic Energy Commission came before our subcommittee and asked that it be allowed the sum of \$220,000,000 for the purpose of building a generating plant of its own or setting aside that sum of money in a reserve to be used for cancellation costs in the event it entered into contracts with the private utilities to furnish power at site X. Is that not correct? Is that not correct, I ask the gentleman?

Mr. PHILLIPS. Yes, but there would be an equal cost if it were a Government-operated plant, and it stopped suddenly. The TVA would then have a loss itself equivalent to the cancellation clause loss.

Mr. YATES. I agree with the gentleman on that point. That is the reason the TVA asked for a cancellation clause because it takes the position that its operation should be conducted the same as a private utility. But, the fact remains, nevertheless, that the private group which proposed to furnish power at site X, wanted a clause which would

permit payment of possible \$220,000,000 cancellation costs. I agree with the gentleman that our subcommittee should carefully supervise what is going on to see that the taxpayers are protected. As I understand the proposal of the private companies to furnish power, it would offer so much protection to the investors as to eliminate all risk and amount to a gift of utility facilities by the Government.

Mr. JENSEN. The simple facts of the case are that if the Government builds those steam plants which they have requested, you can bet your life that over a period of years it will cost the taxpayers of America many times more than any contract that the Government would sign with private industry to furnish and transmit this power. That is one thing sure, because we have had examples of that all over the country in the past.

Mr. YATES. I do not oppose the principle of private companies furnishing the power for the project. I believe that the private companies should be given the opportunity to furnish the power, but not at the terms or under the conditions that have been proposed in the offer that has been made, because such terms and conditions are unfair. We should not permit the group of utility companies to take undue advantage of the Government, to make suckers out of the taxpayers, by using the cry of private enterprise. The term "private enterprise" presupposes the taking of a risk of some kind. In this offer of the private companies, there is no risk involved at all to the investors.

Mr. GARY. Mr. Chairman, I ask unanimous consent that debate on title I close in 5 minutes.

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

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, when the time comes to call the roll on this amendment reducing this TVA expenditure, I sincerely trust that the House will vote that amendment down.

I have never heard so much misinformation spread about the Tennessee Valley Authority as I have heard in these debates. The gentleman just now speaking complained that they did not raise the rates as the result of building these steam plants. If he will turn to the record he will find that the industrial rates in Memphis were raised just a few days ago on that account.

Do not deceive yourselves, we may be on the verge of an atomic war now. That bombing of the hydroelectric plant on the Yalu River may be the beginning of an atomic war that could leave Washington, Pittsburgh, Oak Ridge, Detroit, New York, and other key cities in ashes in a short time.

This plant is for the benefit of our Atomic Energy Commission, to help produce the instruments and materials necessary to defend our country in case of such a dire emergency.

Now they attack the TVA. I have heard that bunk for the last 20 years.

I led the fight for the creation of the Tennessee Valley Authority, and I want to give you some facts.

During the last Republican administration they were selling the power generated at the Wilson Dam, or Muscle Shoals to a power company wholesale at 1.59 mills a kilowatt-hour, and they showed that that was ample to pay 4 percent on the investment which would ultimately amortize for the entire cost. Today, in Florence, Ala., right at Muscle Shoals, the average wholesale rate is 4.2 mills a kilowatt-hour, or almost three times as much as the private interests were paying then. The TVA is paying for itself in more ways than one. If it were not for the TVA we might not have developed the atomic bomb in time to save this country from destruction.

The gentleman from California [Mr. PHILLIPS] attacked the TVA. I want to call his attention to the fact that when the TVA was created the whole country used only 80,000,000,000 kilowatt-hours of electricity a year. Today we are using between 400,000,000,000 and 500,000,000,000 kilowatt-hours a year, and the demand for electricity is growing all over the country. We have nearly 400,000,000,000 kilowatt-hours of hydroelectric power going to waste in our navigable streams and their tributaries every year.

Suppose Boulder Dam were blown up? What would happen to California? The people of California are overcharged \$104,000,000 a year for their electricity now, and if it were not for Boulder Dam furnishing a yardstick the chances are the overcharges would be nearer \$300,000,000 a year, as they are in the State of New York, and in proportion in other States.

Mr. PHILLIPS. If the gentleman will yield, the people are paying for Boulder Dam.

Mr. RANKIN. Yes, and they are paying for the Tennessee Valley Authority. Every dollar that is invested in the Tennessee Valley Authority for power purposes is being paid back with interest. In the course of time every dollar that has been spent on the Tennessee River for all purposes will be paid back.

You Republicans can tie the power trust around your necks if you want to, but you cannot win, if the American people know what is going on.

I have had these attacks on me for 20 years and I am having them now, because of my support of the Tennessee Valley Authority and the rural electrification program. If it had not been for the fight I carried on here in this House most farmers would not have seen an electric light in their homes for the next 50 years, and when they did finally get it the rates would have been so high they could not have paid them.

Look what the Telephone Trust did when you gave them a monopoly. This is a drive to take over, not only the TVA but the Columbia River, Boulder Dam, and the Rural Electrification Administration, and turn them all over to a group of Wall Street financiers who own the holding companies that control the private power interests that are making this drive on Congress, and are making this fight on me, because of my attitude

on this one great issue that means more to the American people than almost any other question you can raise.

The greatest wealth in America, outside of the soil from which we live, is the hydroelectric power in our navigable streams and their tributaries. We find those selfish interests here blocking the development of the Missouri River, and blocking the development of other streams, and denying to the American people the benefits of cheap electricity that does more to lift the burden of drudgery from the American farmer and all other individual householders than anything else that has ever come along.

This amendment should be defeated by all means.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

The Clerk read as follows:

TITLE III—MUTUAL SECURITY

For expenses necessary to enable the President to carry out the provisions of the Mutual Security Act of 1951 (Public Law 165, approved October 10, 1951), as amended, as follows:

Military assistance, title I: For assistance authorized by section 101 (a) (1), \$3,273,824,750; and, in addition, unexpended balances of appropriations heretofore made pursuant to section 101 (a) (1) of said act shall remain available through June 30, 1953, and shall be consolidated with this appropriation.

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

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD: On page 25, line 25, strike out "\$3,273,824,750" and insert "\$3,128,224,750."

Mr. CRAWFORD. Mr. Chairman, the committee during the last 2 or 3 days of its consideration of the bill developed what I think is very important and interesting information as to what is known as part 2 of the hearings. This \$145,600,000 which I offer the amendment here to eliminate is part of \$208,000,000 of which I could call water in this bill.

On the last day of the hearings the committee was shocked to learn of some high and fancy juggling of the figures that proved conclusively that the obligations of the agency for military purposes were plugged to the tune of \$408,000,000.

The subcommittee took \$200,000,000 of that out, leaving in \$208,000,000, made up of this \$145,600,000, \$31,200,000 in title II, \$24,960,000 in title III, and \$6,240,000 in title IV. I understand additional amendments will be offered on the last-mentioned three items. This amendment, along with the others, seek to recapture the \$208,000,000 that has been hidden by this agency, whether by accident or design. It is now learned that they have \$408,000,000 more than they thought the agency had. This suggested amendment puts back to the Treasury \$145,600,000 of the \$208,000,000. The Mutual Security Agency came before the committee with a budget request among other things asking for authority to continue unobligated balances available after June 30, 1952. Owing to the schedule, which was submitted, it shows an estimated, unobligated balance of \$398,045,000. In this part 2 of the hearings, the unobligated balance as of June

30, 1952, is shown as \$658,000,000 instead of \$398,000,000. So here are \$270,000,000 which has been developed as a result of the hearings toward the end. During the course of the hearings, certain tables were requested showing obligations by months. Someone a few moments ago stated that other additional schedules would be requested for month-to-month schedules showing all of the expenditures that would be made, in other words setting up a kind of watch-dog performance on this whole operation with respect to housing for the Air Force. I congratulate the committee for asking for those schedules from time to time because as a result of those requests, it is developed that there is still \$208,000,000 in this which we should take out.

Mr. Foster, the Deputy Secretary of Defense, came before the committee and admitted without qualification that these unobligated balances were understated by \$270,000,000, being the difference between the \$398,000,000 originally submitted in the schedule submitted early, and the \$668,000,000 which shows in other parts of the testimony. In addition, Mr. Foster admitted considerable doubt about another item of \$357,000,000. This particular item is still not explained after three different stories have been received as to the detail of what is supposed to have been furnished for the \$219,000,000. The difference cannot be explained. Hence for the purpose of this amendment, the difference between \$357,000,000 and \$219,000,000, for which the detail has been furnished, is considered to be excess funds. This \$138,000,000, which added to the \$270,000,000 previously admitted, gives a total of \$408,000,000 of which \$200,000,000 has been deducted in the committee and \$208,000,000 of extra velvet is sought in this particular amendment plus the three amendments which will be offered.

Mr. Chairman, I ask that the amendment be adopted.

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

Mr. Chairman, there is not a single appropriation, in my judgment, that has ever been before this body that has been more carefully considered than the one you have before you at the present time.

Let me remind you of the fact that when the first request was submitted to the Congress in the authorization bill it amounted to \$7,900,000,000. The House cut that amount very substantially, and let me say here I think very properly. It went to the Senate and there, after very careful deliberation, another amount was fixed. Then the bill went to conference, and the conferees finally agreed upon an authorization of \$6,400,000,000, a cut of \$1,500,000,000 from the bill.

Since the bill had been so carefully considered by both Houses of the Congress our committee felt that it determined the policy of the Congress on the subject, but that it was our duty to investigate and to ascertain if there were any items that could properly be cut without impairing the program and at the same time carry out the policy which the Congress had laid down in the authorizing legislation.

Our staff did a remarkable piece of work on this bill. They explored unobligated balances. Let me say the work they did on this bill, to my mind, is an answer to a bill that is coming on the floor next Wednesday to create some super joint committee for such investigations. We have investigators in the Appropriations Committee. They are doing an excellent job, and there is no need, in my judgment, for another committee to investigate appropriations in addition to the Appropriations Committee. It is merely an effort to impose one investigator upon another.

We did discover, as the gentleman has just stated, that the original estimates of the Department of Defense showed unobligated balances of \$398,000,000. Our investigations disclosed that instead of \$398,000,000, the present estimate of unobligated balances is \$669,000,000. Our committee felt that we could very properly, under those circumstances, make further reductions in the amounts allowed for military assistance, and we have taken off \$200,000,000 in addition to the amount that was stricken from the original authorization bill.

In addition, there is an item in the bill of \$45,000,000 for assistance in Korea. The organization that will administer that assistance will not begin to operate until 6 months after cessation of hostilities. No one knows when hostilities will cease, but if they were to cease today they could not begin operations for 6 months. They have a balance of \$40,000,000 which would enable them to operate for the balance of the fiscal year. Therefore, our committee felt there was no necessity for any further appropriation insofar as Korea is concerned.

In addition to that we struck out \$1,820,000 for government and relief in occupied areas, which covers Japan and the Ryukyus.

In addition to that we struck out \$1,500,000 for government of occupied areas, which covers Germany, Austria, and Trieste.

We reduced the administrative expenditures \$1,800,000. This item already had been very substantially reduced in the authorization bill by the Ribicoff amendment which required a 5-percent reduction in personnel.

Our committee has recommended a reduction in the entire bill of \$250,120,000 below the amount finally agreed upon in the authorizing legislation. I feel very earnestly that this is all the cuts this bill can stand without impairing the program which it contemplates. Therefore I ask the House to sustain the committee.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

(On request of Mr. CRAWFORD, and by unanimous consent, Mr. GARY was allowed to proceed for two additional minutes.)

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield for a question?

Mr. GARY. I yield.

Mr. CRAWFORD. On page 9 of part 2 of the hearings Mr. Foster and his assistant set up the figure of \$1,714,000,000 for June obligations; yet on the 18th of June they had \$668,000,000 of that still

left; that would be \$668,000,000 left to be spent in some twelve days. As the gentleman says, his committee took off \$200,000,000. I congratulate the committee for doing that, but why did you not take off the other \$208,000,000 which the figures would justify? That is the only question I am raising here.

Mr. GARY. Frankly, there were many doubts about those figures. There was some evidence that the authorizations were not firm authorizations but that the authorizations had been entered into. The Department of Defense admitted that the unobligated balance would be \$669,000,000, but insisted that all funds beyond that would be obligated before the end of the fiscal year.

Mr. CRAWFORD. That is the \$668,000,000?

Mr. GARY. No; it is \$669,000,000 instead of \$668,000,000; that the \$669,000,000 would be unobligated. That makes a difference of \$270,000,000. We took off \$200,000,000.

Mr. CRAWFORD. I think if the gentleman will review the figures closely he will find that the total not justified was \$408,000,000.

Mr. GARY. No.

Mr. CRAWFORD. I am not imagining these figures; they are right here before me.

Mr. GARY. The gentleman's figures are based upon our investigations. The amounts may be somewhat larger, but based upon the testimony of the Defense Department \$669,000,000 is the proper figure.

Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 15 minutes.

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

Mr. CURTIS of Missouri. Mr. Chairman, reserving the right to object, we have three other amendments based on the same thing totaling around \$200,000,000.

Mr. GARY. I said this amendment and all amendments thereto.

Mr. CURTIS of Missouri. I appreciate that, but there are three amendments to be offered, based on the same argument, and I think it would be perhaps better to argue the first amendment, then the other three would more or less follow in line.

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

Mr. CURTIS of Missouri. Mr. Chairman, I object.

Mr. GARY. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 30 minutes.

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

There was no objection.

Mr. VORYS. Mr. Chairman, I am supporting this amendment. I congratulate the subcommittee on the work it has done in its investigation of unobligated and unexpended balances, and I think this cut is certainly justified, based on the amazing gyrations in departmental estimates revealed by their

report. These discrepancies are the result either of miscalculations by the departments or their attempt to make us miscalculate on unobligated and unexpended balances.

I arrived at the amount of \$209,000,000 that might safely be cut by a somewhat more circuitous route. I had understood that there were discovered \$809,000,000 of unobligated funds through the diligent work of the staff and the interrogations of the Members of the subcommittee. I took the \$200,000,000 reduction made by the committee in this bill and then I allowed the \$250,000,000 now said to be needed for obligation, and then I took out an amount for infrastructure, because this was cut out of the military bases authorization that this House voted recently, and I came up with \$209,000,000 more reduction that this bill could stand, because of money that the departments had not obligated or spent and did not say they needed to obligate or spend. However, a more simple way is the way the gentleman from Michigan has figured, and he comes to \$208,000,000. Here was what was presented to our committee only a few short weeks ago; they said that they were going to have \$400,000,000 left over unobligated at the end of the year but that they needed \$200,000,000 in small change lying around to obligate according to emergencies that might arise. Now we find that the amount in this one part of the bill, in the military end, is going to be not \$400,000,000 but \$669,000,000 unobligated, unexpended. They have hiked the amount that they want to carry in the petty cash drawer for later obligations and expenditures that they cannot make up their minds on now, they have hiked that amount by \$50,000,000, or maybe \$100,000,000. Well, it seems to me in view of that kind of estimate and that kind of arithmetic we are justified in making this reduction at this point in the bill. I would prefer to have it taken off of the economic aid for Europe and cut that down more to the size that it was when the authorization ceiling left this Chamber but I realize that in view of the transfer authorization given, and I think properly given, in the authorization act and not disturbed in the present bill, it does not make so much difference which part of this bill you cut down in making some modest corrections to bring the appropriation facts of life in accord with what these departments have said. Remember, there is an admitted difference of \$269,000,000 between the amount they told our committee they were going to obligate and the information pulled out of them with a cork screw by the able staff of this subcommittee.

Mr. Chairman, I think the amendment should be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. SHELLEY].

Mr. SHELLEY. Mr. Chairman, I would like to use this time to ask the chairman of the committee a question or two in regard to some queries that have arisen from people in the boat-building industry out on the Pacific coast, whether or not any of the funds

appropriated in this title for military purposes are to be used for the building abroad, in foreign shipyards, of vessels for the account of and use of the American Navy?

Mr. McGRATH. In answer to the distinguished gentleman—I know of his deep interest in an industry like this—in the bill there is approximately a billion dollars for off-shore procurement, some of which is for ships.

Mr. SHELLEY. I do not know whether that completely answers my question. I will tell the facts of the case as they have come to me and see if that will enable the committee to enlighten me on the situation.

On the Pacific coast the boat-building industry has been very severely hit partly because of the tendency to grant contracts to the east coast, and partly because of the application of the manpower policy No. 4, of taking the work from the west coast and removing it to the eastern area on the theory that they are distressed employment areas. Some of the people on the Pacific coast have acquired the thought that some of this money is being used to build vessels in foreign shipyards for the use of the American Navy. I made some inquiry of the Navy Department, and they tell me there are vessels being built by these funds, that they are being built in Holland, Italy, France, and the Scandinavian countries for the use of those navies, to be manned by their nationals and to be sailed under their flags as part of the North Atlantic combined fleet. But I want to check with the committee to see whether or not that is the answer.

Mr. McGRATH. We are not building in foreign shipyards any ships for our own Navy. They are, however, building for the foreign governments themselves.

Mr. SHELLEY. Is it a fact that in return for this financial aid we make the requirement that these countries in return must make these ships available for use with the combined fleet under the North Atlantic Treaty? And further that no part of these funds will be used for building vessels for ourselves in foreign yards?

Mr. McGRATH. That is correct.

Mr. SHELLEY. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from Montana [Mr. MANSFIELD].

Mr. MANSFIELD. Mr. Chairman, this kind of measure is the sort of measure that you cannot be just halfway for and halfway against. You either believe in the principle of collective or mutual security, or you do not. I think you ought to vote accordingly. Either vote the full amount, or vote to cut it out completely.

I wonder if the Members of this House who are proposing further cuts in the mutual security bill fully understand the nature and purpose of the bill and what an adequate appropriation will accomplish. Many of us have been so busy with the great volume of complicated legislation we have had to consider that we cannot all be experts on each piece of legislation. I think I can qualify as one who understands this bill and therefore it may be helpful if I attempt to

show you as clearly as I can its essential features.

Do you realize that this is both a defense bill and an economy bill?

It is a defense bill because the money contained in it will make it possible for our allies to place under arms many well-equipped divisions to defend our common interests, which otherwise they would be unable to put into the field.

It is an economy bill because not the United States but these allies of ours will be bearing the great part of the costs of raising, training, and equipping their divisions. Testimony has shown that a United States division fully equipped costs the United States about \$480,000,000; a European division costs about \$280,000,000 in total; the equipment we provide under this program for a European division costs the United States \$133,000,000 because our allies supply the balance of the costs as well as the men. They supply about one-half of the weapons and all of the costs of raising, training, feeding, and supplying their soldiers with shoes, clothing, and all the other things that are required to build a military establishment.

I do not understand how any Member of this House can really believe he is economizing if he votes to cut an appropriation which supplies only the margin needed by our allies to build up their own military forces.

Let me put the economy aspects of this bill in another way. Testimony has indicated that in the coming year it will cost the United States in expenditures about \$55,000,000,000 for our own Armed Forces; the amount originally requested for the mutual-security program in Western Europe was about \$5,500,000,000, or roughly one-tenth of the amount estimated for our own military expenditures. Yet for approximately one-tenth of the cost of our domestic Military Establishment we were to have acquired actually more men in the armies of our western European allies under arms or readily mobilizable than the total of our own Army. The amount requested from the Congress for the purpose of assistance to Western Europe has already been cut to about \$4,500,000,000, and I assert with all the emphasis at my command that we do not dare to cut this figure any further.

So far I have been talking about dollars and cents and men under arms. This is by no means the whole story, however. Anyone looking back over the record in Western Europe since the war if he is at all fair minded must admit the tremendous accomplishments since that time. Not only has Western Europe with our assistance recovered from the economic prostration and despair which followed the destruction of the war, but great strides have been made toward building the military and psychological strength of the nations of this area. These nations have banded together with us in the North Atlantic Treaty, they have steadily built up the size and efficiency of their armed forces, and this trend toward economic, military, and spiritual strength is increasing its pace. Furthermore, there have been great strides toward real unification in this area. The Schuman plan has just

been ratified by all the Parliaments and is about to go into effect; the European Defense Community has been agreed to and is expected to be ratified this year; agreements have been completed to bring Western Germany into the European Community and to make use of its tremendous resources in the defense of the free world. All this could never have been accomplished without both the help and leadership of the United States on the one hand and the courage and devotion to the ideals of freedom of our allies on the other hand. The tide is running strongly in our favor. Is this the time to slacken our efforts and to announce that we are flagging and hesitating in our leadership and support?

I am sure that any man who really thinks about these issues cannot possibly come to the conclusion that it would be in the interest of our own defense or of economy in this country to slash this appropriation further. Such action would cost us money rather than save us money and would mean less defense against Soviet imperialism than we otherwise could obtain. It would mean also that if trouble should come our own boys would be deprived of strong allies and would have to bear a much larger part of the burden of defense than necessary. It would be our own boys who would do most of the fighting and suffer most of the casualties. Furthermore, unless we have strong allies it would be much more likely in case of war that fighting would take place on our own shores than in areas far removed from our country.

Let no man think that he is serving the interests of the United States if he votes to slash the appropriation in this bill below the already deeply cut amount which is now before the House.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. CURTIS].

(By unanimous consent, at the request of Mr. REES of Kansas, the time allotted to him was given to Mr. CURTIS of Missouri.)

Mr. CURTIS of Missouri. Mr. Chairman, I thank the gentleman from Kansas.

Mr. Chairman, first of all, let us make this very clear. This is not any cut in appropriations. It is actually a miscalculation on the part of the various people concerned with this program. It is almost a matter of arithmetic. That is putting the thing on as friendly a basis as one can put it, assuming that they did not deliberately come in and try to get the Congress to appropriate \$408,000,000, which they admit their calculations to be. I think that is what we ought to direct our attention to. First of all, I compliment this subcommittee and its staff for a real follow-through job. In other words, frequently committees in the House have been content to have the original presentation of the departments concerned with these programs given to them in general terms, and then let it sit, and we here in Congress have to rely on it. This subcommittee did not do just that. This subcommittee went further and brought

these same people back before them. I think everyone in this House should take a look at, and, in fact, keep in their files, the report of the supplementary hearings before the subcommittee, part two, on the Mutual Security Appropriation for 1953. Incidentally, the date of this report is Tuesday, June 24, 1952; in other words, just Tuesday of this week, just a few days ago. You read those hearings and draw your conclusions from this very interesting presentation, and you will find that the departments admit that they miscalculated to the tune of \$408,000,000. Now, the committee has gone ahead and cut off \$200,000,000, but it seems to me the smart thing is, where they have made an error in arithmetic, that they should not be allowed to keep the additional \$208,000,000. This first amendment is to cut that off pro rata. I will then offer an amendment which will cut the other pro rata off. There will be two final amendments which will total the additional \$208,000,000.

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

Mr. CURTIS of Missouri. I yield.

Mr. GARY. May I say to the gentleman that this is not merely a question of arithmetic. It is a question of estimates. The Department of Defense estimated that they would have unobligated balances totaling \$398,000,000. The facts are that they were not able to obligate the funds as rapidly as they had expected. It is admitted that \$270,000,000 additional will not be obligated, and we cut off \$200,000,000 leaving them some little leeway. The other items are highly doubtful, and that is the reason the committee did not base its cut on them.

Mr. CURTIS of Missouri. I beg to disagree with the gentleman on the doubtfulness of it, just on the basis of the report. If you will look at page 20 of this hearing, you will find that the figure of \$1,576,000,000 and you will find that the only amount they could actually figure out was \$219,000,000 that they had actually allocated of the \$357,000,000. It is better explained on page 15. That item of \$219,000,000 was all that they could figure and you subtract that from \$357,000,000, and you get this \$138,000,000, which you have to add to the \$270,000,000 that you recognized does exist. There are the two items totaling \$408,000,000.

Mr. GARY. They claim they have authorizations for those amounts. The question of how firm the authorizations are, is somewhat doubtful. But it is a question of estimates. Of course, the year is not over, and they will obligate some of these funds before the end of the year. I think the program will be speeded up because of our investigation, because if we had not gone into it there might have been even greater unobligated funds.

Mr. CURTIS of Missouri. I think the gentleman has done a splendid job on this. However, this question of obligation is the very point I raised on the floor in consideration of the authorization, that you have to get into these contracts and obligations.

I want to direct attention, on page 2, to a new word that has been introduced

into our language. That is the word "deobligation." That is a beaut, because that is exactly what they have been doing. They will obligate and then they will deobligate, and use it for something else. So we have actually got "deobble-degook" in our language.

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

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

Mr. VORYS. There is another word that I was not familiar with which is in the subcommittee's hearings, and that is "shortfall." Shortfall means the agencies tell us "We were going to obligate a lot of money and we fell short. We cannot find any way to expend it."

Mr. CURTIS of Missouri. That is exactly right. That is the way we are going ahead on these appropriations. That is exactly the way to get to it. The next step is to begin to examine some of these contracts where they say they have obligated it, because you will find some real fraud, and I use that word advisedly, in some of these contracts. One proof of it, if you will notice in this particular report, their normal amount of obligations of moneys per month is a very low figure until they get to the very date when they shall come before the Congress to have them obligate it, and then all of a sudden that figure is increased 100 percent, or even 200 percent. In other words, they are getting it obligated before they come in here. If you will look at the contracts in which that money is obligated, you will begin to see the fraud. I say under this supplemental testimony, a few well placed courts martial might very well solve a lot of our problems.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. ZABLOCKI. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

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

There was no objection.

THE AIM OF OUR FOREIGN POLICY IS WORLD PEACE

Mr. ZABLOCKI. Mr. Chairman, the conferees of the Senate and of the House of Representatives have laid before us their report on the mutual security bill for fiscal 1953. The report calls for an authorization of \$6,400,000,000, reconciling the difference in amounts approved respectively by the Senate and the House. I feel that the approval of the appropriation, which authorizes \$1,500,000,000 less than the President requested, is in the best interests of our Nation and of world peace, and I want to urge the Members of this body to take favorable action on mutual security appropriation.

OBJECTIVES OF MUTUAL SECURITY PROGRAM

The Mutual Security Program, envisaged in the bill before us, is a logical extension of the steps which our Nation has been taking during the past 7 years to insure world peace. It forms an integral part of our foreign policy which has a twofold objective: To strengthen the free world economically and unite it in common defense, so that we can meet any threat to peace with force; secondly, to further the free de-

velopment of those areas which do not directly form a part of the Western World, and to strengthen those bonds of friendship which unite those areas with us.

The Mutual Security Program is exactly what the term implies. It consists of a planned effort to create and fully develop a defensive organization among the free nations, to which each member will contribute in proportion to its means. The efforts and contributions which we are expending—and will expend in the future—to develop this organization, will strengthen our mutual security. They are as much to our advantage as they are to the advantage of the other free nations.

The bill before us, as I stated earlier, is a part of our foreign policy. It can only be judged in terms of our over-all endeavors in the field of foreign affairs, and in the light of our achievements in that sphere.

IS OUR FOREIGN POLICY A FAILURE?

Now there are some persons who, for their own reasons, have condemned our foreign policy as a failure. They argue in many different ways to reach that conclusion. I feel that there is only one right way of approaching this question: the way of looking at concrete facts, of evaluating them impartially, and of reaching conclusions from facts.

The clearest and easiest way of doing this, in my opinion, is by looking at the world as it was 7 years ago, and comparing it with the world today.

POST-WORLD WAR II PICTURE: 3 SPHERES

Let us first look at the world as it was during the immediate post-World War II period.

As we came out of World War II, and demobilized our Armed Forces, we saw the following picture on the world scene: The globe was roughly divided into 3 spheres—the Western World; the Soviet orbit; and what I term as the "Third Sphere."

I need not remind you of the conditions that prevailed at that time in the Western World. There was a group of nations, economically ruined, ravaged by war, and demoralized to the point where they could become an easy prey to any aggressor. There was no unity of purpose among them, and no other ambition except to go home and try, as best as they could, to individually patch up their wounds.

On the other hand, there was the Soviet Union, dominating one-sixth of the world's land masses, and one-third of world population. The Communist orbit, despite the destruction of war, was militarily stronger than ever, and ready to extend its dominion over the rest of the globe.

In the Third Sphere, there stretched the vast territories of Africa, the Middle and Near East, and large areas of Asia, largely populated by starving masses of diverse races and nationalities, crying for freedom and a better way of life. Large portion of those areas was permeated with a spirit of revolution, similar to the one which the western world experienced a century and a half ago. This third sphere could either become a

tool in the hands of the Communists, or side with us.

THE AMERICAN IDEA

Having this over-all picture, let us look at the course which our Nation decided to pursue. Let us recall the bold foreign policy which was enunciated by the Democratic administration, and measure its accomplishments.

Instead of withdrawing from the rest of the world, as some had advocated, and unrealistically hoping that peace and contentment would follow in the wake of an obsolete isolationist policy, we decided not to retreat into the dangerous and deceptive dreamers' paradise, but to face facts. Our own experiences during World War II showed us that the era of regional security went out with the atomic bomb, with transcontinental air flights, and with successful transoceanic invasions.

Faced with these circumstances, we decided to work for the establishment of lasting world peace. We embarked upon a program of helping the free nations of the world to get back on their feet, of unifying them in common defense, of stopping further Communist expansion, and of sharing our technological know-how with the underdeveloped areas of the world.

THE ACHIEVEMENTS OF OUR FOREIGN POLICY

In pursuance of that policy, we have accomplished the following things:

In the first place, despite the preponderance of manpower and war matériel strength of the Soviet orbit, we have succeeded in stopping further Communist advance. In fact, we repelled and turned back Communist expansion in Greece and Turkey, forced them to withdraw from Iran, and are stopping it today in Korea.

Secondly, we helped the free western nations to rebuild their ravaged economies. Through the Marshall plan, and the ECA, we helped them get back on their feet.

Thirdly, we have organized and perfected a defensive organization of the free nations. Through the North Atlantic Treaty Organization, and the present Mutual Security Program, we unified the Western World in a desire to attain lasting peace, and we gave it the means with which to attain that objective.

Fourthly, through the point 4 program, we came to the help of the underdeveloped areas of the world. We have been gaining friends within the third sphere—the same sphere which could have easily fallen into Communist hands.

Fifthly, through the Rio pact and subsequent efforts, we have solidified the nations of the Western Hemisphere, bringing them into closer relationship with our country than ever before.

Lastly, we have avoided what appeared inevitable in 1947: the outbreak of a global atomic war, which would have subjected the world to ruin beyond description.

We did all of these things, while at the same time preserving the economic stability of our own Nation, maintaining full employment, and improving the general welfare of our people.

LOOKING AHEAD

I believe that the facts which I have briefly outlined, point to the conclusion that our foreign policy has been eminently successful in bringing us closer to the realization of our ultimate goal: the establishment of lasting and just peace in the world.

We must continue in our efforts to attain that goal. We can do it today by approving the appropriation before us.

The CHAIRMAN. The gentleman from North Carolina [Mr. CHATHAM] is recognized.

Mr. CHATHAM. Mr. Chairman, this is the strangest argument I have almost ever heard. I have been in the obligating department in the Navy, in the early part of World War II. There was great pressure in my department, the Bureau of Ordnance, to obligate toward the end of the year, because they said if we did not obligate we would not get the funds. I would be very happy now if these unobligated funds had gone up to \$1,000,000,000, because I think that prudent management and careful obligation is what we are after. I think that by taking these unobligated funds and discouraging the showing of as much unobligated funds as possible only encourages these services to spend their money without regard to where it goes. I hope that this amendment will be defeated and I hope that in the future this Congress will gladly congratulate any branch of the service that comes up with more unobligated funds than they expect. There is no trouble on earth to obligating funds. You can go out and make contracts, because they know they are coming up in the future. You can give letters of intent, but whenever any branch of the Government brings back more unobligated funds than they anticipated, I think it is cause for congratulation. It shows prudent management.

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

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

Mr. CRAWFORD. I would agree if the unobligated funds went back into the Treasury; but, as the gentleman well knows, this agency insists that the unobligated funds be left in their hands. Therefore, we should recapture these funds and put them back into the Treasury where they belong.

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

Mr. CHATHAM. I yield to the gentleman from Ohio.

Mr. VORYS. As I understand it, even after we make the cut the gentleman has proposed, we are still leaving them with a petty cash emergency amount of between two hundred and two hundred and fifty million dollars. All that they asked of you and me in committee was unobligated that they could use the unobligated funds for needed purposes and obligate after the end of the year.

Mr. CHATHAM. I appreciate what the gentleman from Michigan and the gentleman from Ohio have said. I sat through 9 weeks of hearings and I have a letter of congratulation from my chairman that I was the third man in attendance. I am satisfied that these funds

are being spent by just as patriotic, able, and honest people as any of us here.

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

Mr. CHATHAM. I yield.

Mr. GARY. The gentleman from Missouri used the word "fraud," and he said he used it advisedly. If he has any evidence of fraud, should he not present it to the Department of Justice or to proper authorities?

Mr. CURTIS of Missouri. If the gentleman will yield, the report of the gentleman's committee is the very basis of it; as a matter of fact, that hearing should be submitted to the Department of Justice.

Mr. CHATHAM. I would say that we could trust the people spending this money and hope that next year they will come back with twice as much unobligated money. I do not think that any of you who may be members of an organization would expect your associates to criticize you for being able to report your company in a better cash position at the end of the year than you expected.

I hope the amendment will be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. BROWNSON].

Mr. BROWNSON. Mr. Chairman, these four amendments will return to the Treasury of the United States a total of \$408,000,000. The evidence is crystal clear that the Department of Defense overstated its obligations by \$408,000,000. I refer you to part 2 of the mutual security appropriations for 1953, hearings before the subcommittee of the Committee on Appropriations. This brief, well-presented 25-page pamphlet I hold in my hand, here, and I will quote a few pertinent colloquies from it in just a minute.

The Department of Defense overstated its obligations. The sum of \$408,000,000 was at stake. Now, \$408,000,000 is a lot of money to a lot of taxpaying citizens across this country of ours. As a matter of fact, it represents the total income taxes collected from 700,000 heads of American families of 4 who earn \$5,000 a year. That sum of money piled up in one tall pile of crisp new thousand-dollar bills would tower 136 feet in the air.

The subcommittee under the able chairmanship of the gentleman from Virginia [Mr. GARY] has recognized the importance of the tax dollars which would go to the Defense Department under this appropriation. They have recognized that it is morally wrong for the Defense Department to overstate its obligations in order to secure increased authorizations. The subcommittee cut \$200,000,000 from this appropriation in recognition of these two hard facts, but they did not cut deeply enough.

What will happen if these four amendments are defeated and the additional \$208,000,000 is left in this appropriation bill? The subcommittee knows. In the second paragraph on page 2 they discuss this very type of situation when they say: As to obligations, when the monthly obligations came in for the month of April—recalling now that the estimates contemplated obligating \$2,371,000,000 in the last 3

months—the obligations for the month of April were a net of \$4,000,000. There had been some deobligation and some new obligation, but the actual net obligation for the month was roughly \$3,000,000.

Did you notice that new gobbledegook term, "deobligate"? That is what will happen to the \$208,000,000. It will be deobligated and the money will be spent on projects which have not necessarily secured the approval of this or any other Congress. What luxuries and gadgets and foreign boondoggles will this uncontrolled appropriation buy when the Defense Department finished its process of deobligation? This sum of money represents the total income taxes collected from 360,000 heads of American families of four who are earning \$5,000 a year. I am sure that they expect the Congress which they elected to guarantee them a dollar of defense for every dollar spent. I am sure they want the United States and her allies to be strong but I am equally sure that they do not want their tax dollars wasted.

The gentleman from North Carolina [Mr. CHATHAM] is a distinguished businessman. He has just made the point that he would prefer that the Defense Department leave these funds unobligated rather than rush out at the last minute to obligate them before the end of the fiscal year. I agree with him fully. As a very small-business man, myself, I respect his broad business judgment and his Nation-wide reputation as an industrialist. I am afraid, however, that he may have missed the point that the gentleman from Michigan [Mr. CRAWFORD] and the gentleman from Missouri [Mr. CURTIS] were trying to establish. I do not believe it is the matter of the unobligated funds which bothers them. I know that is not the consideration which concerns me as a small-business man. I am concerned, as the subcommittee was concerned by the lack of frankness of the Defense Department which concealed until the last day of these hearings the fact that the obligations of the agency for military purposes were overstated by \$408,000,000 in order to secure larger authorizations and larger appropriations.

We can argue all day as to whether this overstatement was by accident or design but there can be no argument over the fact that these obligations were not presented accurately. The subcommittee recognized this fact when they cut nearly half this amount from the Defense Department's request. This fact is borne out in the testimony. When the Mutual Security Agency came before the subcommittee with their budget request they asked for authority to continue their unobligated balances available after June 30, 1952. These unobligated balances were represented to be \$398,000,000 not including items outside the first four titles such as aid to Spain and certain relief in Korea.

During the hearings the alert chairman of the subcommittee and his watchful staff requested tables indicating obligations by months. When these tables were scrutinized they revealed significant disparities. These disparities resulted in the chairman's calling Mr. William C. Foster, Deputy Secretary of Defense, and Mr. C. Tyler Wood, Associate

Deputy Director for Mutual Security, before the committee, last Tuesday, June 24, 1952.

It is difficult to extract the most significant portions of these hearings to present in the brief time at my disposal because they are so full of indications of sloppy estimating and loose control over funds that every Member of this House would do well to study them in detail as the gentleman from Missouri [Mr. CURTIS] has suggested.

The table on page 9, furnished by Mr. Foster, states that obligations for June would be \$1,714,600,000. This is a lot of money, even for the Army, Navy, Air Force and OSD to obligate in 1 month. It is almost a fifth of the total that the Department of Defense was able to obligate in the 11 months preceding, 18.9 as much to be exact.

On June 18, the Department of Defense had to admit that they just were not able to obligate the money that fast. One billion seven hundred million dollars is a lot to spend in 1 month. As Mr. Harvey, of the committee staff, summed up the case, and his summary in the presence of Mr. Foster, on page 13, they succeeded in planning for the obligation of all but \$658,000,000 by the time of the report on June 18. It is hard to obligate \$658,000,000 with only 8 working days or 12 calendar days left in the month and with a new fiscal year coming up July 1. Mr. Harvey, of the committee staff, in the presence of Mr. Foster, discussed these plans for obligations during the month of June in quite some detail, which is reported at the top of page 13. Listen to this tale of figures that just do not add up, and of missing papers laying on desk tops on Saturday afternoon which result in a \$313,000,000 error:

Mr. HARVEY. That left \$658,000,000 unobligated at June 30, but also listed \$192,000,000 which they expected would be obligated in full out of the balance, or a difference of \$476,000,000 at the end of July.

Now, the subsidiary statements, one for each service, which support this total statement, vary from this, in that the \$476,000,000 becomes \$404,000,000 when you total up the subsidiary statements. That discrepancy they have not yet sought to explain.

This contemplated obligations by the Army during the month in the amount of \$434,000,000. Of the amount of \$434,000,000, there was \$92,000,000 of offshore procurement, of which \$72,000,000 was in the books on June 18 and \$20,000,000 probably to go in later. There were some other small items.

Then there were two items—\$306,000,000 for tank and automotive equipment and \$7,000,000 for ammunition—which were stated by Mr. Garlock, of the Office of the Secretary of Defense, to have been a piece of paper which should have been obligated, which they found laying on somebody's desk on Saturday, and they took it up and obligated it. It should already have been obligated, as he explained it. It is from the Ordnance Corps, United States stocks, now being prepared for shipment on a reimbursable basis.

On page 20 of the hearings, Mr. Foster recognizes the impossibility of obligating the whole \$1,714,600,000 when he says:

The point which I am making is that even raising the question as to the Air Force small items in June, and even raising a question

as to whether the Army will be able to go ahead with one or two other items, as I total the figures, which are almost surely solid, they come to \$1,576,000,000, which we will obligate during the month of June. That excludes the one-hundred-eighty-million-dollar-odd on the Air Force, which I must say I believe, on the basis of the representations from them, will actually come through.

Please notice that Mr. Foster's figure of \$1,576,000,000 has shrunk by \$138,000,000 from the figure of \$1,714,600,000 taken from Mr. Foster's chart on page 9 of the hearings. This means that we now have \$138,000,000 of water in the obligations figure on which this whole appropriation is based.

Now, let us look at Mr. Harvey's summary, with Mr. Foster present, on page 25:

Mr. TABER. You have increased the unobligated balance that was estimated by the departments from \$398 million to \$668 million on these particular things; is that it?

Mr. HARVEY. That is correct.

Mr. TABER. That means an increase of \$270 million.

Mr. HARVEY. That is assuming that they will obligate \$1,714,000,000 in June.

Mr. Foster admits that these unobligated balances which were previously stated at only \$398,000,000 are actually \$668,000,000. He admits, in other words, that they were previously under-stated by \$270,000,000.

When you take this \$270,000,000 and add to it the \$138,000,000 representing the shrinkage in June obligations you arrive at the total of \$208,000,000 which this series of amendments seeks to eliminate from this appropriation. These amendments accept the figures of the agency itself and seek only to return to Treasury that portion which the agency cannot justify.

Actually, there is a good case for cutting this appropriation considerably in excess of the \$208,000,000. On page 15 the Air Force submits a table which purports to be a breakdown of their \$357,000,000 in unobligated funds but which adds up to only \$219,300,000, a discrepancy of \$138,000,000. This amount, added to the \$270,000,000 previously admitted as padding again gives us the total of \$408,000,000 of which the committee has already deducted \$200,000,000. The committee informs me that they had the General Accounting Office check into the \$357,000,000 figure and found that it had been obligated in March and deobligated in April. When the committee staff discovered that the Air Force figures simply did not add up and when the Air Force was asked for a quick explanation, there is some reason to wonder if they did not hurriedly obligate it again in their eagerness to get something on the books. It is entirely possible that this whole \$357,000,000 should be recaptured.

The whole question on these amendments is a question of orderly procedure, sound accounting and protection for the control of Congress over the purse strings of the Nation. It is not a question of whether or not this extra slush fund should be dumped into the military-aid appropriation for these specific areas at all.

Hardly a week passes that some national publication does not question editorially whether or not Congress has lost

all control of our budgetary processes. "Has Congress broken down" asked Fortune magazine in its great February 1952 issue which explored the Government in detail and editorialized under the caption, "Lost: Control of the purse."

Hardly a day goes by that I do not have several letters from constituents asking: Cannot Congress control this dollar-mad monster which it has created? Cannot Congress curb this wanton spending? Cannot Congress in some way control this tax program which is killing our incentive and taking away the money we need to feed and clothe and house our families?

The answer is that as long as we continue with loose, flimsily supported authorizations of this type, so long as the relationship between authorization and actual contractual obligation is as distorted and as vague as these hearings indicate in this particular case, we will not have actual control over the appropriation machinery or the purse strings of this Nation and we will have failed in our constitutional responsibility to our own constituents.

I would like to review briefly once again just what is going on here in this program of amendments based on the evidence I have outlined to you.

Four amendments probably will be offered. The amendment to title I offered by the gentleman from Michigan [Mr. CRAWFORD] seeks to eliminate \$145,600,000. This has little to do with Europe or military aid to Europe. It corrects an administrative error in estimating obligated funds. That is all.

The amendment to title II to be offered by the gentleman from Missouri [Mr. CURTIS], seeks to reduce the appropriation by \$31,200,000. This likewise is not an issue of military aid for the Near East and Africa. It is a matter of fiscal responsibility.

I will offer an amendment to title III seeking to reduce that appropriation by \$24,960,000. I favor a vigorous military aid program in Asia and the Pacific but I want the appropriations for that program properly handled by the Pentagon. Until then I believe the \$31,200,000 belongs back in the Treasury.

An amendment will be offered to title IV seeking to reduce that amount by \$6,240,000. Again, this is an amendment favoring fiscal responsibility and sound budgeting. It is not a cut, as such in military aid to the American Republics.

These amounts add up exactly to the \$208,000,000 which I have been discussing in such detail. That \$208,000,000 added to the \$200,000,000 which the committee so wisely, in my opinion, cut out setting a precedent that these authorizations based on poorly estimated obligations were out of line with the actual expenditures, comes to the total of \$408,000,000. This represents the slack, the padding, the water, or the gap between the actual expenditures program planned and the commitments made.

This is not a cut in the way of limiting the effectiveness of any of these programs. This is a returning of Federal funds to the Federal Treasury, an elimination of a gigantic slush fund waiting for deobligation.

If these military aid programs need extension, I submit that the agencies can come before the Congress of the United States and request additional authorizations and appropriations based on concrete programs, outlining what they need. I submit to you, however, that this blank-check policy and this fiscal looseness of congressional control over appropriations, and especially over expenditures, is going to be a mighty issue when all of us face the voters this fall. I hope we will face up to our responsibilities today and pass all four of these amendments as a demonstration of congressional integrity.

On the basis of my own observations of the waste and extravagance inherent in military aid expenditures around the world, I for one want to be able to stand up there and say that I did everything I could to see that the taxpayer's dollar was protected by an alert Congress and spent under congressional supervision.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. GARY].

Mr. GARY. Mr. Chairman, I merely want to call the attention of the committee to the fact that these funds will be taken from the military assistance program for Europe. Title I deals with Europe. This is the NATO program which is so essential to the containment of communism in Europe.

The program for the NATO and other European countries was determined at a conference held in Lisbon just a few months ago. This appropriation is based upon the requirements of the part of the program which the United States, subject to the approval of Congress, agreed to assume.

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

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

Mr. JAVITS. As I understand it, the Department had said at one time it would have unobligated \$400,000,000 and that turned out to be \$669,000,000. \$400,000,000 is accounted for appropriately as I understand it by the necessity for obligating funds before the end of the fiscal year, leaving \$269,000,000 which the committee cut \$200,000,000, leaving the other \$69,000,000 as latitude in the situation. That is the issue?

Mr. GARY. Yes.

Mr. JAVITS. This amendment is seeking to cut it \$208,000,000 which the gentleman says would cut into the bone.

Mr. GARY. That is correct and I may say that there is no semblance of fraud in the matter. It is simply a question of estimates. It is difficult in a program of this magnitude to determine the exact amount it will be possible to spend within a given time. Insofar as obligating large sums at one time is concerned, let me say that the amounts of monthly obligations vary greatly because in 1 month they may make a contract covering a large number of tanks or airplanes which would make a very large obligation for that particular month.

I have the monthly figures here running back to 1950. In August 1950 they obligated only \$62,000,000; in May 1951 they obligated \$1,092,000,000; in March of 1952 they obligated \$1,188,000,000. It

is not a uniform procedure and the fact that they do have some unobligated funds is certainly not a matter for condemnation. They should be committed for not rushing out and obligating funds without proper consideration.

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

Mr. GARY. I yield to the gentleman from Montana.

Mr. MANSFIELD. I think the gentleman should be commended for bringing out that particular point because it shows good business administration. They could have obligated all of it.

Mr. GARY. Yes.

Mr. MANSFIELD. They are doing a good job and they should be given credit for it.

Mr. GARY. Absolutely.

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

Mr. GARY. I yield to the gentleman from Illinois.

Mr. PRICE. If they had obligated all of these funds, does not the gentleman think these same people would be in here trying to cut this appropriation anyway?

Mr. GARY. I know there has been continuing opposition to the program from some who are now offering the amendments.

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

Mr. CRAWFORD. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. GARY and Mr. CRAWFORD.

The Committee divided; and the tellers reported that there were—ayes 95, nays 75.

So the amendment was agreed to.

The Clerk read as follows:

Military assistance, title II: For assistance authorized by section 201, \$530,316,500; and in addition, unexpended balances of appropriations heretofore made pursuant to section 201 of said act shall remain available through June 30, 1953, and shall be consolidated with this appropriation;

Mr. CURTIS of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CURTIS of Missouri: On page 30, line 18, strike out "\$530,316,500" and insert "\$499,166,500."

Mr. CURTIS of Missouri. Mr. Chairman, this is the amendment I mentioned, which cuts \$31,200,000 off this item. It is only one part of that which goes to make up the total of the \$208,000,000 about which we spoke.

I am not going to take the 5 minutes because I think the matter has been debated sufficiently. However, I do want to make one comment about this matter of obligated funds. The argument has been advanced that we ought to encourage these people to obligate the funds in orderly procedure. If we pursue this method we encourage them to come in and, I will again use the word, fraudulently obligate these funds ahead of time before they have a real, firm contract. I submit that is a pretty shabby argument, to say that if we try to hold these

people in line they then will engage more carefully in this program of obligating funds when they cannot reasonably and intelligently obligate them.

After all, the test is this: We authorize funds, we appropriate money for them on the basis of a presentation, and then the only check we have on whether that authorization and appropriation was justified is the experience of whether or not they actually can go ahead and spend the money wisely and legitimately. I say when we find that they cannot spend the money wisely and legitimately we ought to cut it back.

That is exactly what the situation is here. If you are talking about encouraging them to pull the wool over the eyes of Congress more, then I say that Congress ought to stand on its hind legs and resist and do again what I say: Where these contracts are not firmly entered into, are not entered into in good faith, and are simply to obligate those funds, a few well-placed courts martials will do the job.

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

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

Mr. VORYS. If we adopt this series of amendments, according to the figures I have attempted to put together, we will not have cut the full amount of the estimated expenditures for military aid by the amount, \$1,240,000,000, which they plan to expend in fiscal 1955. Even if they took it all out at the tail end, all we are doing is delaying for another look these proposed expenditures for fiscal 1955, so that we can see a little later whether they will be needed, whether we are going to have allies willing and able to use that military equipment 2 or 3 years from now.

Mr. CURTIS of Missouri. I thank the gentleman.

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

Mr. Chairman, I simply want to say that this amendment will take \$31,200,000 from military assistance to Greece, Turkey, and Iran. If there is any more critical part of the globe I do not know where it is. Yet after all the cuts that have been made in this bill it is proposed now to cut \$31,000,000 from that vital defense area.

Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. CURTIS].

The question was taken; and on a division (demanded by Mr. GARY) there were—ayes 73, noes 82.

Mr. CURTIS of Missouri. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed Mr. CURTIS of Missouri and Mr. GARY as tellers.

The Committee again divided; and the tellers reported there were—ayes 100, noes 98.

So the amendment was agreed to.

The Clerk read as follows:

Economic and technical assistance, title II: For assistance authorized by section 203, \$50,822,750; and, in addition, unexpended balances of appropriations heretofore made pursuant to section 203 of said act (except the amounts allocated or available for the

purposes of sections 204 and 205 of said act) shall remain available through June 30, 1953, and shall be consolidated with this appropriation:

THE KERSTEN AMENDMENT: THE BASIS FOR A REPUBLICAN FOREIGN POLICY OF LIBERATION

Mr. KERSTEN of Wisconsin. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, contained in title I of the Mutual Security Act, as you will recall, is a provision providing that not more than \$100,000,000 is to be used from these funds for military assistance to Europe, to aid selected persons who had escaped from and were residing in Communist-dominated countries, to form those escapees from the Soviet-dominated countries into national military units, or for other purposes.

This law was enacted in October of last year. I wish to refer to a sentence in the hearings which refers to this \$100,000,000 and to the fact that \$4,000,000 has been used of these funds for the purpose of relief to escapees. The statement in the hearings is:

This use does not in any way prejudice the intent of the escapee provision to form escapees into military units, supporting the North Atlantic Treaty Organization.

Although this law was enacted last October, these military units have not been set up. The meaning of this amendment is, among other things, that these escapees could be formed into national units of their own nationality, free battalions of Poles, Czechs, Slovaks, Hungarians, Rumanians, and even Russians, Ukrainians, and so forth, in the uniforms of their own nationality. They would fly the flags of their own nationality, flags representing the freedom of their country. This provision, as I say, has not been implemented. When it was enacted into law, you will recall, the Soviet Union became very violent about this provision, charging that it was an aggressive act on the part of the United States. It is hardly necessary to point out to the members of the committee the importance of these military units. It has this importance, for one thing: When General Gruenther testified some months ago that there were 60 satellite divisions on the Soviet side, those 60 satellite divisions could be placed potentially on our side by setting up these free military units that would be the cadres of armies of liberation when the day comes.

Just imagine, Mr. Chairman, if America were taken over by the Reds and our forces were under Soviet control, the effect of free military units of American soldiers with American uniforms and American flags in Canada or Mexico or elsewhere; what effect would these military units have upon American boys under Soviet domination? It would disintegrate the hold of the Soviets upon American forces. So will the setting up of these national units in Western Europe do a great deal toward disintegrating the control and the hold of Stalin upon the 60 satellite divisions of Eastern Europe. This could well mean the difference between victory and defeat in Europe.

I suspect that this amendment has not been implemented because the adminis-

tration is tied to the policy of containment, and this amendment definitely points toward the ultimate liberation of these Eastern European nations. These military units should have been set up long ago. They should have been set up the first part of this year. A representative of the Army called at my office in January or February of this year and stated that the Army had completed plans for the setting up of these units, and the plans are now with the Joint Chiefs of Staff. I suspect that the hand of the State Department stayed the implementation of these units. Of course, it strikes right down to the very fundamental proposition of the difference between a foreign policy of containment and a foreign policy of liberation. That is a basic issue that will face this country this fall and this coming year; and we on our side, I am confident, are going to support a foreign policy of liberation.

The administration will not implement the Kersten amendment because the amendment is based on liberation rather than on its bankrupt and negative policy of containment.

I predict that the Republican Party at its national convention will adopt the dynamic and affirmative foreign policy plank of liberation of the nations and peoples held captive by the Communists. Such a policy looks toward the defeat of world communism and the ultimate freedom of all peoples.

Such a Republican policy of liberation will be in sharp contrast to the containment-appeasement policy of the Truman-Acheson administration that for decades would continue to confiscate most of our earnings in taxes, draft our boys, and end in an all-out world war III. The Marxian Socialists who have infiltrated the Truman administration are responsible for this deadly and un-American containment-appeasement policy. Marxian Socialists are blood cousins of the Communists. That is why they seek only to appease and never to defeat them.

A Republican foreign policy of liberation versus the Marxian Socialist policy of containment and appeasement will be the basic issue facing the American people this fall. The happiness of our children and the future of our country will await the issue.

Such a new policy of liberation will break clean with communism. It will chart the path of freedom for the captive nations and end the threat of world war III at its source. This will mean a foreseeable end to high taxes, heavy armaments, and, most important, the drafting of American boys, which the Marxian Socialists of the administration would carry on forever. ROBERT TAFT, General Eisenhower, and the Republican foreign policy adviser, John Foster Dulles, are in favor of a policy of liberation.

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

Mr. Chairman, I take this time not to delay action on this bill, but to endorse heartily what the distinguished gentleman from Wisconsin [Mr. KERSTEN] has said. Many of our colleagues will remember last August when the amendment now known far and wide as the Kersten amendment, appropriating

\$100,000,000 for a special purpose to mutual security, was put in the legislation. At that time it was understood by many of us, perhaps by most of us, that that money could be used in order to establish military strength among the refugees who had escaped from behind the iron curtain.

I, too, regret, as the gentleman from Wisconsin has expressed his regret, that this appropriation of money has not been used. I say in all seriousness, Mr. Chairman, that I believe had that \$100,000,000 been used, wisely and carefully, it could have had more effect in counteracting the threat of Communist aggression in Europe than any billion dollars we have appropriated for either military or mutual security.

Mr. JACKSON of California. Mr. Chairman, will the gentleman yield?

Mr. ARMSTRONG. I yield.

Mr. JACKSON of California. I, too, should like to associate myself with the gentleman from Missouri and the gentleman from Wisconsin. I believe with you that these funds if properly used could be a tremendous and effective weapon in the hands of the Western Allies. There are hundreds and thousands of human beings coming into the Western World from behind the iron curtain, people who want to contribute, who have something to contribute, and certainly we should make use of their talents.

Mr. ARMSTRONG. I appreciate the remarks of the gentleman. May I make this personal reference: Just a few weeks ago I had the privilege of conferring with General Anders, who was a brave and outstanding leader of the Polish Army attached to the American Army headed by General Clark during the campaign in north Africa and Italy in World War II. He and those brave Polish soldiers distinguished themselves as they fought with us against Nazi tyranny. I sat in General Anders' office surrounded by his staff, which he still holds together, in the city of London, and he was anxious and eager that he and his soldiers be permitted to join as a member of this European defense army.

I think we need legislation to back up what we are trying to do and I would like to see, even in the closing days of this session, legislation providing for an army of liberation, which would include not only General Anders and his officers, together with these Polish soldiers now in exile, but also other national units which, as the gentleman from Wisconsin said, could fight under their own officers, in their own uniforms and under their own flags. They would serve as a symbol that they are fighting or at least that they are ready to fight for the defense not only of Western Europe but of their own homelands, in Poland, Czechoslovakia, the Baltic states, Bulgaria, Hungary, Rumania, and elsewhere.

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

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

Mr. DONDERO. The gentleman mentioned the name of General Anders. May I say to the gentleman that General

Anders came before our committee appointed by the House to examine into the Katyn massacre tragedy and he rendered every possible service he could. He is a brave soldier, a great man, and the people that he is leading are worthy of all the encouragement we can give them.

Mr. ARMSTRONG. I appreciate the remarks of the gentleman.

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

Mr. ARMSTRONG. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I want to join with the gentleman from Missouri and the gentleman from Wisconsin in their effort and to say that we need an affirmative policy for liberation, not just a containment policy. We who have Rumanians, Lithuanians and others from that part of the world in our districts know they will help liberate their countries.

Mr. ARMSTRONG. I appreciate the gentleman's remark. There is not a Member of this House representing an urban area in New York, New Jersey, Pennsylvania, Illinois, or any other State but has many constituents who came to America, or are descendants of immigrants from eastern European countries who are ready and anxious and eager to join with us in this fight. Let us create an army of liberation and offer hope to these people behind the iron curtain that they, too, some day may be liberated from the enslavement of Communist control.

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

Mr. ARMSTRONG. I yield to the gentleman from California.

Mr. McDONOUGH. I appreciate the interest the gentleman has in this evidently very vital project. Can he assure me if we take such people into a unit to defend the democracies, people who have come from behind the iron curtain, we can depend on having the right people?

Mr. ARMSTRONG. They would have to be screened carefully. I may say to the gentleman that this question has been carefully considered, not only by General Gruenther and the NATO staff, with whom I talked about this problem recently, but other military leaders in Europe. They have gone over that matter carefully, and assure us the refugee units could make up an effective force.

The Clerk read as follows:

Military assistance, title III: For assistance authorized by section 301, \$540,807,500; and, in addition, unexpended balances of appropriations heretofore made pursuant to section 301 of said act shall remain available through June 30, 1953, and shall be consolidated with this appropriation;

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

The Clerk read as follows:

Amendment offered by Mr. BROWNSON: Page 31, line 16, after "section 301", strike out "\$540,807,500" and insert "\$615,847,500."

Mr. GARY. Mr. Chairman, if the gentleman will yield, I ask unanimous consent that all debate on this amendment close in 10 minutes, the last 5 minutes to be reserved for the committee.

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

There was no objection.

Mr. BROWNSON. Mr. Chairman, I do not intend to use the whole 5 minutes or any major part of the 5 minutes. This is the third of the amendments which were presented as a group when the discussion started with the presentation by the gentleman from Michigan [Mr. CRAWFORD], and continued with the presentation by the gentleman from Missouri [Mr. CURTIS]. This affects title 3 and results in a saving of \$24,960,000. The House has already set a precedent and adopted two of these four amendments. I hope the House will adopt the other two.

This is not a matter that should be affected particularly by geographical area or program designation. This is a matter of sound procedures, of good accounting practices, and of bringing the authorization in line with actual experience. It is simply a matter of eliminating padded obligations. After all, if any of our constituents or we, ourselves, were as careless with our income tax estimates as some of the departments have been with these estimates, I think we would be subject to a great deal of difficulty. This move simply is returning unexpended money to the general fund. The money will be there. If there is an emergency, if there is a need for it in this Asia-Pacific area it can be reappropriated, and in the meantime we are exerting proper congressional control over the spending and the budget.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield? \$24,690,000 will be returned to the gentleman from Michigan.

Mr. CRAWFORD. I am not sure that the House thoroughly understood the remarks of the gentleman from North Carolina [Mr. CHATHAM] a while ago. He was referring to these unappropriated balances as if they were returned to the Treasury or retained in the agencies' hands. If this amendment carries, this \$24,690,000 will be returned to the general fund of the Treasury; is that not correct?

Mr. BROWNSON. That is correct.

Mr. CRAWFORD. Otherwise they are left in the hands of the agency to do with as they please.

Mr. BROWNSON. By the process of deobligation, which has already been discussed here today, they can be spent freely, taking all congressional control away.

Mr. CRAWFORD. I cannot understand why any person with an economic mind, who has great respect for the taxpayers of this country, will insist on funds being left in an agency where they have not been justified, instead of being returned to the Treasury and left in the hands of the Congress here which represents the people.

Mr. BROWNSON. I certainly agree with the distinguished gentleman from Michigan. I feel geography is not a matter of consideration; this is a matter of bookkeeping right here in Washington. This principle should be applied universally in titles I, II, III, and IV, in order

that the House be consistent with the action already taken. If this principle of returning these funds to the Treasury is right and sound for title I in Europe and title II in the Near East and Africa, it is just as right for title III and Asia and the Pacific. I have no quarrel with those who would help Formosa or the Philippines but there is a proper way to do that—a way that will insure a larger percentage of the funds winding up where we want them. Creation of a slush fund awaiting deobligation is not good congressional precedent. On the basis of sound procedure alone, I ask that this amendment be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Montana [Mr. MANSFIELD].

Mr. MANSFIELD. Mr. Chairman, I am afraid that the geographic element in this particular amendment is being minimized to a greater degree than necessary. As I read title III it refers to the general area of China, including Thailand, including Indochina, including the Philippines, and including the Nationalist Government of the Republic of China, which at the present time is located on Formosa.

As the Members of this House know, we entered into a mutual-security agreement with the Republic of the Philippines, and part of the funds in this particular section go toward the mutual defense of that particular part of the far-eastern area. There we have, for example, the Government of China, and it seems to me here early this afternoon the gentleman from New Jersey [Mr. CANFIELD] commented on the fact that while the Chinese Army, which numbered somewhere between five and six hundred thousand on the Island of Formosa, was in good shape physically, they did not even have shoes with which to march. There are people in this Congress who are demanding, in fact, that we use these Chinese troops to invade the mainland of China. But how are you going to train that army up to its maximum power if you do not appropriate the funds to see that this army is trained, and at the present time it is far from trained, if we can take the testimony of General Olmsted and others who testified before our committee and also before the Committee on Appropriations?

Then, insofar as Indochina is concerned, that likewise is connected with the common defense against the spread of Communist aggression. While Indochina is something like 11,000 miles from here and perhaps 7,000 miles from France, nevertheless the French there are making a great contribution, and we are helping them to the best of our ability to maintain the flank in Asia and to keep away from Russian Communists the oil, rubber, and tin of that part of the world.

It is my understanding, on the basis of the testimony before our committee, that the French this year, doing their share, are spending more than one-third of their defense budget in the war in Indochina, and that that amounts to well over \$1,400,000,000.

So I hope you will pay particular attention to this part of the world and keep

in mind what would happen if enough defense support and enough military support is not sent to the Philippines, to Indochina, and to Formosa. I hope you vote down the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, I regret to find myself in opposition to my good friend, the gentleman from Indiana [Mr. BROWNSON], but I am opposed to this amendment. I have tried to consider each item in an appropriation bill on its merits. I have never been a believer in across-the-board percentage cuts, although as I said earlier, due to the fact that we have transfer authorization in this particular legislation, it may not make much difference where the cuts are made. However, I would be unwilling to participate in any cut of military money that is supposed to go, at least in part, to Formosa.

Admiral Radford was back here recently and the papers quoted him as dismayed at the obsession of the Government and the Congress with Europe and their neglect of the part of the world, Asia, where we are fighting a bitter war and where the struggle may expand.

Even though this is not a big cut, \$24,960,000, I am opposed to it, because I think the Congress needs to take every opportunity to emphasize the importance of the defense of that area in our own security interest.

I did not feel that the original requests were very large for this area, compared with the gigantic requests for Europe, when they came before the Foreign Affairs Committee. Since then, without my vote, the amounts for military aid in the Far East have already received cuts. I am unwilling to participate in even a token or symbolic cut of appropriations for military purposes in the part of the world that involves Formosa, Indochina, Thailand, and the Philippines.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. GARY].

Mr. GARY. Mr. Chairman, I merely want the Members of the House to know what they are voting on. This amendment would cut \$24,960,000 from military assistance to China, Indochina, the Philippines and Thailand. They are the only nations involved.

The gentleman from New Jersey told you just a few moments ago about the conditions which he witnessed on Formosa. I witnessed the same conditions. This talk about the Nationalist Chinese Army invading the mainland is silly unless we give them more training and more equipment.

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

Mr. GARY. I yield to the gentleman from New Jersey.

Mr. CANFIELD. I just cannot believe that the House today, voting in the best interest of the America we love so much, will approve this amendment.

Mr. GARY. I would like to ask the gentleman a question: Does the gentleman consider that the army we saw in

Formosa was in condition to invade the mainland of China?

Mr. CANFIELD. Of course not.

Mr. GARY. Exactly. If we ever want the Nationalist Army to invade the mainland or even to defend Formosa we must assist in training and equipping the troops.

That is the purpose of these funds. If you do not want them properly trained and equipped vote for this amendment. If you do, vote against it.

The CHAIRMAN. The time of the gentleman from Virginia has expired. All time on this amendment has expired.

The question is on the amendment offered by the gentleman from Indiana [Mr. BROWNSON].

The amendment was rejected.

The Clerk read as follows:

Economic and technical assistance, title III: (a) For assistance authorized by section 302 (a), to be furnished under the applicable provisions of section 503 of the Mutual Security Act of 1952, \$202,778,250; and, in addition, unexpended balances of appropriations heretofore made available pursuant to section 302 of said act and allocated or otherwise available to the Mutual Security Agency (except unexpended balances of funds allocated for assistance to Burma and Indonesia) shall remain available through June 30, 1953, and shall be consolidated with this appropriation; (b) for assistance authorized by section 302 (a) to be furnished under the applicable provisions of the act for International Development, as amended, \$118,634,250, and in addition, unexpended balances of (1) appropriations heretofore available pursuant to section 302 of said act and allocated or otherwise available to the Technical Cooperation Administration, and (2) funds allocated for assistance for Burma and Indonesia, shall remain available through June 30, 1953, and shall be consolidated with this appropriation;

Mr. DAVIS of Georgia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Georgia: On page 32, line 7, strike out "\$118,634,250" and insert "\$67,798,000."

Mr. DAVIS of Georgia. Mr. Chairman, the amendment which I am offering will cut \$50,000,000 from an item of \$118,634,250, for so-called technical aid to Asia and the Pacific. The committee proposes to give a 35 percent increase over the amount we gave last year for the same purpose.

The boondoggling technical-assistance program started off to be an inexpensive, good-neighbor program, under which we would spend a little money to send technical experts to backward countries to give them technical information which they do not possess, and which we do possess.

You will find the item which I seek to amend set out in the committee report on page 59. It is listed there under Title 2—Asia and Pacific, and the particular item is the third item in that column, listed "Technical cooperation—TCA."

The details of this so-called technical-assistance program are set out in the hearings in tables which are printed on pages 693, 694, and 695 of the hearings.

You will see by referring to these tables that the greater portion of this money

is scheduled to go to India and Pakistan. As I stated before, this so-called technical-assistance program started out to be an inexpensive, good-neighbor program. For the 1951 fiscal year we appropriated \$5,193,000 to give technical information and assistance to India.

If properly spent, it seems to me that \$5,000,000 ought to pay for enough technical information to last a long time and do India a lot of good. However, it was not nearly enough for the global spenders who want to bring every country in the world up to the American standard of living. For 1952 the appropriation was jumped to \$54,565,000, an increase of \$49,000,000; and the bill now before us proposes another \$23,000,000 increase over last year's \$54,000,000, making the so-called technical assistance for India in this bill \$77,517,000. This is a jump in 2 years of more than \$72,000,000 in a spending program which started out to be a little inexpensive good-neighbor program of furnishing technical knowledge and information to backward people. Yet the hearings show on page 698 that supplies and equipment now are about 10 to 1 as compared to services.

For Pakistan we started out in 1951 with \$448,000. This was increased by more than \$10,000,000 in 1952, the amount being \$10,778,000, and we propose in this bill a still further increase for the next year of \$12,000,000, the total carried in this bill being \$22,581,000.

In addition to the tremendous increase over the 2-year period for India, you will remember that last year Congress voted \$190,000,000 to send grain to India to relieve a so-called grain shortage.

If this thing is not brought to a halt, there is no telling how many billions of dollars the do-gooders and world spenders are going to take from the pockets of American taxpayers to pay for this pyramiding, snowballing, world-wide WPA program, which got its foot in the door under the guise of a technical information program, and which in a 2-year period, insofar as India is concerned, has jumped from \$5,000,000 a year to \$77,000,000, and insofar as Pakistan is concerned, has jumped from less than a half million dollars a year to \$22,500,000 a year.

I call your attention also to the fact, and you can see the figures on page 695 of the hearings, that at this time India has foreign exchange reserves, and that means a cash balance, of nearly \$2,000,000,000, and has a gross external public debt of less than half a billion dollars, while we instead of having any cash balance at all, have a national debt of \$259,000,000,000. I call your attention also to the fact that the same table shows on page 695 of the hearings that Pakistan, scheduled to get \$22,500,000 under this bill, also has foreign exchange reserves of \$631,000,000, and no external public debt at all. In the face of these facts, and in the face of our own weakened financial position, threatened with inflation as we are, we are proposing to increase these donations to these countries this year more than 35 percent over what we gave them last year.

I heard it said on the floor of the House last year in the debate on the grain bill that India has 180,000,000 sacred cows which they are maintaining, and 136,000,000 sacred monkeys which they are maintaining. The hearings on this bill show on page 696 that India's population is increasing at the rate of 4,000,000 per year. That means that in the next 10 years at the same rate India's population will increase by 40,000,000, which is one-fourth the total population of the United States.

I do not know the rate of increase of the sacred cows or the rate of increase of the sacred monkeys. However, being protected as they are by the people of India against slaughter of any kind, on religious scruples, I would say it is reasonable to assume that there is a substantial rate of increase.

In my opinion it is foolish in the extreme for America to assume the responsibility of furnishing money to raise the standard of living of nearly 400,000,000 people in India up to our own standards, and at the same time provide for maintaining 180,000,000 sacred cows, and 136,000,000 sacred monkeys.

Reading on in the hearings, I see on page 697 that Mr. Stanley Andrews, the Administrator of this Technical Cooperation Administration, testified before the committee that they propose to drill a 250-foot well on each 200 acres of the Ganges Delta, or basin, and sink an 8-inch steel pipe in every one of these wells. He proposes to drill 2,000 of these wells to supply water for the Ganges Delta.

If we are going to begin to dig wells on each 200 acres of farm land anywhere in the world, I would like to see the program begun in the United States, where we can use these wells to just as much advantage as the farmers in the Ganges Delta. To begin with, I do not think this Government ought to dig wells for farmers anywhere. But if we are going to dig them, one for each 200-acre farm, we can use a lot of them for irrigation purposes in the State of Georgia.

Mr. Andrews proceeds to say that there are other developments of a similar nature in other areas in connection with a power dam. So this world-wide WPA program is proposing to sink irrigation wells in some parts of India, build dams in other parts, and after describing the program, Mr. Andrews proceeds to say, and I quote his language:

I think this is probably the cheapest way if we are going to take on her responsibilities.

I am not in favor of taking on India's responsibilities to feed her rapidly increasing population, and her sacred cows and her sacred monkeys. We are overreaching ourselves. By all means this program should not be increased over what it was last year. It should be reduced, and this amendment will do it.

Mr. HAYS of Arkansas. Mr. Chairman, I rise in opposition to the amendment.

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

Mr. HAYS of Arkansas. I yield to the gentleman from Virginia.

Mr. GARY. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes.

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

Mr. DONDERO. Mr. Chairman, reserving the right to object, there are a number of Members on their feet. That would not give more than a minute or two for each.

The CHAIRMAN. The gentleman is in error. It would be less than 1 minute.

Mr. DONDERO. I was trying to be conservative. I think the gentleman from Virginia should increase the time.

Mr. GARY. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 20 minutes.

The CHAIRMAN. Is there objection? Mr. WOOD of Idaho. Mr. Chairman, I object.

Mr. GARY. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 20 minutes.

The CHAIRMAN. The question is on the motion.

The motion was agreed to.

The CHAIRMAN. The gentleman from Arkansas [Mr. HAYS] is recognized.

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

Mr. HAYS of Arkansas. I yield to the gentleman from Maine.

Mr. HALE. The gentleman from Georgia [Mr. DAVIS] who just spoke referred to the situation in India and Pakistan, but as I read page 54 of the report India and Pakistan are not involved in this particular item. Will the gentleman comment on that?

Mr. HAYS of Arkansas. I will have to refer that to the committee. India and Pakistan are involved, but I believe the committee will say that there are other countries included. Burma, Thailand, Nepal, and others are on the list.

Mr. GARY. The applicable table is on page 55 rather than 54.

Mr. HAYS of Arkansas. Mr. Chairman, I know how conscientious the gentlemen from Georgia [Mr. DAVIS] is. I regret to find myself in opposition to a sincere effort on his part to save money, but I wish to remind the committee of the history of the technical assistance program. I think it represents America's spirit at its best, operating in countries that need our help. I have been interested in the program from the outset. Some of the best speeches made for technical assistance have been made by my friends from the other side of the aisle. It is relatively an inexpensive program. It was molded by a great American, one whom we all greatly admired, Dr. Henry Bennett. His tragic death hurt the program as nothing else could.

I think it is well to point out that Mr. Stanley Andrews, his successor, has the same point as to fundamental principles. The gentleman from Georgia [Mr. DAVIS] says this is boondoggling. The gentleman is mistaken about that. It is not boondoggling. It is cast in another

direction and on another pattern. It is an inexpensive program, constituting on the whole every year less than one day's expense for our armament program.

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

Mr. HAYS of Arkansas. I yield to the gentleman from Montana.

Mr. MANSFIELD. I want to agree with what our distinguished colleague, the gentleman from Arkansas [Mr. HAYS], is saying. This is a cooperative program. We have heard a great deal of talk about what would happen if China had not fallen. We might ask ourselves this question: What will happen to all of Asia if India and Pakistan do fall?

A program like this will lift these people up a little, give them two meals a day instead of one, give them a life span of 40 years instead of 27 years and give them a chance to have better shelter and better clothing. This is the kind of program that forms the cornerstone of our real foreign policy, and we should support it to the utmost.

Mr. HAYS of Arkansas. I thank the gentleman for that statement; and while he is speaking may I ask him if he agrees with me that all the dollars expended we receive from the money we put out in terms of good will as well as positive physical strength where we need it, if this is not the best dollar we can spend in the Orient which is such a critical area today?

Mr. MANSFIELD. There is no doubt about that; and the gentleman knows that one of the exponents of this particular program is presently our colleague, the gentleman from Minnesota [Mr. Judd] who did so much to bring into being in China the joint rural reconstruction program which is in the same category as the point 4 program which we are asked to implement at the present time.

Mr. HAYS of Arkansas. The gentleman is correct. Unfortunately, there are some items of a military nature carried in these appropriation figures but in the main this point 4 program does not cover the export of the product of our industry, of our manufactured goods and physical wealth but of our brains and know-how. This is the program that seeks to help other help themselves, one that is proving itself most effectively.

Mr. YATES. Is not this program under which we put the diplomats in the field where they come in contact with the common people, meet them on their own level, and help them solve their problems?

Mr. HAYS of Arkansas. That is it, exactly. This program is fundamental. If you can replace a wooden plow with a steel plow costing \$2 you may have helped him quadruple his returns. It is especially useful in India and other parts of Asia. Many Members of the House are familiar with the former extension service representative, Mr. Horace Holmes, now in India, and I am sure they appreciate his report of his work there. It has not been an effort to establish grandiose schemes in India, to change the pattern of the life of the people, not at all, but it is simply an

effort to help people build a sound agriculture.

The CHAIRMAN. The gentleman from Idaho [Mr. Wood] is recognized.

Mr. WOOD of Idaho. Mr. Chairman, the people of America and the gentlemen of this House must soon awake to the realization that almost one-half of the fighting population of the world is now on the side of communism, due first to the mistaken policy of this administration in recognizing Russia many years ago; second, that after affording recognition we proceeded to arm and fatten her with fabulous amounts of consumer goods which we donated to her; and that last of all we gave her almost a third of the area of the globe.

I think everyone here will admit the fact that whatever peril communism is to us today the administration has largely created by its ignorance and inaptitude in foreign affairs.

You say that is water over the dam, and there is no use crying over spilled milk. Possibly, but the same administration, exhibiting the same crass ignorance, and an infantile complex of international messiahship, has encompassed the whole world in its schizophrenic schemes. Too many of the gentlemen in this House are suffering from delusions of grandeur so far as our ability to continue financing these crazy schemes much larger is concerned, even if they were not definitely doing more harm than good.

We have neither the men, money, raw materials, nor the lasting capacity to suffer possessed by Russia. We cannot destroy Russia even if we would. We must then learn to live with them whether we choose it or not. We did for over 20 years before we recognized them.

And what is more important, other nations must also learn the same lesson. And in this connection we must remember that Russia has not taken over a single square mile of territory this administration did not offer to her on a silver platter.

Our task is clear and definite. We must follow the first law of nature—to save ourselves. We must build ourselves the strongest Air Force, the strongest Navy, the strongest array of antiaircraft guns, and the largest collection of A and H bombs. We must secure and maintain suitable air bases where necessary. We must maintain the best possible relations with our American neighbors.

To the other nations of the world which we have bled ourselves white to rehabilitate, we must now tell them that nature must take its course as far as they are concerned, at least until Russia demonstrates her first act of real aggression. When, and if that comes, we can then lay a realistic course as to what we shall do, fully armed, and strong, united, and self-reliant and unhampered by international drones in the hive of freedom, to whom—all too long—we have fed the economic honey gathered by the labor of American patriots, merely to increase our own national peril, with little additional safety gained from them.

We have hung too long on the cross of internationalism; it is time to tear the nails from our hands, leave the fog of

international experiment, and get back to realistic Americanism, as the basis of a new foreign policy.

Mr. DAVIS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. WOOD of Idaho. I yield to the gentleman from Georgia.

Mr. DAVIS of Georgia. The gentleman from Arkansas just said this was merely a technical-assistance program. I want to call attention to page 697 of the hearings. Mr. Stanley Andrews, to whom the gentleman referred, the Administrator, testified before the committee that one of the things they propose to do is to drill a 250-foot well on each 200 acres of the Ganges Delta and sink an 8-inch steel pipe in every one of them—2,000 of those wells in the Ganges Delta, one on every 200 acres in that area. This is only one of the many boondoggling projects American taxpayers would pay for under this item.

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

Mr. WOOD of Idaho. I yield.

Mr. TABER. And that is why the gentleman from Georgia proposed to reduce this item down to where they could not do such silly things as that.

Mr. DAVIS of Georgia. That is correct.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, the table which the distinguished gentleman from Georgia read has two other figures which should be determinative with the House. Those figures are, population of India—appearing on page 695 of the hearings—356,900,000; caloric intake per day per person, 1,600 calories, about one-half of what it is in this country and about two-thirds of what is necessary to sustain normal life, pretty close to the starvation level.

The gentleman made a statement that India has some billions of dollars of foreign exchange reserves. May I inform the gentleman that a good deal of that is in frozen sterling in London, and you know how much good that is going to do them.

We have just heard an eloquent statement made here that we should not deny military aid to Formosa, Indochina, Thailand, Philippines, and so forth, and that amendment failed. We can do the same thing about this, and this amendment should suffer the same fate. If we go to the people of the Far East and say the only assistance we are going to give them will be military weapons, we are in grave danger in the Far East. The way we will win with the people of the Far East is to add to our military security program, economic and technical assistance programs like this—programs which are inexpensive considering the issues involved.

A gentleman said a few minutes ago that it is foolish to build tube wells in India. But tube wells is what India needs. The curse of India is that it does not raise enough food for its population. The way to get India to raise more food is to improve her water supply. Are we to shut our eyes to that and even use our aid blindly? I say absolutely not.

Let me call your attention to one other matter. If they were in here asking \$500,000,000 for an Indian Army would you not give it to them? Of course you would. Yet you are going to cut down to \$50,000,000 for means to raise many times that amount in food which is vital and essential to every person in India. I cannot see how that kind of approach can be sustained in that critical area of the world because we all know that if India and Pakistan fall then Asia is truly gone.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Georgia [Mr. DAVIS]. I happen to be one Member of this House who believes that we cannot take the whole world on our lap and nurse it forever without destroying ourselves.

When I return to my district, people ask me: How long do you think, Mr. Congressman, the United States of America can stand the strain and expenditures now imposed on us? That is the question rising in the minds of our people. I believe we are nearing the brink of economic collapse. It may be later than we think.

To do good, of course, is the desire of everybody, but doing good in regard to this world program should not be a one-way street. Let me call your attention to the fact that we are a member of the United Nations. India is also a member of the United Nations. Do you know that today India does not have one soldier standing beside our boys in Korea to resist the Communist horde? Why not? Does India favor freedom or communism?

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. GROSS moves that the Committee do now rise and report the bill to the House with the recommendation that the enacting clause be stricken.

Mr. GROSS. Mr. Chairman, we are hearing the same old story all over again here today that we can spend billions and buy friends all over the world. I should like to ask the gentleman from Arkansas, with the money we have already spent on this so-called point 4 program, how many friends we have made in the world? Where are these allies that the gentleman from Michigan [Mr. DONDERO], inquired about a moment ago? Where on the battlefield of Korea, are these friends that we have bought with point 4 and other vast amounts dished out to foreigners in the last few years alone.

Mr. HAYS of Arkansas. The gentleman has asked a good question, and I hope it can be discussed dispassionately, because we both love our country, and the world is in a crisis.

Mr. GROSS. I am talking about point 4.

Mr. HAYS of Arkansas. Yes. I made the statement which I will stand by, and I wish the gentleman from Iowa, coming from an agricultural State, to be informed on that point, and that is when we send competent individuals to these foreign countries to teach them methods that will revolutionize their agriculture, we are making friends.

Mr. GROSS. That leads to another question. I should like to ask the chairman of the subcommittee this question: Is it the purpose to teach foreigners how to grow cotton?

Mr. GARY. If cotton is a proper commodity for that country, it is the plan to help them increase their production so that they can become a force in the general containment program of communism throughout the world. Let me say to the gentleman that containing communism is far more important than all of the cotton in the world, because our cotton will not be worth anything if the Communists take over America.

Mr. GROSS. Now I would like to ask the gentleman from Virginia [Mr. GARY] if he proposes to teach his point 4 friends how to grow tobacco, does he propose to take off the rigid restrictions on the export of tobacco seed so that they can plant and raise tobacco in competition with American tobacco farmers?

Mr. GARY. I would like to say to the gentleman that they do not grow tobacco in the city of Richmond.

Mr. GROSS. I am not talking about Richmond.

Mr. GARY. Please let me continue—if the gentleman thinks I have a special interest in this bill—but I say the same thing in reply. And, let me say to the gentleman that this program has been the greatest help to the tobacco people and to the cotton people of the United States that they have received since the war.

Mr. GROSS. Mr. Chairman, I do not yield further.

Mr. GARY. The gentleman asked me a question and I am trying to answer.

Mr. GROSS. I understand.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. This entire program which is now before us, the mutual security program, is headed by a man named W. Averell Harriman, the only living person, as I understand, who attended all three conferences: Tehran, Yalta, and Potsdam.

Mr. GROSS. And a Wall Street banker.

Mr. BROWN of Ohio. And I think the gentleman and the House would be interested in a story that just came over the wire from Golden, Colo.:

W. Averell Harriman told the State Democratic Convention that "We'll make TAFT Stalin's candidate before we're through with this campaign."

"I can prove that Senator TAFT, if he is elected, will follow the road that Stalin wants him to follow," Harriman told the near-capacity crowd of some 2,000 Democrats. "We cannot and will not compromise with a man like TAFT who for political reasons would jeopardize our Nation."

"By following policies set out by President Franklin D. Roosevelt and Harry Truman," Harriman continued, "today we are winning the cold war, but we must not be impatient and lose what we have won."

This bill is financing the Harriman campaign and, of course, I think we ought to appropriate a little more money.

Mr. DAVIS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I am glad to yield to the gentleman from Georgia, whose amendment I support.

Mr. DAVIS of Georgia. I would like to say also that this program carries \$50,000,000 for steel. That is shown on page 638. It is not a technical assistance program. It carries \$10,000,000 for fertilizer, and I have already mentioned the 2,000 deep wells in the Ganges Delta. It is full of items like that. They jumped from \$5,000,000 in 1951 to \$77,000,000 in this bill.

Mr. GROSS. I thank the gentleman.

Mr. SMITH of Virginia. Mr. Chairman, I rise in opposition to the preferential motion.

Mr. Chairman, I have always been opposed to this international WPA. I get more opposed to it every year, and I get more indignant about it every time I find ourselves cutting down on the needed things here at home to try and operate a WPA not for India, not for Africa, but for the whole face of the globe. Anybody with any practical sense knows that we just cannot keep this thing up. It is about time that some of us take a stand and cut it out.

I recognize the motives of those who are supporting this thing and I appreciate their motives. I would love to be able to support the whole world, too, but we have a duty here at home. We must not break this Nation, we must not destroy the very foundation of our Nation by all this inflation.

Then they talk about the fact that this is to make friends, this is to help our friends. If there is anybody in this House who has ever seen or heard that Nehru has ever made a statement favorable to the people of the United States, I would like him to say so now.

Mr. FULTON. I will say it; yes.

Mr. SMITH of Virginia. I deny the statement and I do not believe he ever did. I never did see it. The nearest I ever saw to a friendly statement from Nehru was when we had this thing under discussion last year about giving him 90,000,000 tons of wheat to feed to the starving people of India, including the sacred monkeys and the sacred cows. The nearest he ever came to making a friendly statement about the United States was when he said, "If they want to give us this 90,000,000 tons of wheat, we will accept them, but we want it understood that when we accept them we accept them without any strings. It does not mean anything as far as friendship is concerned." That is just about the effect of what he said.

Let us consider this point 4 technical-assistance thing pretty seriously. Let us consider it from the standpoint of the American people, because we just cannot, as a matter of common, plain horse

sense, continue to build this thing up and up and up, and grind down the taxpayers of the United States for the purpose of trying to reform the whole face of the globe, a thing that nobody but good God Himself can do.

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

Mr. SMITH of Virginia. I yield to the gentleman from South Carolina.

Mr. DORN. May I state to the gentleman that I think he is correct about this. I spent some time in India last year, and I did not find personally one person out of a thousand in India who had ever heard about American grain going to India. The grain sent there by the taxpayers of this country went to the rich merchants and the politicians. People are lying starving in the streets of Calcutta today, just the same as they always have.

Mr. SMITH of Virginia. We have pending before the Rules Committee this minute a bill that provides for paying for the household furniture of people who were run out of Korea that belonged to this technical-assistance business when the war started. There were some 500 people we had employed in Korea. What they were doing I do not know. But they all got run out of there, and some of the bills for their household furniture run as high as \$20,000.

What in the world are we going to do if we keep on with this program? This thing is going to be ruinous unless we wake up and put some common sense into it.

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

Mr. SMITH of Virginia. I yield to the gentleman from Iowa.

Mr. JENSEN. A year ago last spring the chief of the Bureau of Reclamation, Michael Straus, went to India. He was sent there to try to give some of our hard-earned dollars to India. He was there 2 months. He could not give them a dollar. He came home feeling very bad because he had failed to accomplish his mission. They said, "We do not want your dollars. We will take a little know-how, but we do not want any of your dollars."

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

Mr. SMITH of Virginia. I yield to the gentleman from Iowa.

Mr. GROSS. That is the reason I objected to the consideration of this ECA-Korean evacuee bill that was on the private calendar. It was because of the payments to be made to some of those people.

Mr. SMITH of Virginia. I hope the motion to strike out the enacting clause will be voted down, and that the House will adopt the Davis amendment.

The CHAIRMAN. The question is on the motion offered by the gentleman from Iowa.

The question was taken; and on a division (demanded by Mr. CANNON) there were—aye 6, noes 112.

So the motion was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, the question of slashing the technical-assistance program for all of south Asia is a very serious problem. This provision extends not just to India and Pakistan, it extends to Afghanistan, Pakistan, India, Ceylon, Burma, Malaya, and Indonesia, that whole southern front. If we let that vital southern front fall because of a \$50,000,000 slash, we will have endangered this country.

When we hear these baseless statements that this technical assistance is a boondoggling proposition, it shows a complete lack of knowledge of the program. Here is what is involved—the access of the United States and the democratic countries to strategic minerals and materials. Our city of Pittsburgh gets about 30 to 40 percent of its manganese for the production of steel from India. We, in Pittsburgh do not want India to fall, for this reason as well as the fact it has been a good friend and ally in World War II. We do not want Malaya to fall either, with its resources of rubber and tin, and we do not want Indonesia to fall, with its oil resources. We do not want these countries to fall into Communist hands. On top of that, if we Congressmen cut Burma out, we would be doing irreparable harm. This is not just a point 4 program in Burma. This is also military aid for Burma, but it is grouped under the program with the other countries of this vital area.

What does India need more than water? India desperately needs water from the Ganges and below the surrounding plains in order to feed her starving people. She needs the water from the underlying water table brought up by wells so that the Indians can feed themselves. We must remember it was necessary for the United States to advance last year \$190,000,000 in a loan to make up India's current food deficit, and I believe she is going to pay it back.

In answer to the gentleman from Virginia, may I say that Nehru is one leader who has stood strongly against communism in his own country. He has thrown Communists in jail time after time after time, and put down the demonstrations. That is more than the present Democratic administration has done in this country until forced into action by this Congress and the people. In addition to that, there is a real threat from the north, as we have seen Tibet taken over by the Communists.

When we on the Republican side say stand up not for a containment policy, but for an affirmative foreign policy that will hold these countries on our side, and hold these vital natural resources, and friendly peoples, we hope that you will vote to keep this particular provision as it is because this technical and military assistance program in protecting and developing southern Asia is vital to the defense of the United States.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. I am in support of the Davis amendment 100 percent. The gentleman from Montana and the gentleman from Arkansas made quite a

show here a few moments ago about how this program has demonstrated its efficacy. This program is so young and so small, and it has fluctuated so much since its beginning, that it has demonstrated nothing so far as efficacy is concerned. Anyone who has ever determined policies would have to come to that conclusion, if he were trying to reach a decision as to what he was going to do with this kind of policy provided he was financing it with his own funds. The yardstick is too short. You have not had a chance to demonstrate what it can do. It started out to export technical knowledge. The gentleman just said that this was a military-assistance program. Good Lord, who knows what this program is? You change it continually. It will go on. You talk about this money saving all these countries, which our friend has just mentioned. The bill will be \$150,000,000,000, not \$15,000,000,000 if you are to give all these things. No one knows that any better than the gentleman from Pennsylvania. You are not going to save that part of the world with \$15,000,000 or even \$15,000,000,000. When you go into that big area, with our shortage of manpower, you will be dealing in figures of \$150,000,000,000 to \$500,000,000,000, and do not kid yourselves with this kind of chicken feed. My opposition to this program is based on the fact that it has no firm foundation, it has no anchorage. It switches around just like a kite without a tail, and the argument here this afternoon in favor of this program demonstrates that fact completely.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY. Mr. Chairman, last year when this bill was before the House, I offered a motion to cut technical assistance in the Middle East. But, this fall, I had an opportunity to visit that area and southeast Asia and I think we would be making a tremendous mistake to cut this money out of the bill. Many of us feel that the United States has concentrated its attention too much on Western Europe. We will spend several billions for Western Europe in this bill. Yet, here is an area, Asia, where the Communists are attempting to seize control, where the money is to be spent among several hundred million people, and where the tide of events has been moving against us. The Communists are now the second largest party in India. The Communists made tremendous strides there in the last election. The gentleman from Montana [Mr. MANSFIELD] pointed that the life expectancy of people in India is 26 or 27 years, and they are increasing at the rate of five million a year—at a rate much faster than the available food supply.

The Communists have a chance of seizing all of Asia in the next 5 or 6 years. What weapons do we have that will stop them? The most effective is technical assistance. The gentleman from Michigan [Mr. CRAWFORD] is right, that the amount of money involved here is not sufficient to prevent their being attracted to the Communists, but it gives them some hope, at least, that their problems

can be solved without turning to the Communists. We are planning to spend a very large amount of money in this area for military assistance, which is of secondary importance compared to this program. To cut technical assistance when the Communists are concentrating their efforts in this vital area seems to me a costly and great mistake.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. PHILLIPS].

Mr. PHILLIPS. Mr. Chairman, the question here is not quite as presented to the floor. Twice I have introduced into the CONGRESSIONAL RECORD statements from advisers of the point 4 program asking us not to spoil the program by the appropriation of large amounts of money. This is not the Holmes program, which probably takes \$14,000 or \$15,000 and does excellent work. This is not a matter of digging wells. I know the men who are digging the wells, and India was paying for them the last I heard. This is a matter of whether we adhere to the principles laid down by Henry Bennett, which are being departed from under the present program, and whether we will live up to the recommendations of the people who feel that this should be a type of program such as we see in the Extension Service in the United States, where the nations themselves put up the money, put up the labor, and we give them the know-how.

I rise, therefore, in support of the amendment offered by the gentleman from Georgia [Mr. DAVIS].

The CHAIRMAN. The gentleman from Indiana [Mr. HARVEY] is recognized.

Mr. HARVEY. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Georgia [Mr. DAVIS]. I have followed rather closely the point 4 program of technical assistance, and probably it has no more ardent supporter in the House than the gentleman now addressing you. But let me say to you—and I think I am qualified to speak on this and I want you to listen carefully—there is not enough technical manpower that can be sent over there to properly do the job. If you do send the number of people set up in this program, they are either going to be incompetent or untrained, or both. Not only will the money be wasted, but what to me is more dangerous, the sending of incompetent and poorly trained people to the field is going to be a vast detriment, not only to the cause of the people you are trying to help but likewise to ourselves.

I say to you, let us take this technical-assistance program in its proper stride and not try to jam a whole bottle of medicine down the patient's throat just because one teaspoonful had a good effect.

I beg of you to support the Davis amendment.

The CHAIRMAN. The gentleman from Virginia [Mr. GARY] is recognized to close debate.

Mr. GARY. Mr. Chairman, I think the Members of this House will bear me out in the statement that never since I have been a Member of this body have I ever indulged in personalities in debate.

In response to the attempt of the gentleman from Iowa [Mr. Gross] to embarrass me with questions concerning tobacco and cotton, may I say that I am a long, long way from the cotton fields of the South. Since my district has now been restricted practically to the metropolitan city of Richmond, as far as I know there is no tobacco grown in my district. But no program has contributed more to the cotton and tobacco growers of the South than the program which we are discussing at the present time. This program has furnished them markets. At the present time what we are trying to do in the technical-assistance program is to develop backward countries so that they can help themselves, and as they develop they become markets where our products may be sold. In addition we strengthen them so that they can assist in this great war that we are waging against communism whether it be the hot war in Korea or the cold war in the rest of the world. We need allies; we need all of the help that we can get.

This program is not related to India alone; it provides technical assistance for Afghanistan, Burma, Ceylon, India, Indonesia, Malaya, Nepal, and Pakistan. They are backward countries; they need help.

Already this program has been cut 21 percent in the authorizing legislation; it is proposed here to cut it another \$50,000,000.

Mr. HAYS of Arkansas. Mr. Chairman will the gentleman yield?

Mr. GARY. I yield.

Mr. HAYS of Arkansas. I would like to add to what the gentleman has said with reference to tobacco and cotton—that the people of the cotton States would, I believe, accept any hazards in the way of potential competition from other countries aided by us in the interest of larger issues involved in our efforts to strengthen these countries.

But may I refer to another subject, if the gentleman from Virginia will permit me to continue a moment.

Mr. GARY. I yield.

Mr. HAYS of Arkansas. The gentleman from Virginia, my good friend, Mr. SMITH, referred to Nehru and the implication of his argument was that we should not help India because of Nehru's attitude. But we can disagree with Mr. Nehru and yet distinguish between his government and the people of India. I do profoundly disagree with Nehru's policy in the Korean war. But it is to our credit that we will help the people of a country and still entertain differences of opinion with the head of their government. It would be impossible to make headway if another country should withhold aid from us in some of our joint international efforts because they do not agree with the Democratic administration.

I would like to add this, if the gentleman will yield further.

Mr. GARY. I yield.

Mr. HAYS of Arkansas. It is this: During the Second World War when our survival was involved, India sent into that conflict the largest volunteer army of any nation fighting with us. Further-

more, I entertain no doubt whatever as to Nehru's sympathies with the free world in the basic conflict with communism; as a responsible head of government, he has demonstrated in many ways his opposition to communism.

On the same page to which the gentleman from Georgia refers with reference to wells, it is pointed out that India spends \$3 to our \$1 in this effort, since we are sending help under a plan that draws out maximum Indian resources. I thank the gentleman for generously yielding to me.

Mr. GARY. And in that effort we are contributing technical assistance to provide those wells, and probably a slight amount of equipment. But, after all, this is a technical assistance program, and it was our technicians who worked out the plan of sinking these wells to meet a great need in India.

The CHAIRMAN. All other time on this amendment has expired. The question is on the amendment offered by the gentleman from Georgia [Mr. DAVIS].

Mr. DAVIS of Georgia. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. GARY and Mr. DAVIS of Georgia.

The Committee divided, and the tellers reported that there were—ayes 124, noes 114.

So the amendment was agreed to.

The Clerk read as follows:

Military assistance, title IV: For assistance authorized by section 403 to carry out the provisions of section 401 of said act, \$51,685,750; and, in addition, unexpended balances of appropriations heretofore made pursuant to said section 401 shall remain available through June 30, 1953, and shall be consolidated with this appropriation;

The Clerk read as follows:

Amendment offered by Mr. KENNEDY: On page 32, line 21, strike out "\$51,685,750" and insert "\$31,685,750."

Mr. GARY. Mr. Chairman, if the gentleman will yield, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

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

Mr. CURTIS of Missouri. I object, Mr. Chairman.

Mr. GARY. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. KENNEDY. Mr. Chairman, I offered a similar amendment to cut the military assistance to the South American Republics last year, and I am offering it again now to cut \$20,000,000. It does not seem to me that there is any use spending as large an amount of money as this on military equipment to South American countries. They are not in a direct line of Soviet invasion. We are giving them a much smaller sum of money for technical assistance which they need far more than military assistance. I think this is an item on which a substantial amount of money can be saved, and therefore I am asking the House to approve a cut of \$20,000,000,

leaving a total of \$31,000,000 for this program, which seems to be adequate and more than enough.

Mr. CURTIS of Missouri. Mr. Chairman, I rise in support of this amendment.

Mr. Chairman, as a matter of fact, the fourth amendment to the \$208,000,000 total cut would be included in this, and actually is a lesser amount, so that I will not be offering that particular amendment. I further call attention to the report of the Committee on Foreign Affairs on the Mutual Security Act of 1952, page 45. When that agency came before the committee to justify this previous item that had been included for \$38,000,000 for Latin America, the testimony was that "we had to wait for the Joint Chiefs of Staff to draw up the plans under the appropriation for the best use of the appropriation." There was none of this \$38,000,000 previously appropriated which had been obligated as of January 31, 1952.

This is not a question of whether you are for these programs or not. It is actually a question of accounting methods. This Congress just has not been following proper accounting methods in getting at these appropriations. We do not know where they are going to spend this money. They cannot possibly justify it. I submit that if you will read the hearings of this committee on page 721, as to the Latin-American Republics, you cannot get any additional information about what they are going to do with it. It is in general terms. They do not have it obligated. There are no contracts that would justify it. Actually, we could cut out the entire amount, in my opinion, and we would not alter the program one iota.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. GAVIN].

Mr. GAVIN. Mr. Chairman, if our old friend, Bob Rich, were here today, he would say, "Where are you going to get the money?"

I wonder if it ever occurred to the Members of the House that we owe \$260,000,000,000. A million dollars is a thousand thousand dollars, and a billion dollars is a thousand millions. We owe two hundred and sixty thousand million dollars, that somebody in the generations that follow us must pay. By 1953 we will owe \$275,000,000,000, or two hundred and seventy-five thousand million dollars, a terrific burden we are imposing upon the generations to follow us.

It is about time we slough off on our spending, let these countries of the world slug it out a little harder, and give a bit of relief to the American taxpayer who has generously over the past several years supported all of these programs for the rehabilitation of these devastated countries of the world. It is about time we gave relief to the American taxpayer.

I support this amendment, Mr. Chairman, and I hope the House will vote for it.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. WHEELER].

Mr. WHEELER. Mr. Chairman, I do not claim to be an expert on foreign af-

fairs, therefore I have to listen to people who are supposed to be experts in this field.

We just had an amendment offered and adopted to reduce the so-called technical aid or point 4 funds. If my understanding is correct, this point 4 program is based on the premise that out of the humanity and goodness of our hearts we are supposed to help the backward peoples of the world.

If my memory serves me correctly, within the last few days one candidate for the nomination for President being offered by the minority party who is supposed to be an expert in this field made a statement to the effect that the Russians were so backward that they were no more to be feared than a bunch of polliwogs swimming down a creek. If you put those two together, then why does not Russia qualify under this point 4 program? Maybe if you would send them some point 4 assistance out of the humanitarian goodness of your heart they would quit being dirty, filthy Communists.

I am taking the word of General Eisenhower, who is supposed to be an expert in this field. He says the Russians are so backward, so terribly ignorant, so in need of technical assistance, that they are no more to be feared than a bunch of harmless polliwogs swimming down a muddy creek.

How do you justify that advice, from a man who claims to be one of the outstanding experts not only in the field of foreign affairs but in the military field, with the approach we take today?

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. GARY].

Mr. GARY. Mr. Chairman, I simply want the House to know what they are doing when they vote for this amendment. This amendment deals with the plan to defend the American continent. During World War II it was necessary for the United States to deploy a large part of its Armed Forces to South America to protect certain strategic military points in that area. For example, there is the Panama Canal to be defended, and other strategic points in South America. This is military assistance to the South American Republics to enable them to participate effectively in a plan which has been worked out by the Department of Defense to protect America itself. This comes to our own shores.

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

Mr. GARY. I yield.

Mr. GAVIN. Does not the gentleman believe that the defense of the United States should be our first concern, and if we are going to continue to scatter our hits all over the world, exhausting our resources and finances, that we will not be able to win a ball game, if we are called upon to do so?

Mr. GARY. I am trying to point out to the gentleman that this is the defense of the United States, which we are now dealing with and that the funds are very vital to the defense of our own shores.

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

Mr. GARY. I yield.

Mr. KENNEDY. Would the gentleman be able to give us some examples within the limits of security, of course, as to how this money would be spent particularly?

Mr. GARY. It is only \$51,000,000 for all of the South American Republics. It includes aid to Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela.

Mr. KENNEDY. What sort of assistance?

Mr. GARY. Military assistance purely. It is military assistance, furnishing them with the necessary accoutrements of war for defense.

The CHAIRMAN. The time of the gentleman has expired. All time on this amendment has expired.

The question is on the amendment offered by the gentleman from Massachusetts [Mr. KENNEDY].

The question was taken; and on a division (demanded by Mr. KENNEDY) there were—ayes 79, noes 89.

Mr. GROSS. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chairman appointed Mr. KENNEDY and Mr. GARY as tellers.

The Committee again divided; and the tellers reported that there were—ayes 104; noes 109.

The amendment was rejected.

The Clerk read as follows:

Ocean freight, voluntary relief packages, title V: For assistance authorized by section 535, \$2,587,500.

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

Mr. Chairman, this bill includes \$9,240,500, the amount of the budget estimate for this program, that is, the movement of migrants. The intent of the act is to facilitate the movement of surplus manpower from certain countries of Europe to other countries where such manpower can be utilized. The program for 1953 calls for the movement of 140,000 migrants as compared with the planned movement of 137,500 in 1942.

Mr. Chairman, I rise at this time to pay tribute to the gentleman who now occupies the chair at the moment, because it is the gentleman from Pennsylvania [Mr. WALTER], who was chairman of the House Judiciary Committee which considered this particular matter in Brussels last fall; and it was he and his committee who were responsible for working out an arrangement whereby the surplus manpower from certain European countries was given the opportunity under the leadership of this organization to migrate to other parts of the world where they were needed and where there was opportunity for them.

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

Mr. MANSFIELD. I yield.

Mr. VORYS. I wish to join the gentleman from Montana in his tribute to the gentleman from Pennsylvania [Mr. WALTER], the outstanding statesman who now presides as Chairman of the Committee of the Whole, for the wise and far-seeing work he has done on this

problem both here and at Brussels. He followed through and helped in the selection of an outstanding man, Hugh Gibson, to be the international head of this program; and he took care that that type of man should be the head, and no other type. I want to join the gentleman in the remarks he is making.

Mr. MANSFIELD. As my colleague the gentleman from Ohio well knows, from constant observation of the gentleman from Pennsylvania [Mr. WALTER], he worked night and day in an attempt to get a good program going and put it into operation.

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

Mr. MANSFIELD. I yield.

Mr. JAVITS. I, too, wish to join my colleague from Montana and my colleague from Ohio in doing honor to the gentleman from Pennsylvania, who did a splendid job and was greatly responsible for developing the idea of a technique to try to help solve one of the most nettling problems with our allies.

Mr. MANSFIELD. I thank the gentleman from New York.

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

Mr. MANSFIELD. I yield.

Mr. CHATHAM. I want to pay my personal tribute and that of the people of North Carolina to the gentleman from Pennsylvania [Mr. WALTER] for his indefatigable efforts to help solve this very difficult problem which means a great deal not only to the people of America but to the other people of the world.

The CHAIRMAN. The time of the gentleman from Montana has expired.

(By unanimous consent, Mr. MANSFIELD was allowed to proceed for one additional minute.)

Mr. MANSFIELD. Mr. Chairman, in conclusion I simply want to make this statement that the gentleman from Pennsylvania [Mr. WALTER] was the author of the migrant amendment to the Mutual Security Act, that he appeared before our committee and made such a good case for what he was seeking to do that the amendment was reported out of the committee unanimously. Furthermore, our colleague from New York [Mrs. KELLY] played a very vigorous and important part in the Foreign Affairs Committee in behalf of this particular amendment.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I join in the deserving tributes that my various colleagues have paid the distinguished gentleman from Pennsylvania [Mr. WALTER] not only in connection with the legislation that the gentleman from Montana has referred to but also that we all recognize that the gentleman from Pennsylvania [Mr. WALTER] is one of the outstanding Members of the House, one of the hardest working Members, one of the ablest Members, one of the most sincere Members, a man whose integrity and honor is above reproach.

Our friend, the gentleman from Pennsylvania [Mr. WALTER] has devoted untiringly of his time and effort in an attempt to find a solution for the problems caused by the dislocation of peoples and surplus populations.

I was very much interested a few minutes ago when the distinguished gentleman from Georgia [Mr. WHEELER] made his remarks, and I think they were remarks that were very appropriate, in connection with an observation made by General Eisenhower. I am not going to refer to him as the candidate for Republican nomination for President; I refer to him in his capacity as General Eisenhower.

The General made a very unfortunate statement not long ago that disturbed me very, very much when he referred to the Russian people and their ignorance and that we should not fear them any more than we should fear polliwogs swimming down a muddy river. That to me was an amazing statement because it was contrary to everything that General Eisenhower had said before.

I remember when he addressed us in the auditorium of the Library of Congress a few years ago. He made a strong speech warning us of the danger of communism. Again when he spoke at Abilene, he made a very strong, powerful speech, calling the attention of the people of America to this international conspiracy that threatened nation after nation and which had as its ultimate object the United States of America.

Over 3 years ago I made speeches of that kind in this House and I have made them continuously out of the House. In his Denver speech, after he made that unfortunate statement, he tried to recover and he did make some very strong statements in that speech calling the attention of the people of America to this great danger that confronts us. But the fact remains that he made a most unfortunate statement to the press that we had no more to fear than from polliwogs swimming in a muddy river. That sort of took the rug out from under those of us who have believed in a strong national defense.

Mr. MASON. Mr. Chairman, I make a point of order that the gentleman is speaking out of order.

Mr. McCORMACK. Mr. Chairman, the gentleman is speaking on the question of "assistance" which will be found in line 9, page 33.

The CHAIRMAN. The gentleman will proceed in order.

Mr. McCORMACK. Mr. Chairman, there are many of us who recognize and who strongly feel in connection with the national defense of our country that it is very important for us to render such assistance as we can within our means to other nations that are still outside of the iron curtain and to other peoples who desire their freedom and their independence.

I have always admired General Eisenhower for his strong leadership in that respect. I can remember when the mutual assistance bill was pending in the two committees of the Congress, and they voted a \$1,000,000,000 reduction, he sent two telegrams over from NATO, protesting against it, but further saying that under no conditions should there be any further reduction in the authorization made in that bill at that time. I admired him and I responded to his leadership, and then when I read this statement I felt very much disappointed,

because I addressed the question to myself whether or not, as a military leader, he spoke one way and as a candidate for the Presidential nomination of the Republican Party of the United States he spoke another way.

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

Mr. McCORMACK. Now does the gentleman from New York deny that he made the statement about the polliwogs flowing down a muddy river?

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

(On request of Mr. JAVITS, and by unanimous consent, Mr. McCORMACK was allowed to proceed for one additional minute.)

Mr. JAVITS. Since the gentleman has asked me a question, I would like to say this: The question is whether or not the gentleman has not wrenched that statement completely out of the context in which it was made, completely out of the thought of the man who made it, and whether the gentleman does not himself believe the only reason the statement was made was to make our people feel that they should not have megalomaniac fear with respect to the Russians, with which we all concur.

Mr. McCORMACK. The gentleman from Massachusetts has repeatedly said that the spirit of America can meet any problem; the spirit of the American people and the desire of men and women to be free under God and under the law. The gentleman from Massachusetts has said that repeatedly. But the gentleman from Massachusetts has also said that while we should not fear we should not underestimate the danger that confronts us; we should go forward in meeting the problems of the day with optimism and confidence, but we certainly should not underestimate the challenge that confronts us.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. KEATING. Mr. Chairman, I ask unanimous consent that the gentleman be allowed to proceed for three additional minutes.

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

Mr. MASON. I object, Mr. Chairman.

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

Mr. Chairman, I shall only take a moment, but in reply to the gentleman from Massachusetts, let me say that General Eisenhower, when he made the remark to which the gentleman has referred, may have been, and indeed is reported to have said he was in fact referring to the Russian people as such rather than to the leaders of the Russian Government, one of whom has been characterized in certain other highly placed quarters as "Good Old Joe."

It will be fatal to the cause of world peace if we allow ourselves to forget completely that the power hungry, unscrupulous tyrants of the Kremlin do not necessarily reflect the thoughts, feelings, and aspirations of the unfortunate subjects whom they ruthlessly

dominate. There is considerable evidence that the exact opposite is true. Under more enlightened and less ambitious leadership it is always possible that the Soviet Union will turn from the dangerous course it has been pursuing and join with other nations to achieve world peace and order. At least, we should not admit that is impossible, difficult as it may be at times to keep our patience as we are confronted with instance after instance of provocative conduct. To surrender, however, to the opposite view is to concede that peace is impossible and war inevitable. That step I am not prepared to take. Nor apparently is General Eisenhower. But no one has heard from the lips of this great American any encomium or complimentary references directed to the present rulers of the Kremlin.

The Clerk read as follows:

MULTILATERAL TECHNICAL COOPERATION

For contributions authorized by section 404 (b) of the act for International Development, as amended by section 10 (a) of the Mutual Security Act of 1952, \$15,708,750.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WILLIAMS of Mississippi: On page 33, line 13, strike out "\$15,708,750" and insert "\$9,171,333."

Mr. WILLIAMS of Mississippi. Mr. Chairman, the history of our efforts to reduce United States contributions to international organizations presents an interesting case history in the way that bureaucracy works to thwart the will of the Congress. In considering the 1952 appropriation for the Department of State I offered an amendment to the bill limiting our contributions to any international organization to one-third of the total cost thereof. This was accepted by the other body with the proviso that it should apply to future commitments on the part of the Department of State.

When the mutual security bill was before the House this spring, that same limitation was written into the bill by an amendment I offered from the floor—that our contributions to these international organizations should not exceed one-third of the total cost thereof.

In addition, when the 1953 Department of State appropriation bill came to the floor, we wrote the same language into the bill, which is now in the other body.

I began to wonder what these bureaucrats downtown were going to do in the way of working out some kind of loophole to get around that 33 1/3-percent limitation. I began to wonder how they were going to get around the law. Then when I picked up this mutual security appropriations bill yesterday, I found that we were appropriating in this bill approximately \$15,000,000 of a \$24,000,000 budget for this multilateral technical assistance outfit. I read the hearings on the bill. On page 744 of the hearings a table is given showing the 1953 estimates for these agencies and the contributions of the respective nations. Out of a total of \$24,514,000 contributed by all the nations the United States is being asked to give \$14,708,750. That figures

60 percent, not 33 1/3 percent. As a matter of fact, there is a footnote just below the table on page 744 that says that our share is 60 percent of the total budget. How the boys figure that as 33 1/3 percent I did not know until I read further in the hearings. I quote now from page 749 of the hearings. The gentleman from Virginia [Mr. GARY] asked a question of Mr. Ingram, of the Mutual Security Agency, in attempting to work out how they justify saying that 60 percent is actually less than 33 1/3 percent.

Mr. GARY. When a program is conducted in a country that country is required to put up a substantial part of the cost, and when that cost is added to the costs that are borne by the organization our contribution to the total program would be less than 33 1/3 percent?

Mr. INGRAM. That is correct.

In looking for the loophole, to find out how they managed to figure the thing like that to keep it from being subject to a point of order, I found that in the conference report on the mutual security bill there was a little bit of small-print following the limitation language, which said, "including the contribution of the country receiving the aid." That was the gimmick—the loophole.

In my opinion, this is another scheme to increase our contribution—not to decrease it. It is just like giving a man a wheelbarrow, then having him tell you that you have given him only half a wheelbarrow, because he figures that his time in wheeling it home is worth half the price. It is like giving him a wheelbarrow and then having him claim you have given him only half a wheelbarrow.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

Mr. GARY. Reserving the right to object, Mr. Chairman, will the gentleman yield for a unanimous-consent request?

Mr. WILLIAMS of Mississippi. I yield.

Mr. GARY. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes, the last 5 minutes to be reserved for the committee. This includes the additional 5 minutes for the gentleman from Mississippi.

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

There was no objection.

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

There was no objection.

Mr. WILLIAMS of Mississippi. I do not believe Congress is going to permit these bureaucrats to thwart its will. This Congress has three times voted a 33 1/3 percent limitation on these contributions.

As shown on page 744, the total expenses of this multilateral technical assistance outfit is \$24,514,000. Those are the figures. So the United States is being asked under this bill to contribute \$14,708,750 or 60 percent. I repeat that this is not 33 1/3 percent, as Congress has previously demanded.

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

Mr. WILLIAMS of Mississippi. I yield.

Mr. WHEELER. I would like to ask the gentleman whether it makes any difference in the long run whether there is a ceiling imposed or not. It is my understanding that we first contribute the money to participating nations, and then whatever money they contribute is money that we have just given to them?

Mr. WILLIAMS of Mississippi. You know, when I went to school two and two made four. But this crowd of international spenders seems to be able to get five out of it. Perhaps my arithmetic is out of date.

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

Mr. WILLIAMS of Mississippi. I yield.

Mr. KEATING. Perhaps the gentleman was coming to this, but I was interested in knowing how he arrived at this figure of \$9,171,000.

Mr. WILLIAMS of Mississippi. I am glad the gentleman asked me that. I simply took the \$24,514,000, divided it by three, and got the sum of \$8,171,333. Then I added the million dollars which was not covered by the limitation because it was a contribution to an inter-American organization. I added that and arrived at the figure of \$9,171,333 to make it conform to the will of Congress—three times expressed.

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

Mr. WILLIAMS of Mississippi. I yield.

Mr. HAND. Along the line of the gentleman's remarks, we received testimony before our committee just yesterday that with respect to UNKRA, I think they call it the United Nations Commission for Korea, the pledged amount, according to the set-up is 65 percent from the United States, and 35 percent from all the other nations involved, when of course the real rub is that under this set-up the actual cash contributed so far has come, with the exception of a few hundred thousand dollars, entirely from the United States and Canada.

Mr. WILLIAMS of Mississippi. I thank the gentleman for his contribution. Mr. Chairman, the purpose of my amendment, of course, is to save about \$6,000,000 for the American taxpayers. Second, it is to reaffirm the position taken by this Congress three times in the last few years. I think the time has come for the Congress to reassert its responsibility and to recapture its constitutional prerogatives.

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

Mr. WILLIAMS of Mississippi. I yield.

Mr. GAVIN. We hear talk about the contributions of those countries associated with us. I would like to ask what contributions? We are meeting most of the deficits of all of these countries anyway so we are paying 100 percent of the load instead of 65 percent of the load.

Mr. WILLIAMS of Mississippi. I am hoping that the committee can answer some of these questions. I cannot. I feel as the gentleman does.

Mr. JACKSON of California. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Mississippi. I yield.

Mr. JACKSON of California. Is it not becoming increasingly obvious to the Members of the Congress and to the American people that it does not make a great deal of difference what the Congress says so far as these agencies and bureaus are concerned, and in at least one instance that it does not make any difference what the Congress says so far as even the Chief Executive of the country is concerned?

Mr. WILLIAMS of Mississippi. The gentleman is absolutely right.

Mr. RIVERS. Do not neglect to put in your statement that we are getting 100 percent of the blame for everything too.

Mr. WILLIAMS of Mississippi. Yes, sir; and Americans are doing most of the dying in Korea.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. GARY].

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

Mr. GARY. I yield.

Mr. VORYS. The gentleman has referred to the official position of the Congress. The official position of the Congress was expressed in a roll-call vote on the conference report of the authorization of the Mutual Security Act and it was not in fine print. It was in the same print as all the rest of it, that in estimating the 33 1/3 percent payments of recipient countries should be included. That is, we went on a matching-fund basis. The House can work its will on this, but do not let anybody tell me, or tell any of us that what has been done here is against the expressed will of the Congress because the best way to find out what the Congress did is to see what it did on a roll call vote the last time it voted on this proposition.

Mr. GARY. I thank the gentleman for his contribution.

Now, if you want to know what is spent on these various programs in accordance with the language that the gentleman from Ohio has just read, if you will turn to the hearings on page 748 you will find out. When these funds were justified before our committee, in order to be certain that they were not spending more than 33 1/3 percent in accordance with the direction of Congress, we called for specific statements of the amounts that are being spent on these various projects. You will find that statement on page 784, where it appears that the estimated total project cost, per country, United Nations and specialized agencies, is \$24,033,205, whereas the estimated total government cost, that the governments themselves put up, is \$25,660,016. That makes a total of \$49,693,221. Our contribution under this bill is \$15,708,750, which is 32 percent of the entire amount. That is less than the 33 1/3 percent specified in the authorizing legislation.

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

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

Mr. KEATING. Would the gentleman mention how the table on page 57 of the report relates to the figures which he has just given? They show a total for these various organizations of \$14,000,000. I am having trouble to reconcile that with

the figures which the gentleman has given us.

Mr. GARY. Fifteen million seven hundred and eight thousand dollars.

Mr. KEATING. Which includes one million for the organization of American States?

Mr. GARY. That is right.

Mr. KEATING. But I am having trouble to reconcile the \$14,000,000 figure with the one the gentleman has just given us as to expenditures.

Mr. GARY. That is our part of the contribution toward the \$24,033,000 on page 748. The \$24,033,000 is the amount that the United Nations organizations, to which we contribute, gave to these various countries. The other column shows the amount that the countries put up themselves. Our contribution is a part of the \$24,033,000.

Mr. KEATING. What percentage of the total expenditure is the \$14,708,000 which appears on page 57?

Mr. GARY. That is 32 percent of the \$49,693,000 that appears in the two columns.

Mr. KEATING. Is the forty-nine-million figure the total expenditures of all of these various agencies?

Mr. GARY. That is the total expenditure. That is exactly what I am trying to point out. The total expenditures are \$49,693,000, rather than the \$24,000,000 which appears in the table on page 57. Our contribution, which is really \$14,000,000 instead of \$15,000,000, is less than 33 1/3 percent of the total amount spent.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield.

Mr. WILLIAMS of Mississippi. On page 744 the table given says, "1953 estimation for U. N. and specialized agencies, summary of estimated dollar cost of program by category"; and in the footnote it says, "United States share, 60 percent."

Mr. GARY. That is correct.

Mr. WILLIAMS of Mississippi. Do these other countries figure their percentage contributions on the same figure?

Mr. GARY. That is the percentage of their contribution; but when you add to that the actual amount spent by the other countries, it totals \$49,000,000, and is absolutely in accord with the language of the authorizing legislation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

Mr. WILLIAMS of Mississippi. Mr. Chairman, on that I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. WILLIAMS of Mississippi and Mr. GARY.

The Committee divided; and the tellers reported that there were—ayes 112, nays 96.

So the amendment was agreed to.

The Clerk read as follows:

CONTRIBUTIONS TO UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND

For contributions authorized by section 12 of the Mutual Security Act of 1952, \$16,481,000.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WILLIAMS of Mississippi: On page 33, line 17, strike out "\$16,481,000" and insert "\$6,666,667."

Mr. GARY. Mr. Chairman, I ask unanimous consent that all debate on this amendment be limited to 10 minutes, the last 5 minutes to be reserved to the committee.

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

Mr. GAVIN. Mr. Chairman, I object.

Mr. GARY. Mr. Chairman, I move that all debate on the pending amendment and all amendments thereto close in 10 minutes, 5 minutes to be reserved for the committee.

Mr. KEATING. Mr. Chairman, a point of order. The last part of the motion is not in order.

The CHAIRMAN. The point of order is sustained.

Mr. GARY. Mr. Chairman, I move that all debate on the pending amendment and all amendments thereto be limited to 10 minutes.

The CHAIRMAN. The question is on the motion offered by the gentleman from Virginia [Mr. GARY].

The motion was agreed to.

Mr. WILLIAMS of Mississippi. Mr. Chairman, this amendment is offered with the same identical thought in mind as my last amendment. These are funds provided for the organization known as UNICEF. The object of the amendment is to reduce our contribution to one-third of the total budget of this organization, exactly as the last amendment was intended to do for that particular organization.

I attempted to find in the hearings some estimate of what the total budget of this UNICEF outfit was, but I failed to find any mention of it. If you will turn to page 749 of the hearings, you will find an attempted justification for providing these funds, but no mention is made of the total budget for this UNICEF organization.

Therefore, I went behind the hearings to the so-called justifications submitted to the Appropriations Committee by the Mutual Security Agency, and I find this: The proposed total UNICEF target budget for the period July 1, 1952, to June 30, 1953, amounts to \$20,000,000, of which the United States is being asked to contribute in the vicinity of \$16,000,000; about 80 percent.

Mr. JAVITS. Mr. Chairman, will the gentleman yield for a correction?

Mr. WILLIAMS of Mississippi. I yield to the gentleman from New York.

Mr. JAVITS. The statute upon which this appropriation is based says that it shall be for the period ending December 31, 1953, which is a very considerably longer time than the gentleman has just stated to the House. It is a year and a half instead of 1 year, and that will completely change the gentleman's theory.

Mr. WILLIAMS of Mississippi. That might change it from 80 percent to about 60 percent. What I am trying to reduce it to is 33 1/3 percent, as the Congress previously demanded.

Mr. JAVITS. The gentleman is trying to reduce it a great deal more than that. It would be one-third of the budget for 1 year, but this is a contribution for at least a year and a half.

Mr. WILLIAMS of Mississippi. Yes, and we are asked to contribute about 80 percent of it, are we not?

Mr. JAVITS. No; I do not think so.

Mr. WILLIAMS of Mississippi. Well, \$16,000,000 as a figure, is much more than one-third of \$20,000,000.

Mr. JAVITS. One-third of \$20,000,000 is what the gentleman is figuring, and that is for 1 year, and the law says that this is for at least a year and a half, so the gentleman is giving them a great deal less.

Mr. WILLIAMS of Mississippi. Would the gentleman then be willing to correct the figures proportionately to make this amendment conform to the limitation?

Mr. JAVITS. I am just making the point that the gentleman is cutting it much more than he even intends to.

Mr. WILLIAMS of Mississippi. I hope the gentleman, when he talks, will tell us what this organization does, and how it benefits the people of the United States.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. DAVIS].

Mr. DAVIS of Georgia. Mr. Chairman, I will not take the 2½ minutes, but I see here on page 59 of the committee report that there was no appropriation whatever in 1952 for this item, and I see that for 1953 the entire amount is a new appropriation. It has plus \$16,481,000. I just do not think this is any time to be taking on new appropriations and that is why I support the Williams amendment.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, I think the figures have been gone into in the colloquy here. The law which this appropriation responds to, which is the Mutual Security Act, we just passed, states that the contributions to the U. N. Children's Fund shall be made until December 31, 1953. That is what this \$16,000,000 covers, in other words not a year but a year and a half. I again read from the law:

Provided, That the contributions shall be made in such a manner as to give assurance that they will not exceed 33½ percent of contributions from all governments, including contributions made by governments for the benefit of persons located within territories under their control.

So that there can be no money expended unless it be on the one-third basis, except that my colleague from Mississippi makes the point that the application of the one-third includes contributions made by governments for the benefit of all persons under their control, and in this case that means significantly, children.

I think he is trying to cut this thing—I think that is clear from the figures—even more than he would want to cut it when he asked to cut it down to \$6,000,000. That is about one-third of \$20,000,000, the one year's budget, while a

year and a half's budget would be \$30,000,000 and called for \$10,000,000 even on his formula. The American delegation which dealt with this subject at the United Nations General Assembly, generally speaking, wanted this program continued by the specialized agencies of the U. N. acting directly without continuing UNICEF. Nevertheless, the great preponderance of U. N. members wanted it continued. We felt as a matter of our standing in the world that we could not afford, where we were dealing with children, to stay out of UNICEF. That is why we had to go into it.

The UNICEF program is helping directly 42,000,000 children in the world. It covers them in terms of maternal and child welfare. It covers them in terms of health, for example, combating insect-borne disease in areas in Africa, Asia, the Middle East, and Latin America. It covers them especially and significantly in terms of child-feeding assistance.

It seems to me this is a question of policy with respect to our standing in the world to cooperate with other nations in the United Nations in a program which in this case they consider most important. We would like to see it carried on by other agencies, but the great bulk of the nations in the world want us to play ball with them in this case. They would like to carry this program on in this organization UNICEF through the United Nations, so we are agreeing to contribute, according to this bill and according to the enabling legislation, one-third, in order to play with them in return for other cases where we ask that they play with us. I think it is a wise investment.

There is offered hereto the budget program for fiscal 1952-53 taken out of the report entitled "United Nations International Children's Emergency Fund—Report of Executive Board"—April 22-24, 1952—Economic and Social Council official records; fourteenth session:

II. Target program and budget for period July 1, 1952, to June 30, 1953

I. SUMMARY BY AREA

	Total	target budget	(thousand dollars)
Africa	1,710		
Asia	5,630		
Eastern Mediterranean	1,850		
Europe	750		
Latin America	2,460		
Projects benefiting more than one region	500		
Emergency situations	3,000		
Freight	2,100		
Administration	2,000		
Total	20,000		

II. SUMMARY BY PROGRAMS

1. Maternal and child welfare:	
A. Supplies and equipment for basic MCW programs:	
(a) Supplies for MCW centers	2,335
(b) School health services	150
(c) Other projects	340
B. Training programs	780
C. Mass health programs:	
(a) Combating insect-borne diseases	2,090
(b) Production of antibiotics, insecticides, sera, and vaccine	830
(c) Control of bejel, yaws, and VD	800

II. Target program and budget for period July 1, 1952, to June 30, 1953—Continued

II. SUMMARY BY PROGRAMS—continued

	Total	target budget	(thousand dollars)
1. Maternal and child welfare—Con.			
C. Mass health programs—Con.			
(d) BCG antituberculosis vaccination campaigns	570		
(e) Antitrichoma work	570		
(f) Control of other communicable diseases	100		
2. Child feeding:			
A. Long-range feeding assistance	1,655		
B. Milk-conservation projects	1,700		
3. Projects benefiting more than one region	500		
4. Emergency situations	3,000		
5. Freight	2,100		
6. Administration	2,000		
Total	20,000		

III. SUMMARY BY AREA AND PROGRAM

	Africa	
1. Maternal and child welfare:		
C. Mass health programs:		
(a) Combating insect-borne diseases	755	
(c) Control of bejel, yaws, and VD	25	
(d) BCG	100	
(f) Antitrichoma work	200	
2. Child feeding:		
A. Long-range feeding assistance	630	
Total	1,710	

Asia

	Asia	
1. Maternal and child welfare:		
A. Supplies and equipment for basic MCW programs:		
(a) Supplies for MCW centers	1,535	
B. Training programs	550	
C. Mass health programs:		
(a) Combating insect-borne diseases	775	
(b) Production of antibiotics, insecticides, sera, and vaccine	500	
(c) Control of bejel, yaws, and VD	725	
(d) BCG	600	
(f) Antitrichoma work	100	
(g) Control of other communicable diseases	100	
2. Child feeding:		
A. Long-range feeding assistance	545	
B. Milk conservation projects	200	
Total	5,630	

Eastern Mediterranean

	Eastern Mediterranean	
1. Maternal and child welfare:		
A. Supplies and equipment for basic MCW programs:		
(a) Supplies for MCW centers	205	
(d) Other projects	210	
B. Training programs	125	
C. Mass health programs:		
(a) Combating insect-borne diseases	260	
(d) BCG	100	
(f) Antitrichoma work	150	
2. Child feeding:		
A. Long-range feeding assistance	150	
B. Milk conservation projects	650	
Total	1,850	

Europe

	Europe	
1. Maternal and child welfare:		
A. Supplies and equipment for basic MCW programs:		
(a) Supplies for MCW centers	200	
(b) School health services	50	
(d) Other projects	130	
C. Mass health programs:		
(e) Control of bejel, yaws, and VD	50	
(f) Antitrichoma work	120	

II. Target program and budget for period July 1, 1952, to June 30, 1953—Continued

III. SUMMARY BY AREA AND PROGRAM—CON.

Europe—Continued

	Total target budget (thousand dollars)
2. Child feeding:	200
B. Milk conservation projects	200
Total	750
Latin America	
1. Maternal and child welfare:	
A. Supplies and equipment for basic MCW programs:	
(a) Supplies for MCW centers	395
(b) School health services	100
B. Training programs	105
C. Mass health programs:	
(a) Combating insect-borne diseases	300
(b) Production of antibiotics, insecticides, sera, and vaccine	330
(d) BCG	250
2. Child feeding:	
A. Long-range feeding assistance	330
B. Milk conservation projects	650
Total	2,460
Projects benefiting more than one region	500
Emergency situations	3,000
Freight	2,100
Administration	2,000
Total	20,000

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. GARY].

Mr. GARY. Mr. Chairman, this program is one which was not included in the Budget request but was inserted by the Senate and the House in the authorizing legislation.

The same situation applies to this organization as applies to the other organizations to which we are contributing. Consequently, our contribution is less than 33 1/3 percent of the total amount spent.

Several years ago this question was before the House. At that time there was on the board, or connected with this organization in some way, a Communist from Poland, and the House refused an appropriation because of that fact. The organization has now been completely freed from Communist influence. There are no Communists connected with it in any manner, shape or form.

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

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. GAVIN. I wanted to ask the gentleman about the \$500,000 for global projects.

Mr. GARY. Mr. Chairman, I am sorry I did not have a chance to yield to the gentleman from Pennsylvania.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. WILLIAMS].

The question was taken; and on a division (demanded by Mr. JAVITS) there were—ayes 96, noes 99.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. WILLIAMS of Mississippi and Mr. McGRATH.

The Committee again divided; and the tellers reported there were—ayes 119, noes 92.

So the amendment was agreed to.

The Clerk read as follows:

GENERAL PROVISIONS

Appropriations in this title for economic or technical assistance and allocations from any appropriations to the Director for Mutual Security, or the Mutual Security Agency, or the Department of State, shall be available, without limitation on any authority conferred by the Mutual Security Act of 1951, as amended, or any act continued in effect thereby, for rents in the District of Columbia; expenses of attendance at meetings concerned with the purposes of such appropriations; hire of passenger motor vehicles; purchase of not to exceed two aircraft for use outside the continental limits of the United States and maintenance, operation, and hire of aircraft; purchase of not to exceed 20 passenger motor vehicles for use outside the continental limits of the United States and, in addition, passenger motor vehicles abroad may be exchanged or sold and replaced for an equal number of such vehicles; transportation of privately owned automobiles; entertainment within the United States (not to exceed \$20,000); exchange of funds without regard to section 3651 of the Revised Statutes (31 U. S. C. 543); loss by exchange; expenditures (not to exceed \$50,000) of a confidential character other than entertainment provided that a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Director or Deputy Director of Mutual Security, and every such certificate shall be deemed a sufficient voucher for the amount therein specified; insurance of official motor vehicles in foreign countries; acquisition of quarters outside the continental limits of the United States to house employees of the United States Government by rental (without regard to sec. 322 of the act of June 30, 1932, as amended (40 U. S. C. 278a)), lease, purchase, or construction, and necessary repairs and alterations to such quarters; health and accident insurance for foreign trainees and technicians while en route or absent from their own countries participating in activities authorized under the Mutual Security Act of 1951, as amended; actual expenses of preparing and transporting to their former homes in the United States or elsewhere the remains of persons or members of the families of persons who may die while such persons are away from their homes participating in activities under the Mutual Security Act of 1951, as amended; and services of commissioned officers of the Public Health Service and of the Coast and Geodetic Survey, and for the purposes of providing such services the Public Health Service may appoint not to exceed 20 officers in the Regular Corps to grades above that of senior assistant, but not above that of director, as otherwise authorized in accordance with section 711 of the Act of July 1, 1944, as amended (42 U. S. C. 211a), and the Coast and Geodetic Survey may appoint for such purposes not to exceed 20 commissioned officers in addition to those otherwise authorized: *Provided*, That not to exceed \$42,000,000 shall be available for administrative expenses of the departments and agencies concerned with the administration of the programs provided for herein and no part of such amount shall be used to pay the salary of any civilian employee at a rate greater than that paid by the State Department for comparable work or services in the same area: *Provided further*, That agricultural products or products produced from agricultural products purchased or obtained under this program shall be at not less than the average market price prevailing for such commodity or commodities within the United States or the support price for such commodity or commodities, whichever is the greater.

Mr. RIBICOFF. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. RIBICOFF: On page 36, line 10, strike out "\$42,000,000" and insert "\$40,265,000."

Mr. RIBICOFF. Mr. Chairman—

Mr. GARY. Mr. Chairman, will the gentleman yield for a consent request?

Mr. RIBICOFF. I yield.

Mr. GARY. Mr. Chairman, I ask unanimous consent that all debate on this amendment be limited to 10 minutes, the last 5 reserved to the committee.

Mr. MANSFIELD. Mr. Chairman, I object.

Mr. GARY. Mr. Chairman, I move that all debate on this amendment and all amendments thereto be limited to 10 minutes.

The CHAIRMAN. The question is on the motion of the gentleman from Virginia.

The motion was agreed to.

Mr. RIBICOFF. Mr. Chairman, I believe in the Mutual Security Program. I would like to see it more effective. Studies at home and abroad have convinced me that the Mutual Security Program is overstaffed, overorganized, and a constant irritant to our friends abroad because of this. In touring abroad looking into this problem for the Foreign Affairs Committee there was one factor upon which there was unanimous agreement, and this agreement came not only from newspapermen who had covered the area but also from the most efficient, effective, and knowledgeable Americans who have participated in these programs, as well as representatives of foreign governments; and that was that we had so many Americans abroad that they were getting in each other's way and consequently bringing much ill will toward the United States of America.

Further study indicates that there are over 46,000 people who are accredited to the various mutual security programs; in excess of 10,000 people are in the administrative end.

One of the troubles of this administrative set-up is that they are getting in the way of the policy makers. Some of them are merely paper shufflers who ensnare with red tape the people who are trying to formulate policy and make the policy more effective.

I had offered an amendment cutting the administrative staff to the extent of 15 percent in the Foreign Affairs Committee. The committee itself approved a 10-percent cut. This House approved the 10-percent cut in the administrative personnel. In conference the authorization bill provided for only a 5-percent cut. The Appropriations Committee accepted the reduction amendment of 5 percent and added an additional 5 percent. This amendment represents another 5-percent cut, and this 5-percent cut will cut 15 percent off of the 10,000 people in the administrative end. It is my belief that because of this we will have a better, more streamlined, and effective agency, an agency that will be in a position better to administer the laws and the policies of the United

States of America. Consequently, I ask the House to adopt the amendment.

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

Mr. RIBICOFF. I yield.

Mr. WIGGLESWORTH. I would like to point out to the gentleman that there are some 2,000 military personnel assigned to civilian positions whose salaries and expenses are paid for out of regular Defense Department funds amounting perhaps to fifteen to twenty million dollars, and, in addition to that, there are payments for services performed by other agencies amounting to some \$19,000,000 and representing perhaps over 3,500 people, not enumerated in the hearings.

I am glad the gentleman has offered this amendment. It is a very moderate amendment, I think. In my judgment, this agency has been overstaffed for several years, and I hope the amendment will be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. GAVIN].

Mr. GAVIN. Mr. Chairman, I take this time, only if permissible, to ask a question with reference to the previous Williams amendment which applied to this UNICEF program; you have an item in there: global provisions, \$500,000. Could the gentleman explain what that is?

Mr. GARY. I am sorry, I cannot. That is a program of the UNICEF organization.

Mr. GAVIN. Maybe the gentleman from Ohio [Mr. VORYS] can answer about that authorization of \$500,000 for this global project.

Mr. VORYS. I do not know. They have a whole lot of global projects. They have a program that is far larger than they have ever gotten money for. That has been their practice, and I do not know about that item.

Mr. GAVIN. Is there anybody on either side who can tell me what the \$500,000 is for? I am merely trying to prove to you that you are spending a lot of money, you are voting a lot of money, but nobody can tell us about a \$500,000 item. Now, a \$500,000 item back in my district is a lot of money. If you want to spend \$500,000 somebody should know about it.

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

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

Mr. JAVITS. I have the detailed breakdown of their budgetary program for the year July 1952 to July 1953. I will put this text in the RECORD, which breaks down in detail everything for which they are spending money. I do not know what paper the gentleman is referring to.

Mr. WILLIAMS of Mississippi. The paper that the gentleman holds in his hand is a page out of the budget justification which was sent to the Appropriations Committee by the Mutual Security Agency.

Mr. JAVITS. I have a report of the executive board of the U. N. Children's Fund that spells out in dollars and cents every item budgeted in every area, and

I will put it in the RECORD. It does not contain anything about global projects.

Mr. GAVIN. Nothing about this global project? Nobody can tell me anything about this global project involving \$500,000? Well, gentlemen, this is an unusual situation, where we appropriate \$500,000 on a global project which no one seems to be able to explain or justify.

Mr. JAVITS. The proposed total UNICEF target budget for the period July 1, 1952, to June 30, 1953, amounts to \$20,000,000 distributed as follows:

By area:

Africa-----	\$1,710,000
Asia-----	4,630,000
Eastern Mediterranean-----	1,850,000
Europe-----	750,000
Latin America-----	2,460,000
Global projects-----	500,000
Emergency situations-----	4,000,000
Freight-----	2,100,000
Administration-----	2,000,000
 Total-----	 20,000,000

By project:

Supplies and equipment for basic maternal and child welfare programs-----	2,375,000
Maternal and child welfare training programs-----	780,000
Maternal and child welfare mass health programs-----	5,090,000
Feeding, including milk conservation-----	3,155,000
Global projects-----	500,000
Emergency situations-----	4,000,000
Freight-----	2,100,000
Administration-----	2,000,000
 Total-----	 20,000,000

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FLOOD].

Mr. FLOOD. Mr. Chairman, I am going to oppose this amendment, but, for the RECORD, I would like to say that if you want to vote out a lot of Republican job holders, the best thing for you to do is to support this amendment. I have visited nearly every mutual security office in the world, I think, and if there is a Democrat employed by either the former ECA or by the Mutual Security Administration I have not found him yet any place on either the MSA or ECA payroll. I say to my Republican friends, why you want to vote to cut down the payroll that has been designated by the Republican national committee I do not know, but that is up to you.

The CHAIRMAN. The Chair recognizes the gentleman from Montana [Mr. MANSFIELD].

Mr. MANSFIELD. Mr. Chairman, there is a lot of confusion and misunderstanding about the cuts that have been made in administrative expenses. In the first place, it is claimed by some that the budget estimates do not adequately reflect in terms of dollars the 5-percent cut in numbers of personnel prescribed by the authorizing legislation. This conclusion is in error as the following figures will show. Originally personnel services were set at \$37,800,000. Five percent of this amount is \$1,800,000 on an annual basis. In the estimates presented to the Appropriations Committee, \$1,735,000 was cut from the administrative ex-

penses by the executive branch. This is less than the \$1,800,000 figure mentioned above but is, in fact, more than 5 percent of the personnel costs in the budget. This is so because the cut is not to be effective until 90 days after June 20 (the effective date of the bill). Thus the cut will apply to only 9 months instead of 12 months. In addition, large terminal leave payments will be required to be paid to those who are dismissed.

In addition to the \$1,735,000 cut in the administrative expenses proposed by the executive branch, the committee further reduced administrative expenses by \$1,790,000. The net result, therefore, is a total cut from the original estimate of \$3,500,000, which is \$1,250,000 more than 5 percent of the \$45,000,000 total estimate of administrative expenses for the full year.

Now, let us take a few moments to discuss the effect of a further reduction in personnel or funds on the operating agencies carrying out this program. We will start with the Department of Defense.

Probably everyone will concede that the expenses of the Department of Defense in administering this program will depend chiefly on the amount of equipment to be produced and delivered to our allies abroad. The best estimates obtainable indicate that deliveries of matériel during fiscal year 1953 will greatly increase as American industry begins to achieve maximum production and long-lead items ordered since the inception of the mutual defense assistance program start coming off production lines in volume. It would follow, therefore, that the Department of Defense rather than reducing personnel should be increasing personnel assigned to this program.

In addition, this program contemplates delivery of matériel to several countries during fiscal year 1953 which have not heretofore received military assistance. These countries include Spain, Germany, and six Latin-American countries. With such an increase in recipient nations the requirements of the Department of Defense are actually increased since military missions will have to be assigned to the countries to insure proper use of the equipment and matériel delivered to them, as well as to conduct training of military personnel who will use the matériel when it is received.

Next, let us consider the effect of a further reduction on the Mutual Security Agency. I should like to remind the Members of the House that the Mutual Security Act of 1951 required this agency to cut personnel 10 percent below August 31, 1950, levels by January 1, 1952. The Mutual Security Act of 1952 requires a further reduction of 5 percent in the number of such personnel. This further cut comes at a time when expanded responsibilities for stepping up military production in allied countries and a greatly increased offshore procurement program must be undertaken, requiring the Mutual Security Agency to bend every effort to assist the Department of Defense in achieving effective utilization of the production facilities of Europe.

Let us pass now to the Technical Cooperation Administration of the Department of State. This program, as you all know, is in the process of assuming increased responsibilities in fiscal year 1953. Bilateral negotiations with many of the countries involved have only just been consummated. At this time United States technicians should be dispatched to undertake the aid programs for the respective countries. These technicians cannot operate without effective backstopping from the TCA headquarters in Washington. If the provisions of section 504 (d) of the Mutual Security Act of 1951, as amended, were to be applied agency by agency, the Technical Cooperation Administration would have to dismiss 5 percent of the personnel employed in Washington as of June 1 to provide this backstopping.

So much for the probable effect of a further reduction on the agencies involved. Let us now consider the wisdom of refusing the executive branch the relatively small amount of money required for the effective administration of this multibillion-dollar program. Truly, this is a case of false economy and false economy is no economy. The effectiveness of our aid program depends as much on the quality and adequacy of its administration as on the funds made available. The purpose of the aid program is to develop strong allies capable of joining us in resisting aggression. Our aid gives us a powerful lever in exerting leadership throughout the world for the purpose of building strength. Such leadership, however, cannot be exerted without a capable and adequate staff which has the means of obtaining the vast amounts of information necessary for the purpose, and has people qualified to take a position of leadership in the many countries in which the program operates. The surest way to get as little as possible for the large amounts of money devoted to this program is to have it administered by an inadequate staff. Even if the staff were excessive, which on the basis of testimony given is not the case, it would be far better to err on this side than to cut the staff down to the point where it could not effectively administer the program. Savings of a few million dollars in administrative expenses would, in my judgment, mean waste in the program of many times this amount. I urge that the House not adopt this short-sighted and self-defeating course.

Mr. KEATING. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. KEATING as a substitute for the amendment offered by Mr. RIBICOFF: On page 36, line 10, strike out "40,265,000" and insert "\$37,800,000."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. KEATING] to the amendment offered by the gentleman from Connecticut [Mr. RIBICOFF].

The question was taken; and the Chairman being in doubt, the Committee divided, and there were—ayes 101, noes 72.

So the amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut [Mr. RIBICOFF], as amended.

The amendment was agreed to.

Mr. GARY. Mr. Chairman, I make the point of order against the language on lines 16 to 22 on page 36 that it is legislation on an appropriation bill. That language is as follows:

Provided further, That agricultural products or products produced from agricultural products purchased or obtained under this program shall be at not less than the average market price prevailing for such commodity or commodities within the United States or the support price for such commodity or commodities, whichever is the greater.

Mr. WHITTEN. Mr. Chairman, I was the author of that language in the bill. I confess that it is subject to a point of order.

The CHAIRMAN. Does the gentleman concede the point of order?

Mr. WHITTEN. I do, Mr. Chairman.

The CHAIRMAN. The point of order is sustained.

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

The Clerk read as follows:

Amendment offered by Mr. WHITTEN: On page 36, line 16, after the colon insert the following: *Provided further*, That no part of such funds shall be expended for the purchase of agricultural products or products produced from agricultural products not declared to be in short supply in the United States by the Secretary of Agriculture at less than the prevailing market price for such commodity within the United States or, if obtained from Commodity Credit Corporation stocks, at less than the support price of such commodity including handling and storage costs."

Mr. WHITTEN. Mr. Chairman, this amendment is offered to correct a bad practice in the operation of the foreign-aid program. The Congress has provided for the Mutual Security Program and before that the ECA. Then funds have been provided for such programs. Through the years, both under the Marshall plan operations and under Mutual Security program, in the purchase of many commodities in the United States, and particularly from the Commodity Credit Corporation, they have required that they be sold below cost and the difference be made up from section 32 funds. Not only that but many times United States funds have been used to purchase commodities from other countries, wheat from Canada for instance, when such wheat was readily available in our own country.

Through the demand by aided countries for prices below cost not only have we sold commodities for about \$65,000,000 below the cost to us, but in effect you have increased ECA and mutual security aid by such \$65,000,000. Doubtless many of you were not aware of this fact. This provision will prohibit that practice. It also will strengthen the hands of those in Mutual Security who want these countries to pay the amount of money that we have invested in such commodities, or the prevailing market price because as long as they have the authority to use section 32 funds, to make up any discount, the countries aided of course will urge such sale below cost. I think

the amendment should be adopted for that reason. In addition, in the Mutual Security Program, we have provided that if commodities are surplus in our country, then they must be purchased in the United States if United States funds are expended. This amendment would have the additional purpose of saying that if commodities are readily available in the United States, and we are putting up the money, in the judgment of the Congress then, they should be purchased here. That is not a flat requirement because if the Secretary of Agriculture should certify that such commodities are in short supply in the United States, then this provision would not apply. I might add further that I have taken this provision up with officials of the Mutual Security Agency, and I feel that I have met the major objections they have raised to the language which was in the bill, and which was subject to a point of order. I feel there can be no question but what the membership should support this amendment and stop on the one hand a bad practice and on the other spell out the policy which should be followed where we are providing the funds. When we have the commodities available preference should be given to using our funds to buy such commodities at the prevailing price in this country, or at the support price in case they come from the Commodity Credit Corporation. I believe the amendment should be adopted.

APPROPRIATIONS FOR ESA

Mr. ZABLOCKI. Mr. Chairman, in voting on the appropriation for the Economic Stabilization Agency, I think we should be guided by the Biblical maxim that the laborer is worthy of his hire. By passing the extension of the Defense Production Act, we have told the stabilizers to administer these controls, and of all the appropriations we pass upon here—this one above all—is no place for false economy. On this one, of all places, we shouldn't be tempted to chisel away just because their job is a thankless one. For every 1 percent of price increase that these people save our economy, it means an annual saving of \$800,000,000 in our Federal expenditures. On this score alone, you can see why the comparatively small amount of \$80,000,000 should be restored to this appropriation to make sure they have enough to do an effective job. Besides this governmental saving, the prevention of a 1-percent price rise means an annual saving of \$2,000,000,000 in the cost of living for 150,000,000 voters. You can be sure that we will hear from these voters if we allow their cost of living to rise any higher than it has already gone due to loopholes provided by weakening amendments to the Defense Production Act.

When the bill for the extension of the Defense Production Act was up on the floor here, the opponents of controls—who did not dare take the responsibility for voting to kill the controls outright—sought time and again to kill the controls indirectly—by putting forward innocent-sounding, but deadly amendments. I hope the conference report on the Defense Production Act will be accepted by the House. For then we will have a law which is not as good as it

might be but which still can offer substantial protection against the ravages of inflation. That is to say, the law can hold down inflation if it is enforced by an adequate staff.

But at this point the opponents of controls are trying to repeat their flank maneuver by seeking to slash the appropriation—to slash it in the name of governmental economy.

I yield to no one in my desire for governmental economy, but I say to you that those who seek to cut the appropriation for economic controls are not true advocates of economy. They are advocates of waste and extravagance. For there is nothing that can waste Government procurement appropriations as fast as giving a free rein to inflation.

And let us not forget that at the same time that inflation wastes Government appropriations, it wastes the incomes of our 50,000,000 families along with the economic strength of the Nation.

The father of world communism, Lenin, is reported to have said that the best way to destroy a nation is by destroying the value of its money—in other words—inflation. And it is very evident from recent Communist statements that they are counting on inflation in America to sap our economic strength and thereby sap our military strength.

I think the Communists are going to be proved wrong in counting on the inability of this Congress to hold inflation just as they were proved wrong in counting on a great depression to wreck the American economy during the period before their attack on Korea. Right here and now on this floor—right here and now on this appropriations bill, we have a chance to prove the Kremlin wrong. We can prove that we have the courage and self-restraint to curb the natural desires of higher profits and higher wages in the interest of stopping inflation. We must remember that every fight amongst ourselves on the details of how to accomplish stabilization, which results in weakening our inflation controls, automatically helps to make the Kremlin's predictions and hopes come true.

I do not think we want to do that. I think it is right and proper that we scrutinize every appropriation request carefully and see that it does not contain any unnecessary fat. I have sought to satisfy myself as to whether the budgetary request makes sufficient allowance for the suspension of ceilings in soft markets. I have found that the OPS, which is the organization making these suspensions, is practically a skeleton compared to the OPA staff during the last war. The fact that it will function as a shrunken organization can be seen when we compare its staff with that of OPA in World War II. It will be 10,750 for OPS against almost 65,000 for OPA in total. Allowing for the fact that OPA had roughly 38,000 of their 65,000 people devoted to rationing and rent, this leaves OPS with 60 percent less personnel for their comparable function.

We must also remember that one-half of all consumer prices are now at peak levels, and another 20 percent are within

2 percent of peak levels. Seven out of every ten dollars being spent by consumers are being spent on goods at or very near ceilings. Only about 10 percent of all prices are substantially below ceiling and can really be considered as "soft."

So, it is crystal clear that the OPS budget has already more than taken care of reduced workloads attributable to suspensions already taken or likely to be taken. It also must be noted that every one of the suspension actions imposes upon OPS the responsibility of watching price developments in the market area under suspension, so that the suspension of a particular commodity does not mean that all work in connection with that commodity ceases.

Now, of course, every Member of Congress knows that there has been a lot of criticism of both slow processing and work backlog in some of the offices of this agency on the one hand, and also criticism of overstaffing in field offices on the other hand. But, we all know the terrific handicaps under which these people are working, and I am sure that all the Members of Congress who have dealt with the various offices of this agency on our constituents' matters must have some appreciation of the problems involved in this agency, as compared to permanent Government departments.

In the first place, they have had the problem of setting up temporary staffs in a great hurry where it is difficult to accurately gage workload. Quite aside from the normal mix-ups inherent to this sort of situation, it is difficult for a temporary agency to get competent people to serve in work which has absolutely no future or security to it. The business people in the agencies are there largely out of the sense of patriotic duty and the same goes for the Government career people. There is nothing more unpopular than telling people that they cannot have higher prices, wages, or salaries.

Their second problem is a terrific organizational one. They are dealing with very comprehensive subjects requiring experts in the various industrial specialties and skills which comprise an amazing array of all the distinctions present in our vast economy. Not only this, but all their regulations must be interpreted and applied to any individual or business who has questions or a problem.

Their third problem is an operational one which I am sure all of us can see would be present in any agency which has to quickly set up personnel for handling four operations as vast as these. It is that of shifting workloads and emphasis on the various programs, as well as the geographic distinctions in field offices. This is the problem that causes too much personnel in one office, and not enough personnel to handle the processing case loads in other offices. It just takes time for them to adjust to their problems, some of which change from day to day depending upon economic fluctuations.

I could go into great detail on all of these three scores, but I know each and every Member of this body must know exactly what I am talking about from his own experience and dealings

with the four different branches of this agency and the manifold problems with which they must deal.

The cost of living is again at almost the highest point in history. Millions of low- and fixed-income families are hard hit by present prices and rents, as well as by the burden of high taxes. They are looking to us to keep the cost of living and the cost of defense, which must be met by taxes, from rising any further. A vote to provide an adequate appropriation for the administration of economic controls will reassure them as to our intention of holding the line. A vote to slash this appropriation any further will weaken our anti-inflation efforts to a crippling extent. It is as obvious to the voters as it must be to us that no law can be either adequately or equitably enforced without both sufficient and capable manpower. It will add to our people's unrest at a time when we should all rally our forces to meet the economic as well as the military challenge of Communist aggression.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. WHITTEN].

The amendment was agreed to.
The Clerk read as follows:

This chapter may be cited as the "Mutual Security Appropriation Act, 1953."

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

Amendment offered by Mr. JENSEN: Page 37, after line 2 insert a new section as follows:

"Sec. —. (a) No part of any appropriation made by this act for any purpose shall be used for the payment of personal services in excess of an amount equal to 85 percent of the amount requested for personal services for such purpose in budget estimates heretofore submitted to the Congress for the fiscal year 1953; and the total amount of each appropriation, any part of which is available for the payment of personal services for any purpose, is hereby reduced by an amount equal to 15 percent of the amount requested in such budget estimates for personal services for such purpose less an amount representing the reduction, if any, between the amount requested for personal services in the budget estimates and the amount appropriated herein for such services.

"(b) This section shall not apply to—

"(1) not to exceed 25 percent of all vacancies;

"(2) positions filled from within the Mutual Security Agency and related Government functions provided for in this act;

"(3) offices or positions required by law to be filled by appointment of the President by and with the advice and consent of the Senate;

Provided further, That subsection (1) of paragraph (b) shall operate to accomplish the provisions of paragraph (a), and the said 85 percent shall not be exceeded at any time during fiscal year 1953; and *Provided further*, each agency shall impound and deposit in the general fund of the Treasury as soon as practicable, but not less frequently than quarterly an amount equivalent to the savings resulting from the vacant positions which are prohibited from being filled by this section, based on the salaries of the prior incumbents of the positions."

Mr. GARY. Mr. Chairman, I make a point of order against the amendment. The amendment applies to the act and

should be placed at the end of the act, rather than at the end of the chapter which we are now considering. I wonder if the gentleman will not withdraw the amendment at this time, and offer it at the conclusion of the act.

The CHAIRMAN (Mr. WALTER). The Chair is ready to rule.

The language contained in this amendment might well appear at any part of the act. It is not of such a nature that it must come at the conclusion of the measure now under consideration. The Chair overrules the point of order.

Mr. JENSEN. Mr. Chairman, I ask unanimous consent to change the word "act" in the first line of section A to "chapter," making the amendment read:

No part of any appropriation made by this chapter.

The CHAIRMAN. Without objection, the amendment will be so modified.

There was no objection.

The CHAIRMAN. The gentleman from Iowa is recognized.

Mr. JENSEN. Mr. Chairman, I have offered this amendment with which the membership is familiar. It is a like amendment to the other amendments which I have offered to five appropriation bills, and which this House has already adopted during this session and last session.

This amendment provides that the personnel provided for in this bill shall be reduced by not less than 15 percent. The reason I have offered this amendment to this bill is because of the fact that we hear from all who visit foreign countries in which this Mutual Security Program is operating that they are overstaffed no end; that most of these employees in foreign countries are taken care of like kings; that they have valets, housemaids, housemen, chauffeurs, at their service. I have been reliably informed that on an average each one of these employees in the Mutual Security Program is actually costing the taxpayers of America well over \$10,000 per annum. We pay their way across the seas, we pay the way of their families and so forth and it must stop sometime. We are setting a very poor example to the peoples of the world whom we are trying to help. Now if you want to save about \$16,630,000 in the fiscal year 1953 here is your chance. It takes no one off the payroll. It simply provides that only one vacancy out of four may be filled until the 15 percent reduction in personnel has been accomplished. By so doing we hope finally to get this overstaffing in all departments down to the point that the American people can afford to pay.

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

Mr. JENSEN. Yes, I yield.

Mr. SADLAK. Does this in any way affect the consular staff working at Montreal, Canada?

Mr. JENSEN. If they are getting money out of the Mutual Security Program, surely it would.

Mr. SADLAK. Apparently they are understaffed there, because I have directed an air-mail inquiry to the American Consul at Montreal on June 12, and to

this time I have not had an acknowledgment. Apparently they would need more help. However I do not believe this House or the American people are in the mood to spend more than \$13,000,000,000 in fiscal year 1953 for personnel hire just to be governed from Washington, D. C.

Mr. RIBICOFF. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. RIBICOFF to the amendment offered by Mr. JENSEN: After (b), No. 3, add a new paragraph as follows:

"4. That 90 days after the enactment of this act, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations provided by this act, employed in the United States and overseas by or assigned to the Mutual Security Agency, or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are provided by this act, and the military personnel assigned to such programs, shall be in the aggregate at least 15 percent less than the number so employed or assigned on June 1, 1952, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of matériel: *Provided further*, That after the Director has determined the reduction to be effected in each agency, the determination as to which individual employees shall be retained shall be made by the head of the agency concerned."

Mr. GARY. Mr. Chairman, I reserve a point of order on the amendment.

Mr. RIBICOFF. Mr. Chairman, the purpose of the amendment is to clarify the Jensen amendment in accordance with the very careful draftsmanship of the Foreign Affairs Committee to make sure that the separation of the 15 percent would proceed in an orderly fashion, and also to make certain that we can have capable people on the staffs, and not the drones. I think the amendment in this respect is a clarifying one and will help the program.

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

Mr. RIBICOFF. I yield.

Mr. JENSEN. I am glad to say that the gentleman from Connecticut [Mr. RIBICOFF], who offered this amendment, spoke to me about his amendment, explained it to me, and I can understand that it is necessary in this particular agency; so I shall be in favor and will support the gentleman's amendment to my amendment.

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

Mr. RIBICOFF. I yield.

Mr. VORYS. I want to congratulate the gentleman from Connecticut, my colleague on the Foreign Affairs Committee, and my colleague from Iowa [Mr. JENSEN] for getting together on this front to have an orderly system for cutting down that payroll, but keeping enough necessary to run the agencies. I hope the amendment will be adopted.

The CHAIRMAN. Does the gentleman from Virginia make his point of order?

Mr. GARY. Yes. Mr. Chairman, as I understand the amendment, it leaves the discharge of employees entirely to the Administrator, which contravenes exist-

ing laws with reference to veterans' preference and also the civil-service laws. It is legislation; it contravenes existing legislation.

Mr. TABER. Mr. Chairman, the point of order comes too late; the amendment had been debated.

Mr. GARY. I will say to the gentleman from New York that I reserved the point of order at the time the amendment was offered.

The CHAIRMAN. The Chair is ready to rule. Part of the language of the amendment offered by the gentleman from Connecticut, after the proviso, reads:

That after the Director has determined the reduction to be effected in each agency, the determination as to which individual employees shall be retained shall be made by the head of the agency concerned.

This portion of the amendment does, in the opinion of the Chair, alter the civil-service laws and laws relating to veterans' preferences, and therefore constitutes legislation on an appropriation bill. The point of order is sustained.

The question is on the amendment offered by the gentleman from Iowa [Mr. JENSEN].

The question was taken; and on a division (demanded by Mr. GARY) there were—ayes 124, noes 33.

So the amendment was agreed to.

Mr. CURTIS of Missouri. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I prepared an amendment I was going to offer at the end of this particular chapter which I want to read because I desire to get the thought across to the Members. The amendment reads:

Provided, further, That funds provided in this chapter shall not be available for expenditure abroad where United States Government owned funds or credits are available for the purposes of this chapter and where the expenditure of the same would not create an undue economic strain on the country concerned.

The reason I am not offering the amendment is that the language requires a great deal more consideration in order to accomplish the purpose desired.

I want to call attention to page 858 of the hearings, where are listed the various balances outstanding that have been obtained from lend-lease, surplus property, and pipeline. You will see that the total amount of funds that we have available to us abroad is \$2,200,000,000 approximately. That money has been sitting there for some time, of course, and could be utilized for mutual defense.

I call attention to the report and the consideration that we gave to the Foreign Service Building Act which came before this House on March 31, 1952, and to some of the statements made by the proponents of that act.

I will read from a special order that I had on April 1, in which I discussed this matter, page 3331, April 1, 1952, CONGRESSIONAL RECORD:

The Members were told that it would cost the taxpayers of this country no money; the Members were told that the payments would come out of funds which this country might easily lose if we did not convert

the funds into real estate abroad; the Members were told that we would save money on rent if we authorized the State Department to spend this \$90,000,000. All three of these statements are unfounded, on either study or fact.

The fact remains that all of this appropriation of some six or seven billion dollars actually does not have to come out of the taxpayers' pockets if we would utilize this some \$2,200,000,000 worth of funds that are available abroad and not listen to the statements that the State Department has made in the past that those funds cannot be used, because they can be used.

Furthermore, I want to call your attention to page 14 of the hearings on this foreign building program.

Mr. HAYS of Ohio. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HAYS of Ohio. I make the point of order that the House is not in order.

Mr. CURTIS of Missouri. I would like to say that I am doing this after conferring with the chairman of the subcommittee. He suggested that I take 5 minutes to try to explain this very important matter to the House, because he himself feels that this should be gone into, and he hopes the subcommittee will go into it and be able to come up with some language in the future whereby we can pin these people down and make them use these same \$2,200,000,000 worth of sums available abroad, and if the gentleman from Ohio is no more interested in the taxpayer than his remarks indicate, I suggest that he refrain from making statements on the floor to that effect.

What I was trying to point out, in the hearings on the foreign-service building, on page 14, the State Department has previously said that these funds are tied down in different countries, and therefore you cannot switch them one country to another. But, in a little sub-note 4 on that page you will find this statement:

Insufficient foreign credits are currently available to complete FBO program plans. It is anticipated that adequate credits will be acquired through subsequent agreements transfers from other countries and/or purchase of necessary materials and equipment in other countries where credits are available.

So you notice when they come before us to get money, \$90,000,000 for this, they know how to switch these funds around from one country to another. This is \$2,200,000,000 that we could utilize to a certain extent for this mutual-security program and actually save our taxpayers a considerable amount of this \$6,000,000,000 that we are adding on in this appropriation.

Mr. HUGH D. SCOTT, JR. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time for the purpose of announcing to the House the death of a former colleague from the second district of Philadelphia, the Honorable Robert N. McGarvey, who passed away this afternoon. Bob McGarvey represented the West Philadelphia district in the Eightieth Congress. Many

of you will remember him as a lovable, alert little bantam of a man who held strong convictions, but who was amiable and beloved by both sides of the aisle. He used to sit just back of the terminal or "anchor" seat of the Pennsylvania delegation occupied by the distinguished gentleman from Pennsylvania [Mr. GRAHAM]. Many of us will miss him and will recall with sadness his passing. Our sincere condolences are extended to his family and to his many friends. I would like to say this as my own tribute to him, that although the years inevitably demanded their toll, he seemed perpetually youthful and full of interest in the passing scene, "he shall grow not old as we that are left grow old. Age shall not weary him, nor the years condemn; at the going down of the sun, and in the morning we shall remember him."

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

Mr. HUGH D. SCOTT, JR. I yield to the gentleman from Pennsylvania.

Mr. GRAHAM. I would certainly be derelict if I were not to say a word on the passing of this former colleague of ours who came here and associated with us. We found him to be a quiet, modest man; diffident, yet very earnest and very sincere; a man utterly devoted to his country and its needs; very thoughtful of his colleagues; all in all, a genuine Christian man. We shall miss him very much.

Mr. HUGH D. SCOTT, JR. I thank the gentleman.

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

Mr. HUGH D. SCOTT, JR. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. I join with the other Pennsylvania Members in expressing my regret and sorrow on hearing of the death of our former colleague, Mr. McGarvey. He was a perfect gentleman in every respect. He was as true to the proper principles for the guidance of any legislator as any who ever served in this House. He deserves credit for the service he gave to the country. I am sure we all mourn his passing, and express our sincere sympathy to his relatives and friends.

Mr. HUGH D. SCOTT, JR. I thank the gentleman.

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

Mr. HUGH D. SCOTT, JR. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. I am happy to testify, from my knowledge of Bob McGarvey, to his integrity, rectitude, and unwavering loyalty to his friends and associates regardless of their political affiliations. Certainly the Democratic delegation from Philadelphia grieve his passing.

May I say also that the gentleman from Pennsylvania [Mr. GRAHAM], from the district which Mr. McGarvey represented, would, if he were here today, also express his sorrow at the passing of our colleague.

Mr. HUGH D. SCOTT, JR. I have spoken to the gentleman from Pennsylvania [Mr. GRAHAM], and he has expressed to me his intention to pay his respects to the memory of our late colleague.

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

Mr. HUGH D. SCOTT, JR. I yield to the gentleman from Pennsylvania.

Mr. GREEN. I join my colleagues from Pennsylvania in expressing sympathy to the family of Bob McGarvey. He was an outstanding figure in Philadelphia. He served here in a very exemplary way, and was one of the outstanding Members of the Eightieth Congress. I express my personal sympathy to his family and loved ones.

Mr. HUGH D. SCOTT, JR. I thank the gentleman.

The Clerk read as follows:

CHAPTER X
EMERGENCY AGENCIES
EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF DEFENSE MOBILIZATION

For expenses necessary for the Office of Defense Mobilization, including compensation of the Director of Defense Mobilization, at the rate of \$22,500 per annum; printing and binding without regard to section 89 of the act of January 12, 1895, as amended (44 U. S. C. 213); hire of passenger-motor vehicles; reimbursement of the General Services Administration for security guard service; not to exceed \$5,000 for emergency and extraordinary expenses, to be expended under the direction of the Director for such purposes as he deems proper, and his determination thereon shall be final and conclusive; and expenses of attendance at meetings concerned with the purposes of this appropriation; \$1,000,000: *Provided*, That contracts under this appropriation for temporary or intermittent services as authorized by section 15 of the act of August 2, 1948 (5 U. S. C. 55a), may be renewed annually.

Mr. FORD. Mr. Chairman, I make a point of order against the language on page 37, line 9, which reads, "at the rate of \$22,500 per annum." It is legislation on an appropriation bill.

Mr. WHITTEN. Mr. Chairman, we concede the point of order.

The CHAIRMAN. The point of order is sustained.

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

Mr. Chairman, I do this for the purpose of asking the gentleman from Mississippi [Mr. WHITTEN] a question. I understand the controls bill is to operate for 10 months. I wonder why under those circumstances there should not be a reduction of one-sixth in each one of the items that appear in chapter X.

Mr. WHITTEN. These figures were arrived at, as the gentleman knows, only today because we had to wait and see what was contained in this conference report, which has not yet been up. We do feel with regard to the two items, which are for the first time in the conference report on a 10-month basis, approximately one-sixth of the amounts involved here should be retained for the last 2 months for clean-up purposes or for the doing away with the agency which is required by the law. It is my understanding insofar as this particular part of the appropriation bill is concerned, it is only on a 12-month basis and is not within the 10-month limitation under the agreement reached in conference. Therefore, it would be on a 12-month basis.

Mr. TABER. I thank the gentleman.

The Clerk read as follows:

DEFENSE TRANSPORT ADMINISTRATION
Salaries and expenses

For expenses necessary for the Defense Transport Administration, including expenses of attendance at meetings concerned with the purposes of this appropriation, \$2,200,000.

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

The Clerk read as follows:

Amendment offered by Mr. WHITTEN: On page 38, line 20, before the period, insert "Provided, That this appropriation shall be available for not to exceed four contracts for temporary or intermittent services as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a), which may be renewed annually."

Mr. WHITTEN. Mr. Chairman, it is my understanding that this language has been agreed upon by both sides. It does not increase the amount of money to be expended by the Defense Transportation group, but it will permit them to use specialists in this field not to exceed four, for the purposes of counsel and advice in this operation. As I say, it is my understanding that this has been agreed upon.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. WHITTEN].

The amendment was agreed to.

The Clerk read as follows:

SMALL DEFENSE PLANTS ADMINISTRATION

Salaries and expenses

For expenses necessary for the Small Defense Plants Administration, including expenses of attendance at meetings concerned with the purposes of this appropriation, and purchase (not to exceed one) and hire of passenger motor vehicles, \$3,500,000.

Revolving fund

For the revolving fund authorized by paragraph (2) of subsection (a) of section 714 of the Defense Production Act of 1950, as amended, \$3,000,000.

SMALL DEFENSE PLANTS ADMINISTRATION A ONE-STOP AGENCY FOR SMALL BUSINESS

Mr. PATMAN. Mr. Chairman, the passage of legislation extending the functions of the Small Defense Plants Administration for another year is testimony of the determination of the Congress to provide equal opportunity for the small-business institutions of our Nation during these trying times.

It is gratifying to the House Small Business Committee to have the recommendations of our great Committee on Appropriations adopted unanimously by the House.

These two necessary steps on the part of the House of Representatives and the Congress will enable the Small Defense Plants Administration to continue the effective programs now under way. I said in proposing the original legislation that SDPA was intended to be a one-stop agency for small business. That concept has been accepted by those in charge of the administration of this agency without reservation.

I want you to know the House Small Business Committee is watching over the operations of SDPA for you. It is your agency, an independent one, jointly sponsored by most of the Members of

this House. The members of the House Small Business Committee have felt their responsibility in this regard. It is our intention after the adjournment of this session to continue to follow carefully the administration of SDPA in every particular and report our findings and conclusions to the House.

I have every reason to believe your confidence in establishing SDPA as a one-stop agency for small business will be fully justified.

At this point, I desire to include statements of the Committee on Banking and Currency of the House, House Report 2177, dated June 16, 1952, to accompany H. R. 8210, Eighty-second Congress, second session; the Committee on Appropriations of the House, House Report 2316 on the supplemental appropriation bill for 1953, chapter X, emergency agencies; and finally, a statement of the Joint Committee on the Economic Report of the President, Senate Report 1295, dated March 12, 1952, Eighty-second Congress, second session. It is extremely gratifying to me as chairman of the House Select Committee on Small Business, to the members of the committee, and to small business across the Nation that the Small Defense Plants Administration has received the strong support of these important standing committees of both the House and the Senate.

COMMITTEE ON BANKING
AND CURRENCY,
House of Representatives.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1952 (H. REPT. 2177 ON H. R. 8210)

The Small Defense Plants Administration (SDPA) was established under section 714 of the act, which was added by the Defense Production Act Amendments of 1951. Its function is to carry out the policy of the Congress that small-business concerns be encouraged to make the greatest possible contribution toward achieving the objectives of the act.

Section 714f (2) sets up a procedure for carrying out jointly by SDPA and the procurement agencies the congressional policy that a fair proportion of total Government purchases and contracts be awarded to small business. SDPA has been engaged in putting this procedure into effect, by arrangements with the armed services and other procurement agencies. Under this plan, procurement requests will be screened for work which can be done by small concerns, and an appropriate portion of the procurement will be reserved for placement with small business. On March 27, 1952, the Defense Department issued a directive providing the necessary administrative framework, with details to be provided by each of the services. The Air Force has issued a directive covering actual operation for that service, and representatives of SDPA have been assigned to the headquarters of the Air Materiel Command at Wright Field, Dayton, Ohio, where the great bulk of Air Force procurement is handled. Similar directives have not yet been issued by the Army and Navy, but the Army has authorized assignment of SDPA representatives to certain of its purchasing offices as a preliminary step.

Under sections 714 (e) (6) and 714 (f) (1), SDPA is authorized to certify small-business concerns as competent, with respect to ca-

pacity and credit, to perform specific Government contracts. The certificate is conclusive upon Government procurement officers, and affords a method of aiding small business to meet requirements as to qualification. At the time of the hearings, 14 certificates of competence had been issued, and 12 concerns so certified had received contracts totaling more than \$10,500,000.

Under its authority to recommend small-business loans to the Reconstruction Finance Corporation, SDPA has acted on 185 applications, making favorable recommendations on over 100, totaling approximately \$14,500,000, and to date 55, totaling \$8,000,000 have been approved by RFC. Several hundred other applications are under consideration by SDPA.

The Administration is also entering upon the task of eliminating any procurement practices which have effects disadvantageous to small business. Arrangements have been made with the Army to eliminate bid and performance bonds on supply contracts where the interests of the Government can otherwise be protected, relieving small concerns of the difficulty they find in obtaining such bonds. Changes in the renegotiation regulations have been obtained to encourage subcontracting to small firms. Greater availability to small business of V-loan guarantees by the authorized agencies is being sought. SDPA has also recommended to the Department of Defense that it liberalize its standards for granting adjustments in Government contract prices under title II of the First War Powers Act, so as to enable small business to qualify more readily for such adjustments where unforeseen developments justify it. By cooperation between SDPA and NPA the latter has established a special reserve of steel, copper, and aluminum to take care of small-business hardship cases, and by April 15, 1952, nearly 400 small firms had obtained materials relief from this reserve.

In the field of tax amortization, SDPA and DPA are engaged in a program to insure that small manufacturers will receive their fair share of tax amortization assistance in expansion programs.

Under this set-aside program, a definite small-business share of each industrial expansion goal will be established, based on the pre-Korean position of small business in the industry, or segment of industry being expanded. Where added capacity is being sought the Defense Production Administration will hold open the small-business share for 30 days, while SDPA notifies small concerns of this opportunity to take part in the program if they can otherwise qualify for accelerated tax write-offs. Where goals have already been established, and it appears that a disproportionate share of certificates has been going to larger firms, SDPA and DPA will urge small-business participation with a view to restoring the pre-Korean balance between larger and small firms. These small manufacturers have received only 10 percent of the value of tax amortization certificates, although the same firms in fiscal 1951 received 20.9 percent of military prime contracts.

The Government is now the largest single purchaser in our economy, and Government procurement will play a major and increasing role in our economy for a considerable time to come. The factors, in a large mobilization program, which tend to pinch out the small manufacturer, have not been eliminated. Cut-backs in the allocation of critical materials for civilian use, which present especial difficulty for the small concerns, will continue for an indefinite period. Extra difficulty in obtaining financing for defense and essential civilian production will always be one of the problems of small business. The necessity for a Government program, on a stable and effective footing, to assist small business to obtain its fair share of defense

work is even more acute than it was when the original authority was granted. Your committee recommends, therefore, that the Small Defense Plants Administration be continued until June 30, 1953.

**COMMITTEE ON BANKING AND CURRENCY,
UNITED STATES SENATE.**
**DEFENSE PRODUCTION ACT AMENDMENTS OF
1952 (S. REPT. 1599 ON S. 2594)**
**EXTENSION OF SMALL DEFENSE PLANTS
ADMINISTRATION**

Your committee recommends an extension until June 30, 1953, of the Small Defense Plants Administration (sec. 714). Its purpose was to assist and enable small businesses to obtain a fair share of defense contracts and also their proper share of allocated materials in order that they might contribute to defense production and essential civilian production. In adopting this amendment to the Defense Production Act, Congress reaffirmed its belief that the conservation of small business enterprise is a prerequisite if we are to preserve and enhance, if possible, the competitive element in American business enterprise.

The primary aid of SDPA was not only to help the small-business man, but, more important, to get the small-business man to help the defense effort. The aggregate productive capacity of small business is tremendous and all efforts must be made to utilize this potential. This requires special effort and special safeguards to prevent small business from being impaired and engulfed while we operate under a system of allocations and large defense spending.

The Small Defense Plants Administration assists small business in receiving its proportionate share of defense contracts that it can handle; its fair share of materials whenever it is necessary to have them under allocation; and financial assistance it needs to participate effectively in defense and essential civilian business.

A report of the Munitions Board shows that the dollar volume of military prime contracts placed with small concerns has been steadily decreasing. In fiscal 1950 the percentage was 24.5; in fiscal 1951, 20.9; and the first half of fiscal 1952, 19.7. There is no basis for the belief that the trend will reverse itself. The study of the statistics of World War II shows that if strenuous efforts are made small business will share more equitably in defense spending. The small-business share of procurement by the Army service forces rose from 12.6 percent in 1943 to 26.7 percent in June 1945. This rise was largely due to the activities of the Smaller War Plants Corporation.

The most important and difficult task of the Small Defense Plants Administration is to broaden and increase the participation of small-business concerns in Government procurement. In addition to protecting our economy a great diffusion of military procurement will speed production, spread know-how, and increase strategic dispersal of industry and retain the productive potential of small plants.

SDPA since its inception has engaged in the following major activities in an attempt to maintain and implement the position of small business in our economy.

1. Recommendations to RFC of loans to small concerns for defense and essential civilian purposes.

2. Assistance in obtaining accelerated tax amortizations.

3. Negotiations with the Department of Defense to place SDPA procurement specialists in the major contracting offices of the Armed Forces.

4. Certifications of small plants as competent with respect to credit and capacity to perform contracts in order that contracts may be awarded such plants.

5. Encouraged and assisted in the formation of producing pools.

6. Furnished technical advice and assistance to small plants on when and how to obtain defense contracts.

7. Establish field offices and regional advisory boards as appropriations permitted.

This committee feels that so long as materials are allocated and tremendous sums are being channeled into defense production, the existence and capacity of the small businesses of this country must be safeguarded and protected in order to preserve one of the foundation stones of our competitive economy.

**SUPPLEMENTAL APPROPRIATION BILL, 1953
(H. R. 8370), JUNE 26, 1952**

(H. Rept. No. 2316)

Small Defense Plants Administration: Funds are approved in the amount of \$3,500,000 for the salaries and expenses of this agency. If the efforts of the Government to assist small business are to be successful and at the same time economical a thorough study of the small-business activities of other Federal agencies must be made by the proper authorities to insure that no duplication exists and that the intent of the authorizing act as regards transfer of funds and functions to SDPA are carried out to a greater degree than has been true in the past.

The estimate of \$5,000,000 for a revolving fund to be used by this agency in the purchase of prime contracts is approved in the amount of \$3,000,000.

**JOINT ECONOMIC REPORT—REPORT OF THE
JOINT COMMITTEE ON THE ECONOMIC REPORT
ON THE JANUARY 1952 ECONOMIC REPORT OF
THE PRESIDENT**

(S. Rept. No. 1295)

AID TO SMALL BUSINESS

President's recommendation: Aid small business by providing the necessary funds for the Small Defense Plants Administration.

Committee's views: The mobilization program has had a damaging impact on small producers. Because of size and limited financial reserves, small business is especially vulnerable to the imbalances caused by large-scale military buying, rationing of materials, price and wage controls, heavy taxation, and a tight skilled-labor market. Since current small-business problems stem in large measure from disruptions created by the mobilization program, the Government has a responsibility for taking every precaution to minimize the hardships produced for small enterprises. At its last session Congress established the Small Defense Plants Administration to meet this obligation. An appropriation was passed providing funds for initial planning and organization but not for operation. This committee feels that adequate funds should be provided for a purposeful small-business operation and it therefore endorses the President's recommendation.

Further, the committee recommends that small-business organizations from other departments should be transferred to the Small Defense Plants Administration with the exception of small-business activities and organizations necessary to normal operations of the respective departments.

At the same time, the committee maintains that congressional efforts to assist small business cannot be limited to these steps. The Senate and House Committees on Small Business must continue their efforts on behalf of small business. Both committees in their annual reports just issued have made recommendations relating to how small-business men can become more effectively integrated in the defense program.

An excellent example of SDPA's effort to serve is incorporated in a small booklet entitled "Small Defense Plants Administration: What It Is, What It Does." This booklet with appropriate illustrations has received wide acclaim for telling a big story in the fewest possible words:

**SMALL DEFENSE PLANTS ADMINISTRATION:
WHAT IT IS, WHAT IT DOES**

CREATION AND ESTABLISHMENT OF SDPA

The Small Defense Plants Administration was created on July 31, 1951, when, by unanimous action of Congress, section 714, establishing the agency and outlining its functions, was added to the Defense Production Act.

It was the expressed intent of Congress that small-business concerns be encouraged to make the greatest possible contribution to the defense program; and that small business be maintained as a vital part of the national economy.

SDPA was established as an agency with no primary function or interest other than the preservation and promotion of small business enterprise. Accordingly, Congress specified that SDPA "shall not be affiliated with or be within any other agency or department of the Federal Government."

A precedent for SDPA was the Smaller War Plants Corporation of World War II. That agency was able to help small business make an invaluable contribution to the war effort and our ultimate victory.

The principal functions of the Small Defense Plants Administration, as prescribed by Congress, are to see to it that (1) small business gets its fair share of defense contracts, (2) it receives a fair share of critical materials, and (3) it gets the financial and technical assistance needed to participate effectively in defense and essential civilian activities.

Telford Taylor, Administrator of the agency, took the oath of office October 19, 1951. Initial funds for preliminary organization of SDPA were appropriated by Congress November 1.

ORGANIZATION

SDPA's Washington office is organized as follows:

There are six main operating offices: Contract Procurement, Prime Contract Operations, Materials, Loans, Production and Management Assistance, and Field Operations. They report directly to one of two Deputy Administrators.

Grouped under the other Deputy Administrator are the Office of Programs and Economic Analysis and the Office of Information.

These two Deputy Administrators, plus an Assistant Administrator, and the general counsel, report directly to the Administrator.

Reporting to the Assistant Administrator are these offices: Budget and Finance, Personnel, Organization and Management, and Administrative Services.

FIELD OPERATIONS

Although SDPA regional directors are responsible to the Administrator, the Washington Office of Field Operations directs, plans and coordinates the field activities.

One of the principal objectives of the agency is to maintain a field service capable of providing one-stop service at the local level in solving small business problems arising from the mobilization program.

The agency has regional offices in principal industrial areas of the country. Each regional director has an advisory board, made up of representative small-business men from the area. These boards consult with and advise the regional offices on small-business problems, and make recommendations to the agency. Each advisory board has an industry vice chairman who serves as

a member of the National Small Business Advisory Board under the chairmanship of the SDPA Administrator.

(A list of the regional offices is contained at the back of this pamphlet.)

AGENCY PROGRAM AND OBJECTIVES

Within the limitations of the available funds and a small staff, SDPA has made substantial progress in establishing a program and putting it into effect. Its program and objectives are described in brief outline below.

Financial assistance

One of the most pressing problems of small-business concerns in any mobilization or emergency period is that of obtaining the necessary financial assistance for full participation in the defense effort.

SDPA does not make loans, but is authorized to recommend to the Reconstruction Finance Corporation small-business loans for defense and essential civilian production. Such loans may not be granted if private financing is available, or if loans can be granted by the Government under provisions other than section 714 of the Defense Production Act.

Section 714, small-business loans are granted from a fund—not to exceed \$100,000,000 in outstanding loans at any given time—authorized by Congress.

Joint procedures have been developed by SDPA and RFC for handling applications for these loans. Applicants file the usual RFC loan application, plus SDPA Form 22 (Application for Loan Recommendation), with regional RFC offices. RFC sends the Form 22 to SDPA immediately. It analyzes and investigates the loan application, and sends a copy of its report to SDPA for examination and recommended action.

Loan applications began to come into SDPA at the beginning of 1952, and the volume increased steadily. Requests for assistance have come from every area of the country and loans are being granted at an increasing pace.

Small-business firms from all parts of the country have complained to Congress they are not able to get defense contracts without adequate financial backing, and on the other hand, are not able to get financial backing without defense contracts. The SDPA loan program helps to eliminate this vicious circle.

Materials allocations

SDPA is not authorized to make allotments of materials, but is empowered to "consult and cooperate with appropriate agencies in the issuance of all orders limiting or expanding production by or in the formulation of policy in granting priorities to business concerns." These agencies are required by statute, before issuing such orders or announcing such priority policies, to consult with SDPA.

Since November 1951 SDPA has been represented on the Defense Production Administration Requirements and Program Adjustment Committees, and on the important committees of the National Production Authority. SDPA has worked closely with these allocating agencies to insure recognition of the special problems of small business in connection with materials distribution.

SDPA worked jointly with NPA in establishing a special Small Business Hardship Account of controlled materials for the purpose of supplementing materials allotments to small concerns cut below a break-even point of operation. SDPA is a member of the panel which determines the special allotments for individual small firms.

In addition, SDPA has been able to help in providing spot materials assistance to many small firms unable to obtain relief elsewhere.

Contract procurement

One of the principal reasons for the creation and establishment of SDPA was the desire of Congress to increase the participation of small-business firms in Government procurement. It was felt that, in addition to protecting our competitive economy, greater diffusion of procurement to small concerns was necessary to speed production, spread know-how, increase strategic dispersal of industry, make use of existing facilities, and retain the productive potential of small plants.

Section 714 authorizes SDPA and the procurement agencies to make joint determinations that, in the interest of national defense or the mobilization of productive capacity, specific contracts or parts of contracts shall go to small-business concerns.

SDPA is placing procurement specialists in major contracting offices to help carry out this mandate of Congress by working jointly with procurement officers to earmark and award more contracts to small concerns that are capable of handling them.

SDPA has also issued operating guides to its field offices indicating steps to be followed in increasing subcontracting opportunities for small business. In addition, a comprehensive facilities inventory plan is being put into effect in order to assure maximum utilization of the productive facilities of small business in the defense effort. This program will function at the SDPA regional level through close cooperation with State Governments, procurement officers, and large prime contractors.

SDPA has also taken steps to allow maximum flexibility in awarding contracts to small concerns.

Certificates of credit and capacity

SDPA is authorized to certify small concerns or production pools as competent with respect to credit and capacity to perform a specific contract; and procurement officers are directed by law to accept such certification as conclusive.

This is another measure by which Congress sought to assist and expedite the flow of Government contracts going to small firms.

Small-business production pools

SDPA gives advice and assistance in the formation of small-business production pools, formally authorizes them, and helps them in obtaining defense contracts.

The practicability of such pools was demonstrated during World War II, when 250 of them were authorized and completed \$600,000,000 worth of war contracts.

Other activities

In keeping with its over-all objective of protecting and promoting the welfare of small business wherever possible, SDPA has been active in several other areas. For example, in order to assure small business a fair share of tax amortization benefits from the Government, SDPA recommended to the Defense Production Administration that a set-aside of these benefits be reserved for small concerns, and that expeditious treatment be given all applications for tax amortization from small firms.

Upon recommendation by SDPA, the Negotiation Board recently revised its regulations to provide specific financial incentives for subcontracting defense work to small-business concerns. This provides additional subcontracting opportunities for small firms.

Another example: SDPA acted early in its existence to discourage the "general right of set-off," a practice whereby a prime contractor could deduct from payments due a subcontractor any sums which the subcontractor might owe the prime in connection with other transactions. Since

this operated against small concerns and also harmed defense production, SDPA called it to the attention of Government procurement agencies. Letters were sent out to prime contractors asking them to abandon this practice, and the great majority of them have done so.

Location of regional offices

Region I, Boston: Covering Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, and Connecticut; Edward J. Stewart, regional director, Small Defense Plants Administration, 40 Broad Street, Boston, Mass. Phone: Hubbard 26200, extension 96.

Region II, New York: Covering New York and New Jersey; Casper H. Citron, regional director, Small Defense Plants Administration, 2 West Forty-third Street, ninth floor, New York, N. Y. Phone: Chickering 4-6157.

Region III, Philadelphia: Covering Pennsylvania and Delaware.

Region IV, Richmond: Covering Maryland, Virginia, West Virginia, District of Columbia, and North Carolina; Leon E. Savage, regional director, Small Defense Plants Administration, 400 East Main Street, lower level, Richmond, Va. Phone: 3-7421, extension 21.

Region V, Atlanta: Covering Tennessee, Mississippi, Georgia, South Carolina, Alabama, and Florida; Hugh Mitchell, acting regional director, 147 Hunter Street, Kline Building, seventh floor, Atlanta, Ga. Phone: Alpine 4682, extension 8660.

Region VI, Cleveland: Covering Ohio, Kentucky, and Michigan.

Region VII, Chicago: Covering Illinois, Indiana, and Wisconsin; Yngvar Brynildsen, regional director, Small Defense Plants Administration, room 901, 188 West Randolph Street, Chicago, Ill. Phone: Dearborn 2-4500, extension 571.

Region VIII, Minneapolis: Covering Minnesota, North Dakota, South Dakota, and Montana; J. Walter Malmquist, regional director, Small Defense Plants Administration, 1247 Northwestern National Bank Building, Minneapolis, Minn. Phone: Main 3244.

Region IX, Kansas City: Covering Missouri, Nebraska, Iowa, and Kansas; Roy W. Webb, regional director, Small Defense Plants Administration, Federal Office Building, room 405, 911 Walnut Street, Kansas City, Mo. Phone: Baltimore 7000, extension 591.

Region X, Dallas: Covering Texas, Oklahoma, Arkansas, and Louisiana; Henry H. Ritter, acting regional director, Small Defense Plants Administration, room 808, 1114 Commerce Street, Dallas, Tex. Phone: Riverside 6951, extension 2248.

Region XI, Denver: Covering Wyoming, Utah, Colorado, and New Mexico.

Region XII, San Francisco: Covering California, Arizona, and Nevada; Joseph V. Ragusa, acting regional representative, Small Defense Plants Administration, Flood Building, room 1043, 870 Market Street, San Francisco, Calif. Phone: Yukon 2-5800, extension 150.

Region XIII, Seattle: Covering Washington, Idaho, and Oregon; Allan L. Willard, regional director, Small Defense Plants Administration, Burke Building, room 328, 905 Second Avenue, Seattle, Wash. Phone: Elliot 9030, extension 315.

At this point for the further information of the Members of the House, I desire to cite a few examples of the effectiveness of the Small Defense Plants Administration. There is no doubt that with adequate funds and an opportunity

¹ Regional director yet to be appointed.

to subdivide contracts through its revolving fund, SDPA's record of accomplishment will materially increase:

SMALL DEFENSE PLANTS ADMINISTRATION
ACCOMPLISHMENTS

LOANS

JUNE 1952.

SDPA's financial assistance program, which got under way late in December, is designed to fill a gap in Government credit facilities available for small business.

It has already resulted in \$11,095,540 worth of loans to small plants for defense or essential civilian production, and new loans are being made almost every day.

These loans, which the Reconstruction Finance Corporation makes out of a \$100,000,000 fund on SDPA's recommendation, have gone to 88 small concerns in over half of the States. Some 400 additional applications totaling over \$200,000,000 are pending.

The guiding principle followed in recommending these loans is that encouragement and assistance to small business is, of itself, in the public interest. There is no other loan program which follows this point of view. Other Government lending authorities provide assistance to small business only incidentally to the accomplishment of other objectives.

SDPA's Office of Loans is constantly advising and consulting with small business concerns in the adjustment and management of their financial affairs. It seeks first, to obviate the necessity of Government financing whenever possible, and second, when necessary and merited, to help prepare their loan requests in such a manner that the needed financing will be forthcoming under section 714 of the Defense Production Act.

The SDPA loan program furnishes an effective means of providing the necessary financing to help small firms break the vicious circle that so often thwarts them when they try to get a defense procurement contract—they can't get the contract until they have the loan, and they can't get the loan until they have the contract.

With SDPA help, an increasing number of small firms are getting the kind of assistance they need, and which is not available elsewhere. Many of them are getting this help in the field. SDPA field offices, which began operations in February, have given advice and assistance on financial matters to more than 1,300 small-business men.

DEFENSE CONTRACTS

SDPA has issued 20 certificates of competency to small firms and these firms have received or are negotiating contracts totaling nearly \$17,000,000.

These certificates, which must be taken as conclusive by contracting officers, establish a firm's competency, with respect to capacity and credit, to perform specific Government contracts. They are not awarded wholesale; they are given only after rigorous SDPA inspection, and only if a plant is the low bidder (or within negotiation range) and the contracting officer has raised a question about a plant's technical or financial ability to perform.

SDPA has put into operation the joint determination procedure (sec. 714 (f) (2) of the Defense Production Act) under which small plants are to be awarded a fair share of prime contracts. Discussions initiated by SDPA resulted in the issuance by the Munitions Board in March of a policy directive providing for the placement of SDPA representatives in contracting offices of the three military departments.

Detailed operating procedures were worked out with the Air Force in April. SDPA representatives have been assigned to Headquarters, Air Materiel Command, Wright-Patterson Air Force Base, Dayton, Ohio, and

already several contracts have been earmarked for award to small business only. SDPA is still trying to get formal agreements on operating procedures from the Army and Navy, although its representatives have already gone to work in offices of the Quartermaster and Signal Corps and several joint determinations have been made.

Representatives of several thousand small plants have either made personal visits to the SDPA's Office of Contract Procurement or have written letters. A large number of these visits and letters have been to ask spot assistance on current procurement.

SDPA has not had sufficient personnel to follow up each one of these inquiries to determine what results have been achieved in each individual case. However, in some cases SDPA has learned that firms have been successful in obtaining Government contracts, and it is reasonable to suppose that many others have been successful also, but have not informed us of it. It is the usual practice of a small plant to call on SDPA when it needs assistance, but only rarely do they inform SDPA of their successes.

SDPA's procurement operation is only beginning, but the results of the operation at Wright-Patterson Air Force Base indicate that the SDPA joint determination program will result in far greater percentage of prime contracts going to small business than in the past.

In 4 weeks of operation at Wright-Patterson Air Force Base, SDPA has screened 237 procurements and made joint determinations on 27 of these in the amount of \$21,890,135. The operation at Wright-Patterson Air Force Base was started at the end of the fiscal year when the procurement flow is very small.

SDPA is recruiting qualified personnel to establish approximately 65 operations similar to that at Wright-Patterson Air Force Base in all of the principal contracting centers of the armed services and major civilian agencies.

It is the objective of SDPA to reverse the declining trend of contracts being awarded to small business. The agency believes that small business participation in defense procurement can and should be increased to at least 35 percent of all procurement, whereas, for the current fiscal year through March, small business' share has been only 18.4 percent.

SDPA field offices have also been active in giving assistance. They have given help in more than 2,000 cases involving defense contracts.

FLEXIBILITY IN PROCUREMENT

Flexibility in procurement procedures, a condition long urged by many Members of Congress, has now been made possible through the efforts of SDPA. It only remains for the Defense Department to translate its authority into specific directives.

In reply to specific questions by SDPA, the Comptroller General has ruled that: (1) wherever procurement through negotiation was authorized by law, price differentials may be paid to small concerns in appropriate cases, even though the mechanics of formal advertising had been used; and (2) even where negotiation was not authorized and formal advertising was required by law, the payment of a price differential would be authorized if a joint determination had been made under section 714 (f) (2).

These two rulings give the military all the authority needed to carry out its own policy statement of April 5, 1951, favoring the payment of price differentials "to broaden the industrial base of procurement." Moreover, they remove whatever barriers may have existed to a reversion to World War II policy of paying price differentials to small concerns.

As the war experience proved, these differentials (which are more nominal than real)

are useful in preserving existing enterprises and speeding up military production.

PRODUCTION POOLS

SDPA has moved to bring about a more efficient system of approving small-business production pools. Only 14 of these pools have been O. K.'d in the current mobilization program as contrasted with 250 during World War II.

SDPA felt that the diffusion of responsibility among five Federal agencies of the authority to approve these pools had a great deal to do with the small number approved. Therefore, it asked and obtained the Defense Production Administration's concurrence in a plan to centralize the approval power in SDPA. Consummation of this plan rests on the issuance of an Executive order which is now under study by the Bureau of the Budget.

In the meantime, SDPA has been assisting in the formation of production pools, a function transferred to the agency from NPA last February. Before SDPA came into existence only five pools had been organized and approved. Now there are 14. Six of these pools have been successful in obtaining more than \$2,000,000 in defense prime and subcontracts.

CONTROLLED MATERIALS

Close to 500 small-business firms have been saved from disaster through assistance from a special "hardship" reserve of materials established by the National Production Authority in cooperation with SDPA.

This special reserve of steel, copper, and aluminum was created, in line with a proposal by SDPA, for the sole purpose of taking care of small-business hardship cases. The Director of SDPA's Office of Materials is a member of the panel which reviews all requests for supplemental allotments from this reserve for small businesses unable to maintain minimum operations with regular allotments.

Representatives of SDPA sit in as members on the top committees that decide how the controlled materials—steel, copper products, and aluminum—are to be divided among the various claimants, and on the committee that recommends the issuance of new materials allocation orders or the revocation of orders.

SDPA representatives are thus in a position to look out for the welfare of the small-business man by helping shape the basic decisions that are made with regard to the distribution and use of controlled materials.

SUBCONTRACTING

SDPA has acted to increase subcontracting to small concerns by obtaining changes in the regulations of the Renegotiation Board.

SDPA successfully urged on the Renegotiation Board, both by letter and in discussions, certain changes in the regulations to make clear that prime contractors would be given favorable consideration where they subcontracted substantial amounts to small-business concerns. There had been widespread doubt about this point until the Board altered its regulations in accordance with SDPA suggestions.

Also to increase subcontracting to small concerns, SDPA has a subcontracting program, administered in the field, which acts as a catalyst in bringing together large prime contractors and small-plant subcontractors.

Each SDPA regional office is supplied with the names of large primes in its area who may be expected to have substantial work to subcontract. Small plants are directed to subcontracting opportunities thus identified.

SDPA maintains contact at the top management level of large manufacturers, and has successfully urged several large primes to appoint "small business specialists" to make subcontracting easier. SDPA also maintains lists of small business productive facilities and brings them to the attention of large prime contractors with work to be farmed out.

FACILITIES INVENTORY

To carry out the provision of section 714 (e) (1) of the Defense Production Act, SDPA is putting into operation a plan for an industrial facilities inventory on a national basis, making full use of inventories made or to be made by State governments.

Great emphasis is placed on local responsibility, comprehensiveness, simplicity, and constant renewal of data. The program has practical value for procurement agencies, State governments, and prime contractors. Its aim is to provide at all times an up-to-date, simple listing of productive facilities across the Nation. Its possibilities for both emergency and peacetime use are obvious.

TAX AMORTIZATION

Upon SDPA's recommendation, a program has been established to assure small-business firms equitable participation in the Nation's industrial-expansion program now being encouraged by accelerated tax write-offs.

SDPA research disclosed that only 10 percent of the certificates had gone to small business, despite the fact that small business accounts for 42 percent of the total employment in manufacturing. It proposed to DPA, and DPA accepted, a plan under which SDPA studies various expansion goals and recommends percentages of them to be filled by small-business firms. Time is given for SDPA to find sufficient small-business firms to fill the quota we recommend.

SDPA's aim is to try to maintain the pre-Korea, small business-big business ratio within industries. This ratio was considerably upset in the first year of the present emergency.

CONTRACT PRICE ADJUSTMENTS

At SDPA's urging, the military is reexamining its administration of contract price adjustments, provided for by law to relieve hardships on a firm caught between rising costs and an inflexible price term in the contract.

SDPA feels that the armed services have been much too rigid in granting relief under this statute. Up to February 14, 1952, the Navy Contract Adjustment Board had denied 47 out of 49 applications for relief; the Army Board had denied 17 out of 36, and the Air Force had turned down every application received.

SDPA urged a redrafting of current regulations in a letter to the Secretary of Defense and has followed up this initial request in a number of conferences and personal contacts.

BID AND PERFORMANCE BONDS

At SDPA's request, the Army Corps of Engineers agreed to modify a practice which operated to prevent small plants from competing for contracts which they were qualified to undertake:

The Corps of Engineers had been requiring bid and performance bonds from bidders on advertised supply contracts of \$100,000 or more, whether or not there was any need for them.

SDPA pointed out that most other military branches had no such policy, and successfully urged the Corps of Engineers to change its policy so that bonds would be required only in individual cases where there are special reasons for doing so.

DISTRESSED AREAS

SDPA asked and obtained from the Acting Director of the Office of Defense Mobilization a ruling to clarify and strengthen the Government policy that a fair proportion of defense contracts shall be awarded to small business.

Under ODM Directive No. 4 (relief of distressed areas) some contracts susceptible of performance by small business were being awarded to big concerns in distressed areas. Dr. Steelman's ruling made it clear that

this was contrary to Government procurement objectives.

WAGE CONTROLS

The Wage Stabilization Board is expected to revive the World War II exemption from wage controls of concerns with eight or fewer employees.

This was recommended by SDPA to the head of the Economic Stabilization Administration on the ground that such controls frequently work disproportionate hardship on small concerns who find that, because of their unfamiliarity with Government procedures and the consequent delays in obtaining adjustments in their wage scales, they lose key personnel to larger concerns which have been able to obtain adjustments more quickly.

V-LOANS

Also on SDPA's request, the Department of Defense is considering modification of its V-loan regulations, which SDPA feels are too restrictive on small business concerns.

The V-loan program was created for the very purpose of making possible maximum participation by small business concerns in defense production. But Defense Department administration of the program falls far short of accomplishing this objective.

Meanwhile, the V-loan regulations of other guaranteeing agencies have been surveyed, and, where it was felt that they too failed to carry out the intention of Congress, requests for revisions were made. Thus far, one such agency, the Department of Commerce, has agreed to revise its regulations accordingly.

MACHINERY AND EQUIPMENT

SDPA has established a machinery and equipment assistance program which already has obtained needed tools for several small concerns in various parts of the country.

Through SDPA's efforts, some 50 large producers of machine tools have been persuaded to subcontract work on which they are currently behind schedule.

SDPA has likewise acted to promote the availability of machinery, machine tools, and production equipment to the smaller manufacturer by:

(a) Obtaining a 7-day freeze on used or imported machine tool stocks in behalf of small concerns;

(b) Establishing a catalog file of over 400 domestic and foreign machine tool producers and distributors to assist small concerns in locating needed machines;

(c) Sending a special mission to the Detroit area to assist in improving employment—more than \$4,000,000 worth of subcontracts were placed with small machinery manufacturers to relieve the work-load on several large manufacturers.

(d) Working with NPA, FSA, and the military departments in developing a central inventory of machine tools. By the dissemination of this list through regional offices, small concerns may immediately be in position to acquire needed tools.

SPOT ASSISTANCE

Through its 13 field offices already in operation, and through the central office in Washington, SDPA has rendered spot assistance to many individual small firms in virtually every State of the Union and engaged in almost every type of small business.

Assistance given ranges from help in obtaining contracts to advice or financial aids, from getting increased allotments of controlled materials to solving complex engineering problems.

Many letters of thanks to SDPA attest the value of the spot assistance program.

EXCERPTS FROM LETTERS CONCERNING SDPA ASSISTANCE

A Houston, Tex., air-conditioning company: "When I was finally directed to your

organization, our company had all but ceased operations for the want of 60 tons of steel and 3,000 pounds of copper. In a matter of hours your people had given us what amounted to survival and we are grateful indeed."

A Peoria, Ill., small-business production pool: "We are most happy to say that we have positive proof that SDPA will be the salvation of small business in this defense emergency and economy, and that all small business will profit through this administration and it is our belief small business is fortunate to have such able men working on its behalf, and that this new agency will not be a 'lip-service' department for they have proved they will produce. * * * We have now received, through the aid of SDPA, one small contract with the Air Force at Wright-Patterson Air Base in Dayton, two contracts from the Ordnance Department of the Rock Island Arsenal, of which one is very substantial, one from the Navy Purchasing Office in Washington; and are in the final negotiation stage of a \$3,000,-000 contract with another branch of the services, which, we flatly state, without the efforts of SDPA we would never have been considered for this item."

A Rochester, N. Y., manufacturer of oil drum faucets and hard goods: "My first awakening that your organization was operating entirely different than the rank and file of Government agencies was during our correspondence last March. You offered us assistance and went out of your way, even beyond furnishing the information we asked for, to give us leads on opportunities for bidding on Government contracts."

A Clifton, N. J., electronics firm: "We are well aware that the issuance of this certificate of competency by the SDPA was the deciding factor in the award of this contract * * * and will do our utmost to justify the confidence expressed in us by your administration."

A District of Columbia electronics firm: "Please permit me to express appreciation for the splendid assistance which you and your agency have given us in our efforts to obtain an equitable share of Government work through subcontracting. * * * If it had not been for the persistence of you and your agency, our situation would have by this time reached the hopeless stage. * * * Feel there is now an agency available which is interested in protecting small business and in preserving its usefulness to the national economy. * * * We hope that you will continue to remain alert to the needs of small business."

A Reading, Pa., clothing manufacturer: "We wish to thank the Small Defense Plants Administration for its decisive part in helping our small firm obtain the order for field jacket liners being purchased by the Marine Corps at Philadelphia. * * * We cannot tell you how much this means to us, and sufficiently express our thanks. The entire item which we have now obtained through your intervention is something over \$75,000. This is not much for a very large concern, but it is substantial for us. If we had not received this order, we would have had to drop a large number of our employees, perhaps never to get them back again, and perhaps within a short period have had to terminate operations completely. We are now assured of at least substantial partial operation for several months, which is not bad for a firm in a distress area. Small Defense Plants Administration deserves a note of thanks for what it has done."

A New York wire, rope, and chain maker: "It has been a source of comfort to us and we are sure to others similarly placed, to know that there is at least one arm of the Government that reflects the viewpoint of small business and concentrates its efforts to preserve the interests of small business in our national plan of economy and prevent its destruction or loss of usefulness through

lack of proper consideration. * * * We feel very strongly that such an agency is an important and necessary part of our Government."

A New England (Millbury, Mass.) wire company: "I take this opportunity to write and thank you for your valuable efforts in bringing about a quick approval of our certificate of necessity."

An Illinois metal fabricator: "May I congratulate you on evolving an agency that is positively helping small business."

A Pennsylvania tire and rubber company: "We are deeply grateful to your Administration for your assistance in this matter and it is gratifying to know that there is at least one agency in Washington which will not only talk about helping small businesses but will actually do something about it."

A New England State development commission: "Again I wish to commend the effective way in which the Small Defense Plants Administration is following up these various complaints as they are brought to your attention. It is this type of personal interest that can go a long way toward establishing confidence among our small concerns in the work of your agency."

A Massachusetts research firm: "Please accept the thanks of this corporation for your services in our behalf. * * * It is comforting to know. * * * SDPA is anxious to help us."

A Massachusetts aluminum fabricator: "I have received a notice from the NPA that my allocation of aluminum foil has been reinstated. It is needless to say that this is of great importance to me, as without it, I would have been forced out of business. Your efforts in regaining this allocation for me are greatly appreciated. * * * In closing let me say humbly, thank you for a job well done."

A Kingsport, Tenn., manufacturer: "The kindness and help you gave me * * * is certainly appreciated. It would have been impossible for me to have accomplished anything without your cooperation."

A Cleveland, Ohio, manufacturer (materials assistance case): "Our supplemental application has received favorable action. * * * Your help and advice was invaluable."

A Great Falls, Mont., wholesale firm (materials assistance case): "Our very deep appreciation for the consideration your office has shown in following through our difficulties with the various offices which might possibly help us. * * * Many thanks for the wonderful cooperation."

The Chamber of Commerce of Hugo, Okla.: "We were especially impressed with the work that you are doing for small industries and small communities * * * believe that you and your office are the answer to our problem."

A Lake View, N. Y., distributor of home building equipment: "Our deepest appreciation for the efforts you exerted in behalf of small business generally, and this company particularly, relative to the * * * invitation to bid."

A Pawtucket, R. I., textile manufacturer: "We * * * received the contract * * * and I want to thank you again for helping to expedite this matter."

The operator of a small radio station in Odessa, Tex.: "With your help and advice, I finally got the necessary permits. Thank you * * * for your thoughtful assistance."

A Port Chester, N. Y., law firm: "Recently on behalf of one of our clients * * * I had the occasion to request aid and assistance from your organization * * * [it] understood the client's problem and * * * with dispatch was of assistance."

The Naugatuck Valley Industrial Council, Inc., Waterbury, Conn.: "Although your agency is still in its infancy, [it] has already

rendered notable assistance to two of our very small concerns in getting materials for them."

Of great interest to small business is the provision of the Small Defense Plants amendment—section 714 (e), (1), Public Law 96, Eighty-second Congress—requiring an inventory of small-business facilities which may be utilized for defense production. This subsection was included after a conference with the representatives of our State Planning and Development Agencies. In fact, the members of the legislative subcommittee of the Association of State Planning and Development Officials sat with the Members of the House Small Business Committee when this particular provision was written. It is the first coordinated effort to perform a task which in the past has failed of accomplishment because the authority was lacking for effective cooperation between State and Federal officials.

SMALL DEFENSE PLANTS ADMINISTRATION APPROACH TO NATION-WIDE INDUSTRIAL FACILITIES INVENTORY PLAN

Pursuant to and in conformity with those specific portions of section 714 of the Defense Production Act of 1950, as amended, viz: section 714 (d) (1) "utilization of productive capacity of small business," and section 714 (e) "inventory of productive facilities of small business," together with other related portions of the entire act, a proposed plan was completed on February 8, 1952, establishing a procedure for developing a Nation-wide industrial facilities inventory.

On February 12 and 13 this proposed plan was submitted to the Executive Committees on Small Business which had been previously established and received their unanimous approval. These committees were composed of representatives of every agency of the Federal Government concerned with Federal procurement.

On February 18 the Munitions Board of the Defense Department appointed a representative from each of the Departments of Defense and in turn such civilian agencies as the General Services Administration, Mutual Security Agency, Atomic Energy Commission, and others did likewise, all of whom were to serve as a working committee in further implementing and developing the proposed plan.

PURPOSE

The proposed plan has as its basic purpose an inventory of the Nation's industrial facilities designed to contain the elements of uniformity, simplicity, usefulness, and perpetuity.

Analysis of previous plans which have first been tried and failed indicate two fundamental weaknesses: First, duplication of basic information; and second, collectively they represent only a portion of the available industrial potentiality existent in the Nation. While it is quite true that procurement officers usually have considerable facilities information on the larger manufacturing concerns, they are still required to seek out sources of supply when confronted with the constant changes effected by research and

development and are still uninformed on the industrial potentiality of that segment of production capacities present in the smaller industries throughout the Nation. In innumerable instances Federal procurement agencies depend upon prime contractors and the larger manufacturing concerns to seek out this unknown segment. We find, however, that such prime contractors are likewise unaware of a vast portion of the industrial potentialities available in the smaller manufacturing plants. This entire condition, therefore, tends toward the larger industrial sections of the country building up unnecessary backlog of defense and civilian production.

The purpose, therefore, of the proposed plan is to bring effectively and efficiently into focus, and to the attention of procurement agencies that unknown segment of the industrial potentiality and open capacities which exist throughout the Nation.

OBJECTIVES

The principal objective of the proposed plan is to make available to Federal and State procurement agencies alike as well as prime contractors and the larger manufacturing concerns accurate, factual, and current facilities information which will enable procurement to spread the base of prime contracting through increased subcontracting, accelerate defense production by such means through reduction of backlog, and to aid small business in the utilization of existing open capacities and its usable facilities now unknown. A further objective of the plan is to provide the Federal Government with a constantly up-to-date uniform listing of the entire Nation's industrial facilities in the event of war, assure maximum utilization of existing productive capacities in war or peace and through operation of the plan assist and facilitate the procurement officers in the performance of their duties and functions which, under present complexities, are already difficult enough.

The plan would serve innumerable other objectives in that the working loads of procurement officers, agencies, and centers would be materially reduced, vital and necessary statistical data would be made available to such agencies as military and civil defense in the event of emergencies and very definite aid would be rendered in preserving free enterprise. Such a plan in full operation is vitally essential to this Nation's economy.

FUNCTIONS AND PROCEDURES

To accomplish the foregoing objectives the plan encompasses the following functions:

Examination of industrial facilities information required by all Federal procurement levels indicates that a uniform code record can be developed on every specific manufacturing plant which will meet the requirements of and furnish information common to all procurement officers. The code record system is now being developed by the working committee previously mentioned.

Each State government has within its own operations mechanical means of reproducing such code information either

in the form of IBM equipment, Remington Rand equipment, MacBee card records, et cetera. Each State government will be requested simultaneously to acquire the code information necessary on every manufacturing concern within its State. Such information would be uniform throughout all States. Every industry within each State upon the completion of its inventory facilities record will submit such record to its own State government where the code card will be made. Every time a manufacturing concern makes any changes in its man-hour production capacities through changes in equipment or skills, it will notify its own State government of such change so that the code card record can be brought up to date. Once each month each manufacturing plant will report its contemplated open capacities for the succeeding months, which information will likewise be recorded on the code card.

Such additional information as may be found necessary once the Nation-wide plan is in operation can be reported periodically by the manufacturing concern to its own State government. This information might have to do with changes made by the individual concerns in their staff of engineering talent, craftsmanship, skills, et cetera.

Each SDPA regional office will have on its staff an industrial engineer who will be liaison between State governments and the procurement agencies within its region. Such procurement agencies will notify SDPA regional offices of its contemplated procurement with sufficient lead time to enable the SDPA regional office to obtain listings of those plants or manufacturing concerns who have the facilities with which to produce the items being procured. By utilization of mechanical means such as above-mentioned, the State governments could produce within 24 hours lists of the manufacturing concerns within their State who could fulfill the procurement. Such listings will be furnished procurement officers immediately.

In the case of prime contractors seeking sources of subcontracting, they will utilize the same services of the SDPA regional offices who will act as liaison between the prime contractors and the State government's industry facilities records bureau.

In the case of large procurement orders, all regional offices of SDPA can be alerted simultaneously so that listings can be received from all regions, thereby enabling procurement officers to spread their field of procurement inquiry and, if necessary, split such procurement to various sections of the country. This would serve to accelerate procurement.

CONCLUSIONS

Based upon the facts obtained thus far, it can be very definitely concluded that the plan is workable. Agencies concerned with procurement have expressed the opinion that it will be most useful, that it will avoid duplication of their efforts and will reduce their workloads. It has further been expressed by them that the entire plan is a very definite aid and tool to procurement procedures, that it in no sense detracts from nor usurps

authorities vested in them, that the information it is proposed to be obtained by this plan is needed, and that with the SDPA regional offices functioning as the medium through which industry facilities information is supplied them, much of their own cumbersome and exhaustive record keeping can be dispensed with.

The necessity for some medium through which an accurate and perpetual knowledge of available industrial facilities, open capacities, and potentialities can be established is a recognized fact and it is the conclusion of all those to whom this plan has been submitted that it will fulfill such necessity.

Representatives of those State governments, approximately 26 thus far, with whom this plan has been discussed have expressed the highest regard for the plan and complete willingness to cooperate. Further, large manufacturing concerns who have in the past handled extensive prime contracts have expressed full concurrence with the plan.

The cost of making the plan effective is negligible, would be nowhere near the cost of the several plans which in the past have been tried and failed and could conceivably develop into a very substantial saving to the Federal Government in its over-all procurement procedure.

THE PROGRAM OF THE SELECT COMMITTEE ON SMALL BUSINESS HAS BEEN OF GREAT ASSISTANCE TO SMALL BUSINESS FIRMS AND UNITS—A REVIEW OF OUR ACTIVITIES DURING THE EIGHTY-SECOND CONGRESS

Mr. HILL. Mr. Chairman, we are presently engaged in the struggle to preserve, protect, and defend our social, political, and economic freedoms. The United States is one of the few countries in the world that actually has preserved the fundamental concept of a representative form of government. Our survival is dependent not only upon our military strength and international negotiation, but we must preserve within our borders, freedom of enterprise and equality of opportunity. In a dynamic society or economy, such as ours, we must constantly scrutinize and correct any forces which tend to deprive us of our most prized possession—freedom of action. Only through continuous examination can we guarantee the existence of individual initiative, a reward for risk-taking in a competitive economy.

Although our present standard of living and productive strength is due to a considerable extent to the mass production system, our vast natural resources, large capital accumulation and the skill of the working people, the backbone and strength of our society still lies with the small business firm and small business units.

In the past 2 decades, we have seen the gradual development of big business, big labor, and big government with more and more concentration of economic power in the few. Of all the economic groups in this country, the small-business man has offered the greatest resistance to this centralization of control. Of all groups, however, the small firm is most susceptible to fluctuations in economic well-being. These firms suffer the most during depressions, profit the

least during boom periods and have little opportunity to maintain their place during a war or total defense program. Despite this struggle to remain alive, the small firm still predominates and every year more individuals appear willing to start a business, bringing with them new investment and new ideas. They are anxious to compete and all of them hope eventually to become larger.

Out of approximately 4,000,000 business firms in existence today nearly 90 percent are considered small.

A large percentage of small businesses are single proprietorships or partnerships where one or two men manage all phases of the business. The manager is usually the owner. He keeps the books, acts as salesman. He is the buyer and foreman. He must keep up with economic trends. He must acquire a position in his community. He must do all things which in a larger business are assigned to experts or specialists. If he is industrious and intelligent he will prosper when given a fair chance and an equal opportunity. This is the economic climate we are trying to preserve.

The small-business man, however, cannot be expected to operate efficiently or compete when confronted by unfair methods of competition, monopoly, shortages of materials and labor, curtailment of civilian consumption because of defense mobilization, and other ills which have beset him in the past few years. It was to help the small concern or small units who found themselves in such circumstances that caused the House to establish the Select Committee on Small Business late in 1941.

I should like to review with you what this committee has been doing during the Eighty-second Congress, the investigations that we have conducted, the information we have collected, the recommendations we have made and the benefits we think have accrued to the small business firms from the result of our excellent program.

MEMBERS OF COMMITTEE

The Select Committee on Small Business, as presently organized, is composed of 11 members, whose chairman is the Honorable WRIGHT PATMAN, Representative from Texas; and whose ranking member is the Honorable CHARLES A. HALLECK, Representative from the State of Indiana. Congressmen MIKE MANSFIELD, JOE L. EVINS, CLARENCE G. BURTON, ABRAHAM J. MULTER, and CLINTON D. MCKINNON, together with Chairman PATMAN, make up the majority side of the committee. Congressman HALLECK, the minority leader, is supported by Congressmen WILLIAM S. HILL, R. WALTER RIEHLMAN, HORACE SEELY-BROWN, Jr., and THOMAS B. CURTIS. You will note there is one more majority member than minority. There is little or no politics in the work of this committee. We have always cooperated as a unit. Congressman PATMAN with his wide experience in the small business field, as chairman, and Congressman HALLECK, formerly a floor leader on the minority side, have backgrounds which qualify them to steer the work of our committee into fields where it has been of tremendous importance in preserving

the small business units of our Nation. Frankly, I am proud of my membership on this most important and worthwhile committee.

THE PROBLEMS OF SMALL BUSINESS

The principal problems with which the committee has concerned itself and which have exercised great hardship in the past year and a half on the small concern are: First, an inadequate share of defense contracts; second, the lack of materials sufficient to keep the business in operation; third, hardships created by control measures; fourth, cut-throat competition or price discrimination; fifth, financing individual firms; and sixth, the lack of information on the details concerning war contract bids and war contracts.

In every national emergency when our economy has been geared to a defense effort, the problems of small business firms have increased. In recent emergencies there have been restrictions on the amount of civilian goods which may be produced. Credit has been curtailed and savings encouraged so that the consumer would not place additional inflationary funds in the market. In addition there has been a shortage of materials necessary to produce these manufactured goods. The net result is a reduction in both the demand for and the production of goods manufactured by small firms. In order to stay in business, new markets must be developed. During an emergency, the largest buyer is always the Government and it is to this purchaser that the majority of business firms must offer their services or goods. Now, it is true that much of the contracts awarded for the production of war materials such as tanks, airplanes, and ships can only go to the big firms, but there are many parts of the tanks, airplanes, and ships that can be produced by small firms either through the award of prime contracts or through subcontracting. We only ask that the facilities of small business be used to the greatest extent possible.

The Small Business Committee has made a great effort to see that small business receives a fair share of prime contracts and that big business awards as many subcontracts as possible to them. Every attempt is made to insure the incorporation of small business in the defense effort, not only because it can make a valuable contribution in the form of goods but to help retain a suitable framework upon which free enterprise may continue to operate.

PROCUREMENT DIFFICULTIES OF THE SMALL FIRM

During World War II we saw the effect of indiscriminate awarding of contracts to large firms. It meant increased productive facilities and financial reserves for big business and the closing of the doors of many of our small business firms. From Pearl Harbor to the end of 1943 there was a net loss of business population of one-half million concerns.

Even today we find small business receiving only 19 percent of the total dollar value of all contracts. Sixty percent of these contracts have been awarded to 100 companies for a total of twenty-six and one-third billion dollars. When you think that small business firms represent

about 90 percent of all business conducted in this country and then realize that they have been receiving less than 20 percent of the total dollar value of defense contracts, you realize the tremendous and difficult economic problem facing small business units.

FIELD HEARINGS

In an attempt to solve this particular problem, over a period of 5 months, Subcommittee No. 1 of the Small Business Committee, of which I am a member, conducted a series of field hearings in 29 cities in 23 States where we received testimony from about 700 witnesses. These hearings, held in the businessman's own locality or home town, gave us a chance to directly contact the individual and learn firsthand about his specific problems.

Representatives of Government agencies accompanied us and were benefited by this exposure to the grass roots. Committee members knew all along that small businessmen were relatively inarticulate. These hearings amplified our conclusion. Most small firm operators are lost in the labyrinth of Government regulations, order forms, fine print in the contracts, and so on. Consequently, our contacts at these hearings produced excellent results, both for the representatives of the Government and for the entire Congress at large. Several Congressmen told me that their mail on inquiries concerning Federal contracts diminished almost to the zero point after our committee had held hearings in the localities where defense contracts were being considered.

There are many local problems concerning business operation that are neither understood nor appreciated by the personnel in the Washington offices. As a result, the little fellow feels his country is uninterested in him and not anxious to assist him in solving his difficulties. From these hearings, and from our own research, we delineated the problems and we searched for the answers. As an operator of a small business firm myself for the last 20 years, I fully appreciate the beneficial effects and the results we had in these most important and essential hearings in the various communities.

We found in particular that there had been insufficient advertised bidding for Government contracts, lack of information on the bids, no definite information as to quantity, time of delivery, and so forth. If contracts were negotiated, there had been insufficient information given to the potential bidders. In many instances information just was not available to the local business firms. It was impossible for them to secure this information from Washington as they had no representation in the Nation's Capital. The typical businessman, according to the information as we collected it, felt that with the gradual disappearance of advertised bidding on Government contracts, procurement officers dealt only with the large firms or those with which they had dealt in the past. Although these concerns would bid on part of a contract, which was their right, procurement officials contrived to award the entire contract to the larger com-

panies. And among other complaints, witnesses stated that their facilities were lying idle or only partially utilized while larger companies built additional facilities to handle Government orders. And I might add that the expense of building the additional facilities was, in many instances, a charge-off of tax benefits. In April 1952 tax write-offs amounted to more than \$17,500,000,000, going to these large firms as a charge-off for the construction of these additional plant facilities. The necessity for many of them could have been reduced by the proper use of small business firms.

It was extremely difficult for the small manufacturer who had not maintained representatives at procurement offices to obtain consideration for a contract.

Although to some extent the procurement base has been broadened and total payments to small business firms increased, the comparative position of the small business firm has been weakened.

CONGRESSIONAL POLICY IN REGARD TO PROCUREMENT

This committee was astounded to hear so many complaints in the face of declared congressional policy.

The Armed Services Procurement Act of 1947 stated specifically that small business should receive a fair proportion of defense contracts.

The Selective Service Act of 1948 stated that small business should be granted a fair share of the orders.

The Defense Production Act states that "it is the sense of the Congress that small business concerns be encouraged to make the greatest possible contribution toward achieving the objectives of this act." The small defense plants amendment to this act recognized the importance of giving small business a fair share of defense contracts and set up an agency to accomplish this objective.

In view of established congressional policy, the obvious necessity of maintaining the small business element in our economy and considering the numerous complaints received by our committee, we made specific recommendations, directed primarily to defense officials, and we requested that they fulfill these objectives.

RECOMMENDATIONS TO IMPROVE PROCUREMENT POLICY AND PROCEDURE

We recommend that—

Educational programs be inaugurated to assure that all procurement officials are aware of legislative policy and regulations promulgated to effectuate this policy.

Military small-business specialists be replaced by civilian employees with firm business experience.

Greater use be made of justifiable price differentials in negotiated procurement.

Advertised bidding be used more frequently in purchase of common-use items.

Greater use be made of qualified production pools.

Large firms should not be allowed to increase their productive facilities when there exists available facilities and open space among existing small-business concerns.

And many others designed to facilitate and increase the small business man's role in Government procurement.

Much still has to be done to assure small business its fair share—the Small Business Committee does feel, however, that its continuing effort has produced beneficial results. We know that because of our studies and recommendations the defense organization is now more aware of the small-business problem. More specific statements of policy and policy implementation have been issued. More civilian specialists are now being used as advisers to the military.

There has been a gradual increase in the use of advertised bids. Negotiated bids are preceded by more adequate information. A distinct effort is now being made to bring prime contractor and potential small subcontractors together.

In addition, defense organizations are being more careful in an attempt to prevent the erection of new and duplicate production facilities.

The biggest problem still remains—how to broaden the procurement base—thereby utilizing more completely the vast productive facilities of this country. The Small Business Committee believes that through its continuing investigations, this may be achieved. Certainly few groups are more acquainted with the problem or in a better position to bring it about.

MATERIAL DIFFICULTIES OF SMALL BUSINESS

During the Eighty-second Congress Subcommittee No. 3 of the Small Business Committee has been studying the difficult problem of material shortages. The lack of raw material has, as much as any other factor, created hardship for the small-business man—without it he can produce for neither Government nor civilian consumption.

During an all-out war effort we would expect most of these materials to be diverted to defense production. Under a partial mobilization program, however, which is expected to continue for many years, all of the defense and much of civilian needs must be considered. This creates the problem of determination of essentiality of use in addition to problems of equitable distribution and acquisition.

Here again the committee concerned itself with the effect of mobilization on the small producer's ability to stay alive and to perform an essential role in the defense program. During the past year and a half—it has conducted several hearings and has brought forth numerous reports containing precise recommendations.

PROBLEMS OF MANUFACTURERS OF FARM MACHINERY

Many specific complaints in regard to material difficulties were raised by businessmen during the field hearings of Subcommittee No. 1. On the basis of this testimony Subcommittee No. 3 was established to make a detailed examination of the materials problems of small business. In May of last year the subcommittee investigated the extreme shortages and gray-market operations affecting small manufacturers of farm machinery.

After hearings had been held in Chicago specific recommendations were made to appropriate Government agencies. As a result, gray-market operations were effectively curbed and more regular distribution of steel established.

PROBLEMS OF SMALL USERS OF ALUMINUM

In March 1950 Subcommittee No. 3 held executive hearings to study the particular problems of small users of aluminum. At that time it was proposed to prohibit the use of aluminum in many less substantial items—it would have been a death sentence to those small manufacturers who could not convert to defense production. After some study of the aluminum supply situation, the subcommittee recommended that this action be postponed. This recommendation was accepted and within months the producers of less essential items were placed under the Controlled Materials Plan and allowed to continue production with limited amounts of aluminum. At the same time, suggestions made by this subcommittee were adopted by the National Production Authority to permit more equitable distribution of aluminum scrap to secondary smelters.

SMALL BUSINESS AND THE CONTROLLED MATERIALS PLAN

The most important work done by Subcommittee No. 3 has been its investigations of the problems of small business under the Controlled Materials Plan. Again the need for this particular study had its origin in the field hearings conducted in the spring of 1951, because of the many complaints received by the committee concerning irregularities, discrimination and hardship created by material shortages, and other chaotic conditions which existed in the summer of last year when a weak priorities system was being replaced by a confused partial CMP.

THE PLAN

As you know, the Controlled Materials Plan controls the distribution of all steel, aluminum and copper. On the basis of essentiality of his production program, each user is given authority to produce a certain amount of material with which to produce the finished product. In theory, no more authorizations to produce will be issued than there is available supply.

Certain programs such as the military, atomic energy, and machine tool programs are given priorities to assure an adequate supply for finished goods and their components. In addition, the use of these materials in the production of certain end products is controlled and inventories are restricted. Not all producers must receive this permission to procure a specific amount of steel, aluminum and copper, however, users of small amounts of these metals may self-certify up to specified limits.

FINDINGS OF SUBCOMMITTEE IN REGARD TO CMP

The investigation was to determine policy and operational weaknesses in the Controlled-Materials Plan which precluded the orderly production and distribution of steel, aluminum, and copper. Hearings were begun in August and after several weeks of testimony a preliminary

report was issued. In this report we attempted to be constructive, pointing out changes which if adopted would improve the allocation of materials under CMP. Our findings and recommendations were these:

Insufficient steel was being allotted to steel expansion programs. In the long run expansion was the only answer to satisfying needs of all steel consumers. We also felt that expansion policy was unrealistic and uncoordinated.

During these hearings we found a definite failure on the part of responsible officials to accurately determine the requirements for and supply of any of these scarce materials. This had the effect of arbitrarily causing the overissue of allotment "tickets" on the one hand, or excess capacity and unfilled order books at the mill on the other. The accurate determination of the need for steel, aluminum, and copper and of the amount of material to be produced by mills was essential to an orderly and precise program of allotment.

The subcommittee was very much disturbed by the inability of many producers to get their orders filled. In fact, the small manufacturer had a difficult time getting sufficient materials to remain in operation. We felt that much of the confusion and frustration during the early days of CMP was due to allowing steel producers to choose their own customers and to the lack of steel going to warehouses. Warehouses ordinarily supply small businesses with the greater part of their needs for these metals. Late in 1951, however, under CMP, warehouses received only 85 percent of their customary supply.

Much of the testimony received during the early days of CMP revealed that a weak compliance program was the cause of many inequalities in metal distribution. Lack of compliance meant many things—excessive inventories, placement of duplicate orders, and the inability of businessmen to interpret highly legal directives issued from Washington.

Our committee also objected in its preliminary report on CMP to the separation of the Defense Production Administration and the National Production Authority, where one was the policy-making body and the other the administrative agency for CMP.

RECOMMENDATIONS OF SUBCOMMITTEE IN PRELIMINARY REPORT

In view of these deficiencies and others, which I have just mentioned, we recommended in our preliminary report that the following steps be taken:

First. Sufficient steel be granted expansion programs to permit an adequate future supply of steel.

Second. A more careful review be made of the requirements of users for steel, aluminum, and copper. This meant more careful review of the essentiality of civilian production programs.

Third. Shipments to warehouses be increased.

Fourth. More steel be allocated for schools and hospitals.

Fifth. That the amounts of metal which may be self-certified by small users be increased.

I am happy to say that many of these recommendations were adopted by NPA and DPA. In fact, the administrators of these two agencies have stated that our investigations and recommendations have done much to create a more effective system of allocation.

FINANCIAL PROBLEMS OF SMALL BUSINESS

The problems of small business during an emergency are not confined to procurement and lack of materials. One of its greatest difficulties occurs in the field of finance. Faced with a shutdown because of his inability to immediately convert to defense production and faced with lack of materials because his civilian product is not considered essential, the small-business man finds that additional financing is the only answer to his remaining in operation. For with additional funds, he can convert his plant to more essential production or add new facilities to permit his bidding for defense contracts or subcontracts. In most instances the small-business man has little working capital and insufficient reserves to permit this conversion without additional financial aid. At the same time that the small firm needs financing, banks are requested to restrict their granting of loans. In many instances, bank policy will not permit this type of lending as the bank under such conditions tends to assume the risks of ownership.

SMALL FIRMS COMPARED TO LARGE

We must recognize the fact that the financing of a small business is quite different than the financing of large firms. The latter generally have sufficient reserve to permit expansion or conversion, they are able to borrow from banks with little difficulty, and they can, if necessary, borrow in the securities market.

LEGISLATIVE ACTIVITIES OF SELECT COMMITTEE ON SMALL BUSINESS

One of the more important activities of the Select Small Business Committee is to advise and assist the Members of the House in enacting legislation dealing with the problems of small business. I should like to reiterate committee policy in this respect. It conducts its investigations and makes its recommendations on a strictly nonpartisan basis. We act to serve the cause of small business, a matter of concern to both political parties.

The legislative work of the committee during the Eighty-second Congress has been confined to two major problems—the role played by small business in the defense effort—and the current competitive situation in our economy.

SMALL DEFENSE PLANTS ADMINISTRATION

In the first instance we have been primarily concerned with the establishment of the Small Defense Plants Administration. As you know, the amendment to the Defense Production Act calling for the establishment of this agency was introduced by the chairman of our committee and the chairman of the Senate Small Business Committee. It became law on July 31, 1951. In addition, this committee presented voluminous testimony indicating the need for such an organization.

FUNCTIONS OF SMALL DEFENSE PLANTS ADMINISTRATION

I should like to mention briefly here the activities of SDPA. You will remember that this agency was established to give small business the opportunity to make the greatest possible contribution to the defense effort. In words of the act the function of SDPA is "to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for national defense and essential civilian production."

LOANS

In the field of finance, SDPA does not make loans. Rather it is authorized to recommend to the Reconstruction Finance Corporation small-business loans for essential civilian production and for defense. These loans will not be granted if private financing is available. SDPA made its first loan recommendation in December 1951. By January 11, 1952, 3 loans had been recommended to RFC totaling \$507,829, while 15 additional applications totaling over \$5,000,000 were under consideration.

MATERIALS

The Small Defense Plants Administration has no materials to allocate. Its function in this instance is to consult and cooperate with appropriate governmental agencies in the issuance of all orders limiting or expanding production by, or in the formulation of policy in granting priorities to business concerns. To fulfill this purpose SDPA is represented on the principal DPA and NPA committees. It helped establish the Small Business Hardship Account and has rendered spot assistance in obtaining needed materials.

PROCUREMENT

The most important work of the agency is done in the field of procurement. Briefly, SDPA makes joint determinations with procurement agencies as to what contracts or parts of contracts can be awarded to small business. For this purpose, procurement specialists are being placed in major contracting offices to help designate those contracts which can be performed by small concerns. SDPA is also engaged in making an inventory of all small-business facilities. Finally the agency advises and assists in the creation of production pools and certifies them to procurement officials as to credit and capacity to perform contracts. Unfortunately the facilities of established production pools are not being sufficiently utilized.

Our committee believes that there is a definite need in our defense set-up for an agency in which can be centralized the problems of small business. SDPA is in an excellent position to plead the case of the little fellow and to see that he gets an opportunity and a fair share of contracts, materials, and credit.

FAIR TRADE REPORT

In February of this year this committee issued a report entitled "Fair Trade: The Problems and the Issues." The report discusses the economic aspects of fair trade, the legal issues involved, the relationship of fair trade to our competitive system, the issue of States'

rights, and so forth. Both the case for and the case against has been considered. The committee gave serious consideration to the complexity of the fair-trade problem and to the significant arguments both for and against. Its recommendation which accompanied the report was that since small business needs protection against loss-leader and similar unfair business practices, which are also not in the public interest, that the States retain jurisdiction over retail-trade practices. We recommended that Congress should permit the States to make their own choice.

DIRECT ASSISTANCE TO SMALL BUSINESS

This committee firmly believes that the problem of small-business units is only part of a larger pattern. It works, therefore, to help the individual small-business man who may submit his request for assistance by letter, telegram, or personal appearance, and it works through reports and investigations to provide better small-business legislation and administration. The committee firmly believes that the role of the small-business man is an indispensable one in an economy for on him depends the future of our political and economic institutions.

The Clerk read as follows:

DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

Salaries and expenses, defense production activities

For expenses necessary to enable the Department of Agriculture to carry out its functions under the Defense Production Act of 1950, as amended, \$2,000,000.

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

The Clerk read as follows:

Amendment offered by Mr. BARRETT: On page 30, after line 23, insert the following:

"NATIONAL SCHOOL LUNCH PROGRAM

"For an additional amount of \$16,500,000 to enable the Secretary of Agriculture to carry out the provisions of the National School Lunch Act (42 U. S. Code 1751-1760); *Provided*, That no part of this appropriation shall be used for nonfood assistance under section 5 of said act."

Mr. TABER. Mr. Chairman, a point of order against the amendment. I make the point of order that the language of the amendment and the paragraph are not germane to this point in the bill. This part of the bill relates entirely to the salaries and expenses of the defense production activities, while the amendment relates to a local, domestic operation.

The CHAIRMAN (Mr. WALTER). The Chair is ready to rule. The language of the amendment provides an additional paragraph to the Department of Agriculture section of the bill. It is germane to this section, and the Chair, therefore, overrules the point of order.

Mr. BARRETT. Mr. Chairman, every day that I am in my district office I am approached by the mothers of school children and school officials urging me to have the Federal contribution to the school-lunch program increased. They are quite disturbed because the Agriculture Appropriation Bill for fiscal year 1953 does not provide for an increase in

the sum provided for this program. Because a number of additional schools were opened in the Pennsylvania area, the funds for the Philadelphia school district were depleted 2 months prior to the expiration of the school term, and the children had to pay for their own milk. Also, since that time the price of milk has increased 1 cent per quart in Philadelphia. No doubt similar situations exist in many other cities and towns in the United States.

The National School Lunch Act requires that the States match the Federal contribution by one and one-half times. However, in Pennsylvania it is matched four times through the assistance of local school boards, contributions of local organizations, and the amounts put in by the parents. The appropriation for the school-lunch program has remained the same for the past 3 years, and we all know that during that period there have been increases in labor, transportation, and food costs.

I understand that the Department of Agriculture in the three previous years requested the Bureau of the Budget to approve a total of \$100,000,000 for the school-lunch program and each time it was decreased to eighty-three and a half million. This additional \$16,500,000 which my amendment requests would bring the appropriation for this program up to the total figure that was originally requested and which the testimony at the hearings on the Agriculture Appropriation Bill substantiated.

On the basis of \$100,000,000, Pennsylvania would get approximately \$3,669,000. This is more than one and a half million dollars per year more than Pennsylvania has been granted in past years.

In the State of Pennsylvania in the last two school months of the school term, the school authorities were short \$45,000. I think the gentlemen from Pennsylvania will cooperate, because they understand the problem just as I do. In my own district I had mothers and representatives from various schools come to me on one occasion in the number of 75, and then again 150, asking me whether or not the Federal Government could appropriate enough money to sustain these "kiddies" with milk over the balance of the school period.

Mr. Chairman, this is a simple amendment. The gentleman from Virginia, Judge SMITH, this afternoon said, "Let us have some charity of heart." All I am asking you today is to close your minds a little bit and open your hearts. General Hershey just a few weeks ago made the announcement that 45 percent of the inductees have been rejected for physical reasons. This is an opportunity to carry out our obligation to help build up the health of the youth of the Nation. To allow them \$16,500,000 is trivial in comparison to the money which was allotted here today.

The gentleman from Indiana in his amendment yesterday asked for \$80,000,000 for school construction and also \$11,500,000. Pennsylvania last year had five new schools. Those children in these federally impacted areas had consumed the necessary money allowed to them for the schools in operation up to that time. Certainly they need more money. They

need more milk. They need more food. Let us build the youth of our Nation by giving them this \$16,500,000 in this amendment.

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

Mr. BARRETT. I yield to the gentleman from Pennsylvania.

Mr. GREEN. I want to compliment my colleague from Philadelphia on the excellent presentation he has made of this matter. He knows, as well as all the Members from Philadelphia and Pennsylvania, that this matter has been brought to our attention in the last month by a great number of people. I think the gentleman has done a wonderful job, as always, and I want to compliment him and tell him I am in thorough support of his amendment.

Mr. BARRETT. I thank the gentleman very much.

I just want to make this observation. I am not offering this amendment for any political reasons. Since I have been a Member of Congress I have gone back and forth to Philadelphia constantly every night after the lights dim on this Capitol.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for three additional minutes.

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

Mr. MARTIN of Massachusetts. Reserving the right to object, I do not like to object, but it is getting late and we ought not to be giving Members over 5 minutes at this time of day.

Mr. BARRETT. I thank the gentleman. I thank you very much for your kindness.

Mr. H. CARL ANDERSEN. Mr. Chairman, I rise in opposition to the amendment and do so as a member of the Subcommittee on Agriculture through which subcommittee the regular request for our school lunch program is supposed to come. I have always been a strong supporter of this program.

There has been no request, as far as I know—and I leave the substantiation of this to the gentleman from Mississippi [Mr. WHITTEN]—no request for any additional provision for more money for the school lunch program, beyond the \$84,000,000 we gave to it. I ask the gentleman from Mississippi if that is not correct?

Mr. WHITTEN. Yes; and if the gentleman will yield, I would like to give the House some information I have here.

Mr. H. CARL ANDERSEN. I yield to the chairman of my subcommittee.

Mr. WHITTEN. In 1947 the Congress passed an act which provided for increased State participation. From 1947 to 1950 it was dollar for dollar; for 1951 through 1955 it is to be 1½ to 1; after 1955 it is to be 3 to 1. Notwithstanding the shift as it was set up by the Congress to the States, the Federal contribution has remained the same; we have kept it up. So through additional contributions the total amount should be increased.

Not only is that true, but the amendment which I offered, and which was adopted, permits a saving of section 32 funds for the handling of surpluses which makes many million of dollars more available in commodities than we have had the last 2 or 3 years.

Now, the sky is the limit as to what we would like to do with such a worth while program, but the question is: How much can we do?

Mr. H. CARL ANDERSEN. Furthermore, the Secretary of Agriculture, at my request and insistence, and also at that of the gentleman from Mississippi [Mr. WHITTEN] and the gentleman from Washington [Mr. HORAN], put into operation in March and April a program for purchasing certain pork products and shell eggs to the extent of about \$25,000,000; and furthermore at our suggestion, this has been poured into the school lunch program in addition to the \$84,000,000 that we contributed in the regular appropriation bill. By that program we helped our hog and egg prices go up nearer parity for the producer and at the same time helped the school children of America.

Mr. Chairman, this amendment comes out of the clear sky and has not been submitted to either the gentlemen from Mississippi [Mr. WHITTEN] or myself. Certainly it appears to me to be very much out of place, and I hope it is defeated. I repeat, no request by the Department of Agriculture has come to us for these additional millions of dollars.

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

Mr. H. CARL ANDERSEN. Surely. Mr. BARRETT. As I understand from Mr. Triner, who is the Director of the Food Distribution Branch of the Department of Agriculture, he had come on numerous occasions and asked to bring the program up to \$100,000,000.

Mr. WHITTEN. You could bring this program up to \$200,000,000 and still would not satisfy everybody on this school lunch program.

Mr. H. CARL ANDERSEN. It is impossible to put all of the money asked for in every section of the country. This \$84,000,000 is simply an incentive to get the States to do what they should do and as a consequence we have a program now of over half a billion dollars in progress in America.

Mr. BARRETT. Mr. Chairman, will the gentleman yield further?

Mr. H. CARL ANDERSEN. I yield briefly please.

Mr. BARRETT. This was quite a comprehensive program, broken down into three stages, A, B, and C. The A program gives them a full meal—

Mr. H. CARL ANDERSEN. I am sorry; I cannot yield for such a lengthy statement.

I want to conclude, Mr. Chairman, by saying that it should be mainly the responsibility of the States to put up more money as this program proceeds. The States should put up more money if they are interested, for there most certainly is a limit to what the Federal Government can do with a \$260,000,000,000 public debt. Much as we think of the school lunch program, there is a limit to our ability to contribute. The poor children,

unable to buy hot lunches today, have them furnished free in practically every community of our Nation. That is as it should be. My subcommittee has built this great program of assistance to school children in America through the incentives furnished through the generous appropriations we have sponsored. There is a limit—I repeat, Mr. Chairman, and I ask the committee to defeat this fly-by-night amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

Mr. BARRETT. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. BARRETT and Mr. H. CARL ANDERSEN.

The Committee divided; and the tellers reported that there were—ayes 64, noes 96.

So the amendment was rejected.

Mr. REES of Kansas. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise to call attention to an item that appears on page 43 of this bill in the amount of \$6,489,954 that you have agreed to pay as claims allowed by the Motor Carriers Claims Commission to certain motor carriers because they were taken over by the Government during a period from August 11, 1944, to October 4, 1945. Being a period of less than 14 months. It appears the reason for taking over these carriers was to prevent a stoppage by strike during the war. After a wage settlement was made the Government stepped out of the business. I am informed that the taking over of the property was a formal one under Executive order. The lines were run as they had done before. There were a few managers in uniform and certain additional accountings were required.

Mr. Chairman, I realize it is late now to call attention to these matters. This bill has been filed only 3 days. There is little, if any, testimony before the committee on these items. I call attention to this matter because the total in the item is a good sized one. Furthermore there is dissenting opinion filed on each of the several claims filed hereunder. These opinions are filed by one of the three Commissioners, Hon. Randolph Carpenter. He is a former Member of this House and an able lawyer.

Another reason why this matter should be called to the attention of Congress is these claims amounting to millions of dollars are chargeable against the Government, does it not raise a question of claims being filed by other transportation companies where such company operations are taken over because of a threat of strikes, or for other reasons. Then, what about the taking over of the steel industry because of dispute between the employer and employees. In any event, I deem it worth while to call these matters to your attention. Mr. Randolph's opinion on one of these claims is included herewith. The other opinions are similar. In this particular case the amount allowed was \$149,921.47.

The findings of the Commission in this case are by no means complete. In my opinion, based upon the record, the following findings of fact should be made in this case:

FINDINGS OF FACT

The evidence does not establish that the petitioner suffered any pecuniary loss due to any action on the part of the Government. On the contrary, the action taken by the Government enabled the petitioner to continue operation of its system and the profits earned during the period August 11, 1944, to October 4, 1945, were more than they would have been if the Government had taken no such action.

On August 12 and 13, 1944, pursuant to a notice issued by the Midwest Operators Association, a meeting was held at Minneapolis, Minn., and was attended by representatives of a large number of the motor-carrier members of the association, including a representative of petitioner. It was also attended by Mr. Longenecker and by Mr. Roddewig, the general counsel of the Office of Defense Transportation.

At the meeting Mr. Roddewig read Executive Order No. 9462 and Mr. Longenecker read Operations Order No. 1. Mr. Longenecker stated that he hoped the existing management would continue to operate the truck lines just as they had been doing.

Mr. Longenecker did not state at this meeting that the Government was taking physical possession of the transportation system of petitioner or their properties, or that the lines would be run for the account of the Government.

Mr. Longenecker and Mr. Roddewig stated at this meeting that they did not consider that the carriers would be compensated, and that they had no authority to commit the Government to pay compensation.

The Federal Manager exercised no affirmative control over operation of the transportation system of petitioner; on the other hand, he and his representatives assisted petitioner in the resumption and continuation of its operations in furtherance of the war effort.

The United States did not take physical possession or control of the petitioner or any of its properties.

No representative of the United States occupied petitioner's offices or other property.

The Federal manager did not inform petitioner that he was acting as manager of its business or property and did not appoint anyone as manager of petitioner.

The Federal manager did not require that signs be placed on petitioner's trucks with respect to possession or title being in the United States.

The Federal manager did not assert or claim that petitioner or its property was immune from State or local laws, licenses, regulations, or taxes.

The Federal manager did not state to any officers or employees of petitioner that they were acting as representatives of the United States.

Petitioner's officers and directors continued in office after August 11, 1944, and performed the same supervisory and managerial functions they had previously performed. The Federal manager made no attempt to displace or remove them.

The Federal manager did not exercise any control over petitioner with respect to retaining, hiring, or discharging its employees. He did not issue any instructions that they were Government employees or that they were exempt from State social security, unemployment compensation, or workmen's compensation laws.

The Federal manager did not attempt to exercise any control over petitioner's regular bank account, its cash or intangible assets, or its operation revenues or accounts receivable. Petitioner's revenues were not treated as being received for the account of the United States.

The Federal manager did not issue any orders to petitioner with regard to the routes

over which it operated, the kinds of traffic it carried, or what shippers it served.

The Federal manager did not exercise any control over petitioner with respect to the purchase of equipment.

The Federal manager did not advise the petitioner that a refusal on its part to follow any directive or recommendation of the Government would subject it to possible civil or criminal prosecution; no threats of this type were made at any time.

During the period of governmental supervision, the Federal manager did not interfere with petitioner's conduct of its labor negotiations, either individual or collective.

Accounting Circular No. 1 did not require petitioner to set up a new set of books or to maintain records which it was not already maintaining, nor did it involve any additional expense to petitioner.

There is no evidence that the issuance of Executive Order No. 9462 or the actions of respondent taken pursuant thereto had any adverse effect on petitioner's credit standing.

There was an increase in operating costs during 1944 and 1945 which was caused in large part by economic factors affecting not only petitioner but motor carriers generally throughout the country. The strikes of petitioner's drivers before August 11, 1944 and after October 4, 1945, had the effect of increasing the operating ratio of petitioner.

On August 11, 1944, the vehicular equipment of petitioner was generally in a poor state of repair as a result of insufficient replacement and lack of proper maintenance.

During 1944 and 1945, motor carriers throughout the country experienced abnormally high repair expenses. There is no evidence that during the period of Government control petitioner's motor equipment experienced usage which necessitated greater expense than that experienced by other carriers not affected by Executive Order No. 9462.

Except for normal wear and tear, petitioner's motor equipment was in as good condition on October 4, 1945, as it was on August 11, 1944.

On August 11, 1944, the rental rates for all commercial motor vehicles were under the control of the Federal Government. Revised maximum price regulation 165 of the Office of Price Administration, which was in effect on August 11, 1944, prescribed the maximum amount for which commercial motor vehicles could be rented.

The ceiling or maximum under revised maximum price regulation 165 of the Office of Price Administration, for which petitioner could have rented any of its tractor-trailer units on August 11, 1944, was an amount which would produce a net return to the petitioner, on the average, of 2 cents per mile for each tractor-trailer unit, after paying all expenses and after deducting depreciation.

The fair market rental value of the average tractor-trailer unit owned by petitioner would produce a net return of 2 cents per mile to the owner, after payment of all expenses of the owner in connection with the leasing thereof and after deducting depreciation on the vehicle, if rented on August 11, 1944, and during the period ending October 4, 1945.

If petitioner had leased out the tractor-trailer units owned by petitioner on August 11, 1944, they would have been used, on the average, 50,000 miles per year.

The transference of petitioner's vehicles from the common carrier field into the rental field, an unreasonable hypothesis, if done, would have been concomitant with a similar transference by other carriers named in Executive Order 9462. As a matter of basic economics such wholesale or large scale transference on August 11, 1944, or thereafter would have satiated the market and depressed the market rentals.

On August 11, 1944, the total assets of petitioner, according to its own books and records, were \$567,734.60 and on September 30, 1945, were \$591,316.18.

CONCLUSIONS

Based upon the evidence and the findings of fact, I would accordingly make the following conclusions in this case:

The Commission has jurisdiction over the petitioner's claim and over the parties to this proceeding.

There was no taking of the transportation system or property of petitioner within the meaning of the fifth amendment. Whatever control was exercised over petitioner by the Federal Government on and after August 11, 1944, was an exercise of the Government's regulatory powers.

If there were a taking of petitioner's transportation system or property by the respondent on August 11, 1944, it was a mere technical taking and petitioner is entitled only to the pecuniary loss suffered by the petitioner as a direct result of the taking. The petitioner did not prove the amount of such pecuniary loss or that it suffered any such loss as a result of the taking.

Even if there were a taking of possession of petitioner's transportation system and property, the petitioner has failed to prove any amount of just compensation in excess of the losses it would have sustained if the Government had taken no action whatever.

If there were a taking, it was the petitioner's business as a whole operation which was taken and not merely its equipment.

If there were a taking, the proper measure of compensation is not the fair and reasonable rental value of petitioner's separate items of equipment.

OPINION

The holding in this determination is based upon the opinion filed by the writer in the case of *Hawkeye Motor Express, Inc. v. The United States*, decided by this Commission.

There was no evidence introduced in this case to sustain a fifth amendment taking by the Government of petitioner's truck line other than the promulgation of the Executive order and ensuing orders, all of which were set out in the Hawkeye case.

There being nothing more, in my opinion, the same would not constitute such a taking as to entitle petitioner to compensation under the fifth amendment of the Constitution of the United States. The majority of the Commission has found otherwise and has held that petitioner is entitled to a fair market or rental value for the use of its property. In my opinion, even if there was a taking in this case, fair rental value is not the proper measure of compensation. The only compensation to which petitioner would be entitled would be extra losses over what would have otherwise been sustained which were occasioned by the Government's operations. Such has not been established in this case.

There can be no doubt and the evidence substantiates the fact that had petitioner not been enabled to resume its business on August 11, 1944, after the strike was called on August 4, 1944, it would have suffered heavy losses. The action by the Government in assisting petitioner to resume operations was, therefore, certainly beneficial to petitioner. As pointed out in the dissenting opinion in the Hawkeye case, page 37, petitioner cannot claim damages for some speculative profit in an endeavor in which it was not engaged. The net result is that petitioner not only did not suffer any losses by the Government's action herein, but actually was greatly benefited on a dollar and cents basis. (See Findings of Fact No. 1 this opinion.)

Therefore, it is my opinion that the judgment in this case should be in favor of the respondent.

ORDER

Let this determination be filed with the clerk of the commission. The clerk is directed to give notice of the filing hereof to the parties by serving copy on attorneys of record, either personally or by mail.

Done at Kansas City, Mo., this 15th day of April 1952.

THOMAS W. O'HARA,

Chairman.

ERNEST M. SMITH,

Commissioner.

RANDOLPH CARPENTER,

Commissioner.

I, Frances N. Heiman, acting clerk of the Motor Carrier Claims Commission, do hereby certify that the foregoing is a true and correct copy of final determination of the Commission in the case of *Murphy Motor Freight Lines, Inc. vs. The United States*, case No. 61, as same was filed with me on the 15th day of April 1952, and as appears on file in my office.

Dated this 15th day of April 1952.

FRANCES N. HEIMAN,
Acting Clerk of the Commission.

The Clerk read as follows:

DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

Salaries and expenses, defense production activities

For expenses necessary to enable the Department of Labor to carry out its functions under the Defense Production Act of 1950, as amended, including expenses of attendance at meetings concerned with the purpose of this appropriation, \$1,750,000.

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

The Clerk read as follows:

Amendment offered by Mr. WHITTEN: Page 41, after line 18, insert:

"ECONOMIC STABILIZATION AGENCY

"SALARIES AND EXPENSES

"For expenses necessary for the Economic Stabilization Agency, including hire of passenger motor vehicles; not to exceed \$5,000 for emergency and extraordinary expenses, to be expended under the direction of the Administrator for such purposes as he deems proper, and his determination thereon shall be final and conclusive; and expenses of attendance at meetings concerned with the purposes of this appropriation; including expenses of liquidation of those agencies whose operations and functions will expire prior to June 30, 1953; \$57,130,000: Provided, That of this amount \$11,000,000 shall be available for the Office of Rent Stabilization, of which \$2,000,000 shall be placed in reserve under the provisions of section 3679 of the Revised Statutes, as amended, to be released by the Director of the Budget only on his determination that the workload of the agency so requires.

"GENERAL SERVICES ADMINISTRATION

"For an additional amount for 'Emergency operating expenses,' \$5,000,000; and appropriations granted under this head for the fiscal year 1953 shall be available only to enable the General Services Administration to carry out its functions arising out of the Defense Production Act of 1950, as amended."

Mr. WHITTEN. Mr. Chairman, this amendment is offered to make provision for the Economic Stabilization Agency, its constituent office, and the General Services Administration. This is offered as a committee amendment. It is brought up in this form because at the time the bill was being considered by the committee final action had not been taken on the authorizing legislation.

The recommendations are based on the conference report on the Defense Production Act, which is subject to approval by the House and the Senate.

The amount of \$57,130,000 recommended by the committee for ESA represents a reduction of \$46,120,000 in the budget estimates of \$103,250,000. The allocations to specific activities are as follows:

Office of Price Stabilization	\$36,500,000
Office of Rent Stabilization	11,000,000
Wage Stabilization Board	7,500,000
Salary Stabilization Board	1,700,000
Railroad and Airline Wage Board	80,000
Office of Administrator	350,000
	57,130,000

Total 57,130,000

In achieving the reduction of \$46,120,000 the committee believes that it has placed these agencies on a realistic operating basis. That this has not been true in the past, particularly in the Office of Price Stabilization, is borne out by testimony received in the hearings on this estimate. The OPS portion of these hearings was chiefly based on a study made by the investigative staff of the committee which disclosed gross over-staffing in the regional and district offices of OPS. The committee is therefore directing that at least \$25,000,000 in the OPS estimates be applied to the operation of the field offices. This is a reduction of approximately 50 percent in the request for this particular operation.

It would appear that reductions in the workload of the Office of Rent Stabilization will be achieved by the recommendation in the conference report on the Defense Production Act. The extent of these reductions cannot be forecast, especially those which will occur as a result of the rent decontrol provision therein. The committee does not believe it can recommend funds on the basis of a workload that might not materialize. Accordingly, the language of the amendment contains a provision placing \$2,000,000 of the amount recommended for this office in reserve until such time as the Director of the Bureau of the Budget finds that the workload of the agency justifies its release.

Testimony before the committee disclosed that both the Wage and Salary Stabilization Boards have prepared the basic regulations to control their particular fields of endeavor. The effectiveness of these regulations is borne out by testimony of the Wage Stabilization Board which disclosed that it has approved 86 percent of the petitions for increases it has received. The remaining 14 percent have been either modified or rejected. It would appear that a sizable reduction could be made in the workload of WSB if the proper means are devised for handling the 86 percent of the petitions that are being approved.

In effecting the reductions of \$46,120,000 the committee will expect the Administrator to maintain an average grade and salary in each office or board of ESA which is in line with proper classification standards and certainly no higher than those prevailing in fiscal year 1952.

Under the aforementioned conference report authority for the functions of several of these offices will expire prior to

the end of fiscal year 1953. The committee has therefore included funds within the recommended amounts for the entire liquidation costs of the agencies so affected.

The reduction of \$3,500,000 in the \$8,500,000 requested by the General Services Administration is generally based on the personal reduction achieved by the committee in the defense agencies. Certainly the amount of space for emergency agencies will be a great deal less than that used as a basis for the major portion of the funds requested by GSA. The committee will also expect this agency to achieve savings in 1953 by a greater use of its regular personnel and services in defense work than is anticipated by the budget estimates.

I view of the fact that this item is being handled as a committee amendment from the floor my remarks as the spokesman for the committee are to be accepted by the agencies in lieu of the usual report.

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

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

Mr. FORD. As one of the minority members of the subcommittee that had charge of the emergency agency budget request, I state that we in the minority are in agreement with the amendment as offered by the gentleman from Mississippi. We should point out to the House what the agencies originally requested for the coming year, that are included in this amendment. The Bureau of the Budget submitted a figure of \$103,250,000. This amendment provides \$57,130,000; in other words, the committee has reduced the budget request almost 50 percent.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. WHITTEN].

The amendment was agreed to.

The Clerk read as follows:

FEDERAL CIVIL DEFENSE ADMINISTRATION
OPERATIONS

For necessary expenses, not otherwise provided for, in carrying out the provisions of the Federal Civil Defense Act of 1950 (Public Law 920, 81st Cong.), including purchase (not to exceed eight) and hire of passenger motor vehicles; services as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a); reimbursement of the Civil Service Commission for full field investigations of employees occupying positions of critical importance from the standpoint of national security; expenses of attendance at meetings concerned with civil-defense functions; reimbursement of the General Services Administration for security guard services; not to exceed \$9,000 for the purchase of newspapers, periodicals, and teletype-news services; and not to exceed \$6,000 for emergency and extraordinary expenses to be expended under the direction of the Administrator for such purposes as he deems proper, and his determination thereon shall be final and conclusive; \$8,000,000.

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

Mr. Chairman, I had intended to offer an amendment to this section of the bill and to urge the House to provide adequate funds to carry on our civil-defense program. However, realizing the absolute hopelessness of such a request

in the present temper of the House, in the interest of conserving time I will not do so just now.

Mr. Chairman, in a recent action, this House voted some \$45,000,000,000 for military appropriations. That action was taken because most of our Members are convinced that there is a realistic threat of war with Communist Russia. By this appropriation action for the military, we are doing our best to bolster our military defenses to help stave off that war by building strength of arms.

By the same token, those funds will be used in the active military defense of this Nation if the Kremlin does decide to go to war on a global scale.

By this and other actions, this House and its members have consistently recognized the fact that there is a possibility of war, if not a strong probability of war—and when and if that war comes, we must be prepared as best we can throughout our total security program.

For that reason, I read with alarm the supplemental appropriations bill which almost completely degutted the national civil defense program. If I read my figures correctly, the committee recommended a slash of better than 93 percent in the funds requested for this major portion of our national security effort.

This national civil-defense program is so vital that Gen. George C. Marshall, while serving as Secretary of Defense, called it an urgent military necessity.

In his statement to the Congress last fall, General Marshall said:

I have consistently advocated a strong civil defense for this Nation as an urgent and continuing necessity. I consider that the build-up of civilian capabilities in this field is essential not only from a humanitarian standpoint, but as a military necessity.

May I remind you again that only recently we voted a total of some \$45,000,000,000 for our active military efforts. Yet civil defense which started far behind the military in building up its mobilization base and capabilities and which is less than 2 years old, is today faced with a cut of 93 percent of its requested funds. This comes on top of a severe cut last year of 85 percent.

I hope that the Members recognize that this committee action virtually puts civil defense out of business as a part of our security effort. This simply means that we are undercutting this tremendous investment which we have made.

Here is what Gen. Omar Bradley, the respected Chairman of the Joint Chiefs of Staff, had to say to the Congress on the need for civil defense from a military standpoint:

A competent civil-defense organization must be prepared to save lives as well as to restore factories to maximum production and resume communications in the shortest possible time. The military will be unable to direct this effort.

We must have, then, an organization in being, planned and staffed beforehand to take over in the event of such an emergency. If civil defense does not function effectively, our defense efforts will be very adversely affected.

It must be apparent to the Members that the civil-defense program which was set up by this Congress in Public

Law 920, can hardly be an effective organization in any sense of the word with two severe slashes in its funds.

The report of Mr. CANNON's committee, which is generally commendatory to the FCDA in its language, makes this statement:

The funds recommended represent continued implementation of the concept of civil defense envisaged by the committee and the Congress in making appropriations for this agency in the past two fiscal years. The continued development of this program together with the proper coordination of the civil-defense programs of the various States should provide a realistic civil-defense plan without the expenditure of large sums of money.

Realizing how many billions we have invested in military defense, and the fact that there is a constant Russian threat to our shores, the least we can do for this agency it to give it the same amount of funds voted last year—\$75,000,000.

As I have said, I was prepared to introduce amendments to H. R. 8370 to effect this extremely modest increase in civil-defense funds which will at least enable this new agency, still suffering from last year's appropriation reduction, to carry on its current program which has proven sound and effective. Unfortunately, the House does not seem to realize the importance of civil defense and it would take more than the pleas of a few of us to awaken it to its responsibility to provide adequate safeguards for American lives in the event of an attack. I am sorry this is the situation.

Despite the tremendous responsibilities placed on the FCDA by this Congress in Public Law 920, FCDA has been and will continue to be one of the smallest agencies in Government. Further, even with the \$75,000,000 which this Congress voted for civil defense last year, it has been able to make substantial progress against remarkable odds.

Under the title of "Operations" for this agency, I recommend a very limited increase of \$3,000,000 to be added to the \$8,000,000 which the Appropriations Committee has voted.

In reviewing the testimony on civil defense, and particularly the report of the committee, I was surprised at the committee's handling of the civil defense stockpiling program.

This Congress recognized the urgent need for stockpiling, primarily of medical supplies last year when it voted \$50,000,000 to the agency for this purpose. These funds were not voted to FCDA until November of 1951. It was impossible for the agency to proceed before that on procurement of the stockpile items.

Immediately upon receipt of these funds, the agency began working with the Department of Defense to work out a joint procurement program which would be noncompetitive within the Government. Despite these handicaps, FCDA was able to obligate all of the \$50,000,000 which this Congress voted for medical supplies, plus some \$8,000,000 which reverted from the medical matching program with the States. FCDA was able to obligate every cent of the money which this Congress voted to get started on this continuing program of building

up adequate medical stockpiles in case of attack.

These facts are not evident in the committee report. Instead, it seems that they have emphasized only the amount which had actually been expended during the fiscal year which gives a distorted picture of what was actually accomplished.

In order to continue this building up of Federal reserves of medical stockpiles, it is my recommendation that the House add \$34,500,000 under a new subheading, "Emergency supplies and equipment." The vast majority of this sum would be used for the stockpiling of blood and blood derivatives for war emergency purposes. I hardly need emphasize here the urgent needs for blood and plasma. Unless this amount is restored, there are no other funds available, even to the military, for this crucial program.

I feel that we are really gambling with American lives and with the billions we have invested in military defense if the House does not at least give FCDA the same amount of funds, limited though they are, that the Congress voted last year.

Recognizing the Russian armament build-up and the strong support which the civil-defense program has received from the two eminent military authorities, General Marshall and General Bradley, the least we can do is vote a total of \$75,000,000 for the continuation of the national civil-defense program on its current scale of operation.

I am prepared to offer amendments to that effect.

Mr. CANFIELD. Mr. Chairman. I ask unanimous consent to extend my remarks at this point in the RECORD.

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

There was no objection.

Mr. CANFIELD. Mr. Chairman, I rise again to repeat what I have been saying on this floor and in speeches in my district and elsewhere since the President's announcement in 1949 that the Russians had exploded an atomic bomb. It is my firm conviction we are being very naive and unrealistic in our civil-defense program.

It is very clear to me now that we will not have adequate appropriations to implement the civil-defense needs of the dangerous days in which we live until certain steps are taken on the highest national levels. These are more active leadership on the part of the President, more interest and assistance on the part of the Defense Establishment, a more articulate presentation to congressional committees on the part of the Federal Civil Defense Administration, and a growing realization by Members of Congress that it can happen here in our America.

Having returned recently from visiting our fighting men on the battlefields of Korea, it sickens me that we at home are so apathetic and unconcerned about the facts of life.

Mr. DAVIS of Wisconsin. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

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

There was no objection.

Mr. DAVIS of Wisconsin. Mr. Chairman, we are all interested in an adequate civil-defense program. That interest certainly is no monopoly of those who urge bigger and better appropriations for the Civil Defense Administration.

The impression that I gained last year as a member of the Emergency Agencies Subcommittee of Appropriations was that there was a desire on the part of the Civil Defense Administration officials to do some empire building. Their plans were grandiose and expensive, in some cases duplicative. Many employees of high classifications and high salaries were sought. This situation made it necessary to do some rather sharp trimming.

This year the officials who came before the subcommittee appeared not to have amended their attitude. There seemed to be a willingness, yes, even an affirmative desire, to build a large bureaucracy to handle civil defense. I think the subcommittee acted wisely in denying a huge build-up of personnel and denying huge stockpiles of materials which in many cases would duplicate similar stocks of existing supplies or would be subject to deterioration.

This week a glaring case of personnel build-up came to my attention. My informant was a Reserve Air Force officer now on active duty at a base in one of the Southern States. I quote from the letter of this officer, a civic-minded civilian at heart from my home community:

A matter has come to my attention in the past week which I merely want to give you for your information. I presume the whole thing smells of politics throughout.

Recently, a civilian reported into our headquarters here. He uncovered officials orders of the Office of Federal Civil Defense Administration assigning him to this headquarters as their representative in this office. At that time, we in this Air Division knew nothing about his proposed duties, nor did we know that he was to be assigned to this headquarters. Upon evaluation of the duties which he is assigned to perform, it may be said that these duties are normally performed in our unit by a noncommissioned officer or junior ranking company-grade officer at the most. This man is a GS-13 civil-service employee hired for this position specifically. He informs us that he is to be bulwarked by four additional assistants holding the grade of GS-12. His functions place him in my operations section as a liaison adviser to one of my staff officers.

Here is a man with four assistants each of them drawing more pay from the Federal Government than my commanding general and having very little or no responsibilities comparatively speaking.

Similar personnel are being assigned throughout the Air Defense Command in its 11 air divisions; going back to second-grade arithmetic, I compute that the cost to the Government for these liaison personnel is roughly \$500,000 per year. Lord knows what kind of an empire they have built up in higher headquarters.

The functions of these people can be carried out by a noncommissioned officer. The responsibility in no way measures up to the amount of money they are being paid.

Mr. Chairman, this is a specific demonstration of the general impression which the members of the emergency agencies received. There is indeed a place for a civil-defense organization, but we must be careful that the funds appropriated for that purpose are not used for the building of a huge and inefficient bureaucracy. I trust the Members of the House will not attempt to substitute their less-informed opinions for the informed decisions of the members of the subcommittee who brought this portion of the bill before us.

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

Mr. Chairman, we are appropriating large sums of money today, and have in the past, for the build-up of the security of this Nation—at home and abroad—to the point where we can adequately defend our democratic way of life against the Communist world around us.

I am at a loss to understand the recent action on the part of the Secretary of State, Dean Acheson, in apologizing before a closed session of the House of Commons in London because of Gen. Mark Clark's decision to bomb the Korean electrical power stations out of commission.

While millions of Americans will agree with me, nevertheless, I want to emphasize that I am speaking only for myself. As far as I am concerned, Acheson need not apologize either for General Clark's action or for failing to send a telegram of his intentions to the British Government in London. Does this apology on the part of Acheson mean that, in the future, we are going to notify the British Government what our military strategy is going to be, thereby permitting information to leak out to the enemy in time to permit the enemy's Air Force to thwart the attack?

Right here and now I want to reiterate that we neither owe Great Britain nor any political party in Great Britain, and for that matter anyone else in the United Nations any apologies for our actions in recent days. If we must apologize to someone, then I say the only one entitled to an apology is Gen. Douglas MacArthur who recommended such action well over a year ago and got fired as a result. This defense of General MacArthur is made again on my responsibility. I am not defending General MacArthur as a Republican but I am defending him as an American. There is no question in the minds of millions of Americans, and certainly not in my mind, that if his advice had been heeded, we would not have the present muddled Korean situation—this albatross around our neck.

If we had listened not only to the greatest of our military leaders but perhaps one of the most outstanding Americans, the Chinese Reds would never have been given their good old sweet time to replace obsolete aircraft with MIG jets.

Could there be anything more disgusting than to hear certain British left-wingers gloat over the fact that they actually participated in MacArthur's dismissal? The American people are at the ends of their temper, and are sick and tired of this Nation being held up to

ridicule and scorn when we are paying a mighty expensive price in lives and money for the conduct of a war which we are supposed to run but which the British are running.

I want to come back to Mr. Dean Acheson. Has the Secretary of State, by his apology to the British Government, entered into a new appeasement arrangement? If so, any such secret arrangement should be repudiated upon his return. Since British opinion seems to be in opposition to any military measures which might bring this horrible fiasco to a conclusion, the new understanding which Mr. Acheson is said to have reached must involve further appeasement. Such an arrangement will lead to nothing but an eventual settlement on Communist terms at the expense of the American people.

Was it not this British limited war strategy that led us into this disgraceful and bloody stalemate?

Recent statistics will show that our casualties, around 110,000, outnumber British casualties about 40 to 1. The death toll lists 19,469 Americans and only 513 British. This is very serious as far as the American people are concerned. Can anyone dispute that more American lives will be lost the longer this now pointless war continues?

How many more American lives must be sacrificed before this great Government of the United States of America comes to its senses and allows American military leaders to end this war in an American way?

For this reason, Mr. Chairman, I am this day introducing a resolution which will direct the Secretary of State to disclose complete information with respect to any agreements or understandings which he may have entered into with the Government of Great Britain on his latest visit, and which may affect the conduct of the war in Korea. This resolution is similar to one adopted by this House on February 20, 1952, and which had my support. It is important and I sincerely trust that it will be given immediate consideration by the Committee on Foreign Affairs.

The Clerk read as follows:

Sec. 1214. The appropriations, authorizations, and authority with respect thereto in this act or any regular annual appropriation act for the fiscal year 1953 which has not been enacted into law prior to July 1, 1952, shall be available from and including such date for the purposes respectively provided in such appropriations, authorizations, and authority. All obligations incurred during the period between June 30, 1952, and the date of enactment of this act or the applicable act in anticipation of such appropriations, authorizations, and authority are hereby ratified and confirmed if in accordance with the respective terms thereof.

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

The Clerk read as follows:

Amendment offered by Mr. RABAUT: On page 51, after line 9, insert a new section as follows:

Sec. 1215. Foreign credits owed to or owned by the United States Treasury will not be available for expenditure by agencies of the United States after June 30, 1953, except as may be provided for annually in ap-

propriation acts and provisions for the utilization of such credits for purposes authorized by law are hereby authorized to be included in general appropriation acts."

Mr. RABAUT. Mr. Chairman, I have taken up this amendment with the ranking minority member of our committee, the gentleman from New York [Mr. TABER]. I have taken it up also with the other gentlemen on the committee on both sides, and all agreed to it. This deals with the currency of foreign governments made available for the use of the United States, which stems from surplus property credits, lend lease, mutual security agency counterpart funds, occupation costs borne by former enemies. These funds have now been accumulating for several years and involve hundreds of millions of dollars. In most instances these foreign currencies are being made available to agencies without the approval of the Congress. This provision would place control in the hands of the Congress through annual appropriations. Agencies of the Government having need for currencies of foreign countries would advise the Congress as to the amount and purposes for which the need appeared. The Congress would then appropriate dollars for the purchase of foreign currencies standing to our credit in the United States Treasury. It is anticipated that considerable savings will result from the congressional control established by this provision. The provision is effective after the fiscal year 1953 so the regular budget for fiscal year 1954 will carry in dollars the estimated foreign currency needs of agencies operated abroad. Unless appropriated for the purchase of these currencies, they would go back to the United States Treasury. It would merely be a book-keeping account, and it would give the Congress control of the money in these foreign countries.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. I yield.

Mr. AUGUST H. ANDRESEN. The purpose of the gentleman's amendment is very satisfactory to me, but I would like to have it clear in my mind. As I understand it, these agencies can use a certain portion of the counterpart funds. Does this prohibit them from using those funds unless they are appropriated by the Congress?

Mr. RABAUT. It brings this money within the control of the Treasury, and within the knowledge of the Congress in the fiscal year 1954.

Mr. AUGUST H. ANDRESEN. What happens then to the money that is in the counterpart-funds bank in the different countries? Can they authorize or can our State Department or Mutual Security Agency authorize that to be spent for some other purpose in these countries?

Mr. RABAUT. Under this amendment, it should be made known to us after this becomes effective what needs they have for this money so that the Congress will have some control.

Mr. AUGUST H. ANDRESEN. Then it will not cost us actually any more dollars because the funds will be available of the counterpart funds as provided in

the appropriation bill by the Congress; is that correct?

Mr. RABAUT. The gentleman is absolutely right and we will be saving money by this operation because we will have control of the funds.

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

Mr. RABAUT. I yield.

Mr. VORYS. This amendment refers to credit owed to or owned by the United States Treasury. So far as I know there are no counterpart funds owed or owned by the United States Treasury so I do not know of any money in the world except some sort of foreign credit that I have not heard about that are owed or owned by the United States Treasury.

Mr. RABAUT. This is foreign currencies in the foreign countries.

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

Mr. RABAUT. I yield.

Mr. TABER. Why there are all sorts of things like this lend-lease money and money from the sale of all sorts of property and surplus property, which took place after the war, and there are four or five other funds of different kinds which are scattered all over the world. There is no control over this money, but there ought to be a control and the amendment which the gentleman has offered will bring the money under the control of the Congress so that the Committee on Appropriations of the House of Representatives can keep it from being wasted.

Mr. RABAUT. Mr. Chairman, I ask for a vote on the amendment.

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

The amendment was agreed to.

Mr. RABAUT. Mr. Chairman, I offer an amendment which I send to the desk, and I ask unanimous consent to return to page 13, line 12.

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

Mr. TABER. I reserve the right to object.

The CHAIRMAN. The gentleman from New York reserves the right to object. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. RABAUT: On page 13, after line 12, insert:

"COMMISSION ON RENOVATION OF THE EXECUTIVE MANSION

"Appropriations available to the Commission on Renovation of the Executive Mansion, for fiscal year 1952, shall remain available until September 30, 1952."

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan to return to page 13?

There was no objection.

Mr. RABAUT. Mr. Chairman, this amendment simply permits the Commission to conclude its operations by the 30th of September and make its final report.

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

The amendment was agreed to.

The Clerk concluded the reading of the bill.

MR. RABAUT. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments adopted in Committee of the Whole, with the recommendation that the amendments be agreed to and the bill as amended do pass.

THE CHAIRMAN. The question is on the motion.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WALTER, 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. 8370) making appropriations to supply certain supplemental and deficiency appropriations for the fiscal year ending June 30, 1953, and for other purposes, directed him to report the same back to the House with sundry amendments adopted in Committee of the Whole, with the recommendation that the amendments be agreed to and the bill as amended do pass.

MR. RABAUT. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

THE SPEAKER. Is a separate vote demanded on any amendment?

MR. GARY. Mr. Speaker, I ask for a separate vote on the Crawford amendment on page 29, line 25, cutting the military assistance from \$3,273,000,000 to \$3,128,000,000.

I ask for a separate vote on the Curtis amendment on page 30, line 18, cutting the military assistance, title II, from \$630,316,500 to \$499,116,500.

And on the Davis amendment, on page 32, line 7, cutting the technical assistance from \$118,634,250 to \$67,793,000.

THE SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gross.

The other amendments were agreed to.

THE SPEAKER. The Clerk will report the first amendment upon which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD: On page 29, line 25, strike out "\$3,273,824,750" and insert "\$3,128,224,750."

THE SPEAKER. The question is on the amendment.

The question was taken and the Chair announced that the Chair was in doubt.

MR. GARY. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 173, nays 167, not voting 91, as follows:

[Roll No. 122]

YEAS—173

Abbitt	Ayres	Bolton
Adair	Baker	Bow
Allen, Calif.	Barden	Boykin
Allen, Ill.	Bates, Mass.	Bramblett
Andersen,	Beall	Bray
H. Carl	Bender	Brehm
Anderson Calif.	Bennett, Mich.	Brownson
Andresen.	Berry	Budge
August H.	Betts	Buffett
Angell	Bishop	Busbey
Armstrong	Blackney	Bush

Butler	Hoffman, Mich.	Radwan	Wilson, Tex.	Wood, Ga.	Yorty
Byrnes	Holmes	Rankin	Winstead	Yates	Zablocki
Carriag	Horan	Redden			
Chenoweth	Hull	Reed, III.	Aandal	Fallon	Perkins
Chiperfield	Hunter	Reed, N. Y.	Abernethy	Fenton	Philbin
Church	Jackson, Calif.	Rees, Kans.	Addonizio	Frazier	Pickett
Clevenger	Jenison	Riehman	Albert	Furcolo	Potter
Cole, Kans.	Jenkins	Robeson	Allen, La.	Gore	Powell
Corbett	Jensen	Rogers, Mass.	Anfuso	Gwynn	Ramsay
Cotton	Jonas	Ross	Arends	Hall	Reece, Tenn.
Crawford	Jones	Sadlak	Aspinall	Edwin Arthur	Regan
Crumpacker	Woodrow W.	St. George	Bates, Ky.	Hall	Richards
Cunningham	Keating	St. George	Beamer	Leonard W.	Rogers, Tex.
Curtis, Mo.	Kersten, Wis.	Schenck	Beckworth	Hebert	Roosevelt
Curtis, Nebr.	Latham	Scrivner	Belcher	Heffernan	Sabath
Dague	LeCompte	Scudder	Blatnik	Heller	Sasscer
Davis, Ga.	Lovre	Secret	Boggs, Del.	Bonner	Scott, Hardie
Davis, Wis.	Lucas	Shafer	Brown, Ohio	Buckley	Sikes
Denny	McConnell	Sheehan	Burdick	James	Smith, Wis.
D'Ewart	McCulloch	Short	Carlyle	Jones	Hamilton C.
Dolliver	McDonough	Simpson, Ill.	Carnahan	Judd	Steed
Dondero	McGregor	Simpson, Pa.	Celler	Kean	Stigler
Dorn	McIntire	Sittler	Clemente	Kearney	Sutton
Ellsworth	McMillan	Smith, Kans.	Kilburn	Kilburn	Tackett
Elston	McVey	Thompson	Cole, N. Y.	King, Pa.	Thompson, Tex.
Engle	Mack, Wash.	Springer	Combs	Kirwan	Vall
Gamble	Martin, Iowa	Stockman	Coudert	Kluczynski	Vinson
Gavin	Martin, Mass.	Taber	Davis, Tenn.	Larcade	Welch
George	Mason	Taylor	Dempsey	Lyle	Wharton
Golden	Meader	Teague	Donohue	Machrowicz	Wickersham
Goodwin	Miller, Md.	Thompson	Donovan	Mitchell	Willis
Graham	Miller, Nebr.	Mich.	Doughton	Morano	Woodruff
Gross	Miller, N. Y.	Tollefson	Eaton	Morris	
Hagen	Mumma	Van Pelt	Evins	Morrison	
Halleck	Murray	Van Zandt			
Hand	Nelson	Velde			
Harden	Nicholson	Vorys			
Harrison, Nebr.	Norblad	Vursell			
Harrison, Va.	Norrell	Welchel			
Harrison, Wyo.	O'Hara	Werdel			
Harvey	O'Konski	Wheeler			
Hays, Ohio	Osmers	Williams, Miss.			
Hess	Ostertag	Williams, N. Y.			
Hill	Passman	Wilson, Ind.			
Hillings	Patten	Withrow			
Hinshaw	Patterson	Wolcott			
Hooven	Phillips	Woiterton			
Hoffman, Ill.	Poulson	Wood, Idaho			

NAYS—167

Andrews	Garmatz	Mahon
Auchincloss	Gary	Mansfield
Bailey	Gathings	Marshall
Bakewell	Gordon	Merrow
Baring	Granahan	Miller, Calif.
Barrett	Granger	Mills
Battle	Grant	Morgan
Bennett, Fla.	Green	Morton
Bentsen	Greenwood	Moulder
Boggs, La.	Gregory	Multer
Bolling	Hale	Murdock
Bosone	Hardy	Murphy
Brooks	Harris	O'Brien, Ill.
Brown, Ga.	Hart	O'Brien, Mich.
Bryson	Havener	O'Brien, N. Y.
Buchanan	Hays, Ark.	O'Neill
Burleson	Hedrick	O'Toole
Burnside	Herlong	Patman
Burton	Heselton	Poage
Camp	Holfield	Polk
Canfield	Hope	Preston
Cannon	Howell	Price
Case	Ikard	Priest
Chatham	Irving	Prouty
Chelf	Jarman	Rabaut
Chudoff	Javits	Rains
Comer	Johnson	Reams
Cooley	Jones, Ala.	Rhodes
Cooper	Jones, Mo.	Ribicoff
Cox	Karsten, Mo.	Riley
Crosser	Kearns	Rivers
Dawson	Kee	Roberts
Deane	Kelley, Pa.	Rodino
DeGraffenreid	Kelly, N. Y.	Rogers, Colo.
Delaney	Kennedy	Rogers, Fla.
Denton	Keogh	Rooney
Devereux	Kerr	Scott
Dingell	Kilday	Hugh D., Jr.
Dollinger	King, Calif.	Shelley
Doyle	Klein	Sheppard
Durham	Lane	Sieminski
Eberhardt	Lanham	Smith, Miss.
Elliott	Lantaff	Smith, Va.
Feighan	Lesinski	Spence
Fernandez	Lind	Staggers
Fine	McCarthy	Thomas
Fisher	McCormack	Thornberry
Flood	McGrath	Trimble
Fogarty	McGuire	Walter
Forand	McKinnon	Watts
Ford	McMullen	Whitten
Forrester	Mack, Ill.	Widnall
Fugate	Madden	Wier
Fulton	Magee	Wigglesworth

NOT VOTING—91

Fallon	Perkins
Fenton	Philbin
Frazier	Pickett
Hebert	Potter
Heffernan	Gore
Heller	Powell
Hill	Gwynn
Hall	Ramsay
Edwin Arthur	Reece, Tenn.
Leonard W.	Richards
Hébert	Rogers, Tex.
Heffernan	Roosevelt
Heller	Sabath
Jackson, Wash.	Sasscer
James	Scott, Hardie
Jones	Sikes
Hamilton C.	Smith, Wis.
Judd	Steed
Kean	Stigler
King, Pa.	Sutton
Kirwan	Tackett
Vall	Thompson, Tex.
Kluczynski	Vincent
Larcade	Welch
Dempsey	Wharton
Donohue	Wickersham
Donovan	Willis
Doughton	Woodruff
Eaton	
Evins	

So the amendment was agreed to. The Clerk announced the following pairs:

On this vote:

Mr. Arends for, with Mr. Vinson against. Mr. Burdick for, with Mr. Addonizio against.

Mr. Beamer for, with Mr. Aspinall against.

Mr. Smith of Wisconsin for, with Mr. Heller against.

Mr. Kilburn for, with Mr. Roosevelt against.

Mr. Hébert for, with Mr. Donohue against.

Mr. Brown of Ohio for, with Mr. Sabath against.

Mr. Belcher for, with Mr. Judd against.

Mr. Vall for, with Mr. Coudert against.

Mr. Reece of Tennessee for, with Mr. Morrison against.

Mr. Woodruff for, with Mr. Perkins against.

Mr. Fallon for, with Mr. Kluczynski against.

Mr. Hardie Scott for, with Mr. Blatnick against.

Mr. Gwynn for, with Mr. Buckley against.

Mr. King of Pennsylvania for, with Mr. Celler against.

Mr. Leonard W. Hall for, with Mr. Clemente against.

Mr. Pickett for, with Mr. Machrowicz against.

Mr. Rogers of Texas for, with Mr. Jackson of Washington against.

Mr. Kearney for, with Mr. Sikes against.

Until further notice:

Mr. Welch with Mr. Aandal.

Mr. Abernethy with Mr. Boggs of Delaware.

Mr. Morris with Mr. Herter.

Mr. Wickersham with Mr. James.

Mr. Powell with Mr. Fenton.

Mr. Anfuso with Mr. Eaton.

Mr. Donovan with Mr. Cole of New York.

Mr. Heffernan with Mr. Moran.

Mr. Bates of Kentucky with Mr. Potter.

Mr. Dempsey with Mr. Seely-Brown.

Mr. Furcolo with Mr. Edwin Arthur Hall.

The result of the vote was announced as above recorded.

THE SPEAKER. The Clerk will report the next amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. CURTIS of Missouri: On page 30, line 18, strike out "\$530,316,500" and insert "\$399,116,500."

THE SPEAKER. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. GARY) there were—ayes 160, noes 135.

So the amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Georgia: On page 32, line 7, strike out "\$118,634,-250" and insert "\$67,793,000."

The SPEAKER. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. JAVITS) there were—ayes 171, noes 121.

Mr. FLOOD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

So the amendment was 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.

Mr. CLEVENGER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. CLEVENGER. I am, Mr. Speaker.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion.

The Clerk read as follows:

Mr. CLEVENGER moves to recommit the bill to the Committee on Appropriations.

Mr. CANNON. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

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. GARY. Mr. Speaker, I ask unanimous consent that the Clerk be authorized to correct section numbers in the bill just passed, H. R. 8370.

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

There was no objection.

GENERAL LEAVE TO EXTEND

Mr. GARY. Mr. Speaker, I ask unanimous consent that all Members may extend their remarks at this point in the RECORD on the bill just passed and have five legislative days in which to revise and extend their remarks on the bill.

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

There was no objection.

EXTENSION OF REMARKS

Permission to revise and extend remarks made in the Committee of the Whole on the bill H. R. 8370 was granted to:

Mr. MAHON and to include extraneous material.

Mr. PATMAN and to include extraneous matter.

Mr. JAVITS and to include extraneous matter.

Mr. GAVIN and to include extraneous matter.

Mr. JONES of Alabama and include a letter.

Mr. YATES and include extraneous matter.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Landers, its enrolling clerk, announced that the Senate had passed without amendment a bill and a joint resolution of the House of the following titles:

H. R. 7876. An act relating to the taxation of life insurance companies; and

H. J. Res. 490. Joint resolution to continue the effectiveness of certain statutory provisions until July 3, 1952.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2594) entitled "An act to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, and for other purposes."

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 7397. An act to amend and extend the provisions of the District of Columbia Emergency Rent Act of 1951.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7860) entitled "An act making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1952, and for other purposes."

DEFENSE PRODUCTION ACT AMENDMENTS OF 1952

Mr. SPENCE submitted the following conference report and statement on the bill (S. 2594) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 2352)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2594) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Defense Production Act Amendments of 1952'.

"TITLE I—AMENDMENTS TO DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

"SEC. 101. Section 101 of the Defense Production Act of 1950, as amended, is hereby amended by adding at the end thereof the following new sentence: 'Nor shall any restriction or other limitation be established or maintained upon the species, type, or grade of livestock killed by any slaughterer, nor upon the types of slaughtering operations, including religious rituals, employed by any slaughterer; nor shall any requirements or regulations be established or maintained relating to the allocation or distribution of meat or meat products unless, and for the period for which, the Secretary of Agriculture shall have determined and certified to the President that the over-all supply of meat and meat products is inadequate to meet the civilian or military needs therefor: *Provided*, That nothing in this Act shall be construed to prohibit the President from requiring the grading and grade marking of meat and meat products.'

"SEC. 102. Section 101 of the Defense Production Act of 1950, as amended, is amended by inserting '(a)' after '101.', and by adding at the end of such section the following new subsection:

"'(b) When all requirements for the national security, for the stockpiling of critical and strategic materials, and for military assistance to any foreign nation authorized by any Act of Congress have been met through allocations and priorities it shall be the policy of the United States to encourage the maximum supply of raw materials for the civilian economy, including small business, thus increasing employment opportunities and minimizing inflationary pressures. No agreement shall be entered into by the United States limiting total United States consumption of any material unless such agreement authorizes domestic users in the United States to purchase the quantity of such material allocated to other countries participating in the International Materials Conference and not used by any such participating country. Nothing contained in this Act shall impair the authority of the President under this Act to exercise allocation and priorities controls over materials (both domestically produced and imported) and facilities through the controlled materials plans or other methods of allocation.'

"SEC. 103. Section 104 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"SEC. 104. Import controls of fats and oils (including oil-bearing materials, fatty acids, and soap and soap powder, but excluding petroleum and petroleum products and coconuts and coconut products), peanuts, butter, cheese and other dairy products, and rice and rice products are necessary for the protection of the essential security interests and economy of the United States in the existing emergency in international relations, and imports into the United States of any such commodity or product, by types or varieties, shall be limited to such quantities as the Secretary of Agriculture finds would not (a) impair or reduce the domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price support program: *Provided*, however, That the Secretary of Agriculture after establishing import limitations, may permit additional imports of each type and variety of the commodities specified in this section, not to exceed 15 per centum of the import limitation with respect to each type and variety which he may deem necessary, taking into consideration the broad effects upon international relationships and trade. The

President shall exercise the authority and powers conferred by this section.'

"Sec. 104. The first sentence of section 302 of the Defense Production Act of 1950, as amended, is amended by inserting before the period at the end thereof the following: 'and manufacture of newsprint.'

"Sec. 105. Paragraph (2) of subsection (d) of section 402 of the Defense Production Act of 1950, as amended, is amended by inserting after the first sentence thereof the following new sentence: 'No regulation or order shall be issued or remain in effect under this title which prohibits the payment or receipt of hourly wages at a rate of \$1 per hour or less.'

"Sec. 106. (a) Paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950, as amended, is amended by inserting in the fifth sentence thereof after '(1) the Agricultural Act of 1949,' the following: 'except that under any price support program announced while this title is in effect the level of support to cooperators shall be 90 per centum of the parity price, or such higher level as may be established under section 402 of that Act, for any crop of any basic agricultural commodity with respect to which producers have not disapproved marketing quotas.'

"(b) Paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950, as amended, is amended by adding at the end thereof the following: 'No ceiling prices for products resulting from the processing of agricultural commodities, including livestock, milk, and other dairy products, shall be established or maintained in any agricultural marketing area at levels which deny to any processor of such products the cost adjustments provided in paragraph (4) of this subsection and which deny to any distributor or seller of such products the customary margin or charge provided in subsection (k) of this section. Where a State regulatory body is authorized to establish minimum and/or maximum prices for sales of fluid milk, ceiling prices established for such sales under this title shall (1) not be less than the minimum prices, or (2) be equal to the maximum prices, established by such regulatory body, as the case may be: *And provided further*, That in the case of prices of milk established by any State regulatory body, with respect to which price, parties may be deemed to contract, no ceiling price may be maintained under this title which is less than the price so established. No ceiling shall be established or maintained under this title for fruits or vegetables in fresh or processed form.'

"Sec. 107. Paragraph (4) of subsection (d) of section 402 of the Defense Production Act of 1950, as amended, is amended by adding at the end thereof the following: 'The provisions of this paragraph shall not apply in the case of a seller of a material at retail or wholesale within the meaning of subsection (k) of this section.'

"Sec. 108. Subsection (d) of section 402 of the Defense Production Act of 1950, as amended, is amended by adding at the end thereof the following new paragraph:

"(5) For the purpose of determining the applicable ceiling price under the general ceiling price regulation issued January 26, 1951, as amended, any sale of fertilizer to the ultimate user by a person who acquired it for resale shall be considered a retail sale.'

"Sec. 109. (a) Subsection (e) of section 402 of the Defense Production Act of 1950, as amended, is amended by adding after the word 'profession' in paragraph (ii) thereof the following: '; wages, salaries, and other compensation paid to professional engineers employed in a professional capacity; wages, salaries, and other compensation paid to professional architects employed in a professional capacity by an architect or firm of architects engaged in the practice of his or

their profession; and wages, salaries, and other compensation paid to certified public accountants licensed to practice as such employed in a professional capacity by a certified public accountant or firm of certified public accountants engaged in the practice of his or their profession.'

"(b) Paragraph (v) of subsection (e) of section 402 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(v) (1) Rates and charges by any common carrier or other public utility, including rates charged by any person subject to the Shipping Act, 1916 (Public Law 260, Sixty-fourth Congress), as amended, and including compensation for the use by others of a common carrier's cars or other transportation equipment, charges for the use of washroom and toilet facilities in terminals and stations, and charges for repairing cars or other transportation equipment owned by others; charges for the use of parking facilities operated by common carriers in connection with their common carrier operations; and (2) charges paid by common carriers for the performance of a part of their transportation services to the public, including the use of cars or other transportation equipment owned by a person other than a common carrier, protective service against heat or cold to property transported or to be transported, and pickup and delivery and local transfer services: *Provided*, That no common carrier or other public utility shall at any time after the President shall have issued any stabilization regulations and orders under subsection (b) make any increase in its charges for property or services sold by it for resale to the public, for which application is filed after the date of issuance of such stabilization regulations and orders, before the Federal, State, or municipal authority, if any, having jurisdiction to consider such increase, unless it first gives thirty days' notice to the President, or such agency as he may designate, and consents to timely intervention by such agency before the Federal, State, or municipal authority, if any, having jurisdiction to consider such increase: *And provided further*, That the Office of Price Stabilization shall not intervene in any case involving increases in rates or charges proposed by any common carrier or other public utility except as provided in the preceding proviso.'

"(c) Subsection (e) of section 402 of the Defense Production Act of 1950, as amended, is amended by adding at the end thereof the following new paragraphs:

"(viii) Rates, fees, and charges for materials or services supplied directly by the States, Territories, and possessions of the United States, and their political subdivisions and municipalities, the District of Columbia, and any agency of any of the foregoing.

"(ix) Wages, salaries, or other compensation of persons employed in small-business enterprises as defined in this paragraph: *Provided*, however, That the President may from time to time exclude from this exemption such enterprises on the basis of industries, types of business, occupations, or areas, if their exemption would be destabilizing with respect to wages, salaries, or other compensation, prices, or manpower, or would otherwise be contrary to the purposes of this Act. A small-business enterprise, for the purpose of this paragraph, is any enterprise in which a total of eight or less persons are employed in all its establishments, branches, units, or affiliates. This paragraph shall become effective thirty days after its enactment.

"(x) Prices charged and wages paid by bowling alleys.

"(xi) Wages paid for agricultural labor.'

"Sec. 110. The first sentence of section 402 (k) of the Defense Production Act of 1950, as amended, is amended to read as follows:

"No rule, regulation, order, or amendment thereto shall be issued or remain in effect under this title, which shall deny sellers of materials at retail or wholesale their customary percentage margins over costs of the materials or their customary charges during the period May 24, 1950, to June 24, 1950, or on such other nearest representative date determined under section 402 (c), as shown by their records during such period, except as to any one specific item of a line of material sold by such sellers which is in short supply as evidenced by specific government action to encourage production of the item in question: *Provided, however*, That if the antitrust laws of any State have been construed to prohibit adherence by sellers of materials at wholesale or retail to uniform suggested retail resale prices, the President shall issue regulations giving full consideration to the customary percentage margins of such sellers during the period hereinbefore set forth.'

"Sec. 111. Section 402 of the Defense Production Act of 1950, as amended, is further amended by adding at the end thereof the following new subsections:

"(1) No rule, regulation, order, or amendment thereto issued under this title shall fix a ceiling on the price paid or received on the sale or delivery of any material in any State below the minimum sales price of such material fixed by the State law (other than any so-called "fair trade law") now in effect, or by regulation issued pursuant to such law.

"(m) No rule, regulation, order, or amendment thereto shall be issued or maintained under this title, which shall deny to any hotel supply house or combination distributor, affiliated with any slaughterer or slaughtering establishment, or to any wholesaler so affiliated but whose affiliation does not amount to an interest or equity of more than 50 per centum, the same ceiling price or prices for meat accorded to hotel supply houses, combination distributors, or wholesalers which are not so affiliated.

"(n) Notwithstanding any other provision of this Act, whenever price ceilings are declared in effect on any agricultural commodity at the farm level, the Director of Price Stabilization must at the same time put into effect margin controls on processors, wholesalers, and retailers, such margin controls to allow the processors, wholesalers, and retailers the normal mark-ups as provided under this Act, except that under no circumstances are the sellers to be allowed greater than their normal margins of profit.'

"Sec. 112. Section 403 of the Defense Production Act of 1950, as amended, is amended by inserting '(a)' after '403.' and by adding at the end thereof the following new subsections:

"(b) (1) There is hereby created, in the present Economic Stabilization Agency, or any successor agency, a Wage Stabilization Board (hereinafter in this subsection referred to as the "Board"), which shall be composed, in equal numbers, of members representative of the general public, members representative of labor, and members representative of business and industry. The number of offices on the Board shall be established by Executive order.

"(2) The members of the Board shall be appointed by the President, by and with the advice and consent of the Senate. The President shall designate a Chairman and Vice Chairman of the Board from among the members representative of the general public.

"(3) The term of office of the members of the Board shall terminate on May 1, 1953. Any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

"(4) Each member representative of the general public shall receive compensation at the rate of \$15,000 a year, and while a member of the Board shall engage in no other business, vocation, or employment. Each member representative of labor, and each member representative of business and industry, shall receive \$50 for each day he is actually engaged in the performance of his duties as a member of the Board, and in addition he shall be paid his actual and necessary travel and subsistence expenses in accordance with the Travel Expense Act of 1949 while so engaged away from his home or regular place of business. The members representative of labor, and the members representative of business and industry, shall, in respect of their functions on the Board, be exempt from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99).

"(5) The Board shall, under the supervision and direction of the Economic Stabilization Administrator—

"(A) formulate, and recommend to such Administrator for promulgation, general policies and general regulations relating to the stabilization of wages, salaries, and other compensation; and

"(B) upon the request of (i) any person substantially affected thereby, or (ii) any Federal department or agency whose functions, as provided by law, may be affected thereby or may have an effect thereon, advise as to the interpretation, or application to particular circumstances, of policies and regulations promulgated by such Administrator which relate to the stabilization of wages, salaries, and other compensation. For the purposes of this Act, stabilization of wages, salaries, and other compensation means prescribing maximum limits thereon. Except as provided in clause (B) of this paragraph, the Board shall have no jurisdiction with respect to any labor dispute or with respect to any issue involved therein. Labor disputes, and labor matters in dispute, which do not involve the interpretation or application of such regulations or policies shall be dealt with, if at all, insofar as the Federal Government is concerned, under the conciliation, mediation, emergency, or other provisions of laws heretofore or hereafter enacted by the Congress.

"(6) Paragraph (5) of this subsection shall take effect thirty days after the date on which this subsection is enacted. The Wage Stabilization Board created by Executive Order Numbered 10161, and reconstituted by Executive Order Numbered 10233, as amended by Executive Order Numbered 10301, is hereby abolished, effective at the close of the twenty-ninth day following the date on which this subsection is enacted. After June 27, 1952, the present Wage Stabilization Board shall issue no regulation or order except with respect to individual cases pending before the Board prior to such date.

"(c) Notwithstanding any other provision of this section, the stabilization of the salaries and other compensation of persons (not represented in their relationships or eligible to be so represented with their employer by duly certified or recognized labor organizations) employed as outside salesmen or in bona fide executive, administrative, or professional capacities as such terms are defined in the regulations issued in pursuance of section 13 (a) (1) of the Fair Labor Standards Act of 1938, as amended, or as supervisors, as defined by the Labor Management Relations Act, 1947, as amended, shall be administered by the Salary Stabilization Board and the Office of Salary Stabilization as presently established within the Economic Stabilization Agency, or any successor agency, subject to the supervision and direction of the Economic Stabilization Administrator.

"(d) It shall be the express duty, obligation, and function of the present Economic Stabilization Agency, or any successor agency, to coordinate the relationship between prices and wages, and to stabilize prices and wages."

"SEC. 113. (a) (1) The first sentence of subsection (a) of section 407 of the Defense Production Act of 1950, as amended is amended by striking out 'relating to price controls under this title' and inserting in lieu thereof 'relating to price controls under this title or rent controls under the Housing and Rent Act of 1947, as amended'; and by striking out 'relating to price controls' after 'any such regulation or order'.

"(2) Subsection (b) of section 407 of the Defense Production Act of 1950, as amended, is amended by inserting after 'this title' the following: 'and the Housing and Rent Act of 1947, as amended'; and by inserting after 'section 705 of this Act' the following: ' or section 206 of the Housing and Rent Act of 1947, as amended, as the case may be'.

"(b) Section 408 of the Defense Production Act of 1950, as amended, is amended to read as follows:

"SEC. 408. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon such filing, the court shall have exclusive jurisdiction of the proceeding and of all questions determined therein, and shall have power to grant such temporary relief or restraining order as it deems just and proper; to permanently enjoin or set aside, in whole or in part, the regulation or order or the amendment of or supplement to the regulation or order protested; to make and enter upon the pleadings, evidence, testimony, and proceedings set forth in such transcript a decree enforcing, modifying, and enforcing as so modified, or setting aside in whole or in part the order of the President; to dismiss the petition; or to remand the proceeding to the President for further action in accordance with the court's decree: *Provided*, That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. The findings of the President with respect to questions of fact, if supported by substantial evidence on the record considered as a whole, shall be conclusive. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on request by the Pres-

ident, any such evidence shall be presented directly to the court.

"(b) The Emergency Court of Appeals is hereby continued for the purpose of the exercise of the jurisdiction granted by this title, with the powers herein specified, together with the powers heretofore granted by law to such court which are not inconsistent with the provisions of this title. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this title. So far as necessary to decision the court shall decide all relevant questions of law, interpret constitutional and statutory provisions, interpret the meaning or applicability of the terms of any official action under this title or under this Act, as amended, of which this title is a part and with respect to this title, or under the Housing and Rent Act of 1947, as amended. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this title.

"(c) Within 30 days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any such regulation or order issued under this title, or under the Housing and Rent Act of 1947, as amended. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation or order, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this title, or the Housing and Rent Act of 1947, as amended, authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

"(d) (1) Within thirty days after arraignment, or such additional times as the court may allow for good cause shown, in any criminal proceeding, and within five days after judgment in any civil or criminal proceeding, brought pursuant to section 409 or 706 of this Act, section 205 or 206 of the Housing and Rent Act of 1947, as amended, or section 371 of title 18, United States Code, involving alleged violation of any provision of any such regulation or order, the defendant may apply to the court in which the proceeding is pending for leave to file in the Emergency Court of Appeals a complaint against the President setting forth objections to the validity of any provision which the defendant is alleged to have violated or conspired to violate. The court in which the proceeding is pending shall grant such leave with respect to any objection which it finds is made in good faith and with respect to which it finds there is reasonable and substantial excuse for the defendant's failure to present such objection in a protest filed in accordance with section 407 of this title. Upon the filing of a complaint pursuant to and within thirty days from the granting of such leave, the Emergency Court of Appeals shall have jurisdiction to enjoin or set aside in whole or in part the provision of the regulation or order complained of or to dismiss the complaint. The court may authorize the introduction of evidence, either to the President or directly to the court, in accordance with subsection

(a) of this section. The provisions of subsections (b) and (c) of this section shall be applicable with respect to any proceeding instituted in accordance with this subsection.

"(2) In any proceeding brought pursuant to section 409 or 706 of this Act, section 205 or 206 of the Housing and Rent Act of 1947, as amended, or section 371 of title 18, United States Code, involving an alleged violation of any provision of any such regulation or order, the court shall stay the proceeding—

"(1) during the period within which a complaint may be filed in the Emergency Court of Appeals pursuant to leave granted under paragraph (1) of this subsection with respect to such provision;

"(2) during the pendency of any protest properly filed by the defendant under section 407 of this title prior to the institution of the proceeding under section 409 or 706 of this Act, section 205 or 206 of the Housing and Rent Act of 1947, as amended, or section 371 of title 18, United States Code, setting forth objections to the validity of such provision which the court finds to have been made in good faith; and

"(3) during the pendency of any judicial proceeding instituted by the defendant under this section with respect to such protest or instituted by the defendant under paragraph (1) of this subsection with respect to such provision, and until the expiration of the time allowed in this section for the taking of further proceedings with respect thereto.

Notwithstanding the provisions of this paragraph, stays shall be granted thereunder in civil proceedings only after judgment and upon application made within five days after judgment. Notwithstanding the provisions of this paragraph, in the case of a proceeding under section 409 (a) or 706 (a) of the Act or section 206 (b) of the Housing and Rent Act of 1947, as amended, the court granting a stay under this paragraph shall issue a temporary injunction or restraining order enjoining or restraining, during the period of the stay, violations by the defendant of any provision of the regulation or order involved in the proceeding. If any provision of a regulation or order is determined to be invalid by judgment of the Emergency Court of Appeals which has become effective in accordance with section 408 (b) of this title, any proceeding pending in any court shall be dismissed, and any judgment in such proceeding vacated, to the extent that such proceeding or judgment is based upon violation of such provision. Except as provided in this subsection, the pendency of any protest under section 407 of this title, or judicial proceeding under this section, shall not be grounds for staying any proceeding brought pursuant to section 409 or 706 of this Act, section 205 or 206 of the Housing and Rent Act of 1947, as amended, or section 371 of title 18, United States Code; nor, except as provided in this subsection, shall any retroactive effect be given to any judgment setting aside a provision of a regulation or order issued under this title.

SEC. 114. Title IV of the Defense Production Act of 1950, as amended, is amended by adding at the end thereof the following new sections:

"**SEC. 411.** In the administration of this title, no person shall be required to furnish any reports or other information with respect to sales of materials or services at prices which are below ceiling, if such person certifies to the President that such sales were made at such prices.

"SUSPENSION OF CONTROLS

"**SEC. 412.** It is hereby declared to be the policy of the Congress that the President shall use the price, wage, and other powers conferred by this Act, as amended, to promote the earliest practicable balance between production and the demand therefor of mate-

rials and services and that the general control of wages and prices shall be terminated as rapidly as possible consistent with the policies and purposes set forth in this Act; and that pending such termination, in order to avoid burdensome and unnecessary reporting and record keeping which retard rather than assist in the achievement of the purposes of this Act, price or wage regulations and orders, or both, shall be suspended in the case of any material or service or type of employment where such factors as condition of supply, existence of below ceiling prices, historical volatility of prices, wage pressures and wage relationships, or relative importance to business costs or living costs will permit, and to the extent that such action will be consistent with the avoidance of a cumulative and dangerous unstabilizing effect. It is further the policy of the Congress that when the President finds that the termination of the suspension and the restoration of ceilings on the sales or charges for such material or service, or the further stabilization of such wages, salaries, and other compensation, or both, is necessary in order to effectuate the purposes of this Act, he shall by regulation or order terminate the suspension.'

Sec. 115. Section 503 of the Defense Production Act of 1950, as amended, is hereby amended by adding at the end thereof the following: 'It is the sense of the Congress that, by reason of the work stoppage now existing in the steel industry, the national safety is imperiled, and the Congress therefore requests the President to invoke immediately the national emergency provisions (sections 206 to 210, inclusive) of the Labor-Management Relations Act, 1947, for the purpose of terminating such work stoppage.'

Sec. 116. (a) Section 601 of the Defense Production Act of 1950, as amended, is hereby repealed. The heading of title VI of the Defense Production Act of 1950, as amended, is amended to read as follows: 'TITLE VI—CONTROL OF REAL ESTATE CREDIT', and the subheading of such title is amended to read as follows: 'This title authorizes the regulation of real estate construction credit only'. The table of contents in the first section of the Defense Production Act of 1950, as amended, is amended by striking out 'consumer and'.

(b) Title VI of the Defense Production Act of 1950, as amended, is amended by adding at the end thereof the following new section:

"**Sec. 607.** Notwithstanding the provisions of 602 and 605 of this title, the authority of the President which is derived from said sections to impose credit regulations relative to residential property shall not be exercised with respect to extensions of credit made during any "period of residential credit control relaxation", as that term is herein defined, in such manner as to impose any down payment requirement in excess of 5 per centum of the transaction price. The President shall cause to be made estimates of the number of permanent, nonfarm, family dwelling units, the construction of which has been started during each calendar month and, on the basis of such estimates, he shall cause to be made estimates of the annual rate of construction starts during each such month, after making reasonable allowance for seasonal variations in the rate of construction. If for any three consecutive months the annual rate of construction starts so found for each of the three months falls to a level below an annual rate of 1,200,000 starts per year, the President shall cause to be published in the Federal Register an announcement of the beginning of a "period of residential credit control relaxation", which period shall begin not later than the first day of the second calendar month following such three consecutive months. Each such relaxation period may be terminated by the President at any time

after the annual rate of construction starts thereafter estimated for each of any three consecutive months exceeds the level referred to in the preceding sentence.'

"(c) Section 708 of the Defense Production Act of 1950, as amended, is amended by adding at the end thereof the following new subsection:

"(f) After the date of enactment of the Defense Production Act Amendments of 1952, no voluntary program or agreement for the control of credit shall be approved or carried out under this section.'

SEC. 117. Section 705 of the Defense Production Act of 1950, as amended, is amended by adding thereto the following new subsection:

"(f) Any person subpoenaed under this section shall have the right to make a record of his testimony and to be represented by counsel.'

SEC. 118. The first sentence of section 707 of the Defense Production Act of 1950, as amended, is amended by striking out the word 'his'.

SEC. 119. Subsection (b) of section 712 of the Defense Production Act of 1950, as amended, is amended by striking out the first sentence thereof and inserting in lieu thereof the following: 'It shall be the function of the Committee to make a continuous study of the programs and of the fairness to consumers of the prices authorized by this Act and to review the progress achieved in the execution and administration therefor.'

SEC. 120. Section 717 of the Defense Production Act of 1950, as amended, is amended by adding at the end thereof the following new subsection:

"(d) No action for the recovery of any cooperative payment made to a cooperative association by a Market Administrator under an invalid provision of a milk marketing order issued by the Secretary of Agriculture pursuant to the Agricultural Marketing Agreement Act of 1937 shall be maintained unless such action is brought by producers specifically named as party plaintiffs to recover their respective share of such payments within ninety days after the date of enactment of the Defense Production Act Amendments of 1952 with respect to any cause of action heretofore accrued and not otherwise barred, or within ninety days after accrual with respect to future payments, and unless each claimant shall allege and prove (1) that he objected at the hearing to the provisions of the order under which such payments were made and (2) that he either refused to accept payments computed with such deduction or accepted them under protest to either the Secretary or the Administrator. The district courts of the United States shall have exclusive original jurisdiction of all such actions regardless of the amount involved. This subsection shall not apply to funds held in escrow pursuant to court order. Notwithstanding any other provision of this Act, no termination date shall be applicable to this subsection.'

SEC. 121. (a) Paragraph (4) of subsection (a) of section 714 of the Defense Production Act of 1950, as amended, is amended by striking out '1952' and inserting in lieu thereof '1953'.

(b) Section 717 (a) of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(a) Titles I, II, III, VI, and VII of this Act and all authority conferred thereunder shall terminate at the close of June 30, 1953; and titles IV and V of this Act and all authority conferred thereunder shall terminate at the close of April 30, 1953.'

"TITLE II—AMENDMENTS TO HOUSING AND RENT ACT OF 1947, AS AMENDED

SEC. 201. (a) Subsection (e) of section 4 of the Housing and Rent Act of 1947, as amended, is amended by striking out 'June

30, 1952' and inserting in lieu thereof 'April 30, 1953'.

"(b) Subsection (f) of section 204 of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"'(I) (1) The provisions of this title shall cease to be in effect at the close of September 30, 1952, except that they shall cease to be in effect at the close of April 30, 1953—

"'(A) in any area which prior to or subsequent to September 30, 1952, is certified under subsection (1) of section 204 of this Act as a critical defense housing area;

"'(B) in any incorporated city, town, or village which, at a time when maximum rents under this title are in effect therein, and prior to September 30, 1952, declares (by resolution of its governing body adopted for that purpose, or by popular referendum in accordance with local law) that a substantial shortage of housing accommodations exists which requires the continuance of Federal rent control in such city, town, or village; and

"'(C) in any unincorporated locality in a defense-rental area in which one or more incorporated cities, towns, or villages constituting the major portion of the defense-rental area have made the declaration specified in subparagraph (B) at a time when maximum rents under this title were in effect in such unincorporated locality.

"'(2) Any incorporated city, town, or village which makes the declarations specified in paragraph (1) (B) of this subsection shall notify the President in writing of such action promptly after it has been taken.

"'(3) Notwithstanding any provision of paragraph (1) of this subsection, the provisions of this title shall cease to be in effect upon the date of a proclamation by the President or upon the date specified in a concurrent resolution by the two Houses of the Congress, declaring that the further continuance of the authority granted by this title is not necessary because of the existence of an emergency, whichever date is the earlier.

"'(4) Notwithstanding any provision of paragraph (1) or (3) of this subsection, the provisions of this title and regulations, orders, and requirements thereunder shall be treated as still remaining in force for the purpose of sustaining any proper suit or action with respect to any right or liability incurred prior to the termination date specified in such paragraph."

"Sec. 202. Section 204 of the Housing and Rent Act of 1947, as amended, is amended by adding at the end thereof the following new subsections:

"'(p) Except in the case of action taken after full compliance with subsection (k) of this section, the President shall not re-establish maximum rents in any defense-rental area, including any community owned and operated by the Federal Government, which has previously been decontrolled under this Act until a public hearing, after thirty days' notice, has been held in such area.

"'(q) Consistent with the other provisions of this Act, all affected agencies, departments, and establishments of the Federal Government shall, by July 15, 1952, establish and administer rents and service charges for quarters supplied to Federal employees and members of the Uniformed Services furnished quarters on a rental basis in accordance with regulations promulgated by the Bureau of the Budget: *Provided however*, That the provisions of this subsection shall not apply to housing units under the jurisdiction of the Atomic Energy Commission where Federal Rent Control is now in effect."

"Sec. 203. The Director of Defense Mobilization is hereby authorized to appoint a Defense Areas Advisory Committee to advise him in connection with the exercise of any function or authority vested in him by sec-

tion 204 (1) of the Housing and Rent Act of 1947, as amended, or section 101 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, or by delegation thereunder, with respect to determining any area to be a critical defense housing area. Any committee so appointed shall consist, in addition to a chairman, of representatives of the Department of Defense, the Housing and Home Finance Agency, and the Office of Rent Stabilization. Any Federal Agency shall, to the fullest practicable extent, furnish such information in its possession to the Defense Areas Advisory Committee as such Committee may request from time to time relevant to its operations.

**"TITLE III—MISCELLANEOUS
"PUBLIC CONTRACTS**

"SEC. 301. The Act entitled 'An Act to provide conditions for the purchase of supplies and the making of contracts by the United States, and for other purposes', approved June 30, 1936 (41 U. S. C. 35-45), is amended (1) by redesignating sections 10 and 11 as sections 11 and 12, respectively, and (2) by inserting immediately following section 9 a new section 10 as follows:

"SEC. 10. (a) Notwithstanding any provision of section 4 of the Administrative Procedure Act, such Act shall be applicable in the administration of sections 1 to 5 and 7 to 9 of this Act.

"(b) All wage determinations under section 1 (b) of this Act shall be made on the record after opportunity for a hearing. Review of any such wage determination, or of the applicability of any such wage determination may be had within ninety days after such determination is made in the manner provided in section 10 of the Administrative Procedure Act by any person adversely affected or aggrieved thereby, who shall be deemed to include any manufacturer of, or regular dealer in, materials, supplies, articles or equipment purchased or to be purchased by the Government from any source, who is in any industry to which such wage determination is applicable.

"(c) Notwithstanding the inclusion of any stipulations required by any provision of this Act in any contract subject of this Act, any interested person shall have the right of judicial review of any legal question which might otherwise be raised, including, but not limited to, wage determinations and the interpretation of the terms "locality", "regular dealer", "manufacturer", and "open market".

And the House agree to the same.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
JESSE P. WOLCOTT,
RALPH A. GAMBLE.

Managers on the Part of the House.

BURNET R. MAYBANK,
J. W. FULBRIGHT,
A. WILLIS ROBERTSON,
JOHN SPARKMAN,
J. ALLEN FREAR, Jr.,
JOHN W. BRICKER,
I. M. IVES,

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 House to the bill (S. 2594) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause

and inserted a substitute amendment. The conferees have agreed to a substitute for both the Senate bill and the House amendment. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House amendment and the substitute agreed to in conference.

DEFENSE PRODUCTION ACT

Importation and use of materials

Section 101 of the act authorizes the President to allocate materials and facilities to promote the national defense. The Senate bill included a provision which would amend section 101 so as to prohibit restrictions or other limitations under title I of the act upon a person purchasing a commodity abroad and importing and using it in the United States if the domestic production thereof exceeds allocations for defense, stockpiling, and foreign military assistance purposes. The provision would also prohibit all restrictions or other limitations under title I of the act if the domestic production of any commodity is sufficient for all civilian domestic, defense, stockpiling, and foreign military assistance requirements. The Senate bill also contained a provision which would add a new section 105 to title I of the act. Under the authority of the new section the President could participate in the International Materials Conference through Senate-confirmed representatives and, notwithstanding any other provision of title I to the contrary, after an appropriate public hearing and finding, could use his powers under the act to carry out International Materials Conference recommendations. The President, subject to the provisions of the section and without other impairment of his authority under the act, could exercise allocation and priorities controls over materials both domestically produced and imported and facilities through the controlled materials plan or other methods of allocation.

The House amendment provides for the adding of certain provisions to section 101 of the act. One of these would provide that when all requirements of the national defense, stockpiling and foreign military assistance programs had been met through allocations and priorities it would be the declared policy of the United States to encourage the maximum supply of raw materials for the civilian economy and thus increase employment opportunities and minimize inflationary pressures. It further would be provided that no authority granted under the act could be used to limit the domestic consumption of any material in order to restrict total United States consumption to an amount fixed by the International Materials Conference.

The conference substitute retains the declaration of policy provisions contained in the House amendment with respect to encouraging the maximum supply of raw materials for the civilian economy. In addition it provides that no agreement shall be entered into by the United States limiting the total United States consumption of any material unless the agreement authorizes domestic consumers to purchase the unused quantities allocated to other countries. The conference substitute also makes clear that allocations and priorities controls may be applied to materials (both domestically produced and imported) and facilities through the Controlled Materials Plan or other methods of allocation. With respect to domestic users purchasing materials allocated to another country but not used by that country it is the intention of the Committee of Conference that adequate steps shall be taken by our Government in agreement with the government of such country in order that information concerning the amount of any unused allocation will be made available to domestic users as quickly as possible in

order that such users may have the opportunity to purchase such quantities.

Import limitations

The House amendment contained a provision which would amend section 101 of the act in a manner which would require that when priorities or allocations of any raw material operate to limit the production of articles or products produced in the United States, the President by proclamation would have to limit imports of any article or product using such raw material upon the request of a substantial portion of American producers of such article or product or an article or product competitive therewith provided the Secretary of Defense has not certified to the President that American production of such article or product is insufficient to supply the essential needs thereof. The import limitation for an article or product would be set at 100 percent of the average annual imports of such article or product during the calendar years 1947 through 1949, except that, if the Secretary of Defense certifies that American production of such article or product is insufficient to supply essential needs, imports would be limited to such quantity as the Secretary of Defense certifies as necessary, in excess of American production, to meet essential defense needs. Provision would be made for appropriate hearings before the Tariff Commission and for reports by the Tariff Commission to the President. The President would be required to proclaim the appropriate import limitation within 30 days of his receipt of the report from the Tariff Commission. No similar provision was included in the Senate bill and it is not included in the conference substitute.

Import controls over fats and oils

Section 104 of the act prohibits imports of fats and oils, peanuts, butter, cheese and other dairy products, and rice and rice products which would (a) impair or reduce domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price-support program.

The Senate bill rewrote section 104 so that it would provide that, for the purpose of exercising import controls over fats and oils, peanuts, butter, cheese, and other dairy products, and rice and rice products, the provisions with respect thereto of title III of the Second War Powers Act would be revived and continued in force. Under this authority such import controls could be exercised only if they are found (a) essential to the acquisition or distribution of products in world short supply, or (b) essential to the orderly liquidation of temporary surpluses of stocks owned or controlled by the Government.

The House amendment, while retaining the criteria of existing law for the exercise of such import control authority, added provisions which (1) would specifically provide that such import controls could be exercised with respect to types and varieties of a commodity or product, and (2) would authorize the Secretary of Agriculture to increase the import limitations established under section 104 up to an additional 10 percent for each types or variety which he might deem necessary, taking into consideration the broad effects on international relationships and trade.

The conference substitute retains the provisions of the House amendment except that the figure of 15 percent is substituted for the figure of 10 percent in the proviso.

The committee of conference desires to make it clear that this authority is not to

be exercised with respect to types of cheeses, such as Roquefort and Switzerland Swiss, which, because of their United States selling price, are clearly not competitive with domestically produced cheeses.

Application of section 402 (d) (4)

The Senate bill contained a provision which was not included in the House Amendment which specifically would make the provisions of section 402 (d) (4) of the act (which provides for adjustment of price ceilings to reflect reasonable cost increases up to July 26, 1951) inapplicable to a seller of a material at retail or wholesale within the meaning of section 402 (k) of the act (which generally provides that price ceilings may not be imposed which deny distributors customary margins over costs). The conference substitute retains this provision of the Senate bill.

Ceilings on products processed from agricultural commodities

The House amendment included a provision amending section 402 (d) (3) of the act which would require that ceiling prices in any agricultural marketing area for products resulting from the processing of agricultural commodities, including livestock, milk, and other dairy products, reflect the cost adjustments provided for in section 402 (d) (4) and the customary distributing and selling margin or charge over costs provided for in section 402 (k) of the act. The Senate bill did not contain a provision similarly amending section 402 (d) (3) of the act.

The conference substitute retains this provision with modifications. The substitute language provides that any manufacturer or processor of an agricultural commodity has the same right to an individual adjustment of his ceiling prices under the third section of section 402 (d) (4) as does a manufacturer or processor of nonagricultural commodities. Wholesalers and retailers of processed agricultural commodities shall be afforded the same treatment under section 402 (k) as other wholesalers and retailers of materials.

The provisions of section 402 (k), in the case of distribution of processed agricultural commodities, apply on a marketing area basis in the case of a commodity like milk, which traditionally is priced on that basis. The provisions of the substitute are designed to make clear that under existing law that the provisions of section 402 (d) (4) are applicable to a processor of agricultural commodities and the provisions of section 402 (k) to wholesalers and retailers of processed agricultural commodities.

While under section 402 (d) food processors are entitled to individual adjustments, under section 402 (k) food distributors are not entitled to individual margins or charges. This provision does not change the rights accruing under either section. It is merely designed to make it clear that food processors and distributors have the same rights as other processors and distributors.

Price control and rationing

The House amendment contained a provision which would add a new paragraph (5) to section 402 (d) of the act. The new paragraph would require suspension of the price ceiling on any material as long as (1) the material is selling below the ceiling price and has so sold for a period of 3 months; or (2) the material is in adequate or surplus supply and has been so for a period of 3 months. For this purpose a material would be in adequate or surplus supply whenever it is not being allocated for civilian use, or in the case of an agricultural commodity or product processed in whole or substantial part therefrom, is not being rationed at the retail level of consumer goods for household and personal use, under title I of the act. The Senate bill did not

contain a similar provision and neither does the conference substitute.

Price ceilings for certain sales to ultimate users

The House amendment provided for the addition of a new paragraph (6) to section 402 (d) of the act. The new paragraph (6), effective as of the date of issuance of the General Price Ceiling Regulation, would provide that any sale of fertilizer to the ultimate user by a person who acquired it for resale would be considered a retail sale for the purpose of determining the applicable price ceiling under the General Price Ceiling Regulation. The Senate bill did not contain a similar provision. The conference substitute retains this provision of the House amendment, except that it takes effect upon enactment instead of as of January 26, 1951.

Engineers, architects, accountants

The Senate bill contained a provision which would amend the exemption from wage controls in section 402 (e) (ii) of the act by adding to those compensations which are exempted the wages, salaries, and other compensation paid: to professional engineers employed in a professional capacity; to professional architects employed in a professional capacity by an architect or firm of architects engaged in the practice of that profession; and to certified public accountants licensed to practice as such, employed in a professional capacity by a certified public accountant or firm of such accountants engaged in the practice of that profession. The House amendment contained no similar provision. The conference substitute includes this provision of the Senate bill.

Exemption of wages of publication and information enterprises

The second part of section 402 (e) (iii) of the act presently exempts from price control rates charged by any person in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio broadcasting or television station, a motion picture or other theater enterprise, or outdoor advertising facilities. The House amendment contained a provision which would broaden this paragraph to exempt from wage control, wages paid to employees engaged in such businesses. The Senate bill contained no similar provision. The conference substitute does not include this provision of the House amendment.

Exemption of marine terminals and certain common carrier charges

Paragraph (v) of section 402 (e) of the act exempts rates charged by any common carrier or other public utility from price control, but in a proviso grants limited intervention rights to the President, or such agency as he may designate, in proceedings for rate increases before appropriate regulatory bodies.

The Senate bill contained a provision which would, declaratory of existing law, include rates charged by marine terminals in the exemption in section 402 (e) (v). This change would be made by exempting "rates charged by any person subject to the Shipping Act, 1916 (Public Law 260, 64th Congress), as amended." The Senate provision would also, declaratory of existing law, include in the exemption of common carrier rates and charges (a) compensation for the use by others of a common carrier's cars or other transportation equipment, charges for the use of washroom and toilet facilities in terminals and stations, charges for repairing cars or other transportation equipment, owned by others, charges for repairing cars or other transportation equipment owned by others, charges for the use of parking facilities operated by common carriers in connection with their common carrier operations; and (b) charges paid by common carriers for the performance of a part of their

transportation services to the public, including the use of cars or other transportation equipment owned by a person other than a common carrier, protective service against heat or cold to property transported or to be transported, and pickup and delivery and local transfer services. The Senate bill would retain the limited intervention authority of the proviso referred to in the preceding paragraph.

The House amendment contained a provision which would extend the exemption presently granted in 402 (e) (v) to include rates charged by marine terminals and would have taken away the limited authority to intervene by deleting the proviso.

The conference substitute retains the provision of the Senate bill except that (1) the statement that the exemption is declaratory of existing law has been deleted and (2) a further proviso is added to the paragraph which forbids the Office of Price Stabilization to intervene in any case involving increases in rates or charges proposed by any common carrier or other public utility except in accordance with the limited intervention right now granted in the first proviso of the paragraph. The exemptions provided for in this provision merely spells out the original intention of Congress as it is the understanding of the committee that the new matters covered in this exemption are generally subject to regulatory supervision.

Exemption of State sales

The Senate bill made provision for the addition of a new paragraph (viii) to section 402 (e) of the act. The new paragraph would exempt from price controls rates, fees, and charges for materials or services supplied directly by the States, Territories, and possessions of the United States, and their political subdivisions and municipalities, the District of Columbia, and any agency of any of the foregoing. The House amendment provided for a more limited exemption in that it ran only to sales of surplus materials made by the above enumerated governmental units. The conference substitute retains the broader provisions of the Senate bill.

Customary distributor margins

The Senate bill contained a provision which would rewrite the first sentence of section 402 (k) of the act so that it would be applicable to OPS regulations issued before as well as after that section was enacted last year.

The House amendment contained provisions which would (1) make the subsection applicable to sellers of services as well as sellers of materials, (2) make clear that the subsection is applicable to sellers whether their customary margins over costs are calculated on a percentage mark-up basis or on a dollars-and-cents basis, (3) make the subsection applicable on an individual basis only, and (4) forbid the maintenance in effect of rules, regulations, orders, or amendments thereto, whether issued before or after the enactment of the amendment, unless they meet the requirements of the subsection. This amendment of section 402 (k) would take effect 60 days after its enactment.

The conference substitute retains the provisions of the House amendment except those contained in clauses 1 and 3 of the preceding paragraph, and the changes made by the conference amendment would take effect upon enactment instead of 60 days later. The language of the conference substitute is thus the same as the corresponding provision of H. R. 8210, as reported by the House Banking and Currency Committee.

The Office of Price Stabilization, as a matter of discretion, may use individual mark-ups in fields where they are appropriate, a practice which it now follows in many of those regulations. However, under the conference substitute, the Office of Price Stabilization is not required by law to use individual mark-ups for any seller.

State minimum prices

The Senate bill contained a provision which would add a new subsection (l) to section 402 of the act under which no price ceiling for any material could be set in any State below the minimum sales price of such material fixed "by the State law (other than any so-called 'fair trade law') or regulation now in effect." The House amendment contained a generally similar provision which, however, in place of the language included in the above quotation marks would substitute "by any State law other than any so-called fair-trade law enacted prior to July 1, 1952, or by regulation issued pursuant to such law". The conference substitute retains the provision but in place of the quoted language above substitutes "by the State law (other than any so-called 'fair trade law') now in effect, or by regulation issued pursuant to such law."

It was the intent of the conferees that this provision apply only to State minimum price laws which are presently enforced and in effect, and not to State minimum price laws which are not now enforced or which are dormant.

Meat price ceilings of affiliated hotel supply houses

The House amendment contained a provision which would add a new subsection (m) to section 402 of the act. The new subsection would not permit the imposition of meat price ceilings for any hotel supply house or combination distributor which is affiliated with a slaughterer or slaughtering establishment, lower than those accorded hotel supply houses or combination distributors not so affiliated. The Senate bill did not contain a similar provision. The conference substitute retains the provisions of the House amendment, but further provides that the subsection applies to any wholesaler affiliated with a slaughterer or slaughtering establishment, whose affiliation does not amount to an interest or equity greater than 50 percent.

Ceiling on agricultural commodities and margin controls

The Senate bill in section 110 would provide that notwithstanding any other provision of the act, whenever price ceilings are imposed on any agricultural commodity at the farm level, margin controls simultaneously would have to be imposed on processors, wholesalers, and retailers allowing them normal markups as provided in the Act but not greater than their normal margins of profit. No similar provision was contained in the House amendment. The conference substitute retains this provision of the Senate bill.

ESA duty to coordinate

The Senate bill contained a provision which would add a new subsection to section 402 of the act. This subsection would make it the express duty of the Economic Stabilization Agency, or any successor agency, to coordinate the relationship between prices and wages, and to stabilize prices and wages. The House amendment contained no similar provision. The conference substitute retains this provision of the Senate bill.

Administration of salary stabilization

The House amendment contained a provision which would amend section 403 of the Act through the addition of two new sentences. These would provide that notwithstanding the other provisions of the section, administration of salary stabilization for executive, administrative, supervisory, and professional personnel would be under the jurisdiction of the Bureau of Internal Revenue under stabilization policies promulgated by the Economic Stabilization Administrator. The meaning of the above enumerated personnel classifications would be the same as defined in the Labor-Management Relations Act, 1947, and in

existing regulations under the Fair Labor Standards Act. The Senate bill did not contain a similar provision.

The conference substitute provides that stabilization of salaries and other compensation of persons employed as outside salesmen, in bona fide executive, administrative or professional capacities, or as supervisors shall be administered by the Salary Stabilization Board and the Office of Salary Stabilization as presently established within the Economic Stabilization Agency or any successor agency subject to the supervision and direction of the Economic Stabilization Administration.

Suspension of ceilings and reporting

The Senate bill contained a provision which would add a new section to title IV of the act. The new section would declare it to be a policy of the Congress that general control of wages and prices should be terminated as rapidly as possible consistent with the policies and purpose of the act and that pending such termination, controls over wages or prices should be suspended whenever possible, consistent with specified stabilization considerations, to avoid burdensome and unnecessary reporting and record keeping. Provision would be made to revoke any such suspension actions whenever it would be necessary to effectuate the purposes of the Act.

The House amendment also contained a provision which would add a new section to title IV of the act. The new section would provide for relief from the burden of furnishing reports or other information to the OPS with respect to sales of materials or services at prices which are below the applicable ceiling prices if the seller certifies to the President that such sales were made at such prices. Thus a simple certification would replace a substantial volume of price reporting for sales made at prices which are below ceilings. The relief from the burden of furnishing reports would not, of course, deny the right of investigation under section 705. Under this provision existing price ceilings would not be suspended and would remain in effect as a stopping point should prices of a commodity go back to the ceiling.

The conference substitute contains both of these provisions which are added as new sections 411 and 412 of the act.

Limitation on natural gas exemption

Section 704 of the act now provides that no rule, regulation, or order issued under the act which restricts the use of natural gas shall apply in any State in which a public regulatory agency has authority to restrict the use of natural gas and certifies to the President that it is exercising that authority to the extent necessary to accomplish the objectives of the act. The House amendment contained a provision which would qualify this exemption by requiring that in addition to meeting the other criteria, the public regulatory agency must make provision for natural gas for house heating to amputee veterans, other hardship cases, and totally disabled individuals. The Senate bill did not contain a similar provision.

The conference substitute does not contain this provision of the House amendment. It is the opinion of the committee of conference, however, that State regulatory bodies should make appropriate provision allowing for the use of natural gas for house heating for amputee veterans, totally disabled individuals, and other hardship cases. *

Competitive position of business considered in allocating materials

Section 701 (c) of the act provides in part that in allocating materials the President shall, among other things, make available for business and segments thereof a fair share of the available civilian supply based on the normal share received by such business during a representative period preceding June 24, 1950, and having due regard

to the current competitive position of established business. The House amendment contained a provision which would specify that the current competitive position of established business referred to in the subsection is the position during such representative period preceding June 24, 1950. The Senate bill did not contain a similar provision, and neither does the conference substitute.

Wage Stabilization Board

Both the Senate bill and the House amendment provided for the addition of a new subsection (b) to section 403 of the Act under which the present Wage Stabilization Board would be abolished and replaced with a new Wage Stabilization Board created in the Economic Stabilization Agency. The new Board would be composed of members representative of the general public, labor, and business and industry. The number of members would be determined by the President and all members would be appointed by the President. Public members would be paid \$15,000 per year and could not engage in other employment; other members would receive compensation for service of \$50 per day plus statutory allowances for necessary travel and subsistence expenses. The President would designate the Chairman and Vice Chairman from among the public members. The Board would be under the supervision and direction of the Economic Stabilization Administrator and would recommend to him general policies and general regulations relating to prescribing maximum limits on wages, salaries, and other compensation. The Board upon request of interested parties would advise on interpretation and application of such policies and regulations promulgated by the Economic Stabilization Administrator.

The Senate bill and the House amendment however, contained different proposals with respect to composition of the Board, confirmation of its members, term of office of its members and duties of the Board.

Under the Senate bill the Board would be composed of an equal number of members representing the public, labor, and industry and management, while under the House amendment the number of public members would have to exceed the aggregate of labor, and business and industry members. The House amendment would have provided further that labor, and business and industry would have equal representation on the Board and that among labor members, at least one would have to be a person who is not a representative of any organization affiliated with either of the two major labor organizations.

Under the Senate bill appointment of all of the Board members would be subject to Senate confirmation while under the House amendment appointment of only the public members would have to be so confirmed.

Under the Senate bill the terms of office of the members of the Board would terminate on March 1, 1953, while under the House amendment such termination date would be June 30, 1953.

Under the Senate bill the Board, or a proportionate panel of the Board, could undertake to mediate and/or arbitrate wage, salary, and other compensation labor disputes if the Director of the Federal Mediation and Conciliation Service certifies to the Administrator of the Economic Stabilization Agency that all remedies available to the Service have been exhausted, and (a) the parties themselves ask the Board to mediate and/or arbitrate, or (b) the President asks the Board to mediate and/or arbitrate and the parties consent. The House amendment did not provide similar limited disputes authority for the Board and in fact specifically provided that aside from its advice on and interpretative duties with respect to regulations issued by the Economic Stabilization Administrator covering wages, salaries and other compensation, the Board

would have no jurisdiction with respect to any labor dispute or with respect to any issue involved therein. It was further specifically provided that labor disputes, so far as governmental action is concerned, if dealt with at all would be dealt with only in accordance with statutes which have been enacted or may be enacted by the Congress.

The conference substitute follows the provisions of the Senate bill with reference to the composition of the new Wage Stabilization Board, namely, that it would consist of an equal number of members representing the public, labor, and business and industry and Senate confirmation would be required for all members appointed to the Board. With respect to powers and duties of the Board, the conference substitute follows the provisions of the House amendment and does not grant any authority to mediate or arbitrate, and in addition the term of office of the Board members would terminate on May 1, 1953. The conference substitute further provides that after June 27, 1952, the present Wage Stabilization Board shall issue to individual cases pending before the Board prior to such date.

The conference substitute is not intended to preclude the Board from, as at present, enforcing wage stabilization regulations and policies.

Credit controls

The Senate bill continued title VI of the act which provides authorities for the control of consumer and real estate credit. The House amendment included a provision repealing title VI of the act and amending section 708 of the act so that hereafter no voluntary program or agreement for the control of credit could be approved or carried out under that section.

The conference substitute revokes the authority to impose consumer credit controls under the Defense Production Act (regulation W) and to approve or carry out any voluntary program or agreement for the control of credit. Provision is made, however, for continuing and limiting the authority of the President to exercise real estate construction credit control (regulation X and related programs in connection with Government-aided housing). Whenever, for any consecutive 3 months, the annual rate of starts of permanent, nonfarm, family dwelling units falls below 1,200,000 units, the President is to publish in the Federal Register an announcement of the beginning of a period of residential credit control relaxation. Such period shall start by the first day of the second calendar month following the three consecutive months during which the annual rate of starts has dropped below 1,200,000. During the relaxation period, credit regulations cannot require more than a 5-percent down payment on the transaction price of residential property subject to such regulations. The relaxation period may be ended by the President whenever the annual rate of starts for any three consecutive months exceeds 1,200,000. He then may impose credit controls within the limits of the authority granted him by title VI of the act, as amended, during periods which are not periods of residential credit control relaxation. The conference substitute as to title VI is prospective in nature and the procedures prescribed therein begin to operate on the effective date of the Defense Production Act Amendments of 1952.

Review of price and rent orders and regulations

Section 407 of the act now provides for a procedure whereby any person subject to a regulation or order relating to price controls may file a protest with the President objecting to the regulation or order. Section 408 of the act now provides for review of such regulations and orders in the Emergency Court of Appeals.

The House amendment would amend section 407 so as to make available to persons subject to regulations and orders relating to rent controls the same protest procedure now available under section 407 with respect to regulations and orders relating to price controls, and to provide for review of regulations and orders relating to rent controls by the Emergency Court of Appeals. In addition, the House amendment would rewrite section 408 of the act so as to make several changes with respect to review by the Emergency Court of Appeals of regulations and orders relating to both price controls and rent controls. The amendment would permit the Court to "grant such temporary relief or restraining order as it deems just and proper"; and would eliminate the existing provision forbidding the Court to issue such temporary orders. The amendment would eliminate the existing provision as to the scope of review by the Court and would provide, instead, that "the findings of the President with respect to questions of fact, if supported by a preponderance of the evidence on the record shall be conclusive." The amendment also would eliminate the existing provision which stays for thirty days the effectiveness of any court order enjoining or setting aside a regulation or order.

The Senate bill did not contain a similar provision.

The conference substitute retains the provisions of the House amendment except for the following change. In lieu of "if supported by a preponderance of the evidence on the record" the conference substitute provides "if supported by substantial evidence on the record considered as a whole". This change was adopted to bring this provision into conformity with the provisions of section 10 (e) of the Administrative Procedure Act.

In removing the provision which prohibits the court from granting temporary relief it is the intention of the committee of conference that the court grant such relief only in accordance with the applicable principles of equity, and giving due consideration to the effect which such action would have upon the stabilization objectives of the Act.

With respect to removing the existing provision which stays for 30 days the effectiveness of any order of the Court enjoining or setting aside regulations or orders, the committee of conference desires to emphasize the fact that it does not intend by this action to prevent the Court from granting such stays of its orders as it deems desirable in order that the agency may make the required changes in the affected regulations or orders in order to conform to the judgment of the Court. It is the opinion of the committee of conference that the Court should give due consideration to the granting of stays of its orders so that the agency concerned may have an opportunity to bring its regulations and orders in conformity to the judgment of the Court. The committee has full confidence that the Court will use its authority to grant stays of the effectiveness of its orders where it is necessary to give the agency time in which to correct its regulations or orders so that the objectives of this Act can be achieved.

Extension of Defense Production Act

The Senate bill contained provisions which would extend titles I, II, III, VI, and VII of the act to the close of June 30, 1953. The House amendment contained provisions which would extend all titles of the act, except title VI, to the close of June 30, 1953. Title VI would be repealed.

The conference substitute provides that titles I, II, III, VI, and VII of this act and all authority conferred thereunder shall terminate at the close of June 30, 1953; and titles IV and V of this act and all authority conferred thereunder shall terminate at the close of April 30, 1953.

HOUSING AND RENT ACT
Extension of the act

The Senate bill provided for the extension of the Housing and Rent act of 1947, as amended, to February 28, 1953. The House amendment contained a provision amending section 204 (f) of the Housing and Rent Act of 1947, as amended. The amendment would extend that act to September 30, 1952, except that the act would continue in effect until the close of March 31, 1953, (a) in any area which prior to or subsequent to September 30, 1952, is certified under section 204 (1) of the act as a critical defense housing area and (b) in any incorporated city, town, or village where rent control is in effect, and prior to September 30, 1952, declares by resolution of its local governing body or by popular referendum that a substantial shortage of housing exists requiring continuance of Federal rent control in such locality. Rent control would be continued for a like period in any unincorporated locality in a defense-rental area in which one or more of the incorporated localities, constituting the major portion of the defense rental area, retains rent control. The other provisions of section 204 (f) would be retained unchanged. Veteran preferences in the rental or purchase of new housing accommodations would be extended to June 30, 1953.

The conference substitute retains the provisions of the House amendment, except that the date April 30, 1953, is substituted for March 31, 1953, as the final termination date for rent control. Veteran preferences in the rental or purchase of new housing accommodations are likewise extended to April 30, 1953.

Recontrol in decontrolled defense-rental areas

The Senate bill contained a provision which would add a new subsection (p) to section 204 of the act. Except in the case of local option recontrol under section 204 (k), the new subsection would prevent the recontrol of rents in a previously decontrolled defense-rental area, including any community owned and operated by the Federal Government, until a public hearing, after thirty days' notice, has been held in such area. The House amendment did not contain a similar provision. The conference substitute contains the Senate provision.

Critical defense housing areas

The present law in section 204 (1) contains three criteria for the certification of a critical defense housing area. These criteria are met if specified conditions as to defense installations, in-migration, shortage of housing, and rents either exist, or are impending or threatening. The House amendment would provide that the criteria are met only if these conditions are actually in existence at the time. The Senate bill did not contain a similar provision.

The conference substitute does not contain the provisions of the House amendment.

WALSH-HEALEY ACT

Section 301 of the Senate bill amends the Walsh-Healey Act by adding thereto a new section 10.

Subsection (a) of section 10 makes the provisions of the Administrative Procedure Act applicable to sections 1 to 5 and 7 to 9 of the Walsh-Healey Act. Section 4 of the Administrative Procedure Act now excepts matters relating to public contracts from the requirements of the Act pertaining to rule making. The effect of the amendment made by subsection (a) is to make rules (as defined in the Administrative Procedure Act) which are promulgated by the Secretary of Labor in the administration of section 1 to 5 and 7 to 9 of the Walsh-Healey Act subject to certain minimum procedural requirements applicable to agencies generally in exercising

rule making powers. Such requirements include (1) adequate notice of the proposed rule making with a clear statement of the terms or substance of the proposed rule, (2) opportunity for interested persons to participate in the proposed rule making by submission of views or arguments, and (3) the right of interested persons to petition for the issuance, amendment, or repeal of a rule. It is to be noted that compliance with the procedural requirements of the Administrative Procedure Act is not required in the case of rules promulgated under section 6 of the Walsh-Healey Act. Section 6 provides statutory authority for the Secretary of Labor to make exceptions under certain conditions with respect to contracts which would otherwise be subject to the provisions of the act.

Subsection (b) of section 10 provides that all wage determinations by the Secretary of Labor under section 1 (b) of the Walsh-Healey Act shall be made on the record after opportunity for an agency hearing. The effect of this language is to compel compliance by the Secretary of Labor with the requirements of sections 7 and 8 of the Administrative Procedure Act (relating to hearings and decisions) as a prerequisite to the making of a determination of the prevailing minimum wages in an industry. The full force of the procedural safeguards contained in the Administrative Procedure Act is thereby brought into play insofar as these controversial determinations are concerned. The subsection further assures the right to obtain judicial review of these determinations in the manner provided in section 10 of the Administrative Procedure Act by any person adversely affected or aggrieved thereby, who shall be deemed to include any manufacturer of, or regular dealer in, materials, supplies, articles, or equipment purchased or to be purchased by the Government from any source, who is in any industry to which the wage determination is applicable. The language assuring judicial review makes it clear that the court may consider the applicability of the wage determination to any person as well as the amount arrived at by the Secretary of Labor. Any such review may be sought, however, only by a proceeding instituted within 90 days after the determination is made.

Subsection (c) of section 10 is designed to permit any Government contractor whose contract contains stipulations required by the Walsh-Healey Act to obtain a judicial determination in any appropriate proceeding of any legal question (including the applicability of the act) to the same extent as any such question could be raised if the stipulations were not contained in the contract. Without the language contained in subsection (c) there would be some doubt as to whether any Government contractor who had signed a contract containing "Walsh-Healey stipulations" could later in any legal proceeding raise questions concerning (1) the applicability of the act to his particular contract, or (2) the legality of any such stipulation. Under subsection (c) the court and not the Secretary of Labor may ultimately decide whether, in respect to any particular Government contract, the Walsh-Healey Act is being properly applied. The House amendment did not contain a similar provision. The conference substitute contains the provisions of the Senate bill.

ADDITIONAL COMMITTEE COMMENT
Grading and grade marking of meat and meat products

It is the understanding of the committee of conference that the proviso contained in section 101a of the conference report does not grant any additional authority not now contained in the act but rather is designed to insure continuance of existing Office of Price Stabilization grading and grade mark-

ing of meat and meat products including the necessary requirements as to related records and record keeping.

Certain technical violations

The committee of conference has received several complaints concerning the general ceiling price regulation affecting lumber distributors in southern areas with respect to which the committee believes relief must be afforded. The general ceiling price regulation was issued in January 1951 shortly after the general price freeze. The provisions of the regulation as it affected such distributors were ambiguous in many respects, and attempts were immediately made to bring this to the attention of the agency. However, a period of a year elapsed before a new regulation was issued correcting and clarifying the matters complained of. During this period it is the understanding of the committee there were some technical violations of the general ceiling price regulation of a nonwillful character. Such technical violations would not be violations of the order now in effect and but for the long period of time it took to issue the current order would probably never have occurred. It is not the intention of the committee to condone willful violations of any price regulation or order in this instance or any other. But in view of the circumstances of these cases it is the opinion of the committee that there should be no prosecution of technical violations, which were nonwillful, and which would not constitute any violation of the order currently in effect.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
JESSE P. WOLCOTT,
RALPH A. GAMBLE,

Managers on the Part of the House.

MR. SPENCE. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (S. 2594) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, and for other purposes.

THE SPEAKER. Is there objection to the request of the gentleman from Kentucky?

MR. WILLIAMS of Mississippi. Mr. Speaker, reserving the right to object, I do this merely in order to enter my protest against this manner of handling legislation. This conference report, as I understand, was reported to the House only a few hours ago. The Members have not had an opportunity to read it. It is a conference report on a bill that took 3 days of debate in the House to complete action on, and I understand there are some radical changes between the House and Senate versions. Even though I shall not object at this time, Mr. Speaker, I do enter my protest against this method of legislating.

MR. NICHOLSON. Mr. Speaker, reserving the right to object, as I understand the report that is being brought in by the committee on conference has only two changes from the original bill, the Smith amendment and the Talle amendment.

MR. SPENCE. There were several changes.

MR. NICHOLSON. The Talle amendment is stricken out.

MR. SPENCE. The Talle amendment is stricken out.

Mr. NICHOLSON. The Cole amendment is stricken out.

Mr. SPENCE. The Cole amendment is stricken out.

Mr. NICHOLSON. The Wolcott amendment is stricken out.

Mr. SPENCE. One Wolcott amendment is stricken out.

Mr. NICHOLSON. Mr. Speaker, I withdraw my objection.

Mr. SADLAK. Mr. Speaker, reserving the right to object, is there any possibility of our having the committee print that was used when this was debated in the Senate earlier today?

The SPEAKER. The Chair understands that it is available.

Mr. SADLAK. If it is available I withdraw my objection.

The SPEAKER. It is available.

Mr. BUSBEY. Mr. Speaker, reserving the right to object, I do so only to concur in the remarks of the gentleman from Mississippi [Mr. WILLIAMS].

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the present consideration of the conference report?

There was no objection.

The SPEAKER. The Clerk will read the conference report.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

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

There was no objection.

The Clerk read the statement.

Mr. SPENCE. Mr. Speaker, I yield myself 15 minutes.

Mr. Speaker, I do not come here to praise the bill, neither do I come to bury it.

When we entered the conference we had no bill that had any substantial merit. When we came back I think we have a bill that will at least subserve the purpose for which it is enacted until its expiration. The bill as it left the House had in it the Talle amendment. The Talle amendment provided that where commodities were below ceiling for a period of 3 months they would automatically be decontrolled and they could not be recontrolled until they were in short supply. That short supply would have to be evidenced by the fact that they were rationed at the retail level or were allocated. Of course, that meant that when commodities were decontrolled they would never be recontrolled because I am sure that no President would ever again ration at the retail level or allocate commodities in general use by the public. That amendment adroitly prepared a trap for the President to accomplish his own undoing. It was thoughtfully initiated and skillfully prepared.

That amendment is out of the bill, and I think the bill as it comes back here will serve the purpose for which it was enacted. I think if we are going to have price control, wage control or rent control it is obvious that we ought to have an effective bill. I do not think this bill will be very effective, but it is a bill that

will keep the machinery alive and can be used if a great emergency should come upon us. It certainly would be ill advised at this time to destroy price control and wage control and the machinery that provides for it in the light of the present conditions of world affairs and the present uncertainty of our future.

We have made some changes in the bill that are material.

The Cole amendment provided for individual adjustment of dollars and cents ceiling on commodities. That, we felt, could not be accomplished. It was impossible to make individual adjustments for the great number of retail dealers in the United States, and that provision was not brought back.

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

Mr. SPENCE. I yield to the gentleman from West Virginia.

Mr. BAILEY. Will the gentleman explain to the committee why the conference committee disregarded the wishes of the House by not insisting on an amendment as to which there were only 43 votes cast against on the floor of the House? I am speaking of the Ramsay amendment.

Mr. SPENCE. We did not think the Ramsay amendment, notwithstanding the vote of the House, was a desirable amendment at this time, and it is not in the bill.

Mr. BAILEY. That certainly does not answer the question I asked the gentleman.

Mr. SPENCE. The Ramsay amendment placed a limitation upon importations that we did not think was in conformity with the interest of the United States.

There are some things that were in both bills. The request to the President to use the Taft-Hartley Act was in both bills, and that was brought back here as passed by the House. Personally I think that was a mistake to tell the President what he should do to accomplish the purposes that were solely within the province of the Executive. If the House of Representatives will persist in invading the jurisdiction of the President, what argument will it have when its own jurisdiction is invaded. This is a subversive amendment that all those who love the fundamental principles of the Constitution as I do, should oppose.

The provision with reference to rents was changed very materially from either the House or the Senate bill. The Senate bill provided that the control of rents would expire on February 28, as I remember it. The House bill provided that they would expire on June 30. The conferees reconciled those differences by providing that rent control would expire on September 30. However, there is a provision in the conference report that rent control in all areas except critical defense areas will expire on September 30, unless the local regulatory body acts affirmatively and provides that they shall continue. In other words, although rent control may continue in the defense areas, in other areas of the United States it will expire on September 30 unless there is affirmative action by the local regulatory board.

I know this will not meet the approval of some of our colleagues who felt that we ought to have a strong rent-control law, but if you do not agree to the provisions of the conference report you will have no rent-control law.

Of course, it is a matter of compromise. We had to give in order to get something.

Mr. ALLEN of Illinois. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. ALLEN of Illinois. The gentleman says that we had to give in order to get. Will the gentleman tell us what we got?

Mr. SPENCE. We had a bill that was in extremes, and we took the Talle amendment out which gave it the right to live.

Mr. ALLEN of Illinois. You gave that. What did we receive here?

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

Mr. SPENCE. I yield to the gentleman from South Carolina.

Mr. RIVERS. The gentleman told us what we lost in the House after our 4 days of labor. Would the chairman be kind enough to tell the Members what the Senate lost in the deal? Except for the title and the number, I do not know what the House got out of it. We did salvage the title and the number, thank God for that.

Mr. SPENCE. The Senate did not lose anything, I think, because for myself I think the Senate had a better bill than the House; and when we acceded to their provisions it was of benefit to all our people. That is my objective. I think it would have been a very ill-advised thing to destroy rent control, wage control, and price control at this time, and destroy the machinery of control that was provided.

Mr. ALLEN of Illinois. What did you do in regard to the Wage Stabilization Board? Will the gentleman explain that?

Mr. SPENCE. Under the conference report the Wage Stabilization Board is a tripartite board that merely formulates policy and has no authority to settle labor disputes.

Mr. ALLEN of Illinois. I mean, what did the conferees do in regard to that? Did they follow the wishes of the House?

Mr. SPENCE. They compromised the Lucas amendment with the Ives amendment. We have some of the provisions of the Lucas amendment in there and some of the provisions of the Ives amendment. They compromised on that and made it a tripartite board, with the three, management, labor, and the public, equally represented.

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

Mr. SPENCE. I yield to the gentleman from Indiana.

Mr. HALLECK. If I understood the gentleman from Kentucky correctly, while he is not apparently altogether satisfied with this bill, he does say that in his opinion it will subserve the purposes for which it is being enacted. I take it he means by that that a reasonable effort can be made to stabilize prices and wages. All I want to do at

this point is express the hope that as the months to come roll along there will not be such manipulation and a charge levied against the Congress as to seek to indict the majority of the Congress for the enactment of this bill, for some supposed political advantage.

Mr. SPENCE. I join in that hope, that those who voted for this bill will not be indicted, because I think it is a meritorious bill.

Mr. JONES of Missouri. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. JONES of Missouri. Is it a fact that because of a matter of expediency and due to limitations of time the conferees accepted amendments which they were not convinced represented the views of the House, and that had they taken more time we might have come out with a few more of the amendments that were adopted in the House?

Mr. SPENCE. No; I think not. I do not think the limitation of time had much to do with it. We did the best we could. We had time enough to consider it. We considered it almost all of one night, and if we had considered it another night, I do not know whether we could have done any better.

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

Mr. SPENCE. Mr. Speaker, I yield 15 minutes to the gentleman from Michigan [Mr. WOLCOTT].

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

Mr. WOLCOTT. I yield.

Mr. HALLECK. Suggestions have been made that a motion to recommit might be made in connection with the conference report to correct certain things which, some might think, are not quite right. As I understand it, and I address this as a parliamentary inquiry, Mr. Speaker, is a motion to recommit in order?

The SPEAKER. It is not in order. The other body has already adopted the conference report, and a motion to recommit would not lie.

Mr. HALLECK. In other words, the only vote possible is for or against the conference report as it has been reported to us?

The SPEAKER. That is correct.

Mr. WOLCOTT. Mr. Speaker, it will be recalled that I voted against this bill. Then I had the honor of being appointed a manager on the part of the House. I want to make my own position clear. I felt, as did others on the conference committee, that having been appointed a manager on the part of the House, we were morally bound to subordinate our own thinking to the will of the House expressed in the roll-call vote. The House expressed its will, not overwhelmingly but with a good majority that they wanted those controls continued. Therefore, it became the obligation of the managers on the part of the House to do the very best they could in the conference to save as much of the House bill as they possibly could. That was what prompted at least some of us in the conference.

In the time allotted, there will not be time to take up each and every one of these amendments. Let me say to you,

however, that of the 20 amendments, and this I say in answer to some of the criticism that the House conferees yielded everything to the other body—that on this page which I hold in my hand containing 20 amendments which were in the House bill, and which were not in the Senate bill, the House got 17 of the 20. And I heard someone say that they were the easy ones, but if you think they were easy, you should have been there at 1 o'clock this morning.

Among those amendments were these:

Slaughtering quotas in respect to slaughtering: The language of the House prevailed.

Loans to manufacturers of newsprint: The language of the House prevailed.

Limitation on wage-ceiling actions: The House language prevailed.

Milk ceilings and prices established by State regulatory bodies: The language of the House prevailed.

Parity: The language of the House prevailed.

Fertilizer: The House language prevailed with a minor amendment, and I repeat, it is a minor amendment.

Exemption of bowling alleys.

Exemption of agricultural labor: The House language prevailed.

Meat price ceilings on Federal hotel supply houses: You have had a lot of correspondence on that.

Exemption of small employees.

Administration of salary stabilization: The House position clarified in a manner satisfactory to everyone.

Competitive position of business considered in allocating materials: We lost that later on.

Joint Committee on Defense Profit Stabilization of interstate milk markets. Defense area advisory committee Government supply housing.

Now, with respect to the seven Senate amendments which were not in the House bill, we took the exemption for engineers, architects, and accountants.

We struck out the Senate language in respect to profit plans.

We took the very strong Senate language which had to do with the control in defense rental areas, which was not in the House bill.

While I mention that, let me review what was done with respect to these rental areas. The law as it appears in the conference report states that rent controls will expire on September 30, 1952, in all areas outside the critical defense areas unless the local governing bodies take affirmative action to continue. That is one step more toward local autonomy in rent control. We compromised on the date in respect to the termination of titles 4 and 5, making it April 30, 1953. The House provided June 30, 1953.

We kept in the conference report the elimination of regulation W.

We compromised the elimination of regulation X, and provided that regulation X should not apply unless and until the starts of houses were at the rate of 1,250,000 a year. We at least made a very long step toward the elimination of regulation X.

We kept in the bill, against valiant battles I can assure you on the part of

the Senate conferees, section 104 of the bill in respect to the importation of fats and oils. The only concession we made, that we had to make to get anything in there, was to raise the 10 percent to 15 percent. I thought it was rather a good bargain to make.

In respect to the Wage Stabilization Board, we took all of the language of the Lucas amendment passed by this House, with the exception of the constitution of the Board. We took the Ives amendment, a tripartite board. All the rest of the language is contained in the Lucas amendment.

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

Mr. WOLCOTT. I yield to the gentleman from Indiana.

Mr. HALLECK. I think it should be pointed out that it is a tripartite board as the Lucas amendment provided in the House, but the language finally contained is for an equal division between public, labor, and industry. However, it is provided that all members of the new board shall be confirmed by the Senate. I think the gentleman might also point out that the conference abolishes the present board and in addition contains language in effect limiting them in the issuance of orders as of midnight last night.

Mr. WOLCOTT. That was one of the concessions we insisted upon before we agreed to take the Senate language in relation to the constitution of the Board.

As I pointed out, the slaughtering of livestock by species, the House language is left in the bill.

The milk amendment, sponsored by Mr. TALLE, applies the Capehart and Herlong amendments to the processing and distribution of milk.

In respect to the action which we were forced to take if we were to have any bill at all to deal with the other so-called Talle amendment with respect to the suspension of ceilings and reporting, I would like to call attention to what is left in the bill in that particular.

In the first place there is a very strong declaration of policy with certain standards in the Senate bill which were not in the House bill which establishes as a matter of policy that price control should be terminated as rapidly as possible taking into consideration the availability of goods and services, so that we have many of the standards which were in the House language contained in that Senate language which is in the bill.

One of the most important, if not the most important from the standpoint of those of us who were desirous that we get rid of these bothersome reporting regulations, was the House language, and the House language stayed in the bill that where a commodity is selling at any point below ceiling, on the certification of the processor or distributor on the retailer they do not after that certification have to file any reports with OPS until the prices get back to ceilings.

We yielded on the so-called Cole amendment to the Herlong amendment. If you will recall, that provided that there be individual adjustments; it also covered services, but it also took out the word "hereafter," so that it applies from the beginning of the operation of the act.

In consequence, the Herlong amendment against all of the opposition to it, against the tremendous pressure which has been brought to bear in this Congress during the last few months, is contained intact and in better form.

We can thank the gentleman from Kansas [Mr. COLE] for enabling us to be put in a bargaining position where we could at least keep the Herlong amendment in the law; and we can thank the gentleman from Iowa [Mr. TALLE] for his amendment, because it was only through that amendment that we were able to keep these provisions in here in respect to not having to report when the prices were below ceilings.

In respect to the recontrol of decontrolled defense rental areas, there is additional language in the Senate bill which we accepted, and I hope there will be no criticism for our accepting it. It provides that in these decontrolled areas before there can be recontrol there must be public notice and public hearing.

So I think you should be very satisfied with the action of the conferees with reference to rent controls, decontrols, and the machinery which is set up for recontrol of rents. It will be recalled that an amendment in the House provided for the review of orders and regulations of the OPS in the same manner that orders and regulations of other governmental agencies were reviewed, excepting that the Emergency Court of Appeals was substituted for the circuit court of appeals. We not only were able to keep that language in the bill but we broadened it to the point where that review will cover rent-control regulations and orders.

We did not do so badly in conference. The more I think about it the more I come to the conclusion that we saved the best portions of the bill. There is the Talle amendment in respect to reporting and the Cole amendment in respect to individual action. It is my understanding most of the adjustments made under the Herlong amendment are on an individual basis anyway.

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

Mr. SPENCE. Mr. Speaker, I yield the gentleman five additional minutes.

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

Mr. WOLCOTT. I yield to the gentleman from North Carolina.

Mr. DURHAM. The gentleman says that on the strategic material amendments you accepted the Senate language. The language in the bill is considerably changed from what it was when it left the House.

Mr. WOLCOTT. I do not understand what amendment the gentleman has in mind.

Mr. DURHAM. I refer to the Sadlak amendment. It is on page 2, subsection (b). In connection with the language the gentleman mentioned, so far as the International Materials Conference is concerned, does the gentleman think that that language authorizes this International Materials Conference currently?

Mr. WOLCOTT. No.

Mr. DURHAM. It does not?

Mr. WOLCOTT. The termination date of the act controls. We took the first sentence of the Sadlak amendment, we took the last sentence of the Fulbright amendment in the Senate and the language in-between them is the language which we agreed upon ourselves and if there had not been this compromise in respect to authority on the part of the users of these materials in the United States to purchase from foreign countries upon notice of foreign countries they did not intend to use their allocation, I may say to the House there would have been nothing in the bill in this respect. The Senate was very adamant about that situation.

Mr. DURHAM. Was there any discussion? I feel like the language completely bypasses and prevents us from stockpiling critical materials.

Mr. WOLCOTT. I may say to the gentleman that he is mistaken.

Mr. DURHAM. Will the gentleman read the language?

Mr. WOLCOTT. I have read it over thoroughly.

Mr. DURHAM. If he will read the language, he will find it states:

When all requirements for the national security, for the stockpiling of critical and strategic materials, and for military assistance to any foreign nation authorized by any act of Congress have been met through allocations and priorities.

And so forth.

We have the allocation priority under this amendment which they can bypass in this country entirely.

Mr. WOLCOTT. No; the stockpiling may continue as a part of the national security program.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. The gentleman has referred to the Talle amendment as relating to milk. Does not the same amendment take in all agricultural products, including livestock and milk, whether in their raw, natural, or processed state, from point of production to point of distribution at the retail level?

Mr. WOLCOTT. The gentleman is absolutely correct. I should not have confined my statement to milk, but we talked so much about milk that I referred to it specifically.

Mr. HALLECK. I want to refer again to the Sadlak amendment which has to do with the operations of the International Materials Conference. I think the decisive vote in the House indicated clearly that we wanted to do away with that organization. It is operating clear outside of the authority of the law. The gentleman has said that he does not think this language legalizes the operation. I wish I could be as sure about the language, but I simply want to say at this point—and I sympathize with the gentleman's position—that he probably was put in such shape, as a minority member, that he could not retain the provisions that the House voted. But as far as I am concerned, I do not want anybody interpreting a vote for this con-

ference report as putting the stamp of legality on the operation of the International Materials Conference. As a matter of fact, there is a prohibition in an appropriation bill now in conference against the State Department using any money appropriated for it to carry on this operation. I hope that provision in the appropriation bill will be maintained even though here, apparently, we have no opportunity to correct what I think has been a mistake with reference to this conference report.

Mr. WOLCOTT. It probably was a mistake, but I can say to the gentleman that we could not under any possibility have gotten the Ferguson amendment. We did have an opportunity in substitution of that to get the Sadlak language with respect to policy. We got that. If it had not been for this compromise, we would have had nothing in the bill either in the Senate or the House by the elimination from the Senate bill and the House bill of these series of amendments; you would by that action, under the decisions of the courts, have put your stamp of approval on IMC. This language will have to recognize the existence of the IMC, but in recognizing it we give assurance that that share of the world's materials which is allocated to the United States will likely find its way into the United States. It has been recognized during this last year that the reason why users in the United States have not been able to get their allocations under IMC is because of price control. Mr. Fleischmann recognized that in insisting that price controls come off copper which was imported, so that we have this whole program that we have to consider in the light of this. Now this does make it possible for negotiations with these other countries which have been allocated materials which we need here, if we are to become, under the policy of the administration anyway, if not this Congress, the arsenal of the world, to get the materials with which to accomplish that purpose.

Mr. JONES of Missouri. Mr. Speaker, will the gentleman yield?

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

Mr. JONES of Missouri. The gentleman will recall, I am certain, that the House adopted unanimously after members of the committee on both sides of the aisle had given their approval to an amendment offered by the gentleman from Missouri which would have the effect of eliminating wage controls as they presently apply to the newspaper and publishing business, radio and television, motion picture and other theater enterprises, as well as to outdoor-advertising facilities which are not regulated with respect to the prices they charge for their product or services.

In talking with various members of the board of managers on the part of the House, I gained the impression that when the conferees of the other body indicated that they could not go along with that amendment, giving as their reasons the fact that it included a rather large group of incidental employees which might lead to confusion and offer an opportunity for the pirating of skilled

labor, that no suggestion was made to modify the provision of that amendment.

Frankly, as indicated in my earlier question directed to the chairman of our committee, I feel that this is one instance where a more deliberative conference might have been the means of arriving at a more satisfactory agreement and would have carried out the thinking of the members of the Banking and Currency Committee as expressed by the chairman at the time of its adoption when he said, in approving this amendment, "when there is no price control, there should be no wage control."

While, of course, I do not want to do anything which would cause the Defense Production Act to be suspended pending the final passage of this bill, it is with a great deal of reluctance that I shall vote to adopt this conference report, believing, as I do, that a few more hours of deliberation would undoubtedly result in some sort of a compromise on the amendment to which this discussion has been directed.

Mr. WOLCOTT. Pardon me. I might say that the Senate was very unyielding on that, and they were unyielding for the reason if we left that language in here—apparently it could not be doctored up, and they could not find the language to doctor it up—I hoped they would—electricians, carpenters, painters engaged in newspaper printing plants, television studios, radio studios, would have been eliminated. They would not have been under control, but every other carpenter, painter, and electrician in the United States would have been.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days to extend their remarks at this point in the RECORD on the conference report just agreed to.

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

There was no objection.

Mr. YORTY. Mr. Speaker, the conference committee has brought in a compromise proposal which is a little better than the decontrol bill, H. R. 8210, which passed the House last Thursday, June 26. The bill as it passed the House junked the controls program almost in toto, and would have caused living costs to soar although such costs are now near a record high. I opposed that decontrol bill. Just because we have successfully held inflation in check to some extent for the past year does not mean that we can safely abandon controls now, especially when we know defense expenditures are due to increase in the coming months. Surely we cannot conscientiously subject the people of the United States to the risks involved in rampant inflation.

The bill recommended by the conferees is certainly not a good bill. It contains many bad provisions. But either we approve this conference report or drop all controls. Under the circumstances I feel compelled to vote for the report but I do so with misgivings. The bill which passed on the 26th contained the Talle amendment. This would have decontrolled almost everything, except wages. Certainly this was most unfair. The conference committee did at least delete the

Talle amendment. In this respect the present proposal is better than the House version.

I wish we could unselfishly buckle down to the task with which we as a Nation find ourselves confronted. The current mad selfish scramble for special privilege and "profits as usual" causes one to be amazed at the lack of concern on the part of some for the welfare of our Nation. Are the war profiteers unwilling to make any sacrifices at all while American boys are on the battlefield protecting them from Communist aggression? Is this fight against communism to be a bonanza for some, and terror and death only for the young men in uniform? If our great Nation fails, and the lights of liberty go out, it will be inner weakness caused by selfishness that brings on the catastrophe. If we will only stand unselfishly together, the Communist aggressor can be defeated. Our forefathers pledged their lives, fortunes, and sacred honor to the task of founding this Nation. Some of our privilege seekers seem willing to pledge only other peoples lives. This bill certainly calls for no sacrifices although some are needed. It is not the kind of legislation we should be enacting at this time. Of course, controls are obnoxious. But so is serving in the battle line. When we are again secure and our soldiers are home, we can take all controls off. While our young men are fighting fanatic Communist aggressors on foreign battlefields, we surely are called upon to restrain unbridled selfishness and control war profiteering. I hope the atmosphere in this Capitol will be more conducive to sound legislation during the sessions of the next Congress. This so-called control bill is not good legislation. I am sorry to have to support it in order to maintain even a semblance of control of inflation. Further price increases would jeopardize our entire defense effort. We must be fair to everyone but we cannot afford to be reckless with the welfare of the American people. The House bill was reckless. This conference proposal is an improvement but it is still not a good bill. I support it reluctantly.

Mr. ROSS. Mr. Speaker, the House is today acting upon the conference report on the Defense Production Act which provides for an extension of wage and price controls for an additional 10 months.

Although many controls have been eliminated and others relaxed, this measure does provide legislation which can be used to control inflation, if the administration properly administers the act.

During the consideration of this bill, I received many telegrams and letters from retail organizations, unions and small retailers, advocating a discontinuance of all wage and price controls.

I also received many letters and telegrams from housewives, urging an extension of wage and price controls.

Mr. Speaker, after listening to all the arguments pro and con, I voted for and supported an extension of wage and price controls. I did this reluctantly, because I believe in the system of supply and demand and I am opposed in principle to all forms of oppressive controls.

In addition, there is much evidence that wage and price controls are not needed today because most consumer items are priced below established ceilings, and the white-collar worker and some labor groups are being squeezed and discriminated against by the wage-freeze policies of this administration.

Also, there is much evidence that this administration has used their control powers for the benefit of special groups; and, too, there is much evidence that they are more interested at this time in keeping on the payroll the 17,000 employees involved than in controlling inflation.

Mr. Speaker, notwithstanding this, I am fearful that if all controls were removed at this time that the billions of dollars of Government money which will flow into our productive system within the next 6 months in the defense building would cause such pressures as to bring about a further inflationary spiral, which would cost the taxpayers addition billions of dollars and could prove disastrous to our economy.

Mr. Speaker, I certainly hope that this administration will take cognizance of the expression of the House and effectuate an immediate decontrol of all materials and goods selling below ceiling and not in short supply.

It is hoped, too, that they will take a realistic attitude with respect to permitting wage increases to correspond with the increased cost of living which does not materially contribute to further inflation.

In my view, the threat of a major national emergency makes necessary the continuance of this program until world tensions ease and the threat lessens, then these controls should be eliminated immediately.

THE FIFTH FREEDOM

Mr. MILLER of Maryland. Mr. Speaker, in these troubled times, much is said about maintaining freedom at home and abroad. I have never known of any responsible American who argued against freedom in the abstract, or opposed it openly on principle.

However, many of our citizens, either unknowingly, or because of their socialistic leanings, or self interest, strive to curtail the very liberties they claim to revere and protect.

They do this in a number of ways. Sometimes it is under the claim of protecting minority groups, sometimes under the excuse of expediency due to national emergencies, or again, because of the altruistic aim of a particular program.

No matter how the loss of freedom may be disguised or sugar-coated it should be borne in mind that, in the long run, the loss is more serious than any advantage that can be temporarily achieved for any group or cause.

Everyone gives lip service to the "four freedoms." Nevertheless, I submit that there is a fifth freedom, without which the others would soon become valueless. That is the freedom to work.

Work is the basis for all advancement. Without work, there can be no production on which an individual, social, or a national economy can be based. Every unnecessary control, regulation, or use

of power, that hampers the freedom of an individual or an industry, inevitably restricts free enterprise. Such restrictions should be used with caution and restraint, and never, except to improve instead of retard over-all production of the goods and services that contribute to the general welfare or safety. Whenever the freedom of the individual to work in the field of his choice is hampered, both he and the general public suffer.

If, as under the communistic, and often in the socialistic state, this freedom is denied the ordinary citizen, the other freedoms usually are lost along with it.

Whenever an all-powerful government, be it administered by a dictator or by bureaucrats, can control the jobs available to the ordinary citizen, can tell him when, where, and how he can or cannot be employed, his independence is lost. No longer is he a free agent. He is immediately an economic prisoner. His very bread and butter and that of his dependents are subject to the whim of some governmental agent. He certainly is not free of fear; he cannot speak his mind without the danger of losing his job. He is free from want only if the government so wills it and he is willing to conform. His religious activities, if contrary to the dictates of his masters, must be hidden or restrained.

Without freedom to work, the whole castle of freedom will tumble.

This right to work in the trade or profession of one's choice, to work when and where one pleases, has been so fundamental in our national life that most Americans have taken it for granted.

Whenever business is overtaxed, hampered by red tape and confused by bureaucratic interference, there is inevitably a decreasing opportunity for free employment. That is one of the most serious objections to Government controls, and why we should do away with them except in urgent wartime crises.

If the doctrine of those who believe in implied powers is permitted to prevail and the Executive can seize industry, this power, if recognized, can be used to reduce wages just as rightfully as to increase them. The laborer in any industry automatically loses thereby his freedom to work along with his freedom to strike. He may be lured into approving as long as a wage raise is in prospect, but once established, this system could be put in reverse and his wages cut without bargaining, collective or otherwise. Then, indeed, we would have a slave-labor situation.

The value of collective bargaining, of unions and organizations of workers, cannot be denied, but if joining any organization becomes mandatory before one can get a job, certainly freedom to work is immediately limited.

Even where government does not control the citizen's right to work, if he is subject to the will of a few powerful individuals, be they industrialists or labor bosses, freedom to work ceases to be a reality. We have laws preventing combinations in restraint of trade; we should prevent combinations in restraint of em-

ployment. We should also resist controls that hamper business and limit employment.

Mr. Speaker, let us scrutinize this and all legislation, before it is approved by this body, to make sure that it does not undermine this fifth freedom. If we fail to preserve it, our great Republic will no longer be the "land of the free." I cannot support this conference report.

Mr. McCORMACK. Mr. Speaker, we must consider this bill in the light of the circumstances under which this bill passed the House of Representatives. The bill as it passed the House would have left price control a hollow shell. However, it was important for the bill to pass the House of Representatives in order to permit the conference committee to consider the differences between the two branches, and that those differences be ironed out. Therefore, in the light of the whole situation, the conferees did a very good job. While the bill is not as strong as I would like to see it, and as many of the Members of the Congress would like to see it, nevertheless, it will at least offer the consumer some protection against the inflationary pressures. The conference report offers the best bill we can get under circumstances at this time.

While it is a weak bill it is better than having no controls at all. It will enable the Office of Price Stabilization during the next 10 months to stabilize to some extent the cost of living. I believe that there are sufficient powers in the bill to prevent run-away inflation and skyrocketing prices. It would be very harmful to permit price control legislation to expire on June 30. The passage of this bill will prevent that. In my opinion this bill, while not complete insurance against inflation, serves as a brake against the further impact of inflation. Having in mind the meaningless provisions of the bill as it passed the House, and while it is not as strong as I would make the bill, I believe the conference report is probably the best bill that could come out of the conference committee.

My remarks are confined to the price-control features of the bill. With reference to the Taft-Hartley features, and the wage-stabilization features involved, may I say, I voted against both of these amendments when the bill was being considered in the House of Representatives, and I am still opposed to them.

This bill assures the continuance of rent controls although the formula for communities having rent control is changed in some respects. I urge all communities throughout the country who desire the continuance of rent control to urge their local authorities and officials to take affirmative action which will comply with the provisions of this report when it is enacted into law.

It is extremely regrettable that the bill exempts canned and frozen, as well as fresh fruits and vegetables from price control. These items alone account for over 11 cents of the consumers' food dollar. The exemption leaves the housewife helpless against future price rises in this vital area.

The Talle meat amendment section 101 is another weakening provision. This

amendment further hamstrings the authority of the Director of Price Stabilization effectively to control meat prices particularly when supplies are tight or inadequate. I think that when it comes to meat prices, it is of crucial importance that the authority of the Price Administrator should not be cut down, it should be increased.

The Talle amendment places restrictions on the OPS to allocate meat unless there is a finding by the Secretary of Agriculture of an over-all shortage. However, it is clear that this restriction in no way affects the present OPA grade-marking program. In fact the proviso clause of section 101 provides express statutory authorization for that program as well as the necessary reporting and record-keeping requirements which are a necessary part of that program.

The next Talle amendment—section 106 (b)—makes specific the legislative intent that any individual processor of an agricultural commodity may obtain an adjustment of his ceiling price in accordance with the third sentence of the Capehart amendment. Moreover, the Talle amendment insures that food distributors are provided the full benefits of the Herlong amendment on the same basis as distributors of all other commodities. The Herlong amendment as originally enacted last year, was, I think, clearly applicable to food distributors. I therefore have no objection to this further particularization of legislative intent. In brief, this entire Talle amendment, as has been explained by my good friend, Mr. WOLCOTT, serves only to clarify the congressional intent underlying passage of the Capehart and Herlong amendments last year. The Talle amendment does not, of course, provide individual margins for food sellers. This would have been the result had the Cole amendment which was adopted by the House, been accepted by the conference committee. Instead the conference committee by rejecting the Cole amendment makes it perfectly clear that food distributors like all other distributors may be covered by industry-wide margins, if OPS so decides.

Rejection of the Cole amendment means that standard food mark-ups and dollars and cents meat ceilings may be maintained unless the sellers in the particular trade can demonstrate to OPS that they are entitled, on the basis of their pre-Korean records, to higher margins. This is the effect of section 110 of the bill, which changes existing law by providing all distributors, whether covered by regulations issued prior to, or after July 31, 1951, with the right to obtain Herlong margins. Since the burden of demonstrating these changes will be on the sellers involved, OPS administrative operations will not break down.

Section 111 of the bill allows sellers subject to State minimum laws in effect and enforced on the date this bill is adopted to obtain an adjustment of their ceiling prices to the State minimum levels in the event ceilings are presently below those levels.

Another amendment, section 111 (m), has the principal purpose of clarifying

some vagueness in an Emergency Court of Appeals opinion which held that OPS could not establish different mark-ups for combination distributors and hotel-supply houses based on affiliation with slaughtering establishments. The amendment requires the same ceiling prices for affiliated and nonaffiliated combination distributors and hotel-supply houses. Another provision of the amendment prohibits different ceilings for independent meat wholesalers and for meat wholesalers whose affiliation in the slaughtering establishment does not amount to an interest or equity of more than 50 percent.

A significant change, and one which strengthens the act is section 107. This provision overrules the decision of the Emergency Court of Appeals in the Safeway case. In that case the court held that food retailers could get Capehart adjustments. This result was wholly unintended by the Congress but one which was arrived at because of the wording of the Capehart provision. Under the present amendment all distributors of commodities are given the benefits of the Herlong amendment but not of the Capehart amendment. In brief the Capehart amendment by this clarifying amendment is specifically inapplicable to wholesalers and retailers of any commodity including food. Furthermore by virtue of this new amendment the appeal in the Safeway case which is now pending in the Supreme Court has become moot.

The House bill changed in certain respects, section 408 of the act, which deals with the procedure to be followed by the Emergency Court of Appeals in reviewing price regulations and orders issued under title IV. The most significant of the changes were, first, to provide that regulations must be supported by a preponderance of the evidence on the record; second, to authorize the Emergency Court of Appeals to issue temporary restraining orders and other interim relief; and third, to permit the court to make its judgments effective at any time. The Senate bill made no changes in section 408.

The purpose of expressly requiring that price regulations be supported by adequate evidence was to subject OPS to the same standard of judicial review as agencies governed by the Administrative Procedure Act. However, since the term "preponderance of the evidence" might be construed as going beyond this, the conferees informed me that they agreed to substitute the term "substantial evidence." This is the same standard as that contained in section 10 (e) of the Administrative Procedure Act. The normal presumption of validity of administrative action upon appeal to the courts is maintained.

At the present time, section 408 expressly prohibits the Emergency Court of Appeals from issuing temporary restraining orders under any circumstances. The House bill eliminates that prohibition. The conferees, I am informed, agreed to this change with the understanding that this change in the act is not designed to encourage interim relief in the normal case but rather is

intended to provide the court with discretion to enter such orders. The issuance of such an injunction will, of course, be subject to conventional principles of equity jurisdiction. In view of the crucial importance of maintaining effective price control at all times during an emergency period, it is contemplated that the application of conventional equity principles will preclude the issuance of temporary injunctions except in the most unusual cases. The court may, of course, postpone the effectiveness of the temporary injunction to permit amendment of the challenged regulation so that there will be no hiatus in price control.

The House bill also contained a related provision which would eliminate the present provision postponing the effective date of judgments of the Emergency Court of Appeals. The present act provides the agency with a 30-day period to adjust its regulations to decisions of the court. The elimination of this provision is not designed to create an automatic hiatus in the price-control program governing any industry. Rather it is intended to provide the Emergency Court of Appeals with greater flexibility to determine the effective dates of its judgment so that it may establish stay periods shorter or longer than 30 days depending on the facts of the particular case. The conference bill which we are now considering permits the court to employ its discretion to meet the factual situation without in any way detracting from the principle that price control must be continuous.

The question of stays in cases where a petition for certiorari is filed with the Supreme Court is also left to judicial discretion. The former law provided for an automatic stay.

Mr. BOLLING. Mr. Speaker, while I voted for extension of the Defense Production Act, I am under no illusion that it is a perfect bill. It deliberately weakens price, wage, and rent controls by a series of exemptions. In addition, many of its provisions are ambiguous and will be difficult to administer.

Take the amendment relating to the Wage Stabilization Board. There is a lot of language concerning both the wage stabilization and disputes functions of the Board, but there are no really clear answers as to how the Board should proceed, at least in dispute cases. Perhaps this ambiguity was deliberate, so that whatever the new Board does it can be criticized as fiercely and as automatically as the old Board.

On wage stabilization, Congressman Lucas himself made clear that the present wage regulations are to be continued. This indicates to me that the new Board is supposed to operate in about the same way the old Board operated. All the language about formulating policies, and advising parties as to the interpretation and application of wage regulations and policies, and the definition and stabilization as prescribing maximum limits thereon, are just roundabout methods of saying that the Board is to proceed under the same authority and policies which it now has to issue interpretations and pass upon petitions for approval of

wage adjustments, in the same way as it is now doing. Perhaps the Board can no longer formally issue the wage regulations, but since the Board now submits its policies to the Administrator for approval, this effectuates no change. I wish we could have simply said what we meant, that all the functions of the Board are continued on a statutory basis.

So far as disputes are concerned, the proponents of the amendment talked about divesting the Board of its dispute authority, at least over such issues as the union shop. I have no idea whether the involved language of the act does eliminate the Board's authority to take any action with respect to such issues. On the face of the act there is an exception to the removal of jurisdiction in dispute cases, an exception which permits the interpretation and application of wage regulations in dispute cases as well as in voluntary cases. Whatever the Board advises a party is an appropriate amount of wage increase under the wage regulations in any particular case will undoubtedly be used by one or the other of the parties as an official statement of the Government's position as to the figure which should serve as the basis for negotiations. In practical effect, a union might take the position that what the Wage Stabilization Board advises as the amount which should be paid, in applying stabilization policies and regulations to the facts of the particular case, is what they will insist upon for settlement. It would be highly inflationary if the Board were to interpret this act as requiring it to advise parties only as to the maximum which might be paid under all the regulations and policies, even though the parties were not interested in availing themselves of a particular type of adjustment like a fringe benefit. I hope that the Board does not adopt this view which would flout the very purpose of the act.

Mrs. BUCHANAN. Mr. Speaker, after extensive hearings and prolonged debates, the Congress has extended the Defense Production Act. It appeared for some time that controls would be effectively sabotaged by weakening amendments to the act.

It is to the everlasting credit of the able and diligent conference committee that any semblance of effective price and wage stabilization is contained in the final action of the Congress. The conferees refused to be steamrollered by the "decontrol" bill which the House sent to conference. They refused to abandon completely the interests of consumers who feel keenly the pinch of the high cost of living.

I supported the extension of the Defense Production Act in its final form because it was my honest belief that no stronger bill could be obtained. This act will inevitably result in rising prices in consumer goods and in materials purchased by the Government for the defense program. On the theory that a half a loaf is better than none, I reluctantly supported this measure in the hope that the rise in prices would be at least somewhat curtailed by our action.

The removal from price control of fresh and processed fruits and vege-

tables was, in my opinion, a mistake of the utmost gravity. These items alone make up about 7 percent of the cost of living. Any increase in their price will be reflected immediately in the housewife's already hard-pressed budget.

The amendments to the Housing and Rent Act make possible the removal of rent ceilings in most communities throughout the country. Unless affirmative action is taken by local bodies, rent may be expected to rise very sharply. Rent alone makes up about 12 percent of the cost of living for the average consumer. I am hopeful that local bodies will assume the responsibility of acting, and acting promptly, to prevent this unnecessary inflation. I am well aware of the fact that local governmental units are quite as concerned with the problems of inflation as is the Congress. But I am also aware that the pressures brought to bear upon the local bodies by the real-estate lobbies will be nearly irresistible in many cases. In areas where there is a shortage of housing, consumers must make their influence felt with their local legislative groups in order to avert the effects of this potentially devastating amendment.

The fresh and processed fruits and vegetables exemption is not the only blow struck at the food-price program of the Office of Price Stabilization. The removal of the word "hereafter" from the Herlong amendment will require OPS to increase many food prices at the retail and wholesale level. Other prices may likewise be expected to rise because of the new requirement that ceiling prices shall not be below the minimum prices prescribed by State law.

I repeat that I supported this measure with considerable reluctance. I sincerely hope that my misgivings about the future of the stabilization program are ill-founded. But the realities of the situation compel me to believe otherwise. The cost of living is nearing an all-time high, but the legislation to deal with the problem is nearing an all-time low.

Mr. MULTER. Mr. Speaker, I voted for the extension of the Defense Production Act most reluctantly. I do not think that it was a good bill, but I think it is better than having no controls at all. The rent-control provisions, for example, are, in my judgment, very weak. I also think that some of the price-control features, particularly the one relating to processed fruits and vegetables, is bad.

The amendments affecting the wage-stabilization program are likewise far from perfect. I do think that we were very wise in retaining the equally tripartite structure of the Wage Stabilization Board and, of course, the various regional boards. I also think it was desirable to have codified the existing practice under which the Economic Stabilization Administrator supervises, in a general way, the wage-stabilization program and coordinates wage controls with price controls. So far as other aspects of the wage-stabilization program are concerned—for example, developing policy on a case-by-case basis or handling individual cases where there are hardships,

inequities, or other special circumstances present—I do not think that the amendments make any changes.

What really disturbs me is the section on the dispute functions of the new Board. By taking away Board jurisdiction over the union-shop issue, we have crippled the Board in carrying out its function in helping to settle labor disputes in important defense industries. If experience is worth anything, it shows that there is no way to settle a labor dispute unless all the issues in that dispute are settled. If, for example, there are 10 issues involved in a particular case and one of them is the union-shop issue, we cannot expect that the settlement of the other 9 issues will prevent a strike or get the men back to work if a strike is already in existence.

I also think that the provisions inserted by the conferees, which precludes the Board from issuing general stabilization regulations after June 27, is a mistake. While this provision apparently would not prevent the Board from handling individual cases which come in after that date, it would prevent the Board from dealing with over-all problems like productivity—except as to cases pending on the 27th—which the Board has been carefully considering for many months. I just do not see the point in preventing the old Board from continuing to formulate general regulations, especially when the new Board would be free to change such regulations if it so desired. After all, the new Board under the supervision of the Administrator will be free to change existing stabilization regulations if and when it should decide that this is desirable; I see no reason for treating new regulations issued by the present Board any differently.

I also think that it was a mistake to add so many exemptions from wage controls to the act. Some of these may have been justified but others, for example, a blanket exemption for agricultural labor, were not. While the wages of some people working for farmers, on farms, in such operations as harvesting, might be exempted from controls, it makes no sense to exempt all of such employees. It would be far better to have permitted the President, as we did in the small-business exemption, to make exceptions to the exemption.

While I am in complete sympathy with the purposes that lay behind the provisions exempting wage rates of \$1 an hour or less, I do think that we should also have approved an exemption for fringe benefits and other compensation for such employees.

I am and was opposed to the engineer exemption. No case was made out in favor of them. It should not have been enacted.

The provision giving a statutory basis to the Salary Stabilization Board is better than the one originally passed by the House, although it is somewhat ambiguous. The amendment gives the Salary Board and the Office of Salary Stabilization jurisdiction over the categories of employees listed in the new subsection 3 of section 403, except where such employees are "represented in their

relationships or eligible to be so represented with their employer by duly certified or recognized labor organizations." This exception would cover employees who are actually represented by, but not necessarily members of, a certified or recognized labor union. It would also cover cases where there is a union in existence in which the employees are eligible for membership. Such a union, of course, would have to be one which either could be certified under the National Labor Relations Act, or a similar State statute, or could be recognized by the employer.

The fact that a duly recognized union could not seek the benefits of such a statute would not make any difference, so long as the employer's recognition of the union was legal. The fact that this amendment would leave the Salary Board with very little jurisdiction may be due to the haste with which the amendment was drafted.

Mr. SPENCE. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Speaker, despite the fact that all of us can find things in this bill that we are displeased with and much that is not in the bill to be displeased about, I think we owe a sincere vote of thanks to each of the conferees, who did a tremendously good job under most arduous and trying circumstances.

Mr. Speaker, I asked for this minute in order to ask the chairman to explain the addition of some language on page 10 to section 111. My question to the chairman of the committee is, Is it not intended that the language beginning on line 21, "or to any wholesaler so affiliated but whose affiliation does not amount to an interest or equity of more than 50 per centum," shall apply to wholesalers only and not to any hotel-supply house or combination distributor.

Mr. SPENCE. It is obvious that it applies to wholesalers only.

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

Mr. SPENCE. Mr. Speaker, I yield 3 minutes to the gentleman from Iowa [Mr. TALLE].

Mr. REES of Kansas. Mr. Speaker, will the gentleman yield?

Mr. TALLE. I yield.

Mr. REES of Kansas. I notice on page 2, line 3, it is stated:

Provided, That nothing in this act shall be construed to prohibit the President from requiring the grading and grade marking of meat and meat products.

Does this mean that you are going to impose compulsory grading on the meat industry even when there is no allocation or rationing?

Mr. TALLE. The answer is no.

Mr. REES of Kansas. Is it not true that the Congress last year in amending the same section prohibited the President from imposing any restrictions on limitations upon slaughterers and processors under title I?

Mr. TALLE. That is correct.

Mr. REES of Kansas. This is not to recognize that the President could impose any restriction or limitation upon the processors, is it?

Mr. TALLE. No. I may add that the language in the conference report having to do with slaughtering was supplied by me when the bill was written by the Committee on Banking and Currency. That is, the language down to the proviso is my language. That language was agreed to in advance of the proviso. In order to clarify the proviso and to see to it that it does not interfere with an action that is about to take place in the Supreme Court of the United States, the conferees inserted language in the report which states very clearly that this proviso in no sense whatever gives to the President power which he does not already have. The conferees took pains to guard against any interference with the adjudication process relating to the OPS in our Federal courts.

Mr. REES of Kansas. I appreciate the gentleman's remarks.

Mr. TALLE. Mr. Speaker, this conference was a truly remarkable experience for me. It was novel, unique, and, if I may say so, noisy. It is interesting to be present at a gathering where a number of strong voices try to out-shout each other. That is what occurred from time to time.

You will note that I did not sign the conference report. I think I owe it to you to say why I did not. I did not sign it because you will recall not many days ago we had five very firm roll call votes in this Chamber, on the Talle decontrol amendment, on the Cole amendment, on the Lucas amendment, on the Smith amendment and on the Wheeler amendment. All of them were adopted by good majorities before the bill was passed.

I have always felt that a conferee is, temporarily, something more than a Member of the Congress. He is endowed with additional obligation. I have been a member of many conferences, and I have always felt it my obligation as a conferee to support with all the vigor at my command the will of the House of Representatives.

My colleagues, the gentleman from Michigan and the gentleman from New York, and I worked like a team. We did the best we could. May I say to you that I have great admiration for the conferees who represented the other body. They worked like a team, and time upon time some Member of that body said, "Personally I do not believe in this but I am honor bound to uphold the Senate." Now I think that is the right attitude. How can a conference be a genuinely fair conference unless the conferees on both sides are eager in their desire to uphold the will of their respective Chambers?

When I consider what was put into the conference report in lieu of my decontrol amendment, I confess it sounds much like the remark of a person who says, "I feel with you in a degree the ardor of a kindred quest." And that is just about all it means.

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

Mr. TALLE. I yield.

Mr. RIVERS. Are you trying to tell us in so many words that the will of the House was not represented?

Mr. TALLE. I know the gentleman from South Carolina, who is a very keen

gentleman, can supply the answer to that question.

Mr. Speaker, at this point I want to read the statement of policy and purpose which the Congress enunciated in the Defense Production Control Act of 1950:

It is the intention of the Congress that the President shall use the powers conferred by this act to promote the national defense, by meeting, promptly and effectively, the requirements of military programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use, within the framework, as far as practicable, of the American system of competitive enterprise.

But, Mr. Speaker, in view of the record of the OPS and the other so-called economic stabilization agencies under the Truman administration, there is no reason why any citizen should have any confidence in them, or believe that an honest attempt will be made by them in their administration of the law to preserve our free-enterprise system. That is one reason why I introduced and fought for my decontrol amendment. But I do want to call the attention of the bureaucrats who head these agencies to the fact that the Congress is again specifically saying to them that we do intend to preserve free enterprise.

Mr. REES of Kansas. Mr. Speaker, I appreciate the clear-cut and definite reply to the questions I propounded to Mr. TALLE with respect to the proviso in line 3 of page 2 of the committee print. I propounded these inquiries quite definitely and clearly in order that there be no mistake as to the intent of the members of the conference committee, and especially the intent of the gentleman from Iowa for the reason that this clause had been made a part of his original amendment to the bill—known as the Talle amendment. Mr. TALLE gave a complete answer. No member of the committee and no member of the House has expressed opposition to his explanation.

I wanted this explanation for the reason I am informed in some areas Government representatives are attempting to enforce compulsory grading upon the slaughtering industry notwithstanding the fact that Congress has specifically excepted meat from the quantity controls as provided under section 101 of the Defense Production Act as amended. I trust the intent of Congress, with respect to this matter, will be observed.

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

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. COLE].

Mr. COLE of Kansas. Mr. Speaker, and my colleagues, I want to plead with you for 1962. Then, Mr. Speaker and Members of the House, I want to plead with you again for 1972, because it is my firm conviction that today we place the pattern of controls upon America. A pattern which we may never be able to drive out of the legislative framework of our country.

Mr. Speaker, if controls today are proper, if in view of the economic cir-

cumstances in which we find ourselves, if when we find ample supplies of all of the commodities and all of the goods everybody in this country requires, and then we find it necessary for us to continue price and wage control as well as rent control, then, Mr. Speaker and my friends when can we ever come to the conclusion that this country can do without price and wage controls? Today, Mr. Speaker, the issue is not how, but whether—the issue is a fundamental one—shall we or shall we not continue for time without end price and wage and rent control. Today is the time that we can make that decision. Now is the time to make it. Now is the time for us to stand and say we are not afraid, we are not alarmed, we believe in the American system of government. We believe in free enterprise, we believe in the free choice system, we believe in America, and therefore we are going to vote down this conference report.

Mr. SPENCE. Mr. Speaker, I yield 1 minute to the gentleman from Connecticut [Mr. SADLAK].

Mr. SADLAK. Mr. Speaker, of course I am disappointed and dissatisfied with what should be the Sadlak amendment commencing at line 10, page 2 of this committee print of the bill reported by the conferees. I want vigorously to disclaim totally and categorically any relationship to that part of the amendment which begins at line 18 on page 2 and continues to the end of the paragraph.

I had believed until 1 o'clock this morning, Mr. Speaker, that the overwhelming vote—169 to 102—given on a teller vote to my amendment offered as the first amendment to the bill under the 5-minute rule that the conferees were well armed to retain in conference the fundamental purpose of my proposal. It provided a restriction on the illegal use of the International Materials Conference, the vehicle for the implementation of its "entitlements for consumption" being the Defense Production Act. I say once more that I never intended for a moment to affect the Controlled Materials Plan or allocations and priorities set up under the CMP.

Please look, read, think, and ponder over the wording of which Senator FULBRIGHT and the State Department must assume the responsibility—the language commencing at line 18, page 2. There is not the slightest indication as to the identity of the International Materials Conference, its origin, operation, membership, functions nothing stipulated to give notice that it presently is an extra-legal creature of our State Department; that for the past 18 months, without statutory authority, an organization of 28 nations, the greater portion of their expenses being paid from the emergency fund and they have assumed unto themselves the distribution, the allocations of the raw materials, commodities of the free nations of the world limiting their availability according to "entitlements for consumption" and no more than that arbitrary total allocation can be had by a participating country. An international cartel in every sense of the word. And, mind you, by accepting this conference report—we cannot now have a motion to recommit the report back to

the conference as the Speaker ruled in reply to an inquiry by the gentleman from Indiana [Mr. HALLECK] because the other body had already taken favorable action but must vote it up or down—and a concomitant of a vote for will give, in my opinion, statutory sanction to IMC.

Mr. Speaker, action by Congress to give legality to IMC should come through open and full hearings before the proper committees. Still reverberating in my ears from the House debate is the vigorous protest made by the distinguished gentleman from North Carolina [Mr. DURHAM]—he insisted IMC has jeopardized our strategic stockpile and now this language will continue the fraud upon the American people and continue to keep strategic materials from our depleted stockpile.

I except as completely as words can assure you this Fulbright amendment because I want otherwise to vote for this report.

I am grateful to the House for the support accorded my amendment when action was taken and I urge each to check further into IMC to find how completely it will control our economy and American way of life.

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

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

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. MASON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 194, nays 142, not voting 95, as follows:

[Roll No. 123]

YEAS—194

Angell	Deane	Holmes
Armstrong	DeGraffenreid	Horan
Auchincloss	Delaney	Howell
Ayres	Denny	Hull
Baker	Denton	Irving
Bakewell	Dingell	Javits
Baring	Dollinger	Johnson
Barrett	Doyle	Jones, Ala.
Bates, Mass.	Durham	Jones, Mo.
Battle	Eberhardt	Jones,
Bender	Elliott	Woodrow W.
Bennett, Fla.	Engle	Karsten, Mo.
Bennett, Mich.	Feighan	Keating
Bentsen	Fine	Kee
Boggs, La.	Fogarty	Kelly, N. Y.
Bolling	Forand	Kennedy
Bolton	Forrester	Keogh
Bosone	Fugate	Kerr
Boykin	Fulton	Kilday
Brown, Ga.	Gamble	King, Calif.
Brownson	Garmatz	Klein
Bryson	Gary	Lane
Buchanan	Gavin	Lanham
Burnside	Gordon	Lantaff
Burton	Graham	Latham
Butler	Granahan	Lesinski
Camp	Granger	Lind
Canfield	Green	McCarthy
Carrigg	Greenwood	McConnell
Case	Gregory	McCormack
Cheif	Hale	McGrath
Chudoff	Halleck	McGuire
Colmer	Hand	McKinnon
Cookey	Hardy	McMullen
Cooper	Hart	Mack, Ill.
Corbett	Havener	Mack, Wash.
Cotton	Hays, Ark.	Madden
Crosser	Hays, Ohio	Magee
Crumpacker	Hedrick	Mansfield
Curtis, Mo.	Herlong	Martin, Mass.
Dague	Heselton	Meader
Davis, Ga.	Hess	Merrow
Dawson	Holfeld	Miller, Calif.

Miller, N. Y.	Rains	Spence
Moulder	Reams	Staggers
Multer	Rhodes	Taylor
Mumma	Ribicoff	Thomas
Murdock	Riehlmian	Thornberry
Murphy	Riley	Tollefson
Murray	Roberts	Trimble
Norblad	Rodino	Van Zandt
O'Brien, Ill.	Rogers, Colo.	Vorys
O'Brien, Mich.	Rogers, Fla.	Walter
O'Brien, N. Y.	Rogers, Mass.	Watts
O'Neill	Rooney	Weichel
Osmers	Ross	Widnall
Ostertag	Sadiak	Wier
O'Toole	Saylor	Wigglesworth
Patman	Scott	Withrow
Patterson	Hugh D., Jr.	Wolcott
Polk	Secret	Wolverton
Preston	Shelley	Yates
Price	Sieminski	Yorty
Priest	Sittler	Zablocki
Rabaut	Smith, Miss.	
Radwan	Smith, Va.	

NAYS—142

Abbitt	Ford	Nelson
Adair	Gathings	Nicholson
Allen, Calif.	George	Norrell
Allen, Ill.	Golden	O'Hara
Andersen, H. Carl	Goodwin	O'Konski
Anderson, Calif.	Gross	Passman
Andresen, August H.	Hagen	Patten
Andrews	Harden	Poage
Barden	Harris	Poulson
Beall	Harrison, Nebr.	Prouty
Berry	Harrison, Va.	Rankin
Betts	Harrison, Wyo.	Redden
Bishop	Hill	Reed, Ill.
Blackney	Hillings	Reed, N. Y.
Bow	Hinshaw	Rees, Kans.
Bramblett	Hooven	Rivers
Bray	Hoffman, Ill.	Robeson
Brehm	Hoffman, Mich.	St. George
Brooks	Hope	Schenck
Budge	Hunter	Scrivner
Buffett	Ikard	Scudder
Burleson	Jackson, Calif.	Shafer
Busbey	Jarman	Sheehan
Bush	Jenison	Short
Byrnes	Jenkins	Simpson, Ill.
Cannon	Jensen	Simpson, Pa.
Chatham	Jonas	Smith, Kans.
Chenoweth	Kearns	Springer
Chipfield	Kelley, Pa.	Stockman
Church	Kersten, Wis.	Taber
Clevenger	LeCompte	Talle
Cole, Kans.	Lovre	Teague
Cox	Lucas	Thompson,
Crawford	McCulloch	Mich.
Cunningham	McDonough	Van Pelt
Curtis, Nebr.	McGregor	Velde
Davis, Wis.	McIntire	Vursell
Devereux	McVey	Werdel
D'Ewart	Mahon	Wheeler
Dolliver	Dondoro	Whitten
Dondoro	Dorn	Williams, Miss.
Dorn	Ellsworth	Williams, N. Y.
Elston	Elston	Wilson, Ind.
Fernandez	Fisher	Wilson, Tex.
Flood	Flood	Winstead
		Wood, Idaho

NOT VOTING—95

Aandahl	Donohue	Kirwan
Abernethy	Donovan	Kluczynski
Addonizio	Doughton	Larcade
Albert	Eaton	Lyle
Allen, La.	Evins	McMillan
Anfuso	Fallon	Machrowicz
Arends	Fenton	Mitchell
Aspinall	Frazier	Morano
Bailey	Furcolo	Morris
Bates, Ky.	Gore	Morrison
Beamer	Gwynn	Perkins
Beckworth	Hall	Philbin
Belcher	Edwin Arthur	Pickett
Blatnik	Hail	Potter
Boggs, Del.	Leonard W.	Powell
Bonner	Hebert	Ramsay
Brown, Ohio	Heffernan	Reece, Tenn.
Buckley	Heller	Regan
Burdick	Hertler	Richards
Carlyle	Jackson, Wash.	Rogers, Tex.
Carnahan	James	Roosevelt
Celler	Jones	Sabath
Clemente	Hamilton C.	Sasscer
Cole, N. Y.	Judd	Scott, Hardie
Combs	Kean	Seely-Brown
Couder	Kearney	Sheppard
Davis, Tenn.	King, Pa.	Sikes
Dempsey		Smith, Wis.

Stanley	Thompson, Tex.
Steed	Wickersham
Stigler	Vail
Sutton	Willis
Tackett	Vinson
	Wood, Ga.
	Welch
	Woodruff
	Wharton

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Herter for, with Mr. McMillan against.
Mr. Donohue for, with Mr. Bailey against.
Mr. Vinson for, with Mr. Rogers of Texas against.

Mr. Buckley for, with Mr. Arends against.
Mr. Roosevelt for, with Mr. Brown of Ohio against.

Mr. Heller for, with Mr. Vail against.
Mr. Clemente for, with Mr. Woodruff against.

Mr. Jackson of Washington for, with Mr. Pickett against.

Mr. Addonizio for, with Mr. Hébert against.
Mr. Coudert for, with Mr. Eaton against.
Mr. Fallon for, with Mr. Smith of Wisconsin against.

Mr. Machrowicz for, with Mr. Gwinn against.

Until further notice:

Mr. Morrison with Mr. Aandahl.
Mr. Aspinall with Mr. Beamer.
Mr. Sabath with Mr. Belcher.
Mr. Stanley with Mr. Boggs of Delaware.
Mr. Perkins with Mr. Kilburn.
Mr. Kluczynski with Mr. Judd.
Mr. Blatnik with Mr. James.
Mr. Celler with Mr. Wharton.
Mr. Mitchell with Mr. Seely-Brown.
Mr. Anfuso with Mr. Reece of Tennessee.
Mr. Powell with Mr. Burdick.
Mr. Donovan with Mr. Cole of New York.
Mr. Heffernan with Mr. Morano.
Mr. Wickersham with Mr. Fenton.
Mr. Morris with Mr. King of Pennsylvania.
Mr. Welch with Mr. Edwin Arthur Hall.
Mr. Furcolo with Mr. Hardie Scott.
Mr. Kirwan with Mr. Potter.
Mr. Evins with Mr. Kean.

Mrs. KEE and Mr. ARMSTRONG changed their vote from "nay" to "yea."

Mr. SCHENCK, Mr. VAN PELT, Mr. O'KONSKI, and Mr. JONAS changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORIZATION TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that, notwithstanding the adjournment of the House until Monday next, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

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

There was no objection.

SPECIAL ORDERS GRANTED

Mr. COOLEY asked and was given permission to address the House for 30 minutes on Monday next, following Mr. REDDEN.

Mr. ARMSTRONG asked and was given permission to address the House for 10 minutes on Monday next, following the conclusion of special orders heretofore entered.

PERMISSION TO ADDRESS THE HOUSE

Mr. VAN ZANDT. 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 Pennsylvania?

There was no objection.

[Mr. VAN ZANDT addressed the House. His remarks appear in the Appendix.]

The SPEAKER. Under previous order of the House, the gentleman from Michigan [Mr. DONDERO] is recognized for 10 minutes.

PRICE CONTROLS—THE PRESIDENT AND THE FACTS

Mr. DONDERO. Mr. Speaker, the country is now being flooded with a wave of propaganda that is as false as it is vicious. This phony propaganda claims that it was the Republican Eightieth Congress that lifted price controls following the end of World War II and that Republicans are responsible for the inflation that occurred at that time.

Nothing could be further from the truth. The plain fact of the matter is that it was President Truman himself who removed price controls. The next fact is that the removal of controls took place before the Republican Eightieth Congress had even been elected.

Mr. Truman began lifting controls in September 1945 and he completed the task in October 1946. The Eightieth Congress was elected in November 1946.

A large part of the reason why the voters selected a Republican Congress was the widespread disgust with the Truman administration's handling of price controls. Mr. Truman was trying to help the candidates of his political party when he lifted the last of the price controls, but the people were not deceived.

I wish to cite one instance of the terrible confusion that characterized the administration's handling of price controls. On September 26, 1946, when housewives had to stand in long lines to purchase meat, Mr. Truman took up the subject of meat price ceilings at his press conference. Here is what Mr. Truman said:

An increase in prices or the abandonment of price control on meat now would, in the long run, add to rather than solve our difficulties.

And what did Mr. Truman then proceed to do? Three weeks later, on October 14, 1946, he went on the air to announce the abandonment of meat controls—the exact opposite of what he said he would do. Here is how Mr. Truman announced the lifting of meat controls:

There is only one remedy left—that is to lift controls on meat. Accordingly, the Secretary of Agriculture and the Price Administrator are removing all price controls on livestock and food and feed products therefrom, tomorrow.

That action, I repeat, was taken before the voters even went to the polls to elect a Republican Eightieth Congress.

Two years later President Truman was speaking a different language. It was a campaign year, and the all-important goal, in his mind, was reelection. The facts went out the window. In their place the country was told such wild yarns as the one which Mr. Truman uttered in Bridgeport, Conn., on October 28, 1948:

If you want relief from high prices, vote for a party that has proved by the record that it knows how to keep prices down. The best thing for your own interests is to vote the Democratic ticket.

The man talking was the same man who had lifted all price controls 2 years earlier.

And while President Truman talked low prices to city people during the 1948 campaign, he talked high prices when facing farm people.

Now the campaign of misrepresentation and falsity has started all over again. This time, however, the Americans know the facts, and they should not forget them. The facts are simply these:

First. After the Korean war started, touching off a buying wave that pushed prices up, President Truman stated repeatedly he wanted no part of price controls.

Second. Congress passed the Defense Production Act over his protests in September 1950. But Mr. Truman steadfastly refused to use the act.

Third. It was not until January 26, 1951—7 months after the start of the Korean war—that the President finally got around to issuing a price freeze. By that time food prices had already risen 9 percent and the over-all cost of living had risen 7 percent.

Fourth. Throughout this period and up until this moment, Mr. Truman has continued to follow financial policies which inevitably tend to drive prices higher and higher. I am referring to the administration's reckless spending, which is financed to a considerable extent by printing-press dollars. These printing-press dollars merely dilute everyone's savings deposits, life insurance, and United States bonds.

The biggest step to price stability in recent years was the balanced budget which the Republican Eightieth Congress achieved. The flow of cheap, printing-press Government dollars was stopped, and prices had an opportunity to level off. Every Republican Member of the Congress who had a part in that effort has good reason to be proud of his contribution to the welfare of the American people.

PROTECT FOLKS ON RELIEF FROM PITILESS PUBLICITY

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

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

There was no objection.

Mr. LANE. Mr. Speaker, protect folks on relief from pitiless publicity.

People down on their luck are still human beings. The fact that they must seek public assistance does not mean that they should be compelled to surrender all pride and privacy.

The Jenner amendment to the Revenue Act of 1951, in effect, opens the welfare rolls to public inspection. Under the guise of exposing fraud, it would put the names of all poor people getting aid into a goldfish bowl and strip them of the last vestige of human dignity.

It would scare people who have no other means of existence, from the shame of being exhibited as charity cases and force them to go without, rather than run the gantlet of punishing publicity.

Why our most unfortunate citizens should be signaled out for such an attack, in the spurious name of economy, when so many well-heeled tax fixers and other special interests are raiding the Public Treasury, is beyond all understanding. It is striking at those who cannot fight back.

It is a broadside that will humiliate many, just to reach a few petty chiselers.

This indiscriminate approach is not designed to expose those who are receiving aid fraudulently. Under this pretext, it is the beginning of a drive to crush the whole public assistance program.

The Jenner amendment prohibits the Federal Security Administrator from withholding funds from a State, when that State by legislation prescribes the condition under which public access may be had to the records of disbursements of public assistance funds. Providing also that safeguards are established to prohibit the commercial or political use of information so obtained.

The Federal Security Agency opposed this amendment even before it was passed. It pointed out that the methods proposed are not suitable to achieve the objectives sought, and are not in keeping with the American tradition that individual dignity should be respected. We stated that the effect of the amendment might be to embarrass needy but sensitive people, and discourage them from applying for the assistance which they need. We also expressed the opinion that persons who would stoop to fraud in order to obtain assistance are not likely to be discouraged by any action the States might take under section 618. Thus, the persons most affected would be needy people, the very ones for whom public assistance programs were established.

The opinions of the Federal Security specialists in this field, based on factual studies, were disregarded. The Jenner steam roller crushed all understanding of human relations. It was a tour de force that lumped the many worthy cases with the few fraudulent ones, and then blackmailed all with the threat of publicity.

The net result has been to set neighbor against neighbor, stirring up both shame and contempt, when the delicate problem of charity should be adminis-

tered with a consideration for human feelings as well as urgent material needs.

The Federal Security Agency has always insisted that eligibility be established properly. Furthermore, no evidence exists that large numbers of persons are fraudulently receiving assistance. The only satisfactory way to weed out those who are getting relief payments when they do not need them, is through sound administration, reinforced by adequate well-qualified staff.

It is hard enough for any human beings who are in a dependent position. It is worse when they are held up to public ridicule.

No one dares come forward to suggest that the names of all farmers receiving subsidies or all veterans receiving benefits, or all persons and corporations whose taxes have been settled for a fraction of what they really owe, should be posted for all to see.

Because the howl of protest would rock the Nation.

But the Jenner amendment picks on those—the reliefers—who are at the bottom of the economic pile. It is hitting at those who are on their knees.

Welfare workers are the only people competent enough to determine who shall be eligible for public assistance and not the gossips who thrive on other people's misfortunes.

The Jenner amendment was a mistake, it should be eliminated from the Federal law.

Some damage has been done by it.

Four States—Indiana, Illinois, Alabama, and Georgia—have already followed up with crippling legislation of their own.

To undo the harm, without working any readjustment hardship on these States, I suggest a time lag of at least a year to enable these States, and others which have not yet started, to make lists available to get back on the right road again.

All others shall immediately comply under the terms of my bill—to amend the Jenner amendment—with the original Federal social security law banning publicity of welfare rolls as a condition that must be observed by the States in order to receive Federal grants-in-aid and other payments.

Folks on relief must not be publicly branded as paupers.

Would we like to be put on parade if we were in their shoes?

How about it?

FEDERAL SECURITY AGENCY,
Washington, June 19, 1952.

Hon. THOMAS J. LANE,
House of Representatives,
Washington, D. C.

DEAR MR. LANE: This letter is in response to your request of April 4, 1952, for a report on your draft bill to repeal section 618 of the Revenue Act of 1951 (relating to a prohibition upon the denial of Social Security Act funds).

This bill would repeal section 618 of the Revenue Act of 1951, commonly known as the Jenner amendment. This amendment to the 1951 tax law prohibits the Federal Security Administrator from withholding funds from a State under titles I, IV, X, or XIV of the Social Security Act in the event a State,

by legislation, prescribes the condition under which public access may be had to the records of disbursements of public-assistance funds, provided that appropriate legislative safeguards are established to prohibit commercial or political use of the information so obtained.

It appears from the legislative record that section 618 was proposed by its sponsors as a means of eliminating from assistance rolls persons who are receiving assistance fraudulently. Its proponents stated that the realization that names would become known would deter ineligible persons from applying for aid; if these persons should apply and receive aid fraudulently, the fraud would be exposed by citizens in the community. Thus, it was claimed that the legislation would reduce the assistance rolls and keep the cost of public assistance down.

This agency raised serious question about the amendment at the time it was under discussion. We pointed out that the methods proposed are not suitable to achieve the objectives sought, and are not in keeping with the American tradition that individual dignity should be respected. We stated that the effect of the amendment might be to embarrass needy but sensitive people, and discourage them from applying for the assistance which they need. We also expressed the opinion that persons who would stoop to fraud in order to obtain assistance are not likely to be discouraged by any action the States might take under section 618. Thus, the persons most affected would be needy people, the very ones for whom the public-assistance programs were established.

As a result of the enactment of section 618, four States, Indiana, Illinois, Alabama, and Georgia, have adopted the appropriate legislation and are now making available for public inspection lists of public assistance recipients. We have observed developments in these States and have compared the changes in the number of persons receiving public assistance in those States with the changes in the Nation as a whole. There is no evidence that the enactment of legislation taking advantage of section 618 has resulted in eliminating from the rolls any ineligible persons. For the past year, the trend in the number of recipients has been downward for the Nation as a whole. The extent of the decline has varied from one State to another. Often the reasons for the decline are peculiar to an individual State. Insofar as the availability for inspection of public assistance recipients' names has been a factor, it might very well be an indication of the unwillingness of some needy people to run the risk of embarrassment with their friends and neighbors.

It is not possible to evaluate statistically the effects of the legislation on the morale of the recipients through the knowledge that their neighbors, if they wish, may learn that they are receiving public assistance. Although the public has not been especially interested in examining the lists, as shown by reports on the number of individuals who have reviewed the lists we have no doubt that some needy people have been discouraged from applying for aid because of the knowledge that they might be embarrassed before their friends and neighbors. The enclosed letter is a case in point. It is one which was received by the Iowa State Department of Social Welfare from an individual who speaks of his experience as a child in a family receiving assistance. This letter is graphic as to the serious effect on individuals when there is public knowledge of their dependency status.

No matter how few persons may be receiving assistance without being eligible, every reasonable effort must be made to remove them from the assistance rolls. The Federal Security Agency has always insisted

that eligibility be established properly. However, no reliable evidence exists to show that large numbers of persons are fraudulently receiving assistance, or that there exists a special problem needing a drastic remedy. As long as we are dealing with people, there will be some who try to "beat the game." The only satisfactory way to eliminate whatever ineligible persons on the assistance rolls, however, is through sound administration, reinforced by adequate, well qualified staff. I am satisfied that if assistance agencies have adequate staff, the problem of "chiseling" would be virtually eliminated. This approach is far more satisfactory to all concerned—and more likely to be successful—than the approach taken in section 618.

We have a question concerning the effective date in your draft bill. The bill provides that it shall take effect with respect to the payments to which the States become entitled after the date of the enactment of the bill. Inasmuch as several States (the four mentioned above, plus a few others which have not yet started making lists available) have enacted appropriate legislation preliminary to operating under section 618, the terms of your bill may work a hardship on these States. We would recommend that the bill provide a time lag of at least a year for those States which have already enacted legislation complying with section 618.

We should recommend, therefore, that you introduce your bill. I hope the Congress will enact it.

Sincerely yours,

JOHN L. THURSTON,
Acting Administrator.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks was granted to:

MR. HOFFMAN of Michigan to include certain extraneous matter in remarks he expects to make in Committee of the Whole.

MR. JENKINS and to include extraneous matter.

MR. REED of New York in two instances, in each to include extraneous matter.

MR. MILLER of Nebraska to extend his remarks on the subject of raw-bone meal being imported into this country.

MR. BENDER in three instances.

MR. PATTERSON and to include extraneous matter.

MR. BOLTON and to include extraneous matter.

MR. RIBICOFF (at the request of Mr. PRIEST) and to include a tribute to Francis S. Murphy.

MR. RODINO in three instances and to include extraneous matter.

MR. MOULDER in two instances and to include extraneous matter.

MR. GAVIN in three instances and to include extraneous matter.

MR. REES of Kansas to revise and extend his remarks on the appropriation bill passed today and include extraneous matter, and also to extend his remarks following the remarks of Mr. TALLE on the conference report.

MR. O'HARA and to include a speech.

MR. ROGERS of Massachusetts and to include an address by Admiral Thomas C. Kincaid notwithstanding it is estimated by the Public Printer to cost \$294.

Mr. BERRY in two instances and to include extraneous matter.

Mr. BURNSIDE and to include an editorial.

Mr. VAN ZANDT and to include an editorial.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. SEELY-BROWN (at the request of Mr. SADLAK), on account of illness in the family.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

Mr. STANLEY, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 1853. An act to authorize the granting to Kaiser Steel Corp. of rights-of-way on, over, under, through, and across certain public lands, and of patent in fee to certain other public lands;

H. R. 3600. An act for the relief of Dr. Alexander Symeonidis;

H. R. 7231. An act to amend the act entitled "An act to provide books for the adult blind";

H. R. 7345. An act to exclude from gross income the proceeds of certain sports programs conducted for the benefit of the American National Red Cross, and for other purposes;

H. R. 7360. An act making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1952, and for other purposes;

H. J. Res. 418. Joint resolution to amend the act of July 1, 1947 (61 Stat. 242); and

H. J. Res. 490. Joint resolution to continue the effectiveness of certain statutory provisions until July 3, 1952.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. STANLEY, from the Committee on House Administration, reported that that committee did on the following dates present to the President, for his approval, bills and a joint resolution of the House of the following titles:

On June 26, 1952:

H. R. 404. An act to amend the Military Personnel Claims Act of 1945;

H. R. 1267. An act conferring jurisdiction upon the United States District Court for the Western District of Oklahoma to hear, determine, and render judgment upon the claim of the Stamey Construction Co. and/or Oklahoma Paving Co.;

H. R. 4277. An act conferring jurisdiction upon the United States District Court for the Southern District of New York to hear, determine, and render judgment upon a claim of the Bunker Hill Development Corp., and

H. R. 4455. An act for the relief of Robert A. Buchanan.

On June 28, 1952:

H. R. 1853. An act to authorize the granting to Kaiser Steel Corp. of rights-of-way on, over, under, through, and across certain public lands, and of patent in fee to certain other public lands;

H. R. 6854. An act making appropriations for the Treasury and Post Office Departments and funds available for the Export-Import Bank of Washington for the fiscal year ending June 30, 1953, and for other purposes;

H. R. 7231. An act to amend the act entitled "An act to provide books for the adult blind"; and

H. J. Res. 418. Joint resolution to amend the act of July 1, 1947 (61 Stat. 242).

Works, House of Representatives and United States Senate, adopted on March 15, 1949, and October 13, 1947, respectively; to the Committee on Public Works.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XXIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ENGLE: Committee of conference. House Joint Resolution 430. Joint resolution approving the constitution of the Commonwealth of Puerto Rico which was adopted by the people of Puerto Rico on March 3, 1952; without amendment (Rept. No. 2350). Ordered to be printed.

Mr. HART: Committee on Merchant Marine and Fisheries. House Joint Resolution 480. Joint resolution to extend the time for use of construction reserve funds established under section 511 of the Merchant Marine Act, 1936, as amended; without amendment (Rept. No. 2351). Referred to the Committee of the Whole House on the State of the Union.

Mr. SPENCE: Committee of conference. S. 2594. An act to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, and for other purposes. (Rept. No. 2352). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BAKEWELL:

H. R. 8417. A bill to amend section 42 of the Trade-Mark Act of 1946; and for other purposes; to the Committee on the Judiciary.

By Mr. LANE:

H. R. 8418. A bill to repeal section 618 of the Revenue Act of 1951 (relating to a prohibition upon the denial of Social Security Act funds); to the Committee on Ways and Means.

By Mr. O'NEILL:

H. R. 8419. A bill to provide that the waging taxes shall not apply with respect to suit clubs; to the Committee on Ways and Means.

By Mr. GWINN:

H. J. Res. 491. Joint resolution proposing an amendment to the Constitution of the United States relative to calling of a convention to consider an amendment to the Constitution to prohibit the United States Government from engaging in business in competition with its citizens; to the Committee on the Judiciary.

By Mr. RADWAN:

H. Res. 716. Resolution directing the Secretary of State to transmit to the House information relating to any agreements made by him and the Government of Great Britain during their recent meetings and conversations; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BEALL:

H. R. 8420. A bill for the relief of Demetrios Petros Demou; to the Committee on the Judiciary.

By Mr. COUDERT:

H. R. 8421. A bill for the relief of Mordechai Dinewitz; to the Committee on the Judiciary.

By Mr. GOLDEN:

H. R. 8422. A bill for the relief of Sachiko Kunihiro; to the Committee on the Judiciary.

By Mr. O'NEILL:

H. R. 8423. A bill for the relief of Francesco Gorga; to the Committee on the Judiciary.

By Mr. O'TOOLE:

H. R. 8424. A bill for the relief of Philip Cooperman, Aron Shiro, and Samuel Stackman; to the Committee on the Judiciary.

By Mr. POAGE:

H. R. 8425. A bill for the relief of Miss Leila Park; to the Committee on the Judiciary.

SENATE

MONDAY, JUNE 30, 1952

(Legislative day of Friday, June 27, 1952)

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

Rev. M. C. Johns, minister, First Baptist Church, Fairmont, W. Va., offered the following prayer:

Our loving and ever compassionate Heavenly Father, we bow humbly before Thee this day to seek guidance from on high for the tasks which fall upon us. We express our sincere thanks to Thee for the blessings that are ours because of Thy love for us.

We do thank Thee for the strength Thou hast given to the Members of the Senate throughout the past months of their deliberations. Many have been the burdens they have been called to bear, and in Thy infinite love for them and our Nation, they have received strength for their daily tasks. Now, O Lord, in the final days of this session of Congress, may these Senators, the elected representatives of their neighbors back home, receive the physical strength and the mental and nervous energy necessary to give careful consideration to the projects now before them. May Thy will be done by them and through them.

We ask Thy continued blessing upon our Nation in the position she occupies as a world leader and we would always remember that, "Not by might nor by power, but by My Spirit, saith the Lord," applies to us as well as it did to a nation thousands of years ago. May we not abdicate our position of leadership while millions of people are looking to us for help and guidance. In the name of Christ we pray. Amen.

THE JOURNAL

On request of Mr. McFARLAND, and by unanimous consent, the reading of the Journal of the proceedings of Saturday, June 28, 1952, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

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

On June 27, 1952:

S. 2610. An act providing that excess-land provisions of the Federal reclamation laws

shall not apply to certain lands that will receive a supplemental or regulated water supply from the San Luis Valley project, Colorado.

On June 28, 1952:

S. 365. An act for the relief of Jean Krueger and Edith Krueger;

S. 587. An act for the relief of Sotirios Christos Roumanis;

S. 677. An act to fix the personnel strength of the United States Marine Corps, and to establish the relationship of the Commandant of the Marine Corps to the Joint Chiefs of Staff;

S. 1032. An act to authorize each of the States of North Dakota, South Dakota, and Washington to pool moneys derived from lands granted to it for public schools and various State institutions;

S. 1283. An act to remove the limitation on the numerical strength of the White House Police force;

S. 1536. An act to stabilize the economy of dependent residents of New Mexico using certain lands of the United States known as the North Lobato and El Pueblo tracts, originally purchased from relief-program funds, and now administered under agreement by the Carson and Santa Fe National Forests, to effect permanent transfer of these lands, and for other purposes;

S. 1566. An act for the relief of Constantin Alexander Solomondes;

S. 1676. An act for the relief of Helen Sadao Yamamoto;

S. 1681. An act for the relief of Sister Maria Seidl and Sister Anna Ambrus;

S. 1903. An act for the relief of Toshiko Minowa;

S. 2561. An act for the relief of Susan Patricia Manchester; and

S. 2586. An act for the relief of Niccolo Luvisotti.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed a bill (H. R. 8370) making supplemental appropriations for the fiscal year ending June 30, 1953, and for other purposes, in which it requested the concurrence of the Senate.

MEETING OF INTERPARLIAMENTARY UNION

The VICE PRESIDENT. The Chair would like to announce, in his capacity as president of the American group of the Interparliamentary Union, that there will be a meeting at 10:30 tomorrow morning in his office on this floor of the Capitol, which all Senators interested in the Interparliamentary Union are at liberty to attend. The Chair makes that announcement while there is a full attendance in the Senate.

ENROLLED BILL SIGNED DURING RECESS

Under authority of the order of the Senate of the 28th instant,

The PRESIDENT pro tempore announced he signed the enrolled bill (S. 2594) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, and for other purposes, which had previously been signed by the Speaker of the House of Representatives.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on June 29, 1952, he presented to the President of the United States the enrolled bill (S. 2594) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, and for other purposes.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The VICE PRESIDENT announced that on today, June 30, 1952, he signed the following enrolled bills and joint resolution, which had previously been signed by the Speaker of the House of Representatives:

H. R. 3600. An act for the relief of Dr. Alexander Symeonidis;

H. R. 7345. An act to exclude from gross income the proceeds of certain sports programs conducted for the benefit of the American National Red Cross, and for other purposes;

H. R. 7860. An act making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1952, and for other purposes; and

H. J. Res. 490. Joint resolution to continue the effectiveness of certain statutory provisions until July 3, 1952.

LEAVES OF ABSENCE

On request of Mr. McFARLAND, and by unanimous consent, Mr. ANDERSON, because of illness, and Mr. KERR and Mr. RUSSELL were excused from attendance on the sessions of the Senate this week, and Mr. KEFAUVER was excused from attending the sessions of the Senate beginning Wednesday through the remainder of the week.

TRANSACTION OF ROUTINE BUSINESS

Mr. McFARLAND. Mr. President, I ask unanimous consent that Senators may be permitted to make insertions in the RECORD, and transact other routine business, without debate, and without the time being charged to either side.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following communications and a letter, which were referred, as indicated:

PROPOSED SUPPLEMENTAL APPROPRIATION, GENERAL SERVICES ADMINISTRATION (S. Doc. No. 155)

A communication from the President of the United States, transmitting a proposed supplemental appropriation, in the amount of \$576,200, for the General Services Administration, fiscal year 1953 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION, DEPARTMENT OF COMMERCE (S. Doc. No. 156)

A communication from the President of the United States, transmitting a proposed