not more than $1,000 or imprisoned not more than 1 year, or both.

"(c) All matter, the mailing of which is forbidden by subsection (a) hereof, is hereby declared to be nonmailable and shall not be conveyed in the mails nor delivered from any post office, nor by any letter carrier, but shall be withdrawn from the mails under such regulations as the Postmaster General may prescribe.

"(d) For the purposes of this section the phrase 'punchboard or pushcard' shall include such boards, cards, or similar devices designed and manufactured primarily for use in connection with gambling, but shall not include devices numerically keyed to an answer sheet or containing no numerical identification of individual plays and designed and manufactured primarily for amusement purposes.

"SEC. 1302. Postmaster or employee as gambling or lottery agent.

"Whoever, being a postmaster or other person employed in the postal service, acts as agent for any gambling or lottery office, or, under color of purchase or otherwise, sends gambling or lottery tickets, or knowingly sends by mail or delivers any letter, package, postal card, circular, or pamphlet advertising any gambling enterprise, lottery, gift enterprise, or scheme of any kind offering money or prizes dependent in whole or in part upon lot or chance, or any ticket, certificate, or instrument representing any chance, share, or interest in or dependent upon the event of any such gambling enterprise, lottery, gift enterprise, or scheme, or any list of the prizes to be drawn or awarded by means of any such gambling enterprise, lottery, gift enterprise, or scheme, whether such list contains any part or all of such prizes, shall be fined not more than $1,000 or imprisoned not more than 1 year, or both.

"SEC. 1303. Broadcasting gambling or lottery information.

"Whoever broadcasts by means of any radio station for which a license is required by any law of the United States, or whoever, operating any such station, knowingly permits the broadcasting of, any advertisement of or information concerning any gambling enterprise, lottery, gift enterprise, or scheme of any kind offering money or prizes dependent in whole or in part upon lot or chance, or any list of the prizes to be drawn or awarded by means of any such gambling enterprise, lottery, gift enterprise, or scheme, whether such list contains any part or all of such prizes, shall be fined not more than $1,000 or imprisoned not more than 1 year, or both.

"Each day's broadcasting shall constitute a separate offense.

"SEC. 1304. Fishing contests; track racing events; foreign publications.

"The provisions of this chapter shall not apply with respect to—

"The sponsorship, management, or advertisement of any fishing contest not conducted for profit wherein prizes are awarded for the specie, size, weight, or quality of fish caught by contestants in any bona fide fishing or recreational event;

"The sponsorship, management, or advertisement of any track-racing event to which the general public is admitted and upon which betting is legal under applicable State laws; or

"The importation and distribution of any foreign newspaper, pamphlet, or other publication distributed as a bona fide medium for news, information, or opinions in any foreign country."

Count Albert Apponyi, of Hungary

EXTENSION OF REMARKS
OF
HON. THOMAS B. CURTIS
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES

Monday, February 8, 1954

Mr. CURTIS of Missouri. Mr. Speaker, I am inserting into the RECORD a sketch I had prepared by the Legislative Reference Service of the Library of Congress of the life and ideals of Count Albert Apponyi, of Hungary. In my opinion it is a good thing to refresh our memories from time to time of the careers of men who have led inspirational lives so that their example might further inspire present generations to meet the problems that still beset us boldly, objectively, and with foresight.

The sketch follows:

February 8 marks the anniversary of the death in 1933 of one of Europe's most respected elder statesmen, Count Albert Apponyi, of Hungary. He was long a leader in Hungarian public affairs. A man whose authority was moral more than political he was respected even more for his own personal integrity rather than for his public positions. Throughout his extensive career he was a man who stood above politics and in all things remained true to his own principles and ideals.

Although he was a member of one of Hungary's oldest aristocratic families, Count Apponyi was devoted to the precepts of democracy and to progressive social reform. He believed in "social equality in everything which is fundamental to human dignity and to the requirements of human happiness."

Following the death of the great patriot, Louis Kossuth, Count Apponyi succeeded to the leadership of the Hungarian Independence Party. As its head he was an advocate of universal suffrage and a strong supporter of Hungarian independence. His long and distinguished career in his country's service included many prominent posts—speaker of the house of representatives, minister of education, minister of worship and privy councilor.

Count Apponyi, however, is best known for his distinguished career in the field of international relations. Although he was an ardent supporter of Hungarian nationalism and a great patriot, he saw beyond the divisions of geographic and ethnic boundaries. Even before the creation of the League of Nations he devoted himself to the cause of world peace. In this respect, his work as a member of the Interparliamentary Union was especially outstanding.

After World War I he pleaded Hungary's cause at the peace conference with such dignity and nobility that he won the respect even of his enemies. He was indefatigable in his efforts to build up the League of Nations. His great gift of oratory enabled him to plead with conviction on behalf of international cooperation. He had faith that the "spirit and letter of cooperation will replace our old struggle for supremacy." Therein lay the only path of progress for the postwar world.

Count Apponyi himself was an example of the ability of patriotism and internationalism to reach a compromise. His belief that "no nation can enrich itself by destroying another" led him to the belief that international cooperation did not lead to the subjection of national sovereignty, but was in the national interest as well as in the interest of humankind. His career was itself patriotism and internationalism, each used for the highest good, separately and together.

Count Apponyi early recognized the increasing importance of the United States in world affairs. He had been an enthusiastic visitor of this country three times—first, as a delegate to the Interparliamentary Union Conference, and later as a highly successful guest lecturer. He was received with the same warmth which he himself felt for America. At a time when this country was being sharply criticized abroad, he praised it for "its youthful freshness, compared to which old Europe appears to be worn out." Europe had achieved her best, and in her ripeness there were already the first signs of decay. The world depended on American optimism and enthusiasm as well as on its rich idealism. Gradually this country was beginning to emerge from her traditional policy of no entanglements. But although Europe had reached and passed her zenith, her rich heritage could offer invaluable experience to a country entering the European scene as a relative novice. Europe's background and America's new vigor were in the eyes of Count Apponyi the strongest combination for the perpetuation of international peace and cooperation.

Fittingly enough, Count Apponyi died fighting to attain world peace while serving as his country's delegate to the International Disarmament Conference. Mankind has not yet reached its ultimate goal. More than ever it is important to realize, as Count Apponyi did, that its attainment is only possible through the effective cooperation of all nations.

SENATE

TUESDAY, FEBRUARY 9, 1954

(Legislative day of Monday, February 8, 1954)

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

Eternal Father, Thou only art the fountain of our being, the light of all our seeing; our helper Thou amid the flood of mortal ills prevailing. Our puny mortal strength is unequal to the tests and tasks of these terrific times which are upon us; the arm of flesh fails us, we dare not trust our own devices and counsels. At this altar of Thy grace may our hearts be steadied and stilled, purged of self, emptied of strain and stress, filled with peace and poise, satisfied with each new morning just to wake and find Thee there: For Thine is the kingdom to which the future belongs, the power and the glory for ever and ever. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Monday, February 8, 1954, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL

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 today, February 9, 1954, the President had approved and signed the act (S. 373) to extend the time for filing claims for the return of property under the Trading With the Enemy Act.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

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

Mr. KNOWLAND. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded, and that further proceedings under the call be dispensed with.

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

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

The VICE PRESIDENT. The Chair appoints, from the Committee on Appropriations, the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Nevada [Mr. MCCARRAN] members on the part of the Senate of the Joint Committee on Reduction of Nonessential Federal Expenditures, established by section 601 of the Revenue Act of 1941, to fill existing vacancies.

REPORT OF DISTRICT OF COLUMBIA ARMORY BOARD

The VICE PRESIDENT laid before the Senate a letter from the Chairman, District of Columbia Armory Board, transmitting, pursuant to law, a report of that Board, together with a financial statement, for the fiscal year ended June 30, 1953, which, with the accompanying report, was referred to the Committee on the District of Columbia.

PROPERTY OF GERMAN NATIONALS HELD BY THE ALIEN PROPERTY CUSTODIAN — RESOLUTION OF AMERICAN LEGION

Mr. LANGER. Mr. President, there has been pending for some time in the Senate a bill providing for the return to German nationals of property confiscated during the war.

I call attention to a resolution on the subject adopted by the American Legion at its annual convention, held in St. Louis, Mo., on September 2, 1953. It is one of 35 resolutions adopted by the American Legion at its convention. The resolution reads:

RESOLUTION ADOPTED AT THE 35TH ANNUAL CONVENTION OF THE AMERICAN LEGION, ST. LOUIS, MO., SEPTEMBER 2, 1953

We urge that Congress by proper legislation return to German nationals, as has already been returned to Italian nationals, their properties seized and now in the hands of the custodian of alien property.

I ask unanimous consent that the resolution be appropriately referred.

There being no objection, the resolution was referred to the Committee on the Judiciary.

FEDERAL TAXATION ON INTEREST FROM CERTAIN BONDS—RESOLUTION OF CITY COUNCIL, MINNEAPOLIS, MINN.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a resolution adopted by the City Council of Minneapolis, Minn., on January 29, opposing Federal taxation on interest from bonds issued by any governmental subdivision, be printed in the RECORD and appropriately referred.

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

RESOLUTION OPPOSING FEDERAL TAXATION ON INTEREST FROM BONDS ISSUED BY ANY GOVERNMENTAL SUBDIVISION

Whereas we are advised that the Ways and Means Committee of the House of Representatives of Congress has, without a public hearing, voted to recommend a tax on the interest of certain State and municipal bonds; and

Whereas although the recommendation included only municipal housing authority bonds and bonds issued by States or municipalities for industrial development purposes, the inclusion of such items in any tax bill would provide an entering wedge for the taxation of the interest on all municipal obligations; and

Whereas the city council has consistently opposed any such taxation; and

Whereas on May 29, 1953, the council adopted a resolution opposing a proposal then under consideration by United States Treasury Department officials to require that municipal bonds be made subject to Federal income taxes; and

Whereas the taxation of interest from municipal bonds and bonds of governmental subdivision would increase the rate of interest required to be paid on such bond issues, resulting in additional local taxes to meet such increase; and

Whereas the burden of property taxes in Minneapolis is already among the highest of any large city; and

Whereas this city is faced with dangerously critical problems of raising sufficient local taxes to meet rising costs and new requirements: Now, therefore, be it

Resolved by the City Council of the City of Minneapolis, That we oppose any proposal which would permit Federal taxation of interest received from future issues of municipal housing authority bonds, bonds issued by States or municipalities for industrial development purposes, or bonds issued by municipalities or governmental subdivision for any purposes whatsoever; be it further

Resolved, That a copy of this resolution be sent to the President of the United States, to each Member of the House and Senate delegation in the United States Congress from Minnesota, and to the Honorable DANIEL A. REED, chairman of the Ways and Means Committee of the House of Representatives.

Passed January 29, 1954.

EUGENE E. STOKOWSKI,
Vice President of the Council and President pro tempore.

Approved February 1, 1954.

ERIC G. HOYER,
Mayor.

Attest:

ARLENE R. FINKLE,
City Clerk.

CARE OF VETERANS—LETTER FROM SERVICE OFFICER, CHISHOLM, MINN.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD, and appropriately referred, a letter dated February 1, 1954, addressed to me by Clarence M. Carney, Service Officers, Veterans' Service Office, Chisholm, Minn., relating to care of veterans.

I believe his suggestions deserve consideration of the Senate.

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

VETERANS SERVICE OFFICE,
Chisholm, Minn., February 1, 1954.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: Due to the inability of certain disabled veterans to pass a physical examination for practically any type of employment in the field of industry, I am submitting for your consideration a Senate amendment to a bill, H. R. 7300, that where for 20 years or more, the Veterans' Administration has rated a service-connected disability of a veteran with over 25 percent, should at age 60 and upon application for rerating, be raised to 50 percent, and at age 65 to 70 percent, and that all other ratings of more than 70 percent or less than 25 percent be made permanent after 20 years.

It is logical to assume that this would remove thousands of patients from domiciliary care or soldiers' home care; also prevent many others from going to Veterans' Administration hospitals as they would be able to remain at home on outpatient treatment, thereby saving millions of dollars for the Veterans' Administration institutions.

I have arrived at this conclusion from personal contact with other veterans who have made application for domiciliary care and soldiers' home care and also hospitalization, and find that the majority would much prefer to remain at home if they were financially able to do so.

Yours very truly,

CLARENCE M. CARNEY,
Service Officer.

INCREASED DEPENDENT DEDUCTION—RESOLUTION OF HECTOR (MINN.) FARMERS UNION LOCAL

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a resolution adopted by the Hector Farmers Union Local, Hector, Minn., in favor of increasing the dependent deduction for income taxes to $1,000, and urging the continuation of the present price-support program of 90 percent through 1956, be printed in the RECORD, and appropriately referred.

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

Whereas the cost of rearing and educating dependents has increased beyond the $600 a year, which the present income tax allows: Be it

Resolved, That the Hector Farmers Union meeting January 18, 1954, goes on record urging our Federal Government to increase this dependent deduction to $1,000.

Whereas the present price-support program for dairy products will expire April 1, 1954: Be it

Resolved, That the Hector Farmers Union local meeting January 18, 1954, goes on

record urging Congress to continue the present support program of 90 percent through 1956: Be it further

Resolved, That we favor a long-range program of production payment system. Let dairy products find their own price in open market and have Federal Government make an income payment to the farmer in such amount as market price may be below parity.

POSTAL SALARIES—LETTER FROM LOCAL 125, NATIONAL FEDERATION OF POST OFFICE CLERKS, MINNEAPOLIS, MINN.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a letter which I have received from the National Federation of Post Office Clerks, Local No. 125, Minneapolis, Minn., concerning postal salaries, be printed in the RECORD, and appropriately referred.

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

NATIONAL FEDERATION OF POST OFFICE CLERKS, LOCAL NO. 125,
Minneapolis, Minn., January 30, 1954.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR HUMPHREY: Numerous measures were introduced in the 1st session of the 83d Congress by legislators who were cognizant of the immediate need for revision of the now inadequate salary structure of postal employees, and the early consideration of measures which will, by their enactment, improve the working conditions of postal workers.

I have taken the liberty of inclosing copies of those measures felt to be of the must urgent importance, foremost of which is the salary increase bill, S. 1685, introduced by Senator WILLIAM LANGER, of North Dakota.

I'm sure I need not remind you of the ever-increasing high cost of living. Since the last salary increase in July 1951, the cost of living has risen to 116.6, an increase of over 14 percent. This is reflected in the decreased purchasing power for the basic necessities of life, leaving far too little for other vital services. The salary of postal workers has lagged too far behind the added costs of sustaining a family. This inability to meet living expenses and to buy the manufactured goods surely will reflect in the overall economy of our country, and gives added fuel to the depressing talk of a recession. If the Nation is to avoid such a calamity it must set the pace by encouraging the maintenance of a substantial living standard and a healthy purchasing ability.

Second in importance is the enactment of a personnel-management bill, such as found embodied in the measure S. 501, also introduced by Senator WILLIAM LANGER, of North Dakota. The purpose of this measure is to extend to representatives of employee organizations the right to meet with department or agency heads and discuss policies which affect the morale and welfare of the represented employees. This is accepted as good-management practices in private industry. Why is it not accepted in Government? We don't ask the right to strike, but we do request a voice in policymaking where it affects the welfare and working conditions of employees. A happy worker means increased production and high morale, two important factors in business today.

The next measure requiring early consideration, and by no means of insignificant importance, is the repeal of the Whitten rider. This can be accomplished by passage of H. R. 4148, introduced by the Honorable JOEL T. BROYHILL, of Virginia. The Whitten amendment was attached to the Supplemental Appropriation Acts of the 82d Congress, with the intent of curtailing the appointment, promotions, etc., by agency or department heads. This has proven very detrimental, not only in the Post Office Department, but in other Government agencies as well. The President, too, has recognized this blight in the laws and has asked Congress to repeal the Whitten rider as soon as possible.

You and your office have been very cooperative in past years and have recognized the plight of Government workers and have helped to give them relief. I am sure you will again give every support to enactment of measures to correct the inadequate salary structure, and to improve the morale and welfare of postal employees with passage of this much needed legislation.

Thank you very much. With sincerest wishes for a healthy and successful year, I am

Respectfully yours,
LAWRENCE W. CHILDERS,
Cochairman, Legislative Committee,
Local 125, N. F. P. O. C.

POSTAL SALARIES—LETTER FROM CIVIL SERVICE EMPLOYEES JOINT COUNCIL, MINNEAPOLIS, MINN.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a letter which I have received from the Civil Service Employees Joint Council of Minneapolis, Minn., concerning postal salaries, be printed in the RECORD, and appropriately referred.

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

CIVIL SERVICE EMPLOYEES JOINT COUNCIL,
Minneapolis, Minn., January 25, 1954.

Hon. HUBERT H. HUMPHREY,
Senator from Minnesota,
Senate Office Building,
Washington, D. C.

DEAR MR. HUMPHREY: It is anticipated that hearings will begin soon by the Senate Post Office and Civil Service Committee on S. 1685, and other bills vitally affecting the living standards of postal employees.

As I recall it was in 1951 that a minor increase was granted in the basic pay of these workers. Based on present cost of living indexes and compared to the pay increases and fringe benefits negotiated by workers in private industry, postal employees are again in the untenable position of engaging high prices with insufficient income.

S. 1685 is a just and equitable bill, but will require real missionary work by its friends in the Senate to assure passage, assuming that it will be reported out of committee.

The joint council appreciates greatly your interest in and support of measures which have as their objective the raising of living standards for the entire group of Federal workers.

Your continued endeavor and leadership has been of great benefit to all civil service groups and has earned their commendation.

Sincerely,
DAVID FINNE, Sr.,
Secretary-Treasurer.

INCREASED FEDERAL SALARIES—LETTER FROM AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, LOCAL 390, ST. CLOUD, MINN.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a letter which I have received from the American Federation of Government Employees, Local No. 390, St. Cloud, Minn., concerning the need for an increase in Federal salaries, be printed in the RECORD, and appropriately referred.

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

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES,
St. Cloud, Minn., January 30, 1954.

Senator HUBERT H. HUMPHREY,
United States Senate,
Washington, D. C.

DEAR SENATOR HUMPHREY: During the last session of Congress we did what we could to try to impart the urgency of our request showing the necessity for an early and adequate pay increase.

We continue to support the passage of salary adjustments in accordance with H. R. 4556 and H. R. 4555.

Our requests for an adequate salary adjustment are based upon the following assumptions:

1. Last summer when we made our concerted effort to stimulate necessary interest in getting a pay raise during the last session of Congress, we were doing so from absolute necessity.

2. When it becomes necessary for most of our employees to secure additional part-time employment in order to supplement their regular Federal salary so that they may merely meet their current obligations, then there can be little doubt that the present Federal salaries are wholly inadequate.

3. When it further becomes necessary for mothers to work to supplement the income of the family because the father is unable to provide the family necessities from his inadequate Federal salary, it is essential that a pay adjustment be made.

4. The Bureau of Labor Statistics of the United States Department of Labor reports that in mid-September factory workers earned an average of $1.78 an hour. In contrast to this hourly rate, the following hourly rates are being paid at present for the following grades which represent most of our employees at the VA Hospital, St. Cloud, Minn.:

GS-1: $1.20 to $1.43 hourly.
GS-2: $1.32 to $1.55 hourly.
GS-3: $1.42 to $1.65 hourly.
GS-4: $1.53 to $1.76 hourly.
GS-5: $1.64 to $2.00 hourly.
CPC-1: $.87 to $1.04 hourly.
CPC-2: $1.16 to $1.37 hourly.
CPC-3: $1.23 to $1.46 hourly.
CPC-4: $1.32 to $1.55 hourly.
CPC-5: $1.43 to $1.66 hourly.
CPC-6: $1.54 to $1.77 hourly.

In making a further comparison between present annual income and the adjustments requested in H. R. 4556, we submit the following:

Grade	Present annual salary	Proposed annual salary
GS-1	$2,500-$2,980	[1] $2,900-$3,660
GS-2	2,750- 3,230	[1] 3,410- 4,170
GS-3	2,950- 3,430	[1] 3,640- 4,400
GS-4	3,175- 3,655	[1] 3,915- 4,685
GS-5	3,410- 4,160	[2] 4,195- 5,095
CPC-1	1,810- 2,170	[1] 2,210- 2,810
CPC-2	2,420- 2,840	[1] 2,960- 3,640
CPC-3	2,552- 3,032	[1] 3,150- 3,830
CPC-4	2,750- 3,230	[1] 3,400- 4,120
CPC-5	2,974- 3,454	[1] 3,675- 4,395
CPC-6	3,200- 3,680	[2] 3,950- 4,580

[1] For 9 years' service.
[2] For 7 years' service.

You'll notice that the salary increases are as follows:

GS 1: $400 to $490.[1]
GS 2: $660 to $750.
GS 3: $690 to $780.
GS 4: $740 to $920.
GS 5: $785 to $935.
CPC 1: $400 to $490.
CPC 2: $540 to $630.
CPC 3: $598 to $628.
CPC 4: $650 to $710.
CPC 5: $701 to $761.
CPC 6: $750 to $900.

In comparing our requested increases to those already received by the average factory worker in mid-September, we find that even after such adjustments as requested in H. R. 4556 would be made, the average salary for GS 1 and GS 2, and CPC 1, CPC 2, CPC 3, and CPC 4 would not exceed an annual salary of $3,700, which is about the annual salary equivalent of the average factory worker rate of $1.78 an hour.

Also taken into consideration is the fact that most of the turnover of Federal employees is amongst employees in the lowest salary brackets rather than in the upper brackets.

Also to be considered is the fact that the majority of employees are in the lower CPC and GS ratings. Therefore, since turnover is highest at this point and since the majority of employees are at this wage level represented by the lowest 4 CPC and lowest 4 GS levels, we feel that we can expect Congress to authorize raises which would at least raise the compensation to the levels requested by H. R. 4556. Most employees in these lowest grades would not have reached their maximum annual increases at this time, due to an excessive rate of turnover.

We take into account other factors, too, in requesting early action on this pay raise.

No salary adjustment has been made since 1951. The cost of living has continued to rise. We have not shared the benefits of salary adjustments which have been granted to others in industry and in the Government.

The one characteristic of Federal salary increases has been always too little and too late. Should this be the case for those Federal employees who are expected to do their job and do it right?

Any raise granted classified Federal employees will result in the return of at least 18 percent of such raise back to the Government in the form of income taxes. This does not even take into account the increased payment of State income taxes, which in turn would strengthen the stability of the Federal Government.

We have not even mentioned the fact that a substantial adjustment in Federal classified salaries is vital to the upward adjustment of the salaries of a large segment of the working population, thereby bringing salary income of this group of employees into line with other salaries throughout industry. Such action is vital in preventing the type of conditions which tend to create a depression in the economy.

In its executive council meeting at Miami in February 1953, the American Federation of Labor called upon its affiliated unions to press for higher wages in 1953 to prevent a major depression in 1954 or 1955.

The A. F. of L. council pointed out that an ominous disparity has developed between how much workers are able to produce and how much they are able to buy. When this gap is closed, it said, a substantial increase in the purchasing power of American workers will result and the national economy will be sustained as defense spending tapers off.

A. F. of L. President George Meany said this lag in purchasing power must be corrected if the Nation's industries are to continue to expand. If wages fail to keep pace with productivity, workers will not have enough to buy the goods, markets will collapse, factories will be closed, mass unemployment will follow, and a depression will result. If the present disparity continues for another year or more, we will produce more than we can consume. We will be back to where we were in 1929 when the collapse came.

Other labor leaders have expressed the same idea. Walter Reuther, in his address at the Teachers College, St. Cloud, Minn., expressed this same viewpoint when he spoke last fall.

It would seem to us that at this stage of economic recession, the Federal Government would at least consider the factor that an adequate salary increase for Federal employees at this time would contribute toward stimulating the economy to prevent or slow down further recession.

Any increase necessitated by the current cost of living applies to all Federal employees alike.

We urgently request that you take any action necessary to get the earliest possible action in securing an early adequate salary increase for all Federal employees.

We extend our thanks for action which you may be able to take to get early action on a salary increase.

Sincerely yours,

RALPH P. HACKERT,
Secretary, AFGE, No. 390.

PER CAPITA PAYMENT TO INDIANS—RESOLUTION OF GENERAL COUNCIL, RED LAKE BAND OF CHIPPEWA INDIANS

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a resolution adopted by the General Council of the Red Lake Band of Chippewa Indians, on January 17, requesting the Secretary of the Interior, the Commissioner of Indian Affairs and the Congress to approve the $50 per capita payment bill, be printed in the RECORD, and appropriately referred.

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

PROCEEDINGS OF THE GENERAL COUNCIL OF THE RED LAKE BAND OF CHIPPEWA INDIANS

"RESOLUTION 9—SERIAL NO. 800

"Whereas under date of February 15, 1953, a request was made by the General Council that a $50 payment be made to members of the Red Lake Band of Chippewa Indians, Resolution No. 1, Serial No. 716; and

"Whereas bills were introduced in the last session of Congress by Senator EDWARD J. THYE, Senator HUBERT H. HUMPHREY, and Representative HAROLD C. HAGEN for the payment of $50 to each member of the Red Lake Band; and

"Whereas the chiefs believe they are entitled to be granted any request pertaining to their own funds on deposit with the Treasurer of the United States for the welfare of the Red Lake Band: Now, therefore, be it

"Resolved, That the Council requests the Honorable Secretary of the Interior, the Commissioner of Indian Affairs, and the Congress of the United States to approve the $50 per capita distribution of the timber fund belonging to the Red Lake Band of Chippewa Indians for the relief and benefit of the individual members of the Red Lake Band of Chippewa Indians as follows:

"1. The majority of the Red Lake workers are woods workers, and it will be impossible for them to work through the spring breakup which usually lasts for a period of 30 to 60 days.

"2. Funds are needed to buy seed, prepare for the planting season and for purchase of commercial fishing equipment.

"3. Tribal relief funds will be saved if said period of critical unemployment can be alleviated by this payment.

"4. The snow is deep in the woods, and this causes extra hardship among the Indians; it is further

"Resolved, That the general council requests enactment of the per capita payment bill in order to relieve unnecessary distress among the Indians."

Unanimously requested.

We, the undersigned, do hereby certify this to be an exact copy of resolution 9, in council proceedings, dated January 17, 1954.

JOSEPH GRAVES,
Chairman.

Redlake, Minn., January 25, 1954.

[SEAL] PETER GRAVES,
Secretary.

Action of superintendent:

FRELL M. OWL,
Superintendent.

PRICE SUPPORTS—LETTER FROM PRESIDENT OF CONGRESS OF INDUSTRIAL ORGANIZATIONS

Mr. HUMPHREY. Mr. President, I think working men and women of America as well as farmers resent any efforts to drive a wedge between them.

Perhaps soundest evidence of that attitude was contained recently in a letter from Walter P. Reuther, president of the Congress of Industrial Organizations, to Chairman GEORGE D. AIKEN of the Senate Committee on Agriculture and Forestry, which I ask unanimous consent to have printed in the RECORD at the conclusion of these remarks, and appropriately referred.

There being no objection, the letter was referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

JANUARY 21, 1954.

The Honorable GEORGE D. AIKEN,
Chairman, Senate Committee on Agriculture and Forestry,
Senate Office Building,
Washington, D. C.

DEAR SENATOR AIKEN: We denounce Secretary of Agriculture Benson's attempt to incite city workers against farmers and farmers against city workers by falsely stating that city workers are opposed to price supports for farm products.

Having pursued a virtually do-nothing polity for the past year when farm surpluses, so-called, were piling up to $5½ billion while millions of people have gone hungry in this and other countries, Secretary Benson now puts a question to the Senate Agriculture Committee that reeks with irresponsibility and lack of courage:

"At what point will the 140 million Americans who do not live on farms rise up—as they did in the potato fiasco of a few years ago—and demand not revision but outright elimination of all direct aid to agriculture?"

We do not believe the 140 million Americans who do not live on farms are now or are likely to become opposed to all direct aid to agriculture.

They are aware, as specifically pointed out in the Eisenhower administration's budget

[1] This represents the seventh step increase since annual increases at present do not exceed seven annual steps.

sent to Congress January 20, that the direct Federal money aids to business exceed direct aids to agriculture, including net costs of price supports. The business aids do not include billions in additional subsidy given business apart from direct appropriation.

The Congress of Industrial Organizations has appeared at House Agriculture Committee hearings across the country in support of farm programs that will meet the standards proposed by House Agriculture Committee Chairman CLIFFORD R. HOPE (Republican, Kansas):

"1. Productivity must be maintained at a level to insure at all times (a) a supply of food sufficient to meet the needs of an expanding population at home and (b) whatever obligations this Nation may assume abroad; and

"2. Agricultural prices must be stabilized at levels that will afford farmers a fair share of the national income."

CIO members know that the American people are now being sucked into a spiraling recession that is farm led and farm fed and that can only be checked and reversed by bold action.

Creeping unemployment that began in the farm implement plants early in 1953 has now increased to more than 50 percent, and overall employment in the communities where these plants are located is now more than the 11 percent reported.

Notably, in the quad cities of Moline, East Moline, Rock Island, Ill. and Davenport, Iowa, where normally 55,000 men and women are employed, today more than 1 out of every 5 are out of work. In the 14 farm-equipment plants in these 4 cities, more than 17,000 production and maintenance workers are normally employed. Today only half are on the payroll, many downgraded to jobs paying 40 cents an hour less than they were making a year ago.

We know that the 16 percent drop in prices paid to farmers in the past 2 years and the $2.1 billion drop in net farm income, amounting to 14 percent, while the consumer price index rose from 112 to 114, have not only depressed the market for farm implements, automobiles, and trucks, but likewise have shrunk the markets for other products all across the industrial map. And this shrinkage has, in turn, resulted in cutbacks, shutdowns, layoffs and short time that further shrink purchasing power for both manufactured goods and farm products. We know that uncertainty and fear about future farm programs are making farmers postpone buying, even when they have funds, as proved by a transfer, during 1953, of $500 million from farmers' checking to savings accounts or bonds.

We want the members of the Senate and House Agricultural Committees and every Member of both Houses to know that we shall not be split away from and put in opposition to the working farm families of America.

As set forth in Resolution 30 adopted at the CIO's 1953 convention, we shall support the development of farm programs that will insure continued abundant production and, at the same time, put adequate floors under the incomes received by these families for producing that abundance.

We suggest that, instead of trying to set American citizens at each other's throats, as Secretary Benson is attempting to do, the Eisenhower administration quickly address itself to this simple proposition:

That food is grown to be eaten and fibers are grown to be worn and used;

That those who produce the foods and fibers should not be penalized for abundant production, but must be assured adequate incomes;

That consumption should be increased by bringing about, through investigation, exposure and, if necessary, antitrust prosecutions, reduction in exorbitant markups of food prices from the time they leave the farm gate to the time they arrive at the retail counter;

That so-called surplus foods and fibers should be moved into consumption and use within this country and abroad by methods that will strengthen, not weaken, our own and our allies' economies.

Bushels of wheat, gallons of milk, sides of meat, and bales of cotton are the cheapest and most effective munitions that can be used here at home and in the worldwide fight to strengthen freedom against the open and concealed attempts at totalitarian infiltration, subversion and aggression.

Sincerely yours,

WALTER P. REUTHER,
President.

INTERIM SURVEY REPORT FOR FLOOD PROTECTION OF THE MISSISSIPPI RIVER, WINONA, MINN.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred a resolution which I have received from the city of Winona, Minn., together with a letter accompanying it, and signed by the city recorder. The letter is addressed to me, in reference to the interim survey report for flood protection of the Mississippi River at and in the vicinity of Winona.

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

CITY OF WINONA, MINN.,
February 2, 1954.

Hon. HUBERT H. HUMPHREY,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR SENATOR HUMPHREY: Enclosed is a certified copy of a resolution passed by our council at last night's regular meeting, which is self-explanatory.

Our information is that the project has been approved in St. Louis and that it is now under consideration in Washington by the Corps of Engineers. We understand further that the next proper step is to get the project authorized either by inclusion in the ombnibus bill or by special legislation.

You know how important this project is to all of the citizens of Winona and the surrounding area, and we urge you to take whatever action may be necessary to get the project going.

With kindest personal regards, I remain,

Yours truly,

ROY G. WILDGRUBE,
City Recorder, City of Winona, Minn.

Whereas the plans for a flood-control project at the city of Winona, Minn., prepared by the district engineer, Corps of Engineers, United States Army, formally designated as "Interim survey report for flood protection on the Mississippi River at and in the vicinity of Winona, Minn.," have progressed to the point where the project is under consideration by the Corps of Engineers in Washington, D. C.; and

Whereas this council is extremely desirous of taking all necessary steps to assure prompt action thereon by the proper governmental authorities in Washington, D. C.: Now, therefore, be it

Resolved by the City Council of the City of Winona, Minn., That the city recorder write to the Honorable HUBERT HUMPHREY, the Honorable EDWARD J. THYE, and the Honorable AUGUST H. ANDRESEN, our representatives in the Congress of the United States, urging them to exert their greatest efforts to insure that the Winona Flood Control project is authorized and approved and appropriations therefor made at the present session of the Congress; be it further

Resolved, That copies of this resolution shall be sent to the above-named Members of the Congress and to the Honorable C. Elmer Anderson, Governor of the State of Minnesota, with the request that he help in any way that he can to get the project authorized.

Passed at Winona, Minn., February 1, 1954.

WILLIAM P. THEURER,
President of the City Council.

Attest:

ROY G. WILDGRUBE,
City Recorder.

Approved this 1st day of February 1954.

LOYDE E. PFEIFFER,
Mayor.

RECLASSIFICATION OF EMPLOYEES BY RAILROAD RETIREMENT BOARD—TELEGRAM FROM THE BROTHERHOOD OF RAILROAD TRAINMEN

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a telegram which I received from W. P. Kennedy, president of the Brotherhood of Railroad Trainmen be printed in the body of the RECORD.

I would also like to have the telegram referred to the Senate Labor and Public Welfare Committee.

Mr. Kennedy states that the Railroad Retirement Board is attempting to displace experienced civil servants by reclassifying them in schedule C. We must put a stop to the constant raids on the civil service for the sake of pure political patronage.

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

Hon. HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.:

Chairman Railroad Retirement Board attempting to displace Board's experienced department heads by reclassifying them in schedule C. Section 205, Public Law 162, 75th Congress, was intended to protect Board's employees against such actions. Your efforts to prevent such unjustified action will be appreciated.

W. P. KENNEDY,
President, Brotherhood of Railroad Trainmen.

INCREASED SALARIES FOR MEMBERS OF CONGRESS AND THE JUDICIARY—RESOLUTION OF MINNESOTA STATE BAR ASSOCIATION, ST. PAUL, MINN.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the resolution of the Committee on Judges' Selection, Tenure, and Compensation, adopted by the officers and board of governors of the Minnesota State Bar Association at St. Paul, January 23, 1954, be printed in the RECORD and appropriately referred.

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

RESOLUTION OF THE COMMITTEE ON JUDGES' SELECTION, TENURE, AND COMPENSATION ADOPTED AND APPROVED BY THE OFFICERS AND BOARD OF GOVERNORS OF THE MINNESOTA STATE BAR ASSOCIATION AT ST. PAUL, JANUARY 23, 1954

Resolved, That the officers and board of governors of the Minnesota State Bar

Association hereby approves United States Senate bill 1663, introduced by Senator McCARRAN, of Nevada, to increase the salaries of Members of Congress, judges of the United States courts, and United States attorneys.

ADEQUATE PERSONNEL FOR FARGO VETERANS HOSPITAL—RESOLUTION OF AMERICAN LEGION, DEPARTMENT OF MINNESOTA

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a resolution adopted by the American Legion, Department of Minnesota, Minneapolis, Minn., urging adequate medical personnel for the Fargo Veterans Hospital, be printed in the RECORD, and appropriately referred.

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

"Whereas the veterans of the Ninth District of Minnesota are served by the Fargo Veterans Hospital; and

"Whereas the Fargo Veterans Hospital has a capacity of 400 beds, but due to lack of sufficient doctors and other medical personnel, it has been necessary to limit the patient load to 120, which has deprived many veterans of badly needed medical care, and has resulted in a waiting list of from 100 to 200 applicants: Now, therefore, be it

"Resolved by the American Legion, Department of Minnesota, in convention assembled at Minneapolis on August 3, 4, 5, 1953, That the Administrator of Veterans Affairs be strongly urged to secure adequate medical personnel for the Fargo Hospital as soon as possible; and be it further

"Resolved, That copies of this resolution be sent to the Administrator of Veterans' Affairs, Washington, D. C., to the Representative in Congress of the Ninth Congressional District of Minnesota, and to the two United States Senators representing Minnesota in Congress."

I certify that the above resolution was unanimously adopted by the American Legion, Department of Minnesota, in convention assembled at Minneapolis, Minn., on August 5, 1953.

CARL GRANNING,
Adjutant, the American Legion, Department of Minnesota.

ENFORCEMENT OF ANTITRUST LAWS — LETTER FROM EXECUTIVE DIRECTOR, COOPERATIVE LEAGUE OF THE U. S. A.

Mr. HUMPHREY. Mr. President, on January 7, I placed in the RECORD a statement by a group of small-business organizations calling for a stricter enforcement of our antitrust laws. I have since learned that the Cooperative League of the U. S. A. has been working closely with the small business organizations and has associated itself with that statement. I ask unanimous consent that their name be added and that the enclosed letter by former Congressman Jerry Voorhis, executive director of the league, be printed in the RECORD.

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

DECEMBER 14, 1953.

The ATTORNEY GENERAL,
Department of Justice,
Washington, D. C.

DEAR MR. BROWNELL: You are recently in receipt of a letter submitting the views of a number of organizations concerned with the welfare of small business in the United States for submission to your committee which is now studying the antitrust laws. The letter gave particular attention to the Robinson-Patman Act and urged both in the letter and in the accompanying memorandum addressed to the committee that nothing be done to weaken that act, but on the contrary, steps be taken to strengthen and clarify its provisions.

Had a time factor not intervened, the Cooperative League would have joined in the signing of these communications, but they were mailed before we had opportunity to secure clearance on the matter. Consequently, I am writing this separate letter. The position of the Cooperative League on this question can be described as follows: This organization is concerned first for the protection of the opportunity of cooperative organizations of every sort freely to grow and to develop in the United States, but secondly, we are concerned with the protection and the interest of the people as consumers. In this respect it is our conviction that the long-range interest of the people as consumers in the United States is best served by the maintenance of vigorous competition and particularly by the presence of a large number of small businesses in every field where they can possibly survive in the face of the ever-increasing concentration of economic control which is taking place in our country.

We presume it may be true that certain favored groups of consumers in certain favored areas might derive temporary benefit from lowered prices offered by very large distributors of nationally integrated organizations in case the Robinson-Patman Act were weakened or some of its provisions relaxed. But we are convinced that such action would be, at best, temporary and we are further convinced that it would be bought at a price of the elimination of many of the smaller competitive units in different lines of business so that the end result would be a further increase of economic power on the part of the large-scale distributing organizations and ultimately higher prices all along the line.

This organization therefore has constantly done what it could to protect the interest of genuine small-scale business in the United States whether or not that business was cooperative in its form of organization. We desire to take this same position in the instant case and are therefore writing this letter to join with the other organizations which communicated with you in defense of the Robinson-Patman Act.

Sincerely yours,

JERRY VOORHIS,
Executive Director.

BILLS INTRODUCED

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

By Mr. CORDON:

S. 2920. A bill to provide for the construction, operation, and maintenance of the Cougar Dam and Reservoir on the South Fork McKenzie River, Oreg., with participation for power by the city of Eugene, Oreg.; to the Committee on Public Works.

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

By Mr. BUSH:

S. 2921. A bill for the relief of Ervin Fuchs; to the Committee on the Judiciary.

By Mr. STENNIS:

S. 2922. A bill for the relief of Robert A. Borromeo; to the Committee on the Judiciary.

By Mr. CASE (by request):

S. 2923. A bill to increase the compensation of certain members of the Public Utilities Commission of the District of Columbia; to the Committee on the District of Columbia.

By Mr. DIRKSEN (by request):

S. 2924. A bill for the incorporation of the Sons of Union Veterans of the Civil War; to the Committee on the Judiciary.

By Mr. ANDERSON:

S. 2925. A bill for the relief of Evantiyi Yorgiadis; to the Committee on the Judiciary.

By Mr. JOHNSON of Colorado:

S. 2926. A bill to amend the Communications Act of 1934, as amended, so as to provide for the imposition of nominal charges or fees by the Commission for inspections, certifications, registrations, licenses, permits, or applications issued or provided by the Commission; to the Committee on Interstate and Foreign Commerce.

DEVELOPMENT OF WATERPOWER RESOURCES

Mr. CORDON. Mr. President, presently I shall ask unanimous consent to introduce a bill.

Prior thereto, I desire to take a few minutes of the time of the Senate to discuss the matters involved in the bill, because I believe the proposed legislation may well mark a milestone in the future development of the public resources of the United States.

In his budget message of January 21, of this year, the President of the United States again emphasized the views of the present administration with respect to the construction of public works in the United States, with particular reference to the doing of such work in partnership with both private industry, where possible, or in partnership with the States or with divisions of the States.

I now quote from the President's message, on page M81:

Standards for the justification of proposed water resources projects are currently being reviewed by the executive branch. Special attention is being given to requirements for the sharing of costs among private beneficiaries, State and local groups, and the Federal Government.

Again quoting:

This administration has also taken, and will continue to take, steps to encourage non-Federal interests to formulate plans and undertake development of water resources, including hydroelectric power, which are consonant with the best use of the natural resources of the area.

I quote further:

Federal activities in projects or plans will not imply any exclusive reservation of such projects to Federal construction or financing, or preclude local participation in them.

I quote further from the message, on page M83:

The power policy of this administration recognizes the willingness of State and local groups to participate in providing additional power facilities.

Mr. President, I have heard many of my colleagues from time to time discuss the overall problem of development of the natural resources of the United States, and advocate that the Government go into the public works field only when local interests or private interests cannot or will not do the job.

I am particularly struck by the soundness of the program enunciated by the

President in the message just referred to, when he advocates partnership between the Government and private industry or the States or political subdivisions of the States, in the same field of development of natural resources or safeguarding of natural resources by the construction of public works. The President particularly referred to the portion of public works that develops additional power.

Mr. President, the people of my State have gone into the matter sincerely. They have felt that the plan advanced was a sound one. They have felt there was an obligation upon local interests to step into this field and become partners with the Federal Government, wherever that was possible.

In western Oregon, approximately 125 miles south of the metropolis of Portland, is the city of Eugene, which now has a population of approximately 36,000, with a suburban area having a total population of approximately 75,000. That city has long maintained its own municipal water and electric system. It has made an outstanding record in the United States of efficiency, economy, and vision in the construction and operation of its electric-power facilities. Those facilities, Mr. President, are of a hydroelectric nature. The city is blessed in that it is near mountain streams which have a high potential for development as electric-power-producing streams.

The city has a water and electric board, set up for the purpose of constructing and operating these municipal utilities. That board has done a magnificent job in the matter of a thorough engineering examination into the potentialities of the area for additional hydroelectric generation, which it has now become essential for the city to acquire in order to meet the heavy demands for additional power, resulting from the rapid increase in population of the city, the suburbs, and the surrounding area.

Harkening to the President's words, the city of Eugene has made a complete engineering study of one of the proposed and presently authorized flood-control multiple purpose projects which is a part of the comprehensive flood-control system of the Willamette River Basin. The project in question is known as the Cougar Dam and reservoir project. It is located on the South Fork of the McKenzie River east of Eugene, Oreg., and is a flood-control project authorized by the act of Congress of June 28, 1938, with further recommendations in House Document 531, 81st Congress, 2d session.

It is now proposed by the Eugene Water and Electric Board that this authorization be amended to include power facilities at Cougar Dam which may be provided by the board—I emphasize the words "which may be provided by the board"—under a partnership agreement with the Corps of Engineers. The Federal Power Commission would be asked to issue a license to the Eugene Water and Electric Board for these power facilities.

The Corps of Engineers has proposed a revision in the design of Cougar Dam, recommending a rock-fill type dam to be constructed, with a saving of about 30 percent, as compared with the earth-and-gravel-fill dam proposed in House Document 531.

The Eugene Water and Electric Board employed engineering consultants to review the Corps of Engineers' plan and study the operational aspect of the joint use of Cougar Dam in the generation of power for the city of Eugene's system. These studies have shown that only slight modifications of the Corps of Engineers' proposed plan would be necessary in order to adapt the power output to that required by the Eugene system. The principal modification planned would increase the installed capacity from the 25,000 kilowatts proposed by the Corps of Engineers to approximately 35,000 kilowatts. This would permit its operation, on a semipeaking basis, at an annual load factor of 45 percent.

The modification would require construction of a regulating dam downstream from the Cougar powerhouse. An acceptable site has been tentatively selected at a point 2 miles below the dam.

The proposed modification would in no way detract from the conservation uses of the main dam and would permit the addition of extra generation capacity at the re-regulating site.

The fundamental purpose of the re-regulating structure would be to minimize fluctuations in the river level below the dam site. With the re-regulating structure added to the project, the maximum power output from the project and maximum use of the river for recreation can both be assured.

The project carries a cost-versus-benefit ratio of 2.4 to 1. That is an exceptionally high ratio in favor of benefit achieved as compared with cost incurred.

The total cost of the project, as amended and proposed to be further modified, would be in the neighborhood of $34 million. Of that amount, the power aspects would represent, overall, approximately $10,500,000, or 30 percent of the total. The proposal of the city of Eugene is that that city take over the cost of constructing the complete power facilities in that dam, including the re-regulating dam, to pay its fair proportionate share of the total cost of the dam and to take over the operation, for its own benefit, of the power facilities, construct the necessary transmission lines, and so forth, all at its own expense, and to pay annually its proportionate share of the operation and maintenance of the entire structure.

It proposes to do this through legislation authorizing an agreement between the Eugene Water and Electric Board and the Corps of Engineers, under which the corps would do the complete construction job, but the city would pay to the corps, as required, 30 percent of the overall cost. The city would, of course, have to make its case before the Federal Power Commission, as would any other applicant for a power license. It must comply with the requirements of the Commission.

The allocation of costs between the city, on the one hand, and the Government, through the Corps of Engineers, on the other, would be a matter which would be taken care of by joint action of the Corps of Engineers and the Federal Power Commission.

Mr. President, we have before us an opportunity to do exactly what the President of the United States has suggested as a sound basis for public improvement in the United States, where the Government undertakes to supply the money for that portion of the improvement which is of national interest and local interests are prepared to put up every dollar of the cost where they, and they alone, can use the resulting benefit. To me that is sound statesmanship. I congratulate the people of Eugene and their water and electric board on the sound program which they have advanced, and I am hopeful that this legislation will receive early and favorable consideration at the hands of the Congress.

I now introduce a bill to effectuate that purpose, and ask unanimous consent that it be printed in the RECORD.

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

The bill (S. 2920) to provide for the construction, operation and maintenance of the Cougar Dam and Reservoir on the South Fork of the McKenzie River, Oreg., with participation for power by the city of Eugene, Oreg., introduced by Mr. CORDON, was received, read twice by its title, referred to the Committee on Public Works, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the comprehensive plan of improvement for the Willamette River Basin, Oregon, as authorized by the act of Congress approved June 28, 1938 (52 Stat. 1215), as amended and supplemented by subsequent acts of Congress, is hereby modified to provide for the construction, operation, and maintenance of the Cougar Dam and Reservoir project under the direction of the Secretary of the Army and supervision of the Chief of Engineers substantially in accordance with the plans contained in House Document No. 531, 81st Congress, 2d session, and is hereby further modified to include power facilities at Cougar Dam which may be provided by the city of Eugene, Oreg., in accordance with the terms of the Federal Power Act and in accordance with this act.

SEC. 2. The Cougar Dam and Reservoir shall be constructed, operated, and maintained by the Department of the Army as a unit of the comprehensive plan for the Willamette River Basin for the control and utilization of the water resources for flood control, navigation, power, conservation, and other beneficial purposes, and the appropriation of funds therefor is authorized.

SEC. 3. Power-generating facilities and appurtenances therefor may be constructed by the city of Eugene, or such facilities and appurtenances may be constructed by the Corps of Engineers as agent for the city of Eugene with funds advanced therefor by the city. Such construction shall be in accordance with provisions of a license by the Federal Power Commission, and with the provisions of this act. The city of Eugene shall own all such facilities and appurtenances and shall operate and maintain such facilities and appurtenances at its own cost and expense.

SEC. 4. The dam and reservoir shall remain the property of the Federal Government. The city of Eugene shall pay to the Department of the Army such proportionate share of the cost of construction, operation, and maintenance of the dam and reservoir as

may be appropriately allocated to power development, such allocation to be made by the Chief of Engineers, under direction of the Secretary of the Army, in collaboration with the Federal Power Commission in accordance with the "Separable-cost-remaining benefits" method of cost allocation as recommended by the Federal Inter-Agency River Basin Subcommittee on Benefits and Costs in its report dated May 1950, or by such other method as may be mutually agreed upon by the city of Eugene and the Secretary of the Army and approved by the Federal Power Commission.

SEC. 5. The Chief of Engineers, under the direction of the Secretary of the Army, shall enter into an agreement with the city of Eugene, acting by and through its Eugene Water and Electric Board, for the operation of the dam and reservoir insofar as such operation affects the development of power, for contribution of funds by the city in accordance with this act, and for other matters necessary for the joint construction, operation, and maintenance of the Cougar Dam and Reservoir project in accordance with this act. Such agreement shall be for a period consistent with the period of the license issued by the Federal Power Commission and may be amended from time to time by mutual agreement.

Mr. CORDON. Mr. President, I ask unanimous consent that there be printed in the RECORD at this point two letters and a telegram which I have received bearing on the subject of the bill.

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

WILLAMETTE RIVER BASIN COMMISSION,
Salem, Oreg., February 5, 1954.

Senator GUY CORDON,
Senate Office Building,
Washington, D. C.

DEAR GUY: On behalf of Gov. Paul L. Patterson, the Willamette River Basin Commission and the Willamette Basin Project Commission, we want to urge you to do all possible to get planning money for Cougar Dam in order to alleviate damaging floods on the McKenzie River.

There is a very rich delta of land between the McKenzie River and the Willamette that should be protected at all costs.

We have now three dams above Eugene that lower the water in the Williamette River at Eugene at flood stage about 8 feet. The bed of the Willamette at Eugene is several feet lower than the McKenzie just east of Eugene. Thus you can see that if we have an overtopping flood on the McKenzie, it will have this increased velocity due to the lowering of the Willamette some 8 feet. The increased velocity will cut great holes in this area if the McKenzie should overtop.

This delta is some of the richest land in the Willamette Valley and is populated by a large number of people who make their living in the city of Eugene and have their home there. This is in addition to the very fine farms.

This urgent need for control of the McKenzie, as you know, is nothing new with us. We have been asking for planning funds on Cougar for the last 6 or 7 years because we could see this contingency arriving whenever the Willamette was controlled.

The McKenzie the last 2 years has done many hundreds of thousands worth of damage along its area from McKenzie Bridge clear to the mouth. Due to the cutting of timber up above and the possible carelessness of some of the loggers, a large volume of debris is coming down each year that cuts into the places very materially.

It also creates another hazard in that the same volume of water that comes down now due to the cutting of timber makes a flash flood that is, by actual measurement, at least 9 inches higher than it was before.

The control of the McKenzie is sorely needed at this time, and anything you can do to secure planning funds will be appreciated by the before-mentioned people as well as the residents who live along the McKenzie River. There is no difference of opinion in regard to this by any of the people in that area.

Sincerely,

IVAN E. OAKES,
Executive Secretary.

CORPS OF ENGINEERS,
UNITED STATES ARMY,
Portland, Oreg., February 8, 1954.

Hon. GUY CORDON,
United States Senate,
Washington, D. C.

DEAR SENATOR CORDON: Reference is made to your inquiry concerning the flood-control value of the Cougar dam and reservoir project which is planned for construction on the South Fork, McKenzie River. I am glad to furnish you, in this letter, a summary of the situation regarding the project, information as to the need for it, and the basis for the high flood-control value which is assigned to it.

Cougar Dam is the major unit of an alternative three-dam plan selected prior to 1948 in place of the originally authorized Quartz Creek Dam on the McKenzie River. After Quartz Creek Dam had been authorized, commercial fishery interests and proponents of recreational use of the McKenzie strongly opposed the main-stream dam.

Cougar Dam was first described and recommended in the 1948 Corps of Engineers' report published as House Document 531, 81st Congress, 2d session. On the basis of subsequent action by the Bureau of the Budget and the joint House-Senate conferees, preliminary to adoption of the 1950 Flood Control Act, Cougar project is considered to be authorized for all multiple-purpose functions as originally authorized for Quartz Creek and as described in House Document 531, except that the power authorization is limited to minimum provisions for future installation of generating facilities.

As in 1948 when Cougar was proposed, flood-control benefits attributable to the project provide the major part of the project justification at this time.

House Document 531 shows that, of the total estimated project benefits, those from flood control, including major drainage, amounted to about 60 percent; those from power generation at the site and downstream amounted to about 24 percent; and the remainder, from irrigation, navigation, domestic water supply, pollution abatement, etc., amounted to about 16 percent.

At present the estimated distribution of benefits is as follows: Flood control, about 65 percent; power, about 23 percent; and all other functions, about 12 percent. The increase in percentage of flood-control benefits is principally attributable to the rapid increase in economic development since 1948 in the areas to be protected.

On the basis of the current estimate, the benefit-to-cost ratio for that portion of the multiple-purpose project cost which can be allocated to flood control would be about 2.4 to 1. By comparison, the benefit-to-cost ratio for power, based on that portion of the project cost which can be allocated to power, would be about 1.3 to 1.

The overall project benefit-to-cost ratio now is about 1.9 to 1, and the flood-control benefits alone would more than justify the entire project cost.

Thus, it is apparent that the Cougar Dam Reservoir project is basically a flood-control project which, by virtue of economies achieved by multiple-purpose development, can serve other purposes, including power, irrigation, navigation, etc. About 75 percent of the project benefits are from sources other than power.

A comparison of the amount of flood-control benefit originally credited with the amount now credited shows that the present concept of the project's principal function is the same as at the time it was proposed in 1948.

From a physical standpoint, the flood-control value of Cougar is readily apparent. As in almost any basin, the logical point for early construction of major dams in the Willamette River Basin is upstream from the largest practicable portion of the area which is in need of protection.

The principal damage areas in the Willamette Basin lie along the main stream downstream from the Eugene-Springfield area in the approximate 85-mile length of valley extending to the vicinity of Newberg and along the McKenzie, Santiam, and South Santiam Rivers.

Of the five major dams constructed or under construction to date, all but one are in the area near or upstream from Eugene where their effect will be felt throughout the entire valley.

The result has been a maximum of flood-damage reduction in an area which, without any flood control, would suffer an average annual flood damage of almost $13 million on the basis of present price levels and economic development.

Cougar Dam will be so located as to provide the maximum supplement to the existing flood-control system and create flood-control benefits averaging almost $2 million annually along almost the entire length of the Willamette River, as well as along more than 50 miles of the main McKenzie River.

In addition to the high degree of economic feasibility, the extensive area which will be benefited by Cougar, and the fact that it is a logical next step from the standpoint of location with respect to areas to be protected, a further consideration is the strong local desire for early construction of Cougar Dam to make Willamette Basin project benefits available to residents along the McKenzie River.

At the present time the McKenzie and South Santiam River Basins are the only major flood-damage areas in the Willamette Valley which have not been benefited by storage for flood control and other purposes.

Because of its location with respect to the major damage areas between Springfield and Albany, Cougar Dam should be constructed at the earliest practicable date.

Also as a result of the control already effected on Willamette River tributaries above Eugene an interim unbalanced stage condition now exists at the mouth of the McKenzie River during floods. Consequently velocities in the stream and overbank along the lower McKenzie River and on the rich delta between the McKenzie and Willamette Rivers are temporarily increased, tending to offset some of the benefits created by the existing reservoirs.

This is not an unforeseen condition, but rather one which, it has been realized, would exist until floods on the McKenzie River were controlled. Construction of Cougar Dam will provide more than one-half the flood-control storage proposed for the McKenzie River and will substantially eliminate that condition.

Thus the Cougar project will not only create the flood-control benefits attributed to it but it will also insure full realization of benefits credited to the projects now existing or under construction.

In summary, I consider the Cougar Dam and Reservoir project to be one which is urgently needed and worthy of early construction on the basis of its flood-control effect alone. Whether it is constructed with complete power facilities as recommended or with minimum provisions for future power as now authorized would have no effect on the flood-control and conservation use of Cougar, as those functions would be served to the same extent under either plan.

I might add that this office has, since proposing Cougar in 1948, always been of the opinion that it should be constructed at the earliest practicable date.

I am glad to have been of any service to you in this matter. Should you desire additional data at any time, please feel free to call on me at your convenience.

Very truly yours,

T. H. LIPSCOMB,
Colonel, Corps of Engineers, District Engineer.

EUGENE, OREG., *February 6, 1954.*

Hon. Senator GUY CORDON,
United States Senate Building:

The Lane County Board of Commissioners would appreciate any help that you could put forth toward the advancement of the Cougar Dam of the McKenzie River. Since the building of the dam is on the Willamette a cross drainage on the lower McKenzie has become very expensive.

ROBERT MCCLAY.
KENNETH NEILSON.
RALPH PETERSEN.

ADDITIONAL UNITED STATES JUDGESHIPS

Mr. CLEMENTS. Mr. President, on February 5, 1954, the Senator from Nevada [Mr. MCCARRAN] introduced the bill (S. 2910) providing for the creation of certain United States judgeships, and for other purposes. I ask unanimous consent that the bill and explanatory statement of the bill by the Senator from Nevada be printed in the RECORD.

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

S. 2910

A bill providing for the creation of certain United States judgeships, and for other purposes

Be it enacted, etc., That the President shall appoint, by and with the advice and consent of the Senate, one additional circuit judge for the ninth circuit. In order that the table contained in section 44 (a) of title 28 of the United States Code will reflect the change made by this section in the number of circuit judges for the ninth circuit, such table is amended to read as follows with respect to such circuit:

"Circuits	*Number of judges*
* * * * *	
Ninth	10
* * * * *	

SEC. 2. (a) The President shall appoint, by and with the advice and consent of the Senate, 1 additional district judge for the district of Arizona, 1 additional district judge for the northern district of California, 2 additional district judges for the District of Columbia, 1 additional district judge for the southern district of Florida, 1 additional district judge for the nothern and southern districts of Iowa, 1 additional district judge for the district of Kansas, 1 additional district judge for the district of Maine, 1 additional district judge for the southern district of Mississippi, 1 additional district judge for the district of New Hampshire, 1 additional district judge for the southern district of New York, 1 additional district judge for the northern district of Ohio, 1 additional district judge for the eastern district of Pennsylvania, 1 additional district judge for the district of Puerto Rico, 1 additional district judge for the district of Rhode Island, 1 additional district judge for the district of Vermont, 1 additional district judge for the western district of Washington, and 1 additional district judge for the district of Wyoming.

(b) In order that the table contained in section 133 of title 28 of the United States Code will reflect the changes made by this section in the number of permanent judgeships for certain districts, such table is amended to read as follows with respect to said districts:

"Districts	*Judges*
* * * * *	
Arizona	3
* * * * *	
California:	
* * * * *	
Northern	8
* * * * *	
District of Columbia	17
Florida:	
* * * * *	
Southern	5
* * * * *	
Iowa:	
* * * * *	
Northern and southern	1
Kansas	3
* * * * *	
Maine	2
* * * * *	
Mississippi:	
* * * * *	
Southern	2
* * * * *	
New Hampshire	2
* * * * *	
New York:	
* * * * *	
Southern	19
* * * * *	
Ohio:	
Northern	6
* * * * *	
Pennsylvania:	
Eastern	9
* * * * *	
Puerto Rico	2
Rhode Island	2
* * * * *	
Vermont	2
* * * * *	
Washington:	
* * * * *	
Western	3
* * * * *	
Wyoming	2"

SEC. 3. The President shall appoint, by and with the advice and consent of the Senate, two additional district judges for the southern district of New York. The first two vacancies occurring in the office of district judge in said district shall not be filled.

SEC. 4. The last sentence of section 128 (b) (2) of title 28 of the United States Code is amended to read as follows: "Court for the southern division shall be held at Tacoma and at one other place in such division to be designated by the district judges for the western district of Washington."

SEC. 5. The first paragraph of section 4 of the act approved June 6, 1900 (31 Stat. 322; title 48, U. S. C., sec. 101), as amended, is amended to read as follows:

"There is established a district court for the District of Alaska with the jurisdiction of district courts of the United States and with general jurisdiction in civil, criminal, equity, and admiralty causes; and five district judges shall be appointed for the district, each at an annual salary of $15,000. The court shall consist of four divisions, which shall also be recording divisions. Two of the judges of the court shall be assigned by the President to the third division and one each shall be assigned by the President to the first, second, and fourth divisions. During the terms of office these judges shall reside in the divisions of their district to which they may be respectively assigned."

SEC. 6. (a) Section 371 of title 28 of the United States Code is amended by adding at the end thereof a new subsection as follows:

"(c) Whenever any circuit or district judge eligible to resign or retire under this section does neither, and the President finds that such judge is unable to discharge efficiently all the duties of his office by reason of permanent mental or physical disability and that the appointment of an additional judge is necessary for the efficient dispatch of business, the President may make such appointment by and with the advice and consent of the Senate. If such additional judge is appointed, the vacancy subsequently caused by the death, resignation, or retirement of the disabled judge shall not be filled.

"Any circuit or district judge whose disability causes the appointment of an additional judge, shall, for purposes of precedence, service as chief judge, or temporary performance of the duties of that office, be treated as junior in commission to the other judges of the circuit or district."

(b) The analysis of chapter 17 of title 28 of the United States Code, immediately preceding section 371 of such title, is amended by striking out the items "371. Resignation or retirement for age." and "372. Retirement for disability; substitute judge on failure to retire.", and inserting in lieu thereof the following:

"371. Resignation or retirement for age; substitute judge on failure to retire.

"372. Retirement for disability."

(c) The section heading at the beginning of section 371 of title 28 of the United States Code is amended to read as follows:

"§ 371. Resignation or retirement for age; substitute judge on failure to retire."

(d) The section heading at the beginning of section 372 of title 28 of the United States Code is amended to read as follows:

"§ 372. Retirement for disability."

STATEMENT BY SENATOR MCCARRAN RELATING TO HIS BILL (S. 2910) INTRODUCED FEBRUARY 5, 1954

MORE FEDERAL JUDGESHIPS NEEDED

I have introduced a bill (S. 2910), which provides for additional judgeships throughout the Federal judicial system. As the Senate knows, we recently passed S. 15, which created a number of new judgeships, and that bill has gone to the President for his signature. Since the introduction and passage of S. 15 in the House and the Senate last session, other recommendations for additional judgeships have been made by the Judicial Conference of the United States as a result of its meeting of September 1953.

The bill S. 2910 includes all of the recommendations of the Judicial Conference, as well as other proposed additional judgeships. Aside from those recommended by the Judicial Conference, there are included in the bill all of the judgeships which were approved by the Senate when it originally passed S. 15, but which failed of passage in the House and were not agreed upon by the conference on S. 15. In addition to the foregoing, it will be noted that the bill provides that each State in the Union now having only one United States district judge shall be given another judge, so as to make a total of two for the State. Also included in the bill is a provision for two additional district judgeships for the District of Columbia.

Another feature of my new bill arises from the fact that in S. 15 there was an attempt made to amend sections 371 and 372 of title 28 of the United States Code, which would have provided for the appointment of an additional district judge when such judge became incapacitated for the performance of his duties. That provision was not passed by the Senate and not restored by the House,

and so, unfortunately, enactment of S. 15 will result in repeal of existing law which provides that when a judge becomes 70 years of age and eligible to retire, if he does not do so, the President may appoint an additional judge if he finds that the judge eligible to retire is physically incapacitated and therefore not able to perform the duties of his office. My new bill would restore this provision of the law, which it never was the intention or desire of either House of the Congress to repeal.

What I have stated covers in essence the provisions of S. 2910 as I have introduced it. Even though the enactment of S. 15 will provide much-needed additional judge power for the Federal judicial system, I am greatly concerned with the welfare of the judiciary as it exists today. I have attended hearings on numerous occasions on the subject of the judge power throughout the Federal judicial system, and I believe my concern in this regard should be shared by all. There is no question but what even more additional judgeships, beyond those which will be provided through enactment of S. 15, are needed in order to alleviate a situation which may become so distressing as to endanger the entire judicial structure. My basic purpose in introducing new legislation in this field is to further relieve this situation. I hope that hearings may be speedily held so that the picture may become entirely clear to all concerned.

As I have pointed out earlier in this statement, every State in which, after enactment of Senate bill 15, there will be only 1 Federal district judge has, in my new bill, been slated for 2 such judges. This provision, it seems to me, has multiple meritorious purposes. In the first place, I do not believe any one judge should have complete control of all the Federal judicial business in any State. That is a bad situation, involving too much concentration of power. Furthermore, all of the States involved have on their borders other States and districts in which caseloads are prodigious. If there is a lone judge in such a State, and he goes to another district in order to help with these loads, this leaves the district for which he is a judge completely without any judicial power whatsoever during that period of time. A concomitant of this is the fact that if there are 2 judges in any such State, and 1 of them is not needed full time in that State, he can be utilized very effectively in some nearby district. The Administrative Office of the United States Courts has full power to assign judges out of their districts in this way. It seems to me that the judicial business of the United States has so grown and so changed, over the last few years, as to require at least two judges in every State. And as I have pointed out, by giving each State a minimum of 2 Federal district judges, to the extent that any of those States does not have at any given time enough business to require the full-time services of 2 judges, we will have created a pool of judge power that can be used efficiently and effectively wherever the need may arise. I do not contend that this is complete solution for the entire judicial manpower problem, but certainly it is a step in the right direction.

With regard to the two additional district judges proposed for the District of Columbia, I might say that there have been movements to establish within this district a court dealing solely with domestic relations. This, of course, would mean the establishment of another judicial level in a district which already has a multiplicity of courts. This to my mind is not particularly desirable, as it means more personnel, more clerks, more court attachés, and more of all other forms of judicial panoply, without any corresponding increase in judicial efficiency. If two more additional district judges are provided for the District of Columbia, they will, of course, carry on with minimum increases in present court facilities and personnel, and will enable the court not only to alleviate whatever situation may have arisen as regards the load of domestic-relations cases, but also to handle more efficiently all the rest of the very heavy workload of this court. It does not seem to me wise, in such a growing district, to create new judges whose services will be confined to domestic-relations cases only, when we can just as well handle the situation with additional manpower for the present court, and help all the other work of the court at the same time.

I have made this statement and introduced the bill (S. 2910) because, as I have stated before, the situation which confronts the Federal judiciary of the United States is to me alarming and we must keep ever vigilant to prevent situations which will break down the quality of judicial service to the people of this country. We have had many hearings in the past on this subject, and I think I can safely say that every Senator involved in these hearings will share my concern. Not only must we aid the districts in the Federal judiciary that are at the present time in trouble, but we must guard those which are "on the line" from getting into trouble; and this can be done only by recognizing the gravity of the situation and taking necessary preventive steps as early as the need can be clearly seen.

Again I say I intend to press for early hearings on this matter so that the entire field may be explored, and that a bill will come out of committee which may give us reason to feel that the judiciary and the people whom it serves have been dealt with fairly and adequately.

PRINTING OF REVIEW OF REPORT ON KALAMAZOO RIVER, MICH. (S. DOC. NO. 98)

Mr. MARTIN. Mr. President, I present a letter from the Secretary of the Army, transmitting a report dated November 15, 1951, from the Chief of Engineers, United States Army, together with accompanying papers and illustrations, on a review of a report on the Kalamazoo River, Mich., requested previously by the Committee on Public Works. I ask unanimous consent that the report be printed as a Senate document, with illustrations, and referred to the Committee on Public Works.

The VICE PRESIDENT. Is there objection to the request of the Senator from Pennsylvania? The Chair hears none, and it is so ordered.

PRINTING OF STUDY OF CONGRESSIONAL POWER OF INVESTIGATION (S. DOC. NO. 99)

Mr. LANGER. I ask unanimous consent that there be printed as a Senate document a study prepared at my request by the Legislative Reference Service entitled "Congressional Power of Investigation." This is a revision of a study prepared at the direction of Senator WILEY in the 80th Congress by the Service for the use of the Committee on the Judiciary. The earlier study, published as a committee print, was entitled "Proceedings Involving Contempt of Congress and Its Committees." The copies of this print were soon exhausted because of current public interest. Numerous requests that the study be revised and republished thereafter were received by the Service. However, the requested work could not be done because of limitations placed on appropriations with respect to publishing Service studies.

Following the adjournment of the 1st session of the 83d Congress, I requested that the subject be reexamined and the study revised. Thereafter similar requests were received from Senators HENDRICKSON, FERGUSON, WILEY, and JENNER.

The revision, as completed, contains the original preface of Senator WILEY.

The VICE PRESIDENT. Is there objection to the request of the Senator from North Dakota? The Chair hears none, and it is so ordered.

APPROPRIATIONS FOR THE COMMITTEE ON GOVERNMENT OPERATIONS—PERSONAL EXPLANATION

Mr. LEHMAN. Mr. President, I ask unanimous consent to make a very brief statement, which will not require more than 3 minutes.

The PRESIDING OFFICER (Mr. PAYNE in the chair). Is there objection? The Chair hears none, and the Senator from New York may proceed.

Mr. LEHMAN. Mr. President, on February 2 the Senate considered a resolution authorizing an appropriation of $214,000 for the Committee on Government Operations, of which the junior Senator from Wisconsin [Mr. MCCARTHY] is chairman. On the rollcall I voted in favor of the appropriation. I thought the reasons justifying my vote were so obvious that I did not need to explain it at the time.

In the past few days, however, I have received a considerable number of communications from my constituents and others and many personal inquiries regarding my vote. People have asked me why I, who have so strongly and consistently for the past 3 years opposed the methods and techniques of the Senator from Wisconsin and so frequently attacked the brooding spirit of fear and inquisition which has been called McCarthyism, voted in favor of an appropriation for the committee headed by the junior Senator from Wisconsin.

Throughout the 3-year period during which I have consistently and repeatedly criticized and attacked the methods and the sinister effect of the activities of the Senator from Wisconsin I have constantly maintained a very clear distinction between the methods and tactics of the man and the general objective of investigating matters properly coming before the Congress.

The Committee on Government Operations is a duly constituted standing committee of the Senate. Its functions are provided for in the law of the land. Its jurisdiction is laid down in the Congressional Reorganization Act. Its membership is bipartisan, with a minority of Democrats. I have a high regard for some members of the committee. Very recently they forced from the chairman some important concessions in regard to committee procedure. I hope they will eventually be able to eliminate more of the evil practices of the past.

The functions of that committee are not confined, indeed, they are not even primarily intended to be confined, to the investigation of communism. There are many other functions of the committee.

I shall continue to work with all my strength for a proper mandatory code of procedure for that committee, and for all other committees of the Senate and of the Congress. But I would not wish to confuse my attitude toward methods and procedures of a committee and its chairman with my attitude toward the general investigatory powers of congressional committees. I believe in those powers and their legitimate exercise. I do not believe that the proper cure for the disease in this case or in any other case is the paralysis of all the functions of the committee by cutting off appropriations. To withhold all funds from a legally constituted committee of the Senate would furnish grounds for a plausible claim that the exercise of its proper functions had been sabotaged. In this case, nothing would more conveniently play into the hands of its chairman, the Senator from Wisconsin [Mr. McCARTHY]. I would not, by my vote, refuse all appropriations to a legally constituted congressional committee. I will, however, continue in every way open to me to fight for a fair set of rules and procedures which will prevent the perversion of congressional investigation into congressional inquisition.

I will, of course, continue to do my utmost to arouse the Nation to the dangers of what has become known as McCarthyism.

THIRTY-SIXTH ANNIVERSARY OF THE INDEPENDENCE OF LITHUANIA

Mr. BUSH. Mr. President, February 16, 1954, marks the 36th anniversary of the independence of the small but proud and courageous Baltic State of Lithuania. This republic which, during her brief 20-year span of independence, made such remarkable progress in self-government and in other fields of endeavor, is now suffering the consequences of ruthless Soviet aggression. Once again, as on many a February 16th in the past, throughout the world, persons of Lithuanian ancestry, many of whom live in my State, are dedicating this day, not to celebration of freedom, but to a protest against subjugation.

It is fitting at this time to emphasize President Eisenhower's policy of liberation which should keep hope alive in the people of Lithuania. The President, in his message to the Baltic Freedom Committee Congress, held in New York in June 1953, stated that the seizure of the Baltic States was in violation of solemn treaty agreements, and that we maintained our steadfast policy of continuing to recognize the diplomatic representatives of the independent Baltic Republics.

This policy was reinforced by Secretary of State John Foster Dulles, when he testified at the first public hearings, last November 30, of the select committee of the House to investigate incorporation of Lithuania, Latvia, and Estonia into the U. S. S. R. Mr. Dulles stated:

> Some say that it is unrealistic and impractical not to recognize the enforced incorporation of Lithuania, Latvia, and Estonia into the Soviet Union. We believe, however, that a despotism of the present Soviet type cannot indefinitely perpetuate its rule over hundreds of millions of people who love God, who love their country, and who have a sense of personal dignity. * * * The captive people should know that they are not forgotten, that we are not reconciled to their fate, and, above all, that we are not prepared to seek illusory safety for ourselves by a bargain with their masters which could confirm their captivity.

These principles were restated by Secretary Dulles in his impressive speech before the Council on Foreign Relations in New York in December when he said:

> The fundamental, on our side, is the richness—spiritual, intellectual, and material—that freedom can produce and the irresistible attraction it then sets up. That is why we do not plan ourselves to shackle freedom to preserve freedom. * * * If we rely on freedom, then it follows that we must abstain from diplomatic moves which would seem to endorse captivity. That would, in effect, be a conspiracy against freedom. I can assure you that we shall never seek illusory security for ourselves by such a deal.

There are increasing evidences behind the Iron Curtain that the totalitarian forces of communism are unable to stifle the unyielding spirit of freedom which is so indelibly instilled in the people of Lithuania. We shall continue to join forces with freedom-loving people everywhere in the reaffirmation of this country's belief in the principles of the Atlantic Charter and the right of all peoples to choose the form of government under which they live.

AGRICULTURAL POLICIES ADOPTED BY THE STATE FARM BUREAU

Mr. AIKEN. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement adopted on February 6, 1954, by the Vermont State Farm Bureau entitled "Agricultural Policies."

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

AGRICULTURAL POLICIES

A major objective of Farm Bureau policy is to create conditions which will make it possible for farmers to earn and get a high per family real income.

The problem of maintaining prosperity in agriculture is exceedingly broad and complex and involves many different lines of action, not only in agriculture but also in other fields.

We appreciate the untiring efforts of the Vermont congressional delegation in carrying out these objectives. We feel particularly fortunate in having as our elected representatives men who have worked so closely with our organization. Following are general statements covering our stand on major issues with which we expect Congress to deal in 1954.

INTERNATIONAL

The most satisfactory solution to the current farm problem is to expand domestic and foreign markets until they balance agricultural production. We, in Farm Bureau, urge Congress and the executive branch of Government to develop a clear-cut long-range policy on foreign economic relations and international trade and an effective program to implement it—a sound trade relationship can make a great contribution to world peace.

Such a policy should be designed (a) to balance trade between the United States and other free nations at a high level, on a mutually advantageous basis, by means of sound trade relationships rather than continued dependence upon foreign aid; (b) to encourage, rather than strangle, foreign trade and investments; (c) to maintain consistency between our foreign policy objectives and domestic price support programs; (d) to include exporting the maximum quantities of agricultural commodities and other products and reducing trade barriers to facilitate the expansion of needed imports to help bring about an expansion of exports.

Many of these recommendations will require legislation. Others will require administrative action. Still others require cooperation, understanding and action by agricultural and business groups in the United States and cooperating countries.

NATURAL RESOURCES

It is a responsibility of each generation to make wise use of our natural resources for themselves and future generations.

It is our conviction that this can best be accomplished by emphasis upon individual activity and responsibility; upon participation of local instruments of self-government, including watershed, irrigation, soil conservation, and fire-prevention districts; and upon active participation of local units of government in resource development. State and Federal agencies should provide technical assistance and service on a cooperative basis.

Appropriated funds for ACP should be allocated on the basis of conservation needs, and should be administered at local level.

We support the watershed protection program as set forth by the President in his State of the Union Message to Congress on January 7, 1954. The Farm Bureau recommends the following clarifications of the language in the proposal.

1. That not less than 50 percent of the original cost be borne by the local agency.

2. That local interests shall be responsible for construction and operation and shall retain the title to any land or easements acquired.

3. That State governments will not be bypassed but that it be provided that where any State government has established an agency to promote shall work with, and through, such State agency.

The 1954 AFBF resolution on natural resources provides for support of a St. Lawrence Seaway project on a self-amortizing basis and therefore we support the enactment of the Wiley bill.

The propoals contained in H. R. 6787 and S. 2548 (identical bills) relating to the use of Federal grazing land by private users. Farm Bureau will support the enactment of this bill.

FARM PROGRAM

The American Farm Bureau believes the best solution to agriculture's problems lies in a variable price support system. A high fixed price support will result in the Government piling up surpluses at taxpayers' expense but will not result in a solution to a problem of overproduction. Vermont Farm Bureau specifically favors a flexible price support, depending on demand and supply conditions.

The modernized parity formula should be extended to basic crops which are still using the old formula when temporary legislation expires December 31, 1955, so parity price should not be reduced more than 5 percent in any one year resulting from the change.

By stockpiling fertility in the soil we will build a soil bank as a reserve against national emergencies resulting in fertilizer shortages. Proper authority should require that producers devote a portion of their crop land to their soil building practices as a condition of eligibility for conservation payments.

Increases in acreage devoted to soil building crops should be subject to the limitations comparable to those that may be

imposed on acreages diverted from scrop under marketing quotas.

To dispose of its stocks the Commodity Credit Corporation must enlist the initiative of private traders throughout the world. Financial losses of the CCC should be reduced by proper rotation of stocks to prevent spoilage. We should encourage use of private resources to stimulate disposal of stocks through private channels.

Adequate stores of food are an important part of civilian defense. These stores should not be in city warehouses as is not often the case, and a study should be made, perhaps using commodity credit stocks for research of the effects of H-bombs and A-bombs on stored foods.

NATIONAL ECONOMIC POLICY

Legislation directed toward the stabilization of the general price level is one of the most important projects that face agriculture and, in fact, all of the people. The Constitution provides that "the Congress shall have the power to coin money and regulate the value thereof." No one can say that the Congress has neglected the first mandate but they certainly have failed on the second, largely because they, the Congress, have never made a substantial appropriation for a continued study of a most necessary but baffling subject.

During the lifetime of this Nation we have experienced prosperity during major wars and for a few years afterward but deflation has invariably followed inflation and, while deflation continues, we see bankruptcies and unemployment generally.

The only time that different parts of society are in fair price relationship is after deflation has run its course. Today the several groups are out of a fair price relationship. Farmers are one of this group because in any period of price decline farm prices fall first.

Nearly everyone interested in the general welfare today is aware of this and asks the question, "What is the right price level?" A reasonable answer to this is that it is that level to which we are now fairly adjusted.

It is most important to follow the amendment by the voting delegates at the last meeting of the American Farm Bureau, which was as follows: "We direct the board of directors of the American Farm Bureau Federation to employ competent personnel for research in this important problem." We urge them to keep Congress informed as to results of study.

We urge that (1) expenditures be brought within tax revenues as soon as possible; (2) no segment of our economy, including agriculture, be spared participation in efforts to achieve a balanced budget.

As a long-range tax policy we favor (1) long-range plans for reduction on national debt, handled in such a way as to promote a stable price level and a stable economy; (2) a tax policy to contribute to stable price level, tax revenues should rise relative to Government expenditures in inflation and fall in depression; (3) the personal income tax should be a major source of revenue for Federal Government with the base kept as broad as possible through retention of low exemptions; (4) taxes levied to increase revenues in an emergency should be terminated when emergency has passed.

EXTENSION AND RESEARCH

Research to improve efficiency and lower the cost of producing, marketing, and distributing food and fiber benefits the public as well as farmers. It provides adequate food and fiber at reasonable prices and the opportunity for farmers to achieve a high standard of living. Inasmuch as States and local appropriations have increased greatly in recent years while there has been little increase in Federal funds, we favor increase in Federal appropriations for the purpose of expanding the research and educational program in agriculture.

LABOR-MANAGEMENT

The farm folk of Vermont have always believed in development of a better understanding between labor and agriculture to the extent that each understand the other's problems. Inasmuch as the tools farmers need to carry on their operations must necessarily carry a large labor charge, it is important that labor not engage in some of the practices which contribute to this change such as featherbedding, closed shops, strikes, and high unrealistic minimum-wage standards.

Farmers necessarily depend on labor for a market and thus are interested in high employment of available workers plus a high earning power for each which develops the markets for food and clothing.

We are firmly opposed to industrywide bargaining which results in monopolistic tendencies; closed shops which denies the right of people to work and industrywide bargaining that goes beyond the realm of collective bargaining. We firmly believe that high production per man is a factor in economic welfare of farmers and that the power to strike should be limited.

We reaffirm our belief that labor should certainly have the right to organize and to strive for conditions for their own betterment but must have regard for the economic welfare of the rest of the citizens of our economy.

We believe the Taft-Hartley law, in general, to be a good law, but should not infringe on States rights where it seems States might well legislate to the end result of decentralization of Federal power in labor-management relations.

TRANSPORTATION

We oppose liberalization of ratemaking standards of Interstate Commerce Act. Railroad freight rates have already reached levels where further increases are self-defeating due to resulting loss of traffic.

Reduction or elimination of transportation taxes should have a priority in any tax reduction program. Transportation taxes are hidden taxes which add to the cost of farm productions.

Highway and road costs should be financed primarily by motor fuel and vehicle taxes. Such revenues should not be diverted to other purposes.

The Federal Government should continue to have a responsibility for the development of an integrated highway system but we recommend substantial reductions in Federal finance and regulation of highway construction.

CIVILIAN MILITARY TRAINING

Since world peace is our national objective we are in favor of an aggressive program to promote international friendship and to reduce armaments by all nations.

To protect ourselves in the meantime, we urge the expansion of a civilian military training program and a reduction in the number of professional soldiers, as conditions permit. To this end we would recommend:

1. The expansion of our National Guard and Reserve units.

2. The expansion of the military training in our colleges and universities where it can be accomplished without undue interference with the education of our youth.

3. The continued use of the selective service for the induction of such men as are essential to the maintenance of adequate Armed Forces, with special emphasis and care being placed upon the selective character of the system to safeguard against the induction of essential workers who should be indefinitely deferred, except in the case of active war, because of the much greater contribution which they can make to our economy as a whole through the use of their specialized skills in agriculture and other fields.

4. Since it is evident that all present Selective Service Boards do not carry out their methods of selection in the same way, we recommend a greater care in the selection of citizens for the Boards and a rigid universal system set up.

Since we feel that the present administration of the selective service program is, in effect, universal military training, we are opposed to it.

TREATIES

We favor an amendment to the Constitution of the United States, or other legislation, to provide that no treaty or other agreement shall ever take precedence over the Constitution. We urge the termination of any treaty heretofore ratified where there is the possibility of infringement of the constitutional rights or privileges of citizens of the United States.

THE INDOCHINA CRISIS

Mr. MANSFIELD. Mr. President, in view of the serious situation developing in Indochina, I should like to call to the attention of the Senate a commentary on the situation there by Bill Costello, CBS commentator. Mr. Costello has had wide experience in the Far East, and has spent considerable time in Indochina in recent years. His remarks are worthy of our most serious consideration.

I ask unanimous consent that the statement may be printed in the RECORD.

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

The President's decision to send 400 aircraft maintenance men to Indochina is the administration's way of recognizing two recent developments which threaten us with the greatest reversal since the loss of China.

The first of these is a new wave of defeatism in France. The French are understandably weary—after 8 years of fighting and losses which have exceeded ours in Korea—and there is reliable evidence in Paris that a single serious French defeat at this point could arouse an irresistible demand for withdrawal. One of the favorite argument now, one which disregards the fact that the United States now pays 60 percent of the war costs in Indochina, is that America called off the war in Korea and France is entitled to the same relief.

The second major development is the recent defection of some Vietnamese troops in southern Indochina—an area which had been considered largely pacified. The garrisons at some 40 small outposts simply deserted to the enemy, and there is a tendency among both French and American observers to look askance at the entire native army. This is a matter of dire concern. For the last 5 years, American advisers have insisted communism could never be defeated in Indochina without powerful support from the native population; for the last 2 years the French have agreed. Barely 3 months ago, Senator MIKE MANSFIELD reported to the Senate foreign relations committee, after a personal tour of investigation, that the Communists will not be defeated "without a vast increase in present striking power," and he added that the necessary manpower "can come only from the three Indochinese states." If then, as now appears possible, native armies are to be recruited, armed, and trained, only to join the Communist side in the end, the only possible hope of victory is destroyed. In China, between 1946 and 1949, we saw the folly of arming turncoats who would use our own weapons against us. If France lacks manpower to reinforce its troops in Indochina, and if the Vietnamese cannot be trusted to reinforce them, and, finally, if a vast increase in manpower is needed, who

is going to provide the marginal strength necessary to achieve a military victory?

In the view of many experts, the choice is now simple: We must have a military victory or else resign ourselves to the eventual loss of all southeast Asia. If there is a negotiated peace which leaves Communist armies in existence, then the Reds will ultimately take over by a process of infiltration and subversion. A Senator said privately this week that the only reassuring feature in the present situation is the knowledge that the National Security Council is deeply concerned, and is actively considering every possible solution of the crisis.

In the decision to send 400 technicians to Indochina, the Council has now come to grips with the fundamental problem of manpower. It still has to answer another and even bigger question: What would we do if the French suddenly walked off on 30 days' notice, as the British did 7 years ago in Greece? Could we afford to let Indochina go Communist by default?

Recently, a foreign spokesman gave State Department officials a warning. He said that, if today's policy decisions cause the loss of Indochina, or India, or any other non-Communist territory, those Republicans who are now in power will some day face the same recriminations and perhaps investigations that have made life miserable for those Democrats who are blamed for the loss of China. The hour of decision is not so very far away.

This is Bill Costello in Washington.

CURTAILMENT OF OPERATIONS AT TWIN CITIES ARSENAL

Mr. HUMPHREY. Mr. President, some time ago on the floor of the Senate I spoke of the threatened layoff of a substantial number of workers in our defense plants. That layoff has already taken place, and others are in the offing. At least it has been so indicated.

The subject is of great concern to us in Minnesota. I have written to the Secretary of Defense about it, urging that he reconsider offshore procurement contracts in the light of the layoffs of American workers in our own domestic arsenals and defense plants.

I refer particularly to the Twin Cities Arsenal in the Minneapolis-St. Paul area, which is a Government-owned installation and one of the lowest cost producers in the United States.

Mr. President, 1,900 men and women have been laid off and the work shift has been reduced, and additional hundreds—yes, thousands—will be laid off in the days to come.

I hold in my hand a telegram which was sent to me by William Paul Bitzke, chairman, District Lodge 77, International Association of Machinists. It reads as follows:

ST. PAUL, MINN., *February 7, 1954.*
Senator HUBERT HUMPHREY,
Senate Office Building:

In behalf of our organization and all of its members, we wish to commend the Senator on his open stand against the curtailment of operations at Twin Cities Arsenal and the proposed opening of like arsenals in foreign countries. We need defense preparation and we believe those necessary expenditures can best be used here in the successful operation as is at the Twin Cities arsenal for the employment of our people.

WILLIAM PAUL BITZKE,
Chairman, District Lodge 77, International Association of Machinists.

The telegram is supported by the signatures of hundreds of people who have signed a petition addressed to the Minnesota congressional delegation, a copy of which has been brought to my attention. The petition reads:

P. S.—Had time and working hours permitted, this list would include many more signatures. But due to the fore-mentioned reasons, it was not able to reach all employees. All employees were not only willing but anxious to sign their names to this list. We wish to congratulate you in your fight to back our rights and let you know that all at the Twin City Arsenal plant are 100 percent behind you.

EARL VIERLING.
ST. PAUL, MINN.

I ask unanimous consent to have the letter accompanying the petition printed in the RECORD at this point as a part of my remarks.

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

MINNEAPOLIS, MINN.,
February 4, 1954.
Senator HUBERT H. HUMPHREY,
Washington, D. C.

DEAR SENATOR HUMPHREY: We have noted in our daily newspapers of your investigation on arms contracts being made to foreign countries and our own arsenals being shut down due to curtailment of small arms cutbacks.

We appreciate your interest in this matter and are expressing our opinions and are backing our Senator 100 percent.

Our feelings are shared areawide here at the Twin Cities Arsenal and also statewide.

Cordially yours.

Mr. HUMPHREY. Mr. President, I have two substantiating telegrams, or perhaps I should say telegrams that follow in line with the layoffs at the Twin Cities Arsenal. There is a small machine-tool industry there, and from its owner I have received this telegram:

MINNEAPOLIS, MINN., *February 7, 1954.*
Senator HUBERT HUMPHREY,
Washington, D. C.:

Have been threatened with cancellation of contract with Federal Cartridge Corp. Having purchased machinery for these contracts, cancellation will mean bankruptcy of small business which has taken 10 years to build and unemployment for 18 people; also loss of regular manufacturing business. Appreciate your help.

R. W. MURRAY,
Owner, Accurate Tool & Gage Co.

I am not going to ask that the names of all the petitioners be printed.

Mr. President, I desire now to turn to another subject.

The PRESIDING OFFICER. The Senator from Minnesota has the floor.

HEARINGS BY HOUSE WAYS AND MEANS COMMITTEE ON REVENUE REVISION BILL

Mr. HUMPHREY. Mr. President, I am in receipt of a telegram from the mayor of the city of Rochester, Minn., Mr. Claude H. McQuillan. Rochester is the fourth largest city in my State. The telegram reads as follows:

ROCHESTER, MINN., *February 3, 1954.*
Hon. HUBERT H. HUMPHREY,
Senate Office Building:

Rochester City Council directs me officially protest closed-door action House Ways and Means Committee on revenue revision bill, 1954; also request you express sentiments city of Rochester to your colleagues and press reconsideration and fair hearing before presentation on floor.

Mayor CLAUDE H. MCQUILLAN.

I have fulfilled the mayor's request. I have presented the matter to my colleagues, and I thoroughly agree with the sentiments expressed by the mayor.

AMENDMENT TO THE CONSTITUTION RELATING TO TREATIES AND EXECUTIVE AGREEMENTS

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which the clerk will state by title.

The LEGISLATIVE CLERK. A joint resolution (S. J. Res. 1) proposing an amendment to the Constitution of the United States relative to the making of treaties and executive agreements.

EXECUTIVE SESSION

Mr. KNOWLAND. Mr. President, I have discussed with the minority leader the nominations on the Executive Calendar, under the heading "New Reports," and he has advised me that there is no objection. So I move that the Senate proceed to the consideration of executive business.

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

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. PAYNE in the chair) laid before the Senate a message from the President of the United States submitting sundry nominations, which was referred to the Committee on Foreign Relations.

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

NOTICE OF HEARINGS ON CERTAIN NOMINATIONS

Mr. SMITH of New Jersey. Mr. President, for the Committee on Foreign Relations, I give notice that certain nominations for promotions in the Foreign Service, received from the President today, appearing at the end of the Senate proceedings under the head of "Nominations," will be considered by the committee after 6 days have expired.

The PRESIDING OFFICER. If there are no reports of committees, the clerk will state the nominations on the Executive Calendar, under the heading "New Reports."

DEPARTMENT OF JUSTICE

The legislative clerk read the nomination of Simon E. Sobeloff, of Maryland, to be Solicitor General of the United States.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES CIRCUIT COURT JUDGES

The legislative clerk read the nomination of Elmer J. Schnackenberg, of Illinois, to be United States circuit judge for the seventh circuit.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John Marshall Harlan, of New York, to be United States circuit judge for the second circuit.

Mr. LEHMAN. Mr. President, I think this is a very fine appointment. Mr. Harlan has had a very distinguished career; he comes from an unusually distinguished family in my State, and I am very happy to vote to confirm his nomination.

Mr. LANGER. Mr. President, I may say to my distinguished friend from New York that all the nominees for judgeships are outstanding men. A full investigation was made with reference to these nominations and, with one single exception, Senators on both sides of the aisle endorsed them. The one exception was in the case of the nomination of a gentleman from Louisiana. A Senator, who had not endorsed him, said he thought he would make a very fine judge.

I want the Senate to know that exceptional care has been taken in going into the qualifications of these men, and I am satisfied they will make excellent judges.

The PRESIDING OFFICER. Without objection, the nomination of John Marshall Harlan is confirmed.

The legislative clerk read the nomination of Carroll C. Hincks, of Connecticut, to be United States circuit judge for the second circuit.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES DISTRICT JUDGES

The legislative clerk read the nomination of Edwin F. Hunter, Jr., of Louisiana, to be district judge for the western district of Louisiana.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Edward William Day, of Rhode Island, to be United States district judge for the district of Rhode Island.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of George T. Mickelson, of South Dakota, to be United States district judge for the district of South Dakota.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

CIRCUIT COURTS, TERRITORY OF HAWAII

The legislative clerk read the nomination of Calvin C. McGregor, of Hawaii, to be seventh judge of the first circuit.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. KNOWLAND. Mr. President, I ask that the President be notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith of all nominations confirmed today.

LEGISLATIVE SESSION

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

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (H. J. Res. 358) to discharge indebtedness of the Commodity Credit Corporation.

AMENDMENT TO THE CONSTITUTION RELATING TO TREATIES AND EXECUTIVE AGREEMENTS

The Senate resumed the consideration of the joint resolution (S. J. Res. 1) proposing an amendment to the Constitution of the United States relative to the making of treaties and executive agreements.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Michigan [Mr. FERGUSON] for himself and other Senators, on page 3, line 5, of the amendment proposed to be inserted by the committee.

REPORT ON RECENT TRIP TO THE FAR EAST

Mr. SMITH of New Jersey. Mr. President, I should like to address the Senate for a few minutes concerning my recent trip to the Far East, and I ask that the formal report of that trip, which I have prepared with the able assistance of Dr. Francis O. Wilcox, chief of staff of the Foreign Relations Committee, be incorporated in full in the body of the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. SMITH of New Jersey. Mr. President, as chairman of the Subcommittee on Far Eastern Affairs of the Foreign Relations Committee I deem it to be appropriate for me to report to all my colleagues in the Senate, as well as to the members of the Foreign Relations Committee.

On this trip I was accompanied by Mrs. Smith, Miss Elizabeth Wherry, my secretary, and Dr. Wilcox. We visited a large area in the Far East, and especially southern Asia, touching on Hawaii, Japan, Formosa, Korea, Hong Kong, the Associated States of Indochina, Thailand, Burma, India, and Pakistan. We came back by way of Beirut and Paris, which enabled us to check up in Paris on our experiences in Indochina with the leadership of the French Government.

I had been in the Far East in 1949 and again in 1951, so that this was my third trip. By these periodic trips it has been possible to keep in touch with the rapid changes taking place in this critically important area. In all the places we visited we had the privilege of conferring with the chiefs of state, which included such well-known personages as Premier Yoshida in Japan, Generalissimo Chiang Kai-shek in Formosa, Dr. Syngman Rhee in Korea, Emperor Bao Dai in Indochina—we also met the kings of the other Associated States, Laos and Cambodia—Mr. Nehru in India, and Mohammed Ali in Pakistan. It will be remembered that he was the ambassador from Pakistan to the United States before he was recalled to become premier of that important country.

The years since World War II, however gloomy, have not been without hope for those who have faith in the ultimate freedom of Asia. Formosa has remained free despite the curses and threats of Peking. Japan has moved steadily toward democracy. The capacity of free men to stand together in resistance to aggression has been tested in the Korean conflict. Indochina still holds against the onslaughts of the Communists in southeast Asia. Of course all of us know of the grave danger which exists there today and I pray that country will continue to hold firm. Elsewhere, in new countries like Burma, India, and Pakistan, the people are moving toward freedom and national responsibility.

Despite the events of the past few years, I do not despair of the cause of liberty in Asia. No country in that area of the world, not even China which is now totally dominated by Moscow, is forever lost to liberty.

I have learned one important truth in my several visits to the changeless east. Nothing in it is changeless except a fundamentally moral and religious approach to life that is practically continentwide in application.

I might say parenthetically that I have been deeply interested in studying the impact of some of the religions in those far-off lands. They are very strong and very deeply rooted. Because this is so, because there is this bedrock upon which to build, I know that in the long run, the surface of the east will change. It must change. The tide of totalitarianism will recede, for that moral-religious substructure which is fundamentally opposed to totalitarian communism will reassert itself to shape the societies of the new Asia.

It may be that even now this change has begun. However, in view of the mighty forces involved and the many cross-currents, it would at this time be rash to do more than speculate on this possibility, for the discouraging aspects of the situation in Asia, as I found on my recent visit, are still numerous and vivid. Communist totalitarianism still controls more than half the land mass and two-fifths of the population of Asia. The military strength of communism has expanded greatly and constitutes a powerful force for intimidation, coercion, or invasion. Large groups of Asians still cling to the illusion that communism is a movement of liberation from foreign domination. These people do not realize it is Moscow-directed imperialism aimed

at world domination. Others believe that they must steer a course of neutralism between the Soviet world and the free world, not yet understanding, apparently, that the preservation of their freedom depends on cooperation as equals with other free nations. Population pressures, poverty, and illiteracy continue to keep the continent fertile for totalitarian ideologies. Quarrels among the free nations of Asia, such as the most lamentable disputes between India and Pakistan, open cracks into which the Communists can pry with their divide-and-conquer techniques. Finally, the Communists have achieved some success with propaganda branding the United States as an unfriendly, arrogant, and imperialistic nation.

If the situation in Asia were characterized exclusively by the factors I have mentioned, the outlook would indeed be grim. That, however, is not the case. There are more positive factors which I observed in the Far East and which are noted in our report to the Foreign Relations Committee a few days ago. These factors constitute the encouraging aspects of the situation in Asia. If they continue to accumulate, they may turn the tide in the not too distant future.

There is, first of all, the fact that the shooting war in Korea has been brought to an end. Bloodshed has been halted, so that countless lives have been spared. The truce was accomplished, moreover, without surrendering the basic objectives of the United Nations action in a futile gesture of appeasement.

The frontal advance of communism has been halted in Korea. Elsewhere in Asia, there are signs that a greater degree of stability is settling over several countries of southern and southeast Asia. These new nations are tackling their internal economic and social problems with energy and determination. Another encouraging aspect of the situation is the outstanding caliber of our present ambassadors and military commanders in the Far East. They understand the problems of the area and are dealing with them as effectively as possible.

I wish to emphasize that point and to say that I was deeply impressed, as were the other members of my party, with the character and caliber of the persons representing the United States in those various countries.

I said earlier in my remarks that I did not believe any part of Asia was forever lost to freedom. I should like to reiterate that belief. But I also wish to point out that to win back those people who have temporarily slipped behind the Iron Curtain, and to preserve the independence of those who cling tenuously to freedom, is a monumental challenge, particularly to us in the United States.

The policies which we pursue with respect to Asia are of the utmost importance. In fact, they may determine whether or not the peoples of Asia shall have an opportunity to work out their destiny in freedom. If our policies are wise, decent, human policies, as befits this great Nation, they will benefit not only the Asians, but ourselves as well, for generations to come. If they are not, if instead they are impatient, expedient, or short-sighted policies, we, as well as our friends in Asia, will suffer the consequences.

In my report to the Committee on Foreign Relations a few days ago, I listed a number of recommendations which, I believe, will be helpful in developing and maintaining a sound policy toward the Far East. I do not claim perfection for these recommendations. It would be presumptuous to assume that they supply all the answers. I do feel, however, that they are relevant to the complex problem of our relations with the East and I should like to summarize them now:

First, we should do everything we can to understand the oriental way of life and the philosophy back of the foreign policy of our neighbors in the East.

Second. We should continue to help the anti-Communist nations in Asia to develop and maintain a posture of strength. I believe that if weakness is shown there, those countries cannot hold out; they will become the prey of the Communist movement.

Third. We must continue our program of encouraging the training of native Asian troops, particularly in Korea, Formosa, and Indochina. This was impressed on me, not only on this trip, but also on previous trips I have taken. We must give all the aid we can to train the native Asians who are opposed to communism in the skills to defend their homelands. They can defend their native soil much more effectively than can any foreign troops. I am convinced of that, particularly as the result of this trip. I have talked to our commanders about it, and they say the natives do wonderfully well and make excellent troops.

Fourth. We should do what we can to encourage the idea of collective security in the Far East. Weak nations standing alone are easy prey for Communist imperialism. That point is covered more fully in my report, which I am having made a part of this statement.

Fifth. In spite of pressures in the opposite direction, we should resist any move to appease the Communist aggressors.

Sixth. The United States must not recognize Red China or consent to its admission to the United Nations while it remains a satellite taking orders from Moscow. This is an important point, so I shall read the whole recommendation that was made concerning it:

(6) In this connection I want to emphasize that on this trip I had my previous convictions fully confirmed, namely, that the United States must not recognize Red China nor consent to its admission to the United Nations while it remains a satellite taking orders from Moscow.

Such a move might well be the death blow to the aspirations of the struggling nations of Asia to be free and independent. It would put the appeasing stamp of American approval on the exploitation by Moscow of the sufferings of the people of Asia.

Furthermore, no outlaw regime, like that in Peiping, should ever be allowed to blast its way with guns and tanks and instruments of war into a peace organization like the United Nations.

That is exactly what the Peking regime has attempted, as is illustrated in Korea.

Seventh, the time has come when our Government should declare that we will react to aggression wherever it occurs in the world, taking whatever action our national interests require. This is in line with the recently announced policy of the Secretary of State in his very well organized and presented speeches on the subject.

Eighth, we should exert every effort to bring about a unity of purpose and direction among the free nations and a common policy with respect to the Far East. In that connection, I may observe that one of our handicaps is that we do not have a fully united, common policy in that area. This is one of the most important things to which we must address ourselves and which we must try to bring about.

Ninth, continued technical assistance, and in some countries modest amounts of aid for economic development purposes, must remain an indispensable part of our program in that area.

Tenth, the United States—both our people and our Government—should, in dealing with its friends in Asia, do its utmost to demonstrate the positive values of the democratic way of life.

Eleventh, we should lose no time in stepping up certain aspects of our information service in the far eastern area. This is a very important subject. I have been talking about it to Mr. Streibert, who is in charge of the Information Agency. I believe it is worthy of special emphasis. I shall read at this point from our report on this subject:

I am inclined to feel we have overemphasized the importance of the military and economic aspects of our program and neglected the ideological. And I believe that in an ideological approach we would do well to highlight the teachings and traditional moralities of the countries concerned which bring out and illustrate those deep values of individual freedom for which peoples throughout the world are yearning. It is far more effective in India, for example, to extol the spiritual greatness of Gandhi and to relate his teachings to freedom and world peace, than to boast of America's material accomplishments and military might.

Our whole experience emphasizes the importance of appointing United States representatives in these areas who are humanly sympathetic with the problems of the people, and who are able to interpret the good will and sincere desire of the American people to help. We must not seek to dominate or dictate. We must not try to rebuild these countries in the image of America. We must help them in their keen eagerness to work out their own future.

Mr. President, these are simple propositions, but I feel that to state them and restate them may well help to set our relations with Asia on a more solid foundation. And there is no time to lose in doing so. A great continent teeming with able, energetic, and God-conscious people is in the throes of being born again in our times. The challenge to us, as well as to them, is to learn quickly to bridge the gulf of ignorance of one another's true worth which for centuries

has separated East from West. I pray that with God's guidance we shall find the way to bridge that gulf in peace.

Mr. President, as I previously requested, I ask unanimous consent to have printed in the RECORD, at the end of my remarks, the full text of the report.

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

EXHIBIT 1

LETTER OF TRANSMITTAL

JANUARY 25, 1954.

To the Chairman and Members of the Committee on Foreign Relations of the United States Senate:

I am submitting herewith for the consideration of the Foreign Relations Committee and for all of the Members of the Senate a report on the trip to Asia which I took during November and early December 1953.

I was accompanied on this trip by Mrs. Smith, Dr. Francis O. Wilcox, chief of staff of the Senate Foreign Relations Committee, and Miss Elizabeth Wherry, my secretary.

Everywhere we went our accommodations were efficiently handled and every consideration and assistance was shown to us. With my companions I want to take this opportunity to express our deep appreciation to the officials of our own Government abroad and to the officials of the countries we visited for their friendly hospitality and for their many courtesies.

Those who have studied this area of the world, and especially those who have traveled in it, know that the problems which the United States faces are exceedingly difficult and complex. We certainly do not claim to have all the answers.

Our mission was to study the impact of our foreign policy upon the Far East, to inquire into the issues involved and to explore possible changes that might be made in that policy. We were particularly interested in the situation in Indochina and the progress that is being made there in liquidating the 7-year-old war.

We visited Japan, Okinawa, Formosa, Korea, Hong Kong, Indochina (Vietnam and Cambodia), Thailand, Burma, India, and Pakistan. We also stopped on our way back to the United States to consult with French leaders in Paris with regard to the French attitude toward the war in Indochina.

We conferred with many people, including officers of our high military command, our Ambassadors and their staffs, the leading officials of foreign governments, members of parliaments, newspaper correspondents, and other informed individuals. Through Mrs. Smith and Miss Wherry we made contacts of first importance with many of the women in these countries, and in the East as elsewhere, women are an increasingly important factor in the great urge for freedom.

In this report, in which Dr. Wilcox and I collaborated, I have endeavored to outline our overall impressions of the situation in the Far East and Asia generally, to give some background facts on each of the countries visited, to comment briefly on certain current issues, and finally, to make a number of recommendations with regard to our far-eastern policy.

I desire to pay special tribute to the career men and the members of the staffs of our Foreign Service. In many of these places they are working under extreme difficulties and great personal sacrifice. They deserve the confidence and support of the people of the United States.

It is my hope that the members of the Foreign Relations Committee and also all those Members of the Senate who are interested in foreign affairs will have the time and the opportunity to study this report.

Always cordially yours,

H. ALEXANDER SMITH,
United States Senator, New Jersey.

REPORT ON THE FAR EAST AND SOUTHEAST ASIA BY SENATOR ALEXANDER SMITH OF NEW JERSEY, CHAIRMAN, SUBCOMMITTEE ON THE FAR EAST

I. INTRODUCTION

Overall comments

We came back from the Far East convinced that the Communists have had three main objectives in their attempt to dominate that part of the world.

First, they wanted to gain control of the almost unlimited reservoir of manpower in China. This they have now done. China has been drawn behind the Iron Curtain and the huge Chinese Army has been made a factor of first importance in Asia.

Second, they want to win over to their side the great industrial capacity of Japan. Their first major attempt to achieve this objective failed when their aggression in Korea was stopped at the 38th parallel.

Finally, they have their sights set upon the vast quantities of rice and the rich raw materials which are available in Southeast Asia. That is why they are so intent upon winning the struggle in Indochina. For if that country falls into the clutches of the Kremlin then the other nations of Southeast Asia would find it increasingly difficult to withstand Communist pressure.

These, I think, are the prime objectives of the Communists in the East as a part of their overall strategy to dominate the world. If they can win these, they believe, the rest will inevitably follow.

There can be no question about the tremendous importance of Asia to Communist leaders in Moscow. This is not because they have lost interest in the great industrial complex of Western Europe. But they have been held at bay there by the successes of the European Recovery Program and the North Atlantic Treaty. I am convinced that Communist strategists now place primary priority upon vigorous action in the East. This explains why Asia is currently the hot battleground of the global conflict in which we are engaged.

There is an interesting paradox that becomes more apparent when one visits the Far East. Everywhere there is a deep resentment against colonialism and imperialism in any form. People in the area feel strongly that they should be free from external controls, that they should be allowed to work out their own destiny in their own way. This leads to the propaganda of hatred toward foreigners which, of course, the Communists have agitated in every conceivable way.

What we have, then, is the curious spectacle of communism being on the side of the angels. They talk about liberation. They denounce imperialism. They condemn colonialism. And with their tongues in their cheeks, they wave the banner of national independence.

But what many people in the Far East still fail to realize is that the Soviet Union has been engaged in an ambitious and diabolical effort to conquer and colonize the entire world. This they are now doing in Asia with all the cunning and vigor at their command. Kremlin-supported forces launched the aggression against Korea. And Kremlin-supported forces are today engaged in Communist military operations in Indochina, Burma, Malay, and the Philippines. It is obvious that, while they are shouting about western colonialism, their brand of colonialism is endangering the freedom and the future not only of all Asia but of the entire free world.

Discouraging aspects of the situation

When one looks at the march of events in Asia there are, of course, a number of discouraging factors. On this side of the ledger I would include the following points:

(1) There can be no doubt that the impressive territorial gains made by the Communists in Asia have given them added influence and power. They now control all of China, Manchuria, Siberia, North Korea, and parts of Indochina. These areas comprise over half the land mass of Asia with some two-fifths of its population. This rising tide of Red success, even though it has not advanced for 3 years, remains a formidable fact of threatening proportions.

(2) Nor should we overlook the fact that the Communists have exerted every effort in the past 3 years to build their military strength. They now possess by far the largest ground forces in the Far East, and both Communist China and North Korea, with assistance from Moscow, have developed air forces of their own. For purposes of intimidation and coercion this expansion of military might is a very useful device for the Communists; power is generally a very persuasive argument.

(3) In addition to the territorial and military factors, the Communist movement in Asia has two very significant psychological advantages. Rightly or wrongly, it is not identified with colonialism or imperialism in these States. Even more important, it works through its own Communist parties which function in the individual countries as indigenous, seemingly patriotic groups. In Asia these advantages, which the Communists are exploiting to the fullest, are extremely difficult to overcome.

(4) Then there is the spirit of neutralism in parts of Asia which, in my judgment, works to the detriment of the free world. It is prompted in part by the fact that certain Asian countries have only recently ceased to be pawns in the power politics of others. In fear of being returned to this status, they attempt to steer a middle course between the Soviet bloc and the nations of the West. The advance of international communism, however, may consign to them the very fate which they dread unless they recognize in time that the preservation of freedom depends on cooperation as equals with other free nations.

(5) The rapid population growth still exceeds the increase in food production in several countries—particularly India and Japan. We sometimes forget that more than half the world's total population live in Asia. With too little food to keep their people alive and healthy, they are confronted with the terrible dilemma that their natural increase in population continues to outstrip their increase in the production of food.

(6) Population pressure, poverty, illiteracy, and an intense feeling of anti-imperialism make the people a relatively easy target for Communist propaganda. The average life expectancy in the area is about 25 years. The average annual income is about $50. Throughout much of Asia this pathetically low standard of living is attributed to the handicaps which have confronted these countries in the colonial system. Under these conditions, the promises of the Communists for independence and higher living standards often fall on fertile soil.

(7) Numerous areas of tension exist which tend to accentuate differences between the free countries of Asia and thus help the Communist cause. Take, for example, the Kashmir dispute between India and Pakistan. Or the dispute over the so-called Rhee line between Korea and Japan. Or the bitter differences between Burma and Formosa. The Communists, who like to divide and conquer, take advantage of these disputes and stir up animosity wherever they can.

(8) Communists are doing their utmost to discredit the United States all over Asia. We are pictured as a capitalist and imperialist nation of arrogant and conceited people who are bent on bringing about war rather than peace. Minor instances of racial prejudice and of cooperation with so-called colonial powers like Britain and France are

widely broadcast and exaggerated far beyond their intrinsic importance.

(9) Finally, there is still a general disinclination throughout the area to recognize the serious nature of the Communist threat, particularly in its external aspects. Countries like India and Burma, for example, will take vigorous measures to suppress the illegal acts of their indigenous Communist parties but will go out of their way to conciliate Moscow and Peking. In part, this inconsistency undoubtedly originates in the spirit of neutralism previously mentioned. It may also be due, however, to a lack of understanding of the dangerous challenge of international communism to all independent states.

Encouraging aspects of the situation

On the positive side of the ledger I suggest the following:

(1) The truce in Korea—uneasy though it may be—has done much to ease tensions in the Far East. While there are many problems yet to be resolved it is our impression that the Communists do not want to resume hostilities. Moreover, I do not think President Rhee will take unilateral action unless something unforeseen should develop.

(2) The main march of communism has been held at least temporarily in check at the borders of China. Two years ago when I was in the Far East there were dire predictions that Korea, all of southeast Asia, and perhaps even Japan might be under Communist rule by this time.

(3) There are also encouraging signs of a greater degree of stability in several countries of southern and southeast Asia—particularly Burma, India, Pakistan, and Malaya. To be sure a great deal remains to be done. But as these countries develop in strength and national stature they will be more and more able to resist the virus of international communism.

(4) We were impressed by the energy and the hope with which most countries in the area are tackling their problems of economic development. With help from the United Nations, the Colombo plan, and our own technical assistance program, they are moving ahead, slowly but surely, to improve their standards of living.

(5) I believe, too, that there are some signs of a growing awareness of the mortal danger of communism in Asia. While there is a general disinclination among many Asians to face up to this reality, as I pointed out above, nevertheless we are beginning to make some progress. In this connection the United Nations has been a most useful device, for a good many of Asia's leaders have learned there just how false the propaganda of Russia and her satellite states really is.

(6) On the whole, I think the lesson of Korea has been most helpful. Many of the officials to whom I talked expressed the conviction that our vigorous leadership in defending South Korea from aggression not only saved the free world from disaster but gave the people of Asia new hope and determination for the future.

(7) In spite of vicious Communist propaganda there is, among the people of Asia, an encouraging reservoir of good will for America. Fundamentally they believe in the same basic principles that we as free Americans believe in and, on the whole, I think they are grateful for the aid we have given them.

(8) Still another favorable factor is the striking change that is taking place in the attitude of the overseas Chinese. These important Chinese elements in Burma, Thailand, Hong Kong, and the other countries of South Asia—some 12 million of them—have heretofore maintained a wait-and-see attitude in the conflict between Chiang Kai-shek and Mao Tse-tung. Now, at long last, there are some encouraging signs that they may be moving away from communism.

(9) Finally, we should point out that we were very favorably impressed by the quality of our leadership in Asia. Our ambassadors, on the whole, are outstanding as are our military leaders in Tokyo, Seoul, and SHAPE headquarters in Paris. It is gratifying to meet such extremely able people in the field who are devoted to the best interests of the United States.

II. COUNTRY ANALYSES

A. The Far East

1. Japan

Background: During the period of allied occupation the Supreme Commander for the Allied Powers (SCAP) attempted to establish in Japan a foundation for democratic government. Premier Shigeru Yoshida, leader of the Liberal Party, in power through most of the occupation and since, has sought to carry out the occupation reforms. He has pursued a policy of close cooperation with the United States and strict control over both communism and elements of resurgent ultra-nationalism in Japan. In pursuing this middle course the Liberal Party leadership is challenged by both the right and left wing Socialist parties and to a lesser extent by the prewar militarist interests.

Since the peace treaty went into effect there has been some retrogression from reforms initiated by the military occupation, noticeably in the return of prewar Japanese military personnel to public office and in the modifications of original plans for breaking up the Zaibatsu. Though a recent tendency for the two conservative parties (called Liberal and Progressive) to aline in opposition to the leftist parties indicates the possible emergence of a two-party system, there is still considerable political instability in Japan.

Japan's recovery since the end of the war has been great, but fundamental economic difficulties remain. They have been camouflaged somewhat by the built-in "tourist industry" of American military personnel and the special procurement orders of the United Nations Command for the Korean war. Notwithstanding these quasi-subsidies, the current overall balance-of-payments deficit approximates $250 million annually.

Japan's economic position has changed drastically from that of the prewar period. Access to raw materials and markets on the mainland is now restricted. The merchant marine is no longer a major source of earnings of foreign exchange. The former Japanese-occupied countries of southeast Asia in varying degrees are reluctant to resume trade with Japan; some are still negotiating for reparations. Many countries of the Americas and Europe, recalling former Japanese dumping and other unfair trade practices, share this reluctance. The Japanese silk industry suffers from the worldwide slump resulting from development of rayon and nylon. Japan is dependent upon increased imports, particularly of raw materials, from dollar areas. Moreover, Japanese technology has lagged behind that of the western nations.

There is mounting pressure within Japan for resumed trade with the Chinese mainland. If this pressure is to be resisted, then there is a need for developing alternative trade outlets for Japan. A solution to this problem may be found in part in integrating Japanese industrial skills with development programs in south Asia, the Philippines, Formosa, and in the reconstruction of Korea.

Article 9 of the Japanese Constitution renounces war and prohibits the maintenance of land, sea, and air forces. In view of postwar developments, however, this provision runs counter to the responsibility of a sovereign state for its self-defense. Consequently, the United States has urged a modest rearmament for purpose of defense. Although deeply concerned over the possibility of a resurgent militarism, the Japanese are also aware of the immediate danger of Communist aggression. By recent agreement therefore between the two conservative parties the present National Safety Force will be redesignated "National Defense Force" with an authorized strength of 250,000 men.

Comments on current issues: Japan

Japan's economy is operating on borrowed time. Short-run palliatives such as the war orders growing out of the situation in Korea and expenditures by United Nations forces in Japan provide a most unstable economic base for Japanese democracy. A sounder answer must be found quickly to the dilemma of a rapidly growing population confined in islands of very limited natural resources. Unless one is found, we may be faced with an unending dependence of Japan on United States aid or an expansion of Japan's trade with Communist China. Both of these are clearly repugnant to our own interests.

A much happier solution lies in a great expansion of Japan's trade and other economic relations with the rest of the world, particularly with other Asian nations. The Japanese are a skilled people with one of the most advanced technologies in Asia. They could make a great contribution to the economic development of their free neighbors. We should encourage them to do so.

We should also continue to urge the Japanese to assume a larger share of their own defense. There is real danger, however, in going too far too soon. The buildup of the national security force ought to be a gradual one, in harmony both with Japan's economic capabilities and the developing realization among the Japanese people of the dangers which confront them.

We, of course, are anxious to bring our troops home from Japan at the earliest possible time. As the Japanese strengthen their defense forces we should be able to begin a planned and gradual withdrawal of our own forces. According to the best estimates available in the Far East, however, we probably should not plan on entering the final stages of withdrawal until a period of 4 or 5 years has elapsed. Even so, I believe there might be some advantage in setting a target date now for that eventuality. Such a target date might accelerate action by Japan.

Japan needs very much to improve her relations with Korea. One can understand why a certain amount of antagonism exists between the two countries as a result of Japan's relationship to Korea between 1910 and 1945. Nevertheless, it is discouraging to see two free world nations, who have much the same general objectives, consume their energy in quarreling with each other. I hope very much that both the Koreans and the Japanese will realize that they have much to gain by cooperation, and begin to work together toward our common goal.

2. Formosa

Background: Chinese Nationalist forces occupied Formosa in September 1945. As the Chinese Communist forces advanced on the mainland, the Executive Yuan of the Nationalist Government was evacuated to Formosa at the end of 1948. Taipei, Formosa, was proclaimed the national capital of China in December 1949 and Generalissimo Chiang Kai-shek resumed the presidency on the island in March 1950.

Under the American-educated provincial Governor Dr. K. C. Wu, and since April 1953 under O. K. Yui, both former mayors of Shanghai, progress has been made in both economic development and governmental reform. Local Taiwanese have increasingly been placed in responsible positions at all levels of government. A policy for development of popular self-government has been supported by a program of school expansion. Under a land reform program rent has been reduced from 55 to 33.5 percent of the main crop while public land representing 17 percent of all rental land has been sold to tenant farmers.

The National Government with United States assistance has engaged in an economic development program aimed at improving rural conditions, increasing agriculture production, developing power and transportation facilities, expanding industrial production, and adopting sound fiscal and management policies.

Since 1951 the United States Military Assistance Advisory Group under Maj. Gen. William C. Chase has assisted the Chinese in reorganizing, training, and revitalizing the Chinese Nationalist Army.

In addition to the improvement in the ground forces, approximately 2,000 pilots have been trained while a small navy has become proficient in amphibious operations. Both General Chase and Generalissimo Chiang have lauded the morale and combat effectiveness of these forces.

Of the great powers, the United States and France continue to recognize the Nationalist Government while the Soviet Union and the United Kingdom recognize the Communist regime as the government of all of China. On June 27, 1950, former President Truman neutralized Formosa by ordering the 7th Fleet to prevent attacks across the Formosa Straits in either direction. On February 2, 1953, President Eisenhower deneutralized Formosa, thus posing a potential threat to Communist control of the mainland. It is clear, however, that the Nationalist forces would not be able to launch any large-scale attack against the mainland without naval, air, and logistic support from outside sources.

Comments on current issues: Formosa

As compared to the situation 2 years ago, we found a marked improvement in political stability and in economic conditions on Formosa. If this progress continues, the Nationalist Government will become an increasingly important factor in encouraging disaffection for the Mao Tse-tung government among the Chinese on the mainland. Formosa can serve as a rallying point for their discontent as well as a powerful psychological base for a counteroffensive of Chinese democracy.

There is encouraging evidence that this idea of developing Formosa as a kind of showplace for democracy in the East is already bearing fruit. Certainly the feeling of hostility in China against the Communist government is graphically illustrated by the large number of Chinese prisoners of war in Korea who do not want to be repatriated to Red China but who prefer to go to Formosa instead.

Now let me add a few words about the Nationalist troops on Formosa. While they are growing in strength I think it would be unrealistic for even the most ardent supporters of the Chiang government to expect any successful all-out attack upon the mainland, at least in the near future. Meanwhile the Nationalist forces, the second largest non-Communist army in Asia, perform an invaluable service in helping to keep Formosa a free and independent country. They also serve to tie down a relatively large number of Chinese Communist troops on the mainland across the Formosan straits. Moreover, in the event Peking should precipitate a new crisis in Korea, Indochina, or elsewhere along the Chinese border, Chiang's forces could be a military factor of very great importance to the free world.

3. Korea

Background: Since the United States first signed a treaty with Korea in 1882 that country has been in the vortex of great power struggles in Asia. Traditionally a tribute state of China, battleground in the Russo-Japanese War of 1905, a colony of Japan from 1910, Korea emerged after World War II divided at the 38th parallel. A testing ground in the early stages of the cold war, Korea became a proving area for the United Nations and the concept of collective security with the invasion of the Republic by the Communist forces in June 1950. Entry of Communist China into the conflict at the end of 1950 made Korea once again the stage of great power conflict in northeast Asia. The signing of an armistice brought at least a temporary cessation to hostilities.

Since the armistice the United States as head of the United Nations Unified Command has sought to bring about the political conference provided by the armistice agreement to consider the removal of foreign troops, the unification of Korea, and other questions involved in a Korean settlement. The General Assembly in September determined upon a conference in which the U. N. would be represented by those members having contributed armed forces in Korea plus the Soviet Union as a member of the Communist delegation. The Communists have insisted that the conference be on a round-table pattern with India and other States of Asia represented and with the Soviet Union thereby seated as a neutral. The American position has been that Russia may be included but only as a belligerent on the Communist side. As negotiations over this issue have continued at Panmunjom, the United States representative, Arthur H. Dean, has upheld the position that the conference be restricted to the immediate issues involved in a Korean settlement and that a later conference with wide representation consider other outstanding problems in the Far East.

Concurrently the efforts of the Neutral Nations Repatriation Commission (which includes India, Switzerland, Sweden, Czechoslovakia, and Poland) to continue the explanation sessions to prisoners unwilling to be repatriated have been beset by demonstrations, strikes and riots, accusations of partiality against the Commission, threats of a revival of the conflict, and walkouts by members of the Commission. Further controversy surrounds the United Nations position that prisoners who have not been repatriated and whose fate has not been determined by a political conference be released upon expiration of the explanation period, that is, January 22, 1954.

Complex issues and Communist intransigence offer little optimism for an early achievement of a peaceful unified Korea. During the immediate postwar period efforts of the Joint Commission created at the Moscow conference in December 1945 to solve the issue met with Soviet obstruction. Following a General Assembly resolution of August 1947, a temporary commission sought to hold elections throughout Korea. Soviet occupation forces prohibited entry of the commission into North Korea. After the establishment of the Republic of Korea through elections in the south in August 1948 the General Assembly established a permanent commission to seek the unification of Korea. These efforts were brought to a halt by the North Korean invasion of June 1950. To this earlier background of Soviet and North Korean obstructionism is now added the basic interest of Communist China in this strategic area. Recently the Governments of Communist China and North Korea signed a 20-year treaty of friendship and mutual assistance.

The United States has signed a Mutual Security Treaty with the Republic of Korea, now awaiting Senate approval. In signing this treaty, the United States has attempted to make clear to the Government of President Syngman Rhee that it is for the defense of South Korea against further aggression but that the United States opposes independent action by President Rhee to unify Korea by force.

The prospect for solution has to some extent been furthered by the recent agreement of President Syngman Rhee to accept the mandate of new elections if held throughout Korea. This reverses an earlier stand for elections only in North Korea. The North Koreans, however, have opposed nationwide elections except on their own terms.

While the political questions blocking a Korean settlement remain in abeyance, reconstruction has begun on both sides of the armistice line. Under the Supplemental Appropriation Act, 1954, the United States made $200 million available for this purpose with the proviso that the funds be used only in areas not under Communist control. Questions relating to jurisdiction as between United States and United Nations agencies in reconstruction are presently under discussion.

Comments on current issues: Korea

The prospects in Korea are for a tenuous truce of uncertain, but probably long, duration. From all the information that came to us the Communists do not want to resume the fighting. They prefer instead to have an uneasy truce during which time their tactics of obstructionism and delay can be effectively used in the war of nerves. We must keep up our guard, however, and remain on the alert against the possibility of renewed aggression. The growth of Communist air forces in Manchuria creates the ever-present danger of another Pearl Harbor unless we maintain constant vigilance.

There is also danger that the South Korean troops might resume the fighting. I do not believe, however, that President Rhee would take unilateral action in violation of the truce without at least consulting with the United Nations Command. We all sympathize, of course, with President Rhee's deep-felt desire for the unity and freedom of his country. We can hardly asquiesce, however, in unilateral action by South Korea. That would destroy all grounds for hope that a peaceful solution of the Korean situation might eventually be worked out.

There is before the Senate now the Mutual Defense Treaty between the United States and the Republic of Korea. That treaty demonstrates completely the good faith of the United States. While it pledges American assistance against further aggression it does not, of course, extend to any unilateral violation of the truce terms by South Korea.

Now that the fighting has stopped, the United Nations should move rapidly to aid in the rehabilitation of the Republic of Korea. Through no fault of their own, the Korean people have suffered untold hardships in the collective effort to stop Communist aggression. The other free nations have a great moral responsibility to assist in alleviating their suffering.

4. Hong Kong

Background: The British Crown Colony of Hong Kong lying on the southeast coast of China at the mouth of the Pearl River was acquired by Great Britain in 1841. The Kowloon territory on the mainland opposite Hong Kong was leased by China to Great Britain in 1898 for 99 years. Under British administration since 1841, except during the Japanese occupation from 1941 to 1945, the colony is politically an outpost of the west on the doorstep of China while economically a great crossroads for the international trade of the Far East. The colony symbolizes both an earlier era of treaty ports, concessions, extraterritoriality and other manifestations of western commercial interest in China and a later era in which Hong Kong was a point of entry not only for western merchandise but for missionaries, educators, doctors, hospital administrators, and technicians in many fields.

Hong Kong has long been a haven for Chinese revolutionaries, political exiles, and refugees. Since the Communist regime came into power on the mainland late in 1949 there has been a great influx of persecutees from China. Although political organizations are strictly controlled by the government, the area is now a center of intelligence operations of both the Chinese

Communists and the Nationalists. Among the many Chinese political organizations found in Hong Kong, one of the strongest in terms of numbers is that which disavows both Communist and Kuomintang extremism and favor what is termed the "new force" or the "third force" reform program.

Economically dependent upon China's world trade, Hong Kong has been adversely affected by the policy of restricted trade with the Communist bloc. The trade of the colony has also suffered from the disruption of the Chinese internal economy, from the expansion of Chinese overland trade with the Soviet Union and from restrictions on imports in parts of southeast Asia as a result of foreign exchange shortages.

Comments on current issues: Hong Kong

From information that came to us in Hong Kong apparently the ban on the shipment of strategic materials to Communist China is being enforced. We were told that all the non-Communist nations except Ceylon—which is not a member of the United Nations—are endeavoring to observe the embargo voted 3 years ago by the General Assembly. While free-world trade with Communist China showed a moderate increase in 1953 over 1952, the control machinery was tightened during the year and relatively little smuggling took place.

It is true that accurate statistics on trade with Communist China are very difficult to obtain. It is true, too, that honest individuals may differ over their definitions of what constitutes strategic materials. But from all that we could learn in Hong Kong our allies are giving us their cooperation in enforcing the economic sanctions which the United Nations recommended against the Peiping Government.

As for Hong Kong, that colony, by reason of its location, its dense Chinese population, and its limited resources, is in a very vulnerable position. Nevertheless, the Hong Kong authorities appear willing to cooperate in enforcing the ban against China. Trade continues between the colony and the mainland, but to the extent that it enters into legitimate channels this trade is limited and seems to be confined to nonstrategic items.

There is good reason to believe that the limited exchange of nonstrategic commodities between the Chinese mainland and Hong Kong is at least as beneficial to the non-Communist countries as it is to the Communists. The alternative to this trade might be a new program of economic and military aid to Hong Kong or the abandonment of this important outpost of the free world.

B. Southeast Asia

5. Indochina

Background: As World War II drew to an end, Emperor Bao Dai, of Annam, proclaimed an independent state of Vietnam. In August 1945, with the Japanese surrender, Bao Dai relinquished power to a government headed by Moscow-trained Ho Chi Minh. Under an agreement of March 6, 1946, France recognized this government within the French Union. Negotiations with Ho on the details of implementing the arrangement, however, broke down with the Communist leader demanding a greater degree of sovereignty than France was willing to grant at that time.

In December 1946 the war commenced and has continued to the present time. In September 1947 France opened discussions with Bao Dai. Basic agreements were signed in Paris March 8, 1949, under which Cochin-China was added to Annam and Tonkin to form, under the former Emperor, the independent state of Vietnam within the French Union. France retained the right to maintain military forces in Vietnam and a measure of control over the Vietnamese military forces. Foreign policy was to be coordinated through the High Council of the French Union. In July 1949 a similar treaty was concluded with King Sisavang Vong of Laos and in November with King Norodom Sihanouk of Cambodia. Sovereignty was formally transferred to Vietnam February 2, 1950. In conferences at Paris during the latter part of 1950 the agreements between France and the Associated States were further clarified. In response to an increasing pressure for complete independence, particularly in Vietnam and Cambodia, France in July 1953 agreed to negotiate with the Associated States with a view to relinquishing some powers still retained by France, and new agreements have been reached.

Vietnam, Laos, and Cambodia were recognized by the United States and Great Britain in February 1950 and have subsequently been recognized by 30 other powers. Their admission to the United Nations, however, has been vetoed by the Soviet Union. The Associated States were signatory to the Japanese Peace Treaty and have participated in various international conferences.

The war in Indochina has been a struggle to win the loyalty of the people no less than a bitter contest to gain and hold strategic areas. In the battle of ideologies France has had the responsibility of demonstrating an intent to grant full freedom concurrently with the presence of French forces in Indochina. Ho Chi Minh appeals to Indochinese nationalism largely by raising the issue of antiforeignism, an issue not without attraction to a politically unsophisticated people. Vietminh political cadres are highly trained, subtle, and found in many parts of Vietnam. The vast majority of the people, not being able to foresee the eventual outcome, can hardly afford to risk ultimate retribution at the hands of the Vietminh. These factors have produced a popular neutralism which stands as a blockade against effective military gain by the French-Vietnam forces.

Military operations in Vietnam have been at a stalemate since 1951, with the French Union forces holding the Red and Mekong River Deltas and the Viet Minh, based in the north along the China border, holding the hinterland and a short coastal strip in central Vietnam. On May 8, 1953, Gen. Henri Eugene Navarre was appointed commander in chief of French Union forces. The "Navarre plan" for bringing the war to an end by 1955 called for: (1) Expanded forces; (2) increased supplies; (3) development of commando-type offensive units; (4) more intensive use of land- and carrier-based tactical aircraft; (5) adoption of a continuing and vigorous offensive strategy; (6) increased emphasis upon psychological warfare; and (7) political measures to gain popular support for the national governments.

The United States signed a pact of economic cooperation with Vietnam in September 1951 and subsequently with Laos and Cambodia. The Special Technical and Economic Mission (STEM) has introduced programs in the fields of rural development, public health, agriculture, communications, and light industry.

A United States Military Defense Assistance Advisory Group, headed by Maj. Gen. T. V. Trapnell, provides instruction in the use of military equipment made available under the military aid agreements of December 1950. Since 1950 the United States has borne approximately 40 percent of the cost of the war and at the present time is carrying approximately 63 percent of the total cost.

In the interest of retaining this strategic gateway of southwest Asia within the ranks of the free world, the United States announced on September 30, 1953, that it would make available to the French Government prior to December 1954, additional financial assistance not to exceed $385 million.

The future developments in Indochina are closely associated with internal political instability in France. There is strong opposition to continuation of the war. In addition to a popular weariness with the long conflict, some left-wing factions sympathize with the Ho Chi Minh cause while right-wing elements link the withdrawal of forces from Indochina with the pending European Defense Treaty and the question of German rearmament. Moreover, many French ask why they should be called upon to defend these states when they have been granted virtual independence.

Comments on current issues: Indochina

The avenues of conquest in southern Asia lead through Indochina not only to the raw materials and food of southeast Asia but across the sea to Indonesia, the Philippines, and beyond. It is well to remember that the attack on the United States in World War II was not launched until after the enemy had secure control of Indochina. That is why continued resistance to the Communist advance is so essential to us as well as to other free nations.

I believe communism can be checked in this region as it has been in Korea. It will be extremely difficult but it can be done. The keys to victory on the Indochinese front of the struggle with international communism are the continued effort of the French in support of the nationalist governments of Vietnam, Laos, and Cambodia; a great rallying of the indigenous peoples to defend their developing independence; and continued United States assistance in both the economic and military fields.

Most important, it seems to me, is the necessity for building a greater will to fight among the people of Vietnam. The crying need at the moment is for additional native divisions capable of taking over from the French a greater share of responsibility on the fighting front. This means that the people of Vietnam (1) must understand more clearly than they do the nature of the Communist threat that surrounds them; and (2) they must be assured of their independence. The problem at this stage is more a psychological one than a material one.

Until recent months the Communists have had the advantage in their propaganda war with the French, for they have posed as the great liberators whose efforts alone can free the Vietnamese from the yoke of colonial imperialism. But the French have now made clear their intention to grant independence to Vietnam. If the French position is thoroughly understood in Vietnam, it should do much to unite the anti-Communist forces in the country and create the spirit that is necessary to win the war.

While we were in Indochina we studied at some length the Navarre plan. I am convinced that it is based on sound principles and holds considerable promise for the termination of hostilities in Indochina. French and Vienamese leaders have agreed to go on the offensive, and to prosecute the war more vigorously than they have in the past. If they carry out their present plans I believe the Communists can be defeated.

6. Thailand

Background: In all southeast Asia Thailand remains the one country which at the moment is free of Communist guerrilla operations. Thailand is an area of relative stability and prosperity surrounded by turbulence and unrest. It is threatened on the east by the Vietminh forces in Indochina and on the north by the avowed ambitions of Communist China to create a Greater Thai State. The stability of Thailand is an important factor in forestalling a further Communist advance in southeast Asia.

A bloodless revolution in Thailand in November 1947 was followed by the adoption of a new constitution and establishment of a government controlled by the military group who had engineered the coup d'etat. Phibun Songgram, a leader of the group, was named premier. There is a lack of any substantial opposition in Parliament and considerable reliance upon government by decree. Under the administration of Phibun

Songgram, Thailand has enjoyed a high degree of prosperity by Asian standards. Attempts to insinuate a Communist fifth column among the Chinese residents have been vigorously suppressed and a friendly working relationship has been maintained with the United States. Notwithstanding any deficiencies of democratic government by western standards, there is little evidence that the regime is unpopular with the people.

Thailand has assumed her responsibilities as a member of the United Nations and has voted with the west. Having voted in favor of the United Nations action against the North Korean invaders, Thailand was the first country to offer ground troops and naval units to the United Nations command. Regional offices of the United Nations Food and Agriculture Organization, the International Rice Commission and the Economic Commission for Asia and the Far East are located in Bangkok.

Thailand has recognized the government of Bao Dai in Vietnam and has maintained close relations with Laos and Cambodia. Though Thailand has been involved in the dispute surrounding the Chinese Nationalist forces in northern Burma, cordial diplomatic relations have been maintained with Burma. Thailand has not recognized the Mao Tse-tung Communist government in China, but at the same time relations with the Chinese Nationalist Government on Formosa have been minimized. The immigration of Chinese into Thailand has been restricted to 200 persons a year while recent efforts have been made further to assimilate the more than 3 million Chinese now living in Thailand. British influence which was predominant in Thailand before World War II has continued, particularly in commercial matters, and an extensive trade exists between Thailand and the Commonwealth. Britain has assisted in equipping Thai military units in the southern provinces which are engaged in preventing Communist infiltrations from and into Malaya.

Since 1950 the United States has been actively engaged in aiding Thailand. An educational exchange agreement concluded in July 1950 has received considerable support and increasing numbers of Thais are receiving a higher education in the United States. Since 1950 technical assistance and military defense assistance programs have been maintained in Thailand.

Under the present leadership of Ambassador William Donovan, the United States is accelerating these programs of assisting the Thais in a further strengthening of both their economy and defense forces. In this recognition is given to the strategic economic and geographical position of Thailand, as well as to the demonstrated aversion of the Thai people to communism.

Comments on current issues: Thailand

It is encouraging to visit a country in south Asia that is relatively free from internal strife. There are no Communist guerrilla activities in Thailand and the government is not seriously troubled by discontented political minorities. The economy seems to be stable and the people happy and relatively prosperous.

Personally, I admire the courageous and vigorous action the Thai leaders have taken in the conduct of their foreign policy in spite of their proximity to Communist China. In their prompt response to help meet the challenge of aggression in Korea, and in their refusal to recognize Mao Tse-tung's regime in China, they have demonstrated that they clearly recognize the nature of the Communist menace in Asia.

Meanwhile, the Thai Government must continue its vigilance with respect to Communist minorities within its borders. The Communists among the 3 million Chinese in Thailand are a disturbing element, and the newly organized Thai State located in southwest China constitutes a potential threat. I am confident, however, that with our continued military assistance Thailand can keep the situation under control.

7. Burma

Background: Of those former British colonial areas which have gained independence since the end of World War II, Burma alone chose at the outset to remain outside the British Commonwealth of Nations. Burmese independence was achieved on January 4, 1948, in the midst of a civil war which has continued to date. The efforts of the new republic to maintain a workable government and to rehabilitate the economy have been hampered by the insurrection of two distinct Communist groups and by demands of the Karen and Mon minorities for autonomy. In consequence, the Government has been in a state of almost continuous instability and the production of rice and other exportable commodities has fallen considerably below prewar levels.

The government of Premier U Nu has attempted to follow a neutral foreign policy. While vigorously prosecuting campaigns to subdue the Communist guerrillas, the administration has sought to pursue a course which would not alienate factions not openly in revolt against the Government. Many of these are vehemently antiwestern. In this precarious situation, the Government in March 1953 requested discontinuance of the services of the Technical Cooperation Administration.

In pursuing a neutral foreign policy the Government frequently has followed action which might be interpreted as alinement with the West accompanied by conciliatory gestures toward Moscow and Peking. Burma was the first country outside the Communist bloc to recognize the Chinese Communist regime. While supporting the United Nations resolution of June 1950 for repelling aggression in Korea, Burma opposed the resolution declaring Communist China to be an aggressor. Burma has supported Chinese Communist representation in the United Nations.

Since 1950 remnants of Chinese Nationalist forces of General Li Mi estimated at upward of 12,000 troops plus dependents have remained in the northern Shan States of Burma. Fearing that Communist China would use the presence of Kuomintang troops as pretext for invasion, and pointing out that they were a disruptive force in the country, Burma has long pressed the Chinese Nationalist Government on Formosa to arrange for withdrawal of the forces while the latter has disclaimed effective control over these irregulars. In March 1953 Burma charged Nationalist China before the U. N. with aggression committed by Chinese guerrillas against Burmese territory. On April 27, 1953, the General Assembly condemned the presence of Chinese Nationalist troops in Burma and called upon the troops either to leave the country or submit to internment. Subsequent negotiations led to the repatriation of 2,000 Chinese to Formosa in October.

Comments on current issues: Burma

On the whole our relations with Burma have been friendly. At the moment, however, the presence of Chinese Nationalist troops on Burmese soil constitutes a discouraging irritant. Unfortunately, in some quarters in Burma the United States is blamed for this condition. There seems to be a mistaken impression that all we need to do is to request Chiang Kai-shek to order the troops to be removed and a general exodus will take place.

There are, of course, two fallacies to this reasoning. In the first place, we are certainly not in a position to tell the Generalissimo what to do. In the second place, so far as I am able to ascertain, Chiang's control over the Nationalist forces in Burma is tenuous at best.

Personally, I am completely sympathetic with the desire of the Burmese Government to get these dissident elements out of their country. No established government can tolerate within its borders groups of people who wantonly violate the law.

I hope very much, therefore, that our Government will continue to use its influence, both in the United Nations and with the Nationalist government, to bring this controversy to a satisfactory conclusion. Certainly the Burmese government, which is busily engaged in fighting Communist uprisings within its borders, should not have to dissipate its resources and its energy chasing troops and trouble makers who claim to be on the side of the free world.

C. The India-Pakistan area

8. India

Background: Since attaining independence from Great Britain in 1947 India has grappled with the problems involved in a rapid transition to full self-government. This has been complicated by the complexities of dividing the subcontinent between India and Pakistan. Under the leadership of President Rajendra Prasad and Prime Minister Jawaharlal Nehru steady though modest gains have been made toward strengthening political democracy and in raising the living standards of India's 360 million inhabitants. The Congress Party and Prime Minister Nehru in particular, have denounced both internal communism and Hindu extremism and the Government has kept a strict control over the illegal activities of Communists within India. Under the present 5-year plan, construction is in progress on some 135 separate river valley projects. A rural development program was commenced early in 1953 which will improve conditions in 120,000 villages and be felt by one-quarter of the population.

India has increasingly assumed a position of leadership among those countries of south Asia which maintain a position of neutrality between the Communist bloc and the western democracies. The India plan for settlement of the Korean prisoner-of-war deadlock was adopted by the U. N. General Assembly in December 1952 and elements of the plan were included in the final armistice agreement. As chairman of the Neutral Nations Repatriation Commission in Korea, India has been subject to pressures from both sides.

India's policies have at times incurred opposition from both the Soviet Union and the United States. The primary source of difference with the United States has concerned policy toward Communist China. The Indians have pressed for the seating of the Mao Tse-tung regime in the United Nations. They have opposed prolonged continuation of restrictions on trade with Communist China. They have supported the view that stability in the Far East can best be achieved by the resumption of normal relations with China. Premier Nehru objected to the deneutralization of Formosa through removal of the United States 7th Fleet as a threat of general war and not conducive to a peaceful solution of Far Eastern tensions. Notwithstanding these areas of opposition, the United States has given technical, financial, and other assistance in support of India's efforts to grapple with a vast complex of internal economic problems.

Comments on current issues: India

In India we encountered a neutralist sentiment with respect to the cold war. The Government, as it has clearly demonstrated, remains vigorously opposed to communism as a political force within the country. But we differ with most Indian leaders as to how communism should be dealt with as an external or world threat.

India's policy of neutralism, or nonalinement, is based upon a number of factors, including the relative military weakness of India and her proximity to Red China and Soviet Russia. It no doubt stems in part

from Ghandi's philosophy of nonviolence. But it also stems from India's urgent desire to develop its backward economy which her leaders feel they can best do if they remain relatively uncommitted to either the East or the West. Moreover, we must not forget that the Indian distrust of western imperialism tends to loom larger in the minds of many Indians than does their suspicion and distrust of the far more aggressive Communist imperialism. At the present time, they do not feel that India is endangered by any threat of external aggression.

Personally I do not agree with the Indian position. It is difficult for me to believe that neutralism can ever be a real antidote for the poisonous and aggressive tactics of international communism. Only the collective determination of the free nations can meet that threat.

India is a great nation and is destined to play an increasingly significant role in world politics. It is highly important that India remain a free and independent country. Many people in the United States may not agree with her views. But one who has been to India cannot fail to appreciate the sincerity and the logic with which they are advanced.

It appears to me, however, that the concept of neutralism is based upon an erroneous understanding of the great issue of our time. In the so-called neutral group of countries many people seem to believe that two hostile blocs—Soviet Russia and her satelitte states, and the Western World—are engaged in a selfish, imperialistic struggle for world domination. They fail to realize that the big issue is the struggle between human freedom and independence on the one hand, and slavery under an atheistic, imperialistic totalitarianism on the other.

It is my belief that neutralism will be defeated when and if the free nations convince Asia of this truth. For Asia above everything is seeking freedom and independence and the opportunity for her people to work out their own destiny in their own way.

9. Pakistan

Background: The creation of the independent Islamic state of Pakistan came with the withdrawal of Great Britain from India in 1947. A constituent assembly meeting in Karachi in October 1953 determined upon a republican form of government with a two-house parliament and cabinet directly responsible to the legislature.

The separation of East and West Pakistan by 1,000 miles of Indian territory has created serious internal administrative problems. Though the eastern part of the divided country is only one-sixth the size of West Pakistan the population of East Pakistan is 42 million as compared to 33.8 million in the West. Some dissatisfaction has been in evidence in East Pakistan with what has been considered to be a disproportionate concentration of political power in the West.

The world's fifth largest state in terms of population, Pakistan ranks with Turkey as the most powerful of the Muslim States. While linked to the Arab countries and to Indonesia by strong religious ties, Pakistan is also a member of the British Commonwealth of Nations. A sharp contrast exists between Muslim beliefs and the Communist doctrines emanating from Soviet Asia which reaches to within 18 miles of the West Pakistan border.

During the period immediately following independence, riots and bloodshed marked the two-way mass migration of Hindus and Muslims across the India-Pakistan borders. Many Indian leaders took the view that Pakistan could not long survive economically and that reunion with India would be but a matter of time. Pakistanis charged India with a conscious policy of attempting to destroy Pakistan by economic strangulation. As Pakistan has developed her political system, strengthened her armed forces and tackled a myriad of economic problems, the early bitterness with India has tended to subside. Certain fundamental differences, however, continue to hamper relations between the two countries. Among these are the misunderstandings which exist between the Hindu and Muslim religions.

Both India and Pakistan for example, have laid claim to Kashmir which borders both states in the north. Under the terms of independence Kashmir was one of 560 princely states whose rules were left free to join either India or Pakistan. The case for Pakistan has been based upon the fact that the Kashmir population is predominantly Muslim; prior to partition Kashmir was linked economically with what is now West Pakistan; the headwaters of three of the rivers upon which Pakistan's agriculture depends are in Kashmir; Kashmir's principal roads and only railroad leads into Pakistan. Notwithstanding these facts, the Maharajah of Kashmir, a Hindu, called upon India to furnish troops to quell rioting following partition. At that time Lord Louis Mountbatten, governor general of India, declared that after law and order were restored the final status of Kashmir would be determined by the people. In May 1948, Pakistan sent armed forces into Kashmir. A U. N. Security Council Commission mediating the dispute succeeded in obtaining a cease-fire agreement in January 1949. In August 1953, Prime Ministers Nehru, of India, and Mohammed Ali, of Pakistan, reached agreement for a plebiscite to be conducted by a neutral administrator to be selected by April 1954.

The appointment of Mohammed Ali, former Ambassador to Washington, as Prime Minister in April 1953, prefaced the development of closer relations with the United States and a renewed effort to solve outstanding differences with India. Exploratory discussions relating to the possible extension of United States military assistance to Pakistan, however, have met with strong resistance from India.

Comments on current issues: Pakistan

While we were in India and Pakistan a great debate was raging over the current press reports that the United States might extend military assistance to Pakistan. In India the reaction was particularly heated. I came away with the feeling that there should be a careful and cool analysis of all the issues involved.

In many ways the case for Pakistan is a very logical one. Pakistan is a sovereign state and has been a firm friend of the free-world alliance. A strong Pakistan, teamed up with a strong Turkey, would do much to anchor the whole defense structure of the Middle East and make the Middle East defense pact a real possibility. "If we want military assistance for defense purposes," say the Pakistanis, in effect, "why should India interpose such strong objections?"

Indian leaders seem to feel that they, too, have a good case. They argue that a further buildup of western military power on continental Asia might eventually lead to a third world war; that the entry of the United States into the area would bring the cold war to the borders of India; that it would rekindle the feeling against imperialism in Asia; that it would jeopardize India's policy of nonalinement; and that the existence of increased military power in Pakistan would not only be a potential threat to India but would incite Communist retaliation from which India could not escape.

If our Government should decide to extend military assistance to Pakistan, then I suggest that we might offer a comparable amount of aid to India. While the Indian Government might reject the offer, it would certainly make clear that the United States is playing no favorites as between the two countries but is interested rather in the broad principle of helping to build the collective defensive strength of the area against the dangers of Communist aggression and subversion.

I assume that the Pakistan Government would also be willing to agree that any arms received in the way of military assistance from the United States would not be used in any aggressive action against India. A public declaration of this sort might do much to relieve the tension in the area by demonstrating the good faith of the principal parties concerned.

III. RECOMMENDATIONS

In view of the fundamental importance of Asia to American foreign policy and to world peace generally, it seems to me that we should thoroughly reexamine our policy objectives there from time to time in order to make sure that we are on the right track. What we want, of course, is a free, peaceful, friendly, and stable Asia. In working toward that goal we ought to keep in mind certain general principles.

Let me stress my conviction that peace in the Far East can only be assured by the ultimate solution of the problem of freedom and independence for all these nations. This seems to me to be fundamental. There can be no more imperialism, no more colonialism, no more totalitarian dictatorships. And at the very center of this problem is ultimately a free and independent China.

Having in mind this fundamental approach, I submit the following recommendations:

(1) We should do everything we can to understand the oriental mind and the philosophy back of the foreign policies of our far-eastern neighbors. By the same token we must help the people of the East to understand us and the ideals that underlie our western way of life. Admittedly this is not an easy task. Differences in religions, languages, customs, and traditions often create gulfs of misunderstanding between nations which are difficult to bridge.

In many instances they may not think as we do. They may not move with the same tempo. They may emerge with different solutions to problems that confront them. But this does not necessarily mean they are wrong. We must do our best to understand their point of view and to appreciate it.

(2) We should continue to help the anti-Communist nations in Asia to develop and maintain a posture of strength so that they can defend themselves against Communist aggression. Weak nations invite attack and increase the chances of war. It is imperative, therefore, that the free nations of Asia strengthen their armed forces and their economies in order to be able to prevent subversive activities from within their borders and deter aggression from without. Also, additional armed strength and general stability in this area will put the anti-Communist world in a much better position to negotiate effectively in the event a peace conference is convened.

(3) In this connection we must continue our program of encouraging the training of native Asian troops—particularly in Korea, Formosa, and Indochina. Everywhere people should be and, I am convinced, are willing and able to fight for the defense of their homelands. Such a program not only tends to increase the defensive posture of the countries in question; it speeds the day when American and other free-world troops can be withdrawn from foreign soil.

(4) We should continue to encourage the idea of collective security in the Far East. Weak countries cannot stand alone and expect to remain free and independent. Personally, I should like to see a regional security pact developed for the Far East—under the leadership of the far-eastern nations themselves—in the nature perhaps of a multilateral Monroe Doctrine, comparable to the Rio Treaty in the Western Hemisphere.

I realize, of course, that some of the states in the area are not yet ready to assume the far-reaching obligations that go with such a program of collective security. Nevertheless, I believe the matter should be the subject of constant exploration.

(5) We should continue to resist any move to appease the Communist aggressors. Appeasement has much the same effect on the Communists as throwing a piece of raw meat to a hungry tiger; it only whets his appetite for more. Our policies should be pursued with firmness and patience. We should indeed be the first to arrive at the conference table and the last to leave. But we must insist in our negotiations upon settlements that are just and honorable.

(6) In this connection I want to emphasize that on this trip I had my previous convictions fully confirmed, namely, that the United States must not recognize Red China nor consent to its admission to the United Nations while it remains a satellite taking orders from Moscow.

Such a move might well be the death blow to the aspirations of the struggling nations of Asia to be free and independent. It would put the appeasing stamp of American approval on the exploitation by Moscow of the sufferings of the people of Asia.

Furthermore, no outlaw regime, like that in Peiping, should ever be allowed to blast its way with guns and tanks and instruments of war into a peace organization like the United Nations.

(7) I believe the time has come when our Government should declare that we will react to aggression wherever it ocurs in the world, taking whatever action our national interests require. The two great wars of this century might never have occurred if the free nations had made clear in advance their determination to oppose aggression. From what we heard in Asia, Secretary Dulles' warning to the Communist Chinese that they must not resume hostilities in Korea or move into Indochina, has had a tremendously helpful impact. I believe that these important warnings should be expanded to emphasize our concern, in line with our obligations under the United Nations Charter, about any aggression against any free-world country.

(8) I believe, too, that we should exert every effort to bring about a unity of purpose and direction among the free nations and a common policy with respect to the Far East to meet the dangers that confront us there. The Communist strategy is to divide and conquer—to sow the seeds of suspicion and distrust among the freedom-loving nations. We can counter this only if we join hands and formulate a program of action upon which we and our allies can agree. Too often in the past we have pulled apart and the cause of the free world has suffered accordingly. If the anti-Communist nations are to meet the Communist threat effectively the keynote for the future must be unity and teamwork.

(9) Continued technical assistance, and in some countries modest amounts of aid for economic-development purposes, must remain an indispensable part of our program. With living standards abysmally low and population pressure increasing, governments in these countries are extremely anxious to push ahead in improving the productivity of their soil, their transportation facilities, their public-health techniques, their educational systems, and their industrial production. To be sure, our assistance in all these countries must be a relatively small amount. But in most cases it represents a leavening factor which is extremely important. We must, I think, continue to underline in this practical way to the people of Asia our interest in the progress they are making in trying to build a better tomorrow.

(10) In this same connection, we in the United States should do our utmost in our dealings with our friends in Asia to demonstrate the positive values of the democratic way of life. It is not enough to condemn communism; we must convince the people of Asia that their future and their destiny lies on the side of freedom. When they understand that communism means slavery and the loss of those basic liberties that man has struggled over the centuries to attain, I am confident they will freely choose to stay with the free nations.

(11) Finally, I am convinced that we should lose no time in stepping up our information service in this far eastern area. I am inclined to feel we have overemphasized the importance of the military and economic aspects of our program and neglected the ideological. And I believe that in an ideological approach we would do well to highlight the teachings and traditional moralities of the countries concerned which bring out and illustrate those deep values of individual freedom for which peoples throughout the world are yearning. It is far more effective in India, for example, to extol the spiritual greatness of Gandhi and to relate his teachings to freedom and world peace, than to boast of America's material accomplishments and military might.

Our whole experience emphasizes the importance of appointing United States representatives in these areas who are humanly sympathetic with the problems of the people, and who are able to interpret the good will and sincere desire of the American people to help. We must not seek to dominate or dictate. We must not try to rebuild these countries in the image of America. We must help them in their keen eagerness to work out their own future.

IV. CONCLUSIONS

In making these recommendations I am not unaware of the difficulties involved. Today it may look to some people as though the freedom of these countries could only be won by force of arms. I am in full agreement that this must be avoided, if it can be avoided, without appeasement or the slavery of human souls. Wars in this atomic age are terrible to contemplate but human slavery is worse. Lincoln said that a nation half slave, half free cannot survive. Today we know that a world half slave and half free is threatened with destruction.

But physical war and atomic destruction need not be inevitable. We are dealing with a new and different kind of struggle. Final and lasting victory can be won by winning the critical war of ideas—by convincing the minds of men of the eternal values of freedom under the guiding hand of God. If and when this is done, shooting wars will be over.

May we pray and strive that our United States will be a beacon of light guiding these suffering, groping people of Asia to join the Great Crusade; that governments of freemen, by freemen and for freemen may win the world to lasting peace.

INDOCHINA CRISIS

Mr. STENNIS. Mr. President, I did not have the advantage yesterday afternoon of hearing the remarks made by the distinguished Senator from Montana [Mr. MANSFIELD], which were joined in by the distinguished Senator from California [Mr. KNOWLAND], with reference to the recent decision to send mechanics into Indochina to maintain bombers and other airplanes in the present Indochinese war. I think, however, that some very material and very pertinent and very timely points were raised in that discussion. I appreciate the very fine sentiments on the subject which each of the Senators made.

Mr. President, in my peculiar responsibility as a member of the Committee on Armed Services, I consider I am duty bound to give a few facts and a few reasons why I feel the way I do about the matter.

A week or more ago I wrote the Secretary of Defense that I had understood that some of our mechanics or members of our Armed Forces were being sent to Indochina to take some part in the activities there and that I felt compelled to object.

We have heretofore launched on a policy of sending money and other material aid into this area and into the conflict. I am in accord with that policy, and I stand behind it. I know that we have had a very small group of military personnel in that area on a special training mission for some time, but it has been a very small group. I understand the number involved has been less than 100. Now we are sending to that area B–26 bombers, and we were recently called on to send maintenance crews into Indochina. The press releases call them "technical men," which would include chemists or technicians of that kind. However, they are members of the United States Air Force and of the fighting crews of the bombers to the extent that they keep them going and in the air.

I do not know whether or not those men wear American uniforms; but I always thought that a man had to properly and correctly identify himself if he was connected with a war; otherwise, he would be called a spy. Anyway, they are directly from the Air Force, and they are being sent to Indochina. It is not as if they were volunteer mechanics, who work for high wages and take their chances. So we are actually participating in a war to that extent.

I understood that 400 such men were wanted, and that we sent only 200. As I understand, those men were sent to that area under the orders of the Commander in Chief. Such a step could not be taken otherwise, according to my view of the situation.

As I understand a radio announcement this morning, it was stated that the French were asking that, in order to operate a particular kind of airplane, we send our own pilots. That is a very reasonable request from the standpoint of the French; but it proves my contention that, step by step, we are moving into this war in Indochina, and I am afraid we will move to a point from which there will be no return.

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

Mr. STENNIS. I am glad to yield to the Senator from Tennessee.

Mr. GORE. Is the distinguished Senator from Mississippi saying that those so-called technicians are actually members of the United States Air Force military personnel?

Mr. STENNIS. That is my information; yes. I do not think there is any contention about that. They are mechanic crews, or what we sometimes call ground crews, in the Air Force, specially trained as mechanics to repair the type of motor or plane we are sending there.

As I was saying, according to the radio announcement this morning, there had been or there is a request for pilots,

which surely is another step, and another logical step, in the direction which I mentioned. If we are going to send men to Indochina for the purpose of keeping airplanes on the firing line, it is only natural that we send along the pilots and the trigger men. It is the logical next step.

I desire to say a few words about the selection of these mechanics. As I understand, there are a number of nationals of the Philippines who are qualified mechanics for such work. There are a number of highly qualified Korean mechanics able to do such work. There are a number of highly qualified Japanese nationals in Japan who are able to do such work, and also a number of nationals of other countries in Asia. I understand that the use of some of these mechanics was considered, but that, for one reason or another, the idea was rejected and the plan to use United States Air Force mechanics was adopted.

I have no criticism now of France as to her conduct of the present war. I know she has been bled tremendously. I am not one to criticize her conduct of the war, especially since I have been to France and have become aware of the problems France confronts. However, I think it is a fact that while we are sending great amounts of money and other material aid, France has mechanics of her own who are qualified to do such work. With my own eyes I saw French mechanics last fall in Chateauroux who were doing very effective work at our air bases in the repair of our jet engines and our jet planes. That is what they were trained for, and that is what they were doing. They were repairing jet planes and jet engines after the planes had been flown a certain number of hours. I think such mechanics are available now within France. This fact shows that it certainly was not necessary that men be sent from our own Air Forces. If men were necessary, it seems clear to me that advanced and determined planning would have found a way to have recruited such mechanics from Asiatic countries, or in France. I believe civilian mechanics could have been recruited here; but this would also have been a mistake in my opinion.

It is a part of the day's work for our Air Force mechanics in Indochina who are maintaining airplanes there to be out on the field. Suppose a plane is shot down; suppose a base where they work is bombed; suppose they are attacked. They will have to fight back, of course. If our men are attacked, we will have to go to their aid. We could not stand back. Then we will have been already committed. What concerns me is that it is just another step toward a committal from which we will not be able to retrace our steps. I think the logical move of retaliation on the part of Red China is for her to send her planes and her men to Indochina. If she wants to intervene, this is her excuse for so doing. Here is her chance to counteract what we are doing. This action on our part is just another illustration of having one thing lead to another. First we send them planes, and then we send them men.

I know the general argument is that we must stop communism in Asia. I wish that were as simple and as easy of accomplishment as it sounds.

However, Mr. President, we are not yet out of Korea. Our soldiers are still there. There is no peace there, but only an uncertain and an armed truce. We have had to commit ourselves, in the wisdom of our Government, to a mutual-security pact guaranteeing the political and territorial integrity of South Korea. We do not know when fighting may reopen there. But one of the most certain ways to bring about a renewal of the fighting there is for us to become committed in Indochina and have to send our troops there on a large scale. An easy way to bring about a reopening of the Korean war is to have our Armed Forces committed in Indochina.

Mr. President, let me point out that our present commitments of our land forces throughout the world are, in my opinion, far beyond what we have in being or what we are planning. Let me say that I am not "talking through my hat" on that point; I have very respectable authority for the statement that the ground troops we now have in our Army are not sufficient in number to enable us to carry out our present commitments. Certainly we should not be involving ourselves in the very delicate situation in Indochina—one of the trigger situations, I suppose it might be called—for, should we get into war in Indochina, it could result in involving us further on an enormous and, I believe, an endless scale.

Mr. MANSFIELD. Mr. President, will the Senator from Mississippi yield to me?

Mr. STENNIS. I am very glad to yield.

Mr. MANSFIELD. The Senator from Mississippi is saying, I assume, that we are overextended; that we have made commitments which we are unable to live up to; and that we are committing ourselves in this additional way at the same time when we are reducing the size of our Army, as I understand, according to the figures in the budget, by approximately 20 percent. Is that correct?

Mr. STENNIS. The Senator from Montana is correct in his estimate of the reduction. I think a great part of the "new military look" is sound, but I do not like the idea of a reduction of the Army at the very time when we are carrying on such activities. In fact, I think it is unsound for us to reduce the size of the Army if we extend our commitment. The logical sequence of the steps we are taking could quickly lead us into another commitment far larger than any we now contemplate.

Mr. MANSFIELD. Mr. President, will the Senator from Mississippi yield further to me?

Mr. STENNIS. I am very glad to yield.

Mr. MANSFIELD. Could the distinguished Senator from Mississippi tell me just what the "new military look" is?

Mr. STENNIS. Mr. President, that is a short question, but it involves a very long answer. I was referring to the general proposition of greater emphasis on the Air Force and greater emphasis on airpower in the Navy. Personally, I think it is sound and all right to bring back the two divisions from Korea.

Mr. MANSFIELD. Let me say to the Senator from Mississippi that I understand the possibilities are that the reduction in Korea will amount to more than two divisions, and that the Navy will have to put 50 of its vessels into mothballs. Furthermore, so far as the "new look" based on "massive retaliatory power" is concerned, there is nothing new about it, because ever since we have had a Strategic Air Command, under the leadership of General LeMay, its policy has been that of massive retaliatory power. That was so even during the Truman administration.

On the other hand, the "new look" means 137 air groups, I believe, instead of 143. It means 54 air groups for General LeMay's Strategic Air Command, I believe, instead of 58. It means a reduction in the size of the Navy to the extent of 50 vessels, and it means a reduction of the Marine Corps, plus a reduction of the Army to the extent of at least two divisions.

Yet we have these commitments all over the world. How can we obtain more defense for less money on the basis of cutting the size of our Armed Forces and on the basis of propagandizing the "new look," which I do not believe many of the American people at the present time really understand.

Mr. STENNIS. As I havt said, Mr. President, I do not care to discuss at this time the entire aspects of what is called "the new military look." I appreciate the comments the Senator from Montana has made, and I appreciate his feeling about this matter.

My point is that we are reducing our Army at a time when we have commitments which are already in what we might call the active stage—at least they involve the possibility of our being called upon—and which are beyond our power to carry out. And now, in addition to those commitments, we are flirting with the most serious situation which I think there is on the present horizon, unless it be the situation in Korea, where some of our forces are still assigned. We are far from a peace in Korea. We have binding, unconditional commitments to keep our forces there; and I do not advocate that we remove them from Korea.

However, the Indochina situation to which I have referred is fraught with the most terrible consequences, and it is something for which we are not preparing. On the contrary, we are looking in the other direction.

So I say now, Mr. President, that, in my opinion, those who feel safe in such a course should consider the possibilities involved. They should advocate a larger Army, the increased taxes which will be necessary to maintain it, increased appropriations, and a call for more men each month under the Selective Service Act. We will have to have more of our men trained, in order to have the power, if this situation should break against us; to follow through on a dangerous policy on which I believe we are embarking. We are going to war, inch by inch.

Mr. President, I cannot speak for any other member of the Armed Services

Committee, and, of course, I do not attempt to do so. On the other hand, I know the reaction of at least some members of the committee. When it was learned that men from the Regular Air Force were not merely being considered for duty in Indochina, but had already been sent there, and that the original proposal was to send 400 men, instead of 200—there was grave concern. Although the other members of the committee can speak for themselves, I do not believe the great majority will approve of the sending of those men to Indochina. I know I do not. I heard the rumor some 10 days ago, and I wrote to the Secretary of Defense, as a member of the Security Council, stating that I strenuously objected.

Mr. President, I feel that we are riding hard along what can be a road to direct intervention with armed manpower in the Indochinese War, and for that we are not prepared. If the American people want to go in, all right; if they want to stay out, all right. But I do not want to see them committed step by step, so that eventually they will have no choice, but will be compelled to go in. I think that is the big decision we must make.

Mr. MANSFIELD. Mr. President, will the Senator from Mississippi yield further to me?

Mr. STENNIS. I am very glad to yield.

Mr. MANSFIELD. The distinguished Senator from Mississippi is making a number of observations which I think are very important. Does he not believe that the statement made by the distinguished majority leader yesterday evening, to the effect that we do not contemplate sending any combat troops, should suffice; or is the Senator from Mississippi afraid that perhaps through some back-door approach, some of his fears may be realized, and, as a result, the country will have to pay the price?

Mr. STENNIS. I appreciate very much the sentiments expressed by the Senator from California [Mr. KNOWLAND]. I noted with great interest and very carefully what he had to say yesterday afternoon. I take his statement, so far as he can control the situation, at full faith, of course. I know that he is very sincere. However, I feel that this policy was decided upon and action was taken under it, and men were sent to Indochina without any knowledge whatsoever on the part of any member of the Armed Services Committee, so far as I know. I consider it to be very definitely a part of a new policy which ought to be brought up and discussed. The sentiment of more Senators and more people should be determined. Even though I trust the majority leader implicitly, I cannot be content merely on the assurance of only one Member of the Senate, the Senator from California, who stated that there was no present intention to go any further.

Mr. MANSFIELD. Mr. President, will the Senator further yield?

Mr. STENNIS. I am glad to yield.

Mr. MANSFIELD. I missed the implication of the word "present." It is my understanding that the majority leader stated that no combat troops would be sent to Indochina. I raised the question with respect to rumors that the two divisions being withdrawn from Korea were being sent to Indochina. He stated that those two would not be sent there; nor would any other divisions.

I take it that what the Senator from Mississippi has in mind is that before action is taken the appropriate committees of the Congress should be informed. In other words, to use a phrase which was in high esteem during the period of the previous administration, when the Republicans were in the minority, we today, like them at that time, would like to be in on the takeoff as well as the crash landing, if there is to be a crash landing.

Mr. STENNIS. I think the Senator has stated the situation correctly. I do not believe there is any probability of shipping the two divisions now in Korea to Indochina. I do not think there is present any plan to do so.

My point is that, step by step, we are leading to a situation in which we may have no choice except to go in there with ground forces. We are committing ourselves step by step and item by item, until that may be the only course left for us to take.

Mr. MANSFIELD. Is it not true, according to the press reports this morning, that the French Government has requested of this Government Air Force pilots?

Mr. STENNIS. I did not see that in the press, but I heard on the radio that such a request had been made.

Mr. MANSFIELD. How long could we go along with supplying Air Force pilots before we might be called upon to supply ships, and perhaps combat troops?

Mr. STENNIS. It would be only a question of a short time. That is my point. One step leads to another.

Mr. President, I have one additional point to make. I am satisfied in my own mind that the need for the mechanics in question could be supplied from other sources. They could be supplied from the nationals of several countries in Asia. It might require a little time. They could be supplied from France, or even from civilians in the United States, although I would object to that method.

I notice that the chairman of the Armed Services Committee stated that he has been assured by the Secretary of Defense that these mechanics would be brought back not later than June 12, which is approximately 4 months away. That indicates a retreat from the plan, policy, or whatever it may be called.

I insist that another plan be put into effect, a plan to provide substitute mechanics for that area from some other source, and get our men away from there at the earliest possible date prior to June 12, because I think the fact that there is an agreement to bring them back is an admission that the situation is fraught with the gravest possibilities of danger.

I feel that these mechanics can be supplied from other sources. Under the circumstances, I believe that they should be supplied from other sources. I hope that will be the policy of the administration, and that that policy will guide its thinking and planning. The situation is grave. We must either go in or stay out.

Mr. MANSFIELD. Mr. President, will the Senator further yield?

Mr. STENNIS. I am glad to yield.

Mr. MANSFIELD. I do not see what we could gain by sending combat troops into Indochina. According to the information I have, the French and Associated States have approximately 400,000 men under arms. The Communists, the Viet-Minh under Ho Chi Minh, have approximately 300,000 men. The Laotians have 13 battalions, the Cambodians about 10, and the Vietnamese about 80, with an eventual buildup to about 200. What good would it do to send any more men from outside, when this buildup is in progress, when there is a superiority not only in manpower but in equipment as well? In a war in which there is no front, in a war which a great many people would like to forget, I will admit, I do not see that there is much that could be done by our country sending combat troops into that area.

Mr. STENNIS. The Senator is better qualified to speak as to the general conditions in Indochina than I am. However, as I have tried to point out, one step leads to another. Such a situation might lead to the intervention of Red China, perhaps on a small scale at first, and, through one step leading to another, we could very well become involved in the entire area, and not merely on the present battlefronts of the Indochinese war. I do not believe that we ought to go in; but if we are committing ourselves to a policy which may lead us there, we had better be prepared.

AMENDMENT OF COMMODITY EXCHANGE ACT TO INCLUDE WOOL

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded, and that further proceedings under the call be dispensed with.

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

Mr. KNOWLAND. For the information of the Senate we are awaiting a message from the House with reference to the conference report on the Commodity Credit Corporation bill.

In the meantime I desire to take up a number of bills which I previously discussed with the minority leadership. They are as follows:

Calendar No. 835, S. 2313, to amend the Commodity Exchange Act in order to include wool among the commodities regulated by such act; Calendar No. 836, S. 1990, to strengthen the investigation and enforcement provisions of the Commodity Exchange Act; Calendar No. 837, S. 1381, to amend the Agricultural Act of 1949; Calendar No. 877, S. 2722, to provide for the disposal of paid postal savings certificates; Calendar No. 878, H. R. 5379, to authorize the printing and mailing of periodical publications of certain societies and institutions at places other than places fixed as the offices of

publication; Calendar No. 879, H. R. 5959, to exempt certain commissioned officers retired for disabilities caused by instrumentalities of war from the limitation prescribed by law with respect to the combined rate of retired pay and of compensation as civilian employees of the Government which retired officers may receive; and Calendar No. 617, S. 2038, to amend the act approved July 8, 1937, authorizing cash relief for certain employees of the Canal Zone Government.

Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of the bill (S. 2313), Calendar No. 835.

The PRESIDING OFFICER (Mr. CARLSON in the chair). The clerk will state the bill by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 2313) to amend the Commodity Exchange Act in order to include wool among the commodities regulated by such act.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

The PRESIDING OFFICER. The committee amendments were agreed to on January 22, 1954.

Mr. KNOWLAND. I believe the Senate should have an explanation of the bill.

Mr. AIKEN. Mr. President, at the time wool tops were included in the list of commodities to be regulated under the Commodity Exchange Act, there was no trading at all in wool in grease as such. Producers and users of wool and manufacturers have requested that wool, as well as tops, be included in the list of commodities regulated by the Commodity Exchange Act.

That is the sole purpose of the bill. Two clarifying amendments have been agreed to by the Senate. Section 2 has been added in order to give certain interested parties an opportunity to put themselves in a position to comply with the act.

There was no objection to the bill in the committee, and it was reported unanimously.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

INVESTIGATION AND ENFORCEMENT PROVISIONS OF THE COMMODITY EXCHANGE ACT

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of the bill (S. 1990) to strengthen the investigation and enforcement provisions of the Commodity Exchange Act.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 1990) to strengthen the investigation and enforcement provisions of the Commodity Exchange Act, which had been reported from the Committee on Agriculture and Forestry with an amendment, on page 2, after line 7, to strike out:

SEC. 13. Whenever it shall appear to the Secretary of Agriculture that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this act, or any rule, regulation, or order thereunder, he may in his discretion bring an action in the proper district court of the United States, or the proper United States court of any Territory or other place subject to the jurisdiction of the United States, to enjoin such act or practice and to enforce compliance with this act, or any rule, regulation, or order thereunder. Upon a showing that such person has engaged or is about to engage in any such act or practice, a permanent or temporary injunction or decree or restraining order shall be granted without a bond.

And insert:

SEC. 13. Whenever it shall appear to the Secretary of Agriculture that any person (other than a contract market) has engaged or is about to engage in any act or practice constituting a violation of any provision of this act, or any rule, regulation, or order thereunder, and whenever it shall appear to the commission that a contract market has engaged or is about to engage in any such act or practice, the Secretary or the commission, as the case may be, in his or its discretion, may bring an action in the proper district court of the United States or the proper United States court of any Territory or other place subject to the jurisdiction of the United States, to enjoin such act or practice and to enforce compliance with this act, or any rule, regulation, or order thereunder. Upon a showing that such person or such contract market has engaged or is about to engage in any such act or practice, a permanent or temporary injunction or decree or restraining order shall be granted without a bond.

So as to make the bill read:

Be it enacted, etc., That the third sentence of section 6 (b) of the Commodity Exchange Act (7 U. S. C. 15) is amended to read as follows: "For the purpose of securing effective enforcement of the provisions of this act, and for the purpose of any investigation or proceeding under this act, the provisions, including penalties, of the Interstate Commerce Act, as amended and supplemented (49 U. S. C. 12, 46, 47, 48), relating to the attendance and testimony of witnesses, the production of documentary evidence, and the immunity of witnesses, are made applicable to the power, jurisdiction, and authority of the Secretary of Agriculture (or any person designated by him), the commission, and any referee designated pursuant to the provisions of this act, and to any person subject thereto."

SEC. 2. The Commodity Exchange Act is amended by adding at the end thereof the following new section:

"SEC. 13. Whenever it shall appear to the Secretary of Agriculture that any person (other than a contract market) has engaged or is about to engage in any act or practice constituting a violation of any provision of this act, or any rule, regulation, or order thereunder, and whenever it shall appear to the commission that a contract market has engaged or is about to engage in any such act or practice, the Secretary or the commission, as the case may be, in his or its discretion, may bring an action in the proper district court of the United States or the proper United States court of any Territory or other place subject to the jurisdiction of the United States, to enjoin such act or practice and to enforce compliance with this act, or any rule, regulation, or order thereunder. Upon a showing that such person or such contract market has engaged or is about to engage in any such act or practice, a permanent or temporary injunction or decree or restraining order shall be granted without a bond."

Mr. AIKEN. Mr. President, the bill would give to the Secretary of Agriculture and the Commodity Exchange Commission the same rights to issue subpenas for investigational purposes and to seek injunctions as are now employed by other regulatory commissions of the Government.

Mr. YOUNG. Mr. President, I offer an amendment to the committee amendment, and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from North Dakota.

The CHIEF CLERK. On page 2, line 25 of the committee amendment, it is proposed to strike out the word "and" and to insert in lieu thereof the word "or."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. YOUNG].

The amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF AGRICULTURE ACT OF 1949

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of the bill (S. 1381) Calendar No. 837.

The PRESIDING OFFICER. The clerk will state the bill by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 1381) to amend the Agriculture Act of 1949.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. GORE. Mr. President, reserving the right to object, will the distinguished Senator from Vermont state the purpose of the bill before permission is granted for its consideration?

Mr. AIKEN. This bill would permit the Commodity Credit Corporation to rotate its stocks of basic and storable commodities to prevent them from going out of condition, to consolidate odd lots, and to discontinue maintaining stocks at out-of-position locations.

The first committee amendment makes it clear that the question of storability must be one arising after the commodity is put in store in order to warrant application of this provision.

The second committee amendment would relieve the corporation of the necessity of purchasing inventory replacements at more than the support price.

The Commodity Credit Corporation owns very small lots of commodities all over the country. Under the law as it now reads the Corporation cannot dispose of these commodities except when they are beginning to spoil or, in many cases, by consolidating small lots so as to make up a carload or a quantity which will attract buyers. Even then the Corporation cannot sell the commodities below the support price plus 5 percent.

This bill would permit them to dispose of a hundred bushels of corn at the going price in the community, and then purchase elsewhere whatever amount would be necessary to offset the effect of the sale of that corn on the support program.

If Senators will read the bill, they will see that it specifies small quantities.

Mr. GORE. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield.

Mr. GORE. I have a copy of the bill at hand, and I should like to ask if the Senator would consider 10,000 bushels a small amount?

Mr. AIKEN. Personally, I would not. I am looking at the Senator from New Mexico [Mr. ANDERSON], who has had experience in handling tremendous quantities of commodities, and I should prefer to have him answer the Senator's question as to what would constitute a small quantity. Where I come from 200 bushels would be a small quantity.

Mr. ANDERSON. Mr. President, I think it would depend considerably upon the type of commodity. If it were 10,000 bushels of wheat, it might be regarded as a small quantity compared with the 600 million or 700 million bushels stored all over the country. On the other hand, 10,000 bushels might be a rather large quantity with which to deal.

Mr. AIKEN. I am advised by the counsel that the bill would be expected to apply primarily to less-than-carload lots. I believe that is the position taken by the Department.

Mr. GORE. Mr. President, I have no objection, if that is the case.

Mr. ANDERSON. Mr. President, will the Senator from Vermont yield for one question?

Mr. AIKEN. I yield.

Mr. ANDERSON. There is language in the bill which is designed to cover the situation which the Senator mentioned. Does the Senator think this language would cover as well all the Commodity Credit stock of butter and cheese?

Mr. AIKEN. Oh, no.

Mr. ANDERSON. I am also sure it does not. It is only for the small odds and ends which the Department may have around the country which they wish to dispose of.

Mr. AIKEN. If it owned 5,000 pounds of cheese in one place and 100 pounds in another, the language would permit a sale at the going price in the particular community involved.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 1381) to amend the Agricultural Act of 1949, which had been reported from the Committee on Agriculture and Forestry with amendments, on page 1, line 9, after the word "questionable", to insert "continued"; and on page 2, line 1, after the word "substantially", strike out "depressing market prices or impairing any price-support program" and insert "impairing any price-support program, but in no event shall the purchase price exceed the then current support price for such commodities", so as to make the bill read:

Be it enacted, etc., That section 407 of the Agricultural Act of 1949, as amended, is amended by adding at the end thereof the following "Nor shall the foregoing restrictions apply to sales of commodities the disposition of which is desirable in the interest of the effective and efficient conduct of the Corporation's operations because of the small quantities involved, or because of age, location, or questionable continued storability, but such sales shall be offset by such purchases of commodities as the Corporation determines are necessary to prevent such sales from substantially impairing any price-support program, but in no event shall the purchase price exceed the then current support price for such commodities."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DISPOSITION OF PAID POSTAL SAVINGS CERTIFICATES

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 877, Senate bill 2772.

The PRESIDING OFFICER (Mr. YOUNG in the chair). The clerk will state the bill by title.

The CHIEF CLERK. A bill (S. 2772) to provide for the disposal of paid postal savings certificates.

Mr. KNOWLAND. Mr. President, may we have an explanation of the bill?

Mr. CARLSON. Mr. President, the main objective of this bill, which was reported without amendment from the committee, is to authorize the Postmaster General to dispose of approximately 250 million paid postal savings certificates or other evidences of deposit 6 years after the date of such are shown by the official records of the Department to have been paid.

It provides a statute of limitations of future claims thereon of 6 years from the date of shown payment. It provides that the final determination of whether such payment has been properly made on these postal savings certificates shall be based on the official records of the Post Office Department and that, as a protection to the persons having such claims, the effective date of the act shall be the first day of the sixth calendar month following the date of its enactment.

It is believed that this will enable the Post Office Department to make great savings inasmuch as they will gain the storage space and funds will be received from the sale of the 600 tons of this material.

The PRESIDING OFFICER. Is there objection to consideration of the bill?

There being no objection, the bill (S. 2772) to provide for the disposal of paid postal savings certificates was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That (a) all claims for payment of any postal savings certificate, or other evidence of deposit in the postal savings depository system, including duplicates, which certificate or evidence of deposit, including duplicates, are shown by the records of the Post Office Department to have been duly paid, shall be barred if not presented to the Postmaster General within 6 years from the date on which such records show that they were paid.

(b) Final determination as to whether payment properly has been made on postal savings certificates or other evidences of deposit in the postal savings depository system, including duplicates, shall be based upon the official records of the Post Office Department.

SEC. 2. The Postmaster General may, under such regulations as he may prescribe, destroy, or otherwise dispose of, all postal savings certificates, or other evidences of deposit in the postal savings depository system, including duplicates, after the expiration of 6 years from the date payment thereon has been made as shown by the records of the Post Office Department.

SEC. 3. This act shall take effect on the first day of the sixth calendar month following the date of its enactment.

PRINTING AND MAILING OF PERIODICAL PUBLICATIONS OF CERTAIN SOCIETIES AND INSTITUTIONS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 878, House bill 5379.

The PRESIDING OFFICER. The clerk will state the bill by title.

The CHIEF CLERK. A bill (H. R. 5379) to authorize the printing and mailing of periodical publications of certain societies and institutions at places other than places fixed as the offices of publication.

Mr. KNOWLAND. Mr. President, may we have an explanation of the bill?

Mr. CARLSON. Mr. President, H. R. 5379 was reported by the committee without amendment.

The purpose of this proposed legislation is to allow certain societies and institutions which publish periodicals to print those periodicals and enter them in the mails at places other than that of their declared publication. Under the existing law in order for these societies or institutions to qualify for second-class postage rates, their periodicals must be printed and entered in the mails at the office of publication designated by such association or body.

In our modern day economy, this has placed an unrealistic burden upon these societies inasmuch as they were limited in their negotiations for printing to those printing plants at the place of their stated publication. This bill, by removing such burden and allowing the publications to be entered in the mails and printed at places other than the designated place of publication, will provide the desired flexibility to these small publishers.

The bill will not involve any additional cost to the Government.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the bill (H. R. 5379) was considered, ordered to a third reading, read the third time, and passed.

EXEMPTION OF CERTAIN RETIRED COMMISSIONED OFFICERS FROM A LIMITATION PRESCRIBED BY LAW

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 879, House bill 5959.

The PRESIDING OFFICER. The clerk will state the bill by title.

The CHIEF CLERK. A bill (H. R. 5959) to exempt certain commissioned officers retired for disabilities caused by instrumentalities of war from the limitation prescribed by law with respect to the combined rate of retired pay and of compensation as civilian employees of the Government, which retired officers may receive.

Mr. KNOWLAND. Mr. President, may we have an explanation of the bill?

Mr. CARLSON. Mr. President, the purpose of H. R. 5959, which has been reported by the committee without amendment, is to amend the dual compensation statute which restricts the amount of combined income received as a civilian employee of the Government and military retired pay of disabled commissioned officers.

Under the present law retired commissioned officers who were disabled as a result of combat with the enemy or an explosion of an instrumentality of war are excepted from this limitation.

The purpose of this amendment is to strike out the word "explosion" so that any person hereunder disabled by an instrumentality of war would be excepted from the statute irrespective of whether the instrumentality of war exploded or not. The strict interpretation placed under the statute at preesnt prohibits, for example, a pilot who crashes and survives the airplane crash from being excepted from the dual compensation limitation unless his plane exploded.

Mr. GORE. Mr. President, will the Senator from Kansas yield?

Mr. CARLSON. I yield.

Mr. GORE. I wonder if the Senator will indicate his definition of "instrumentality of war"?

Mr. CARLSON. An instrumentality of war may be an aircraft. A pilot may be injured, but if the plane does not explode when it crashes, he does not receive the same compensation as would be received if the plane had exploded. That is the reason we are trying to correct the statute.

Mr. GORE. The Senator has presented an extreme case, it seems to me. What other machines might be regarded as instrumentalities of war? Would a truck, an automobile, a jeep, or a calculating machine at the headquarters be so considered?

Mr. CARLSON. I can only state the basis for this proposed legislation. It passed the House, and the committee heard testimony, and we are trying to correct the condition which existed because of an airplane crash which had resulted in permanent injury, but because the plane did not explode, the particular persons involved received different compensation from that which would have been received if it had exploded.

Mr. GORE. Does not the Senator think that in order to correct the situation which obviously works an injustice, judging from the Senator's description, we may be going far afield and opening the Government to wide claims under the interpretation of "instrumentalities of war," unless there is a definition of what is meant by the term?

Mr. CARLSON. I may say to the Senator from Tennessee that, so far as our committee was concerned, I think I can definitely state that the bill affects only this particular or one type of instrumentality of war. The bill has the approval of the Comptroller General, the Bureau of the Budget, and the Department of the Army. I believe they have encountered some problems in connection with the matter and are trying to correct a situation which I think should be corrected.

I can readily see the point raised by the Senator from Tennessee, but I do not believe it would be valid in this case.

Mr. GORE. Mr. President, will the Senator further yield?

Mr. CARLSON. Certainly.

Mr. GORE. I appreciate the Senator from Kansas seeing the point I have raised, but I do not know why he should say it is not valid in this case. At this time we are considering a bill which comes with a report which does not shed any light upon the interpretation of the language used in the bill. Neither does the Senator give an interpretation. It seems to me we are leaping in the dark. Therefore, I think the point is valid.

Mr. CARLSON. If the Senator from Tennessee will permit me to do so, I shall read from the report.

This legislation will remove from the existing law the need for the instrumentality of war to have exploded before such disabled officer would be exempt from the statute, thus making it compatible with the exemption provided by another dual-compensation statute, the act of July 31, 1894 (5 U. S. C. 62). This 1894 statute prohibits the holding of more than one office where the annual compensation of any such office amounts to $2,500 or more. Officers of the uniformed services retired for injuries received in battle or for injury or incapacity incurred in the line of duty are exempted from this dual-compensation limitation.

So the bill is an attempt to correct an error in the law.

Mr. GORE. Mr. President, will the Senator further yield?

Mr. CARLSON. I yield.

Mr. GORE. I have read the language which the Senator has quoted. I submit that the language he has read from the report delineates what, in the opinion of the committee, the bill would do, but it does not shed light upon the extent to which an instrumentality of war may be interpreted as a source of a claim for compensation.

Mr. CARLSON. Does not the Senator from Tennessee believe that officers of the uniformed services, retired for injuries received in battle, or for injury or incapacity incurred in the linc of duty, ought to be exempted from this dual compensation limitation, and that that takes care of the point raised by the Senator? The provision of this bill does only one thing: It simply corrects a situation that should have been corrected earlier.

Mr. GORE. Mr. President, I shall not object to the consideration of the bill, because the distinguished majority leader has cleared it for consideration with the minority leader. I shall not object, but I shall vote against passage of the bill until there is further information concerning it.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 5959) to exempt certain commissioned officers retired for disabilities caused by instrumentalities of war from the limitation prescribed by law with respect to the combined rate of retired pay and of compensation as civilian employees of the Government which retired officers may receive, was considered, ordered to a third reading, read the third time, and passed.

ORDER OF BUSINESS

Mr. KNOWLAND. Mr. President, I observe that the senior Senator from Delaware [Mr. WILLIAMS] is present. There is a bill, S. 2038, Calendar 617, which we discussed some time ago and temporarily held up, because the Senator from Delaware, I believe, expressed some interest in the bill. If the Senator desires to send to his office for any material, I can proceed with other bills which have been cleared. However, I should be glad to take up the bill in which he is interestd, if it would suit the convenience of the Senator from Delaware.

Mr. President, I shall ask that the consideration of Calendar 617, S. 2038, be deferred and that the Senate proceed with the consideration of other bills.

The PRESIDING OFFICER (Mr. BARRETT in the chair). The Senator from California has the floor.

CLAIMS AGAINST THE UNITED STATES OF CERTAIN EMPLOYEES OF BUREAU OF PRISONS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar 785, H. R. 395, a bill to confer jurisdiction upon the United States Court of Claims with respect to claims against the United States of certain employees of the Bureau of Prisons.

The PRESIDING OFFICER. Is there objection to the request of the Senator from California?

There being no objection, the Senate proceeded to the consideration of the bill (H. R. 395) to confer jurisdiction

upon the United States Court of Claims with respect to claims against the United States of certain employees of the Bureau of Prisons.

Mr. KNOWLAND. Mr. President, may we have an explanation of the bill?

Mr. LANGER. Mr. President, the bill simply confers jurisdiction on the United States Court of Claims to hear and render judgment on the claims of certain employees of the Bureau of Prisons for compensation for the time they were required to work, in violation of the Saturday half-holiday law, during the period beginning March 3, 1931, and ending May 1, 1943, in excess of 4 hours on Saturday without being allowed compensatory leave on some other workday.

The bill further provides that nothing contained therein shall be construed as an inference of liability on the part of the United States. Each employee would be required to prove the amount of compensation to which he may be entitled as a result of the suit. The only defense available to the Government which is waived in the bill is that of the statute of limitations.

I might say that a great many prison employees received their pay, but for some reason or other a small group, not being aware of their rights, did not secure their pay.

The PRESIDING OFFICER. The bill is open to amendment.

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

Mr. LANGER. I yield.

Mr. GORE. As I read the bill and the report, no effort is made here to prejudge or prejudice a case in any way; the bill merely confers jurisdiction upon the Court of Claims.

Mr. LANGER. The Senator from Tennessee is correct.

The PRESIDING OFFICER. The question is on the third reading and passage of the bill.

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

RELIEF OF AUTHORIZED CERTIFYING OFFICERS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 923 (S. 1184) to authorize relief of authorized certifying officers from exceptions taken to payments pertaining to terminate war agencies in liquidation by the Department of State.

The PRESIDING OFFICER. Is there objection to the request of the Senator from California?

There being no objection, the Senate proceeded to consider the bill (S. 1184) to authorize relief of authorized certifying officers from exceptions taken to payments pertaining to terminate war agencies in liquidation by the Department of State, which had been reported from the Committee on the Judiciary, with an amendment, on page 2, line 20, after the word "act", to insert a colon and the following additional proviso: "*Provided further*, That the authority granted under this act shall expire not later than 2 years after the date of enactment of this act", so as to make the bill read:

Be it enacted, etc., That the Comptroller General of the United States is authorized and directed to allow credit in the accounts of authorized certifying officers of terminated war agencies, in process of liquidation by the Department of State at the time of the enactment of this act, for the amounts of suspensions and disallowances, which have been, or may be, raised by the General Accounting Office on account of payments made in accordance with vouchers certified by such certifying officers: *Provided*, That the Secretary of State or his authorized representative shall certify that in his opinion there is no evidence of fraud or collusion on the part of the certifying officers in connection with the payments.

SEC. 2. "Authorized certifying officers of terminated war agencies in process of liquidation by the Department of State" as used in this act means certifying officers employed by terminated war agencies transferred to the Department of State for liquidation and certifying officers under the Department of State who certified payments for the activities of such terminated war agencies, or any terminated wartime activity of the Department of State from funds allocated to or made available to the Department of State by working funds or reimbursements pursuant to the provisions of section 686, title 31, United States Code, or other authority of law: *Provided, however*, That no certifying officer of the Department of State shall be released hereunder as to payments made from funds appropriated directly to the Department of State or as to payments made after the date of enactment of this act: *Provided further*, That the authority granted under this act shall expire not later than 2 years after the date of enactment of this act.

Mr. KNOWLAND. Mr. President, may we have an explanation of the bill?

Mr. LANGER. Mr. President, the purpose of this bill is to authorize and direct the Comptroller General to allow credit in the accounts of authorized certifying officers of terminated war agencies in process of liquidation by the Department of State, under certain conditions. According to a letter received from the Department of State, there are 5 additional officers involved, and the aggregate sum of $1,297.72. Most of the exceptions are those due to the inexperience of the certifying officers in the early part of the war. Before relief is granted, the Secretary of State must certify that there is no evidence of fraud or collusion on the part of the officer being relieved—nor does the bill in any way relieve from liability the recipients of the erroneous payments. The committee has amended the bill so as to cause the authority granted to expire 2 years from the date of enactment of the act.

I might add that the committee went into the subject matter of the bill very carefully, and finally, after much discussion, agreed to it by unanimous consent.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CONSIDERATION OF CERTAIN BILLS

Mr. LANGER. Mr. President, yesterday I stated to the distinguished majority leader that there had been pending on the calendar for some time certain bills, and that I would move to have them brought before the Senate for consideration. I appreciate the great dispatch of the business of the Senate on the part of the distinguished majority leader. He is doing an excellent job, for which I compliment him.

I wonder if there would be some way to have a time set for the consideration of the following bills, which I read according to their order number on the calendar:

Calendar 48, S. 56; Calendar 49, S. 59; Calendar No. 58, S. 101; Calendar 90, S. 389; Calendar 293, S. 1857; Calendar 563, H. R. 2351; and Calendar 893, H. R. 685.

Mr. KNOWLAND. I may say that the distinguished Senator from North Dakota had previously mentioned these bills to me, and I brought his request to the attention of the majority policy committee and also of the minority leadership, stating that it was desired to have these bills taken up at a very early time. It was pointed out that Senators who had objected on the minority side, and I think there was one Senator who had objected on the majority side, happened to be away this week. Under those circumstances, it was preferred not to have the bills taken up during this week. But at the earliest opportunity, when there is a lull in the business of the Senate, I assure the distinguished Senator from North Dakota that I shall again bring the bills to the attention of the majority and minority leadership, in order to expedite action for the benefit of the Senator.

Mr. LANGER. I thank the distinguished Senator from California.

RELIEF FOR CERTAIN EMPLOYEES OF THE CANAL ZONE GOVERNMENT

Mr. KNOWLAND. Mr. President, I ask that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of order of business 617, Senate bill 2038, to amend the act approved July 8, 1937, authorizing cash relief for certain employees of the Canal Zone Government.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Post Office and Civil Service with an amenndment, to strike out all after the enacting clause and to insert:

That section 1 of the act entitled "An act authorizing cash relief for certain employees of the Panama Canal not coming within the provisions of the Canal Zone Retirement Act," approved July 8, 1937 (50 Stat. 478), is amended by striking out the proviso therein and inserting in lieu thereof the following: "*Provided*, That such cash relief shall not exceed $1.50 per month for each year of service of the employee so furnished relief, with a maximum of $45 per month, nor be granted to any employee having less than ten years' service with the Canal Zone Government and its predecessor agencies, including

any service with the Panama Canal Company, and its predecessor agencies, on the Isthmus of Panama."

SEC. 2. The provisions of this act shall take effect the first day of the month in which it is enacted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

Mr. KNOWLAND. Mr. President, may we have an explanation of the bill?

Mr. CARLSON. Mr. President, Senate bill 2038, introduced by the Senator from Massachusetts [Mr. SALTONSTALL], was referred to the Committee on Armed Services. On July 2, 1953, the Senator from Massachusetts reported S. 2038 favorably to the Senate, accompanied by Report No. 494. On July 8, 1953, the bill was re-referred to the Committee on Post Office and Civil Service.

The Post Office and Civil Service Committee, after discussion of the bill in executive session on July 21, 1953, voted to hold open hearings on the bill on Thursday, July 23, 1953. After due consideration was given to the testimony of various witnesses on that day, the Post Office and Civil Service Committee voted to accept Report No. 494 by the Armed Services Committee, and directed the chairman to report S. 2038 to the Senate with the recommendation that the bill do pass.

The Armed Services Committee had amended the bill by striking out all after the enacting clause and inserting in lieu thereof the wording from lines 9 through 23 inclusive. Neither the substance nor the intent of S. 2038 is altered by the Armed Services Committee amendment.

The purpose of the bill is to permit an increase in the cash relief now being extended to certain employees of the Canal Zone Government. Under existing law, payments are limited to $1 a month for each year of service, with a maximum of $25 a month. Such employees, in order to be eligible, must have completed ten years of service.

S. 2038 would increase this amount by permitting payments of $1.50 a month for each year of service, with a maximum of $45 a month.

The act of July 8, 1937, by excluding those coming within the provisions of the Canal Zone Retirement Act, applied only to non-United States citizen employees. The 1937 act was passed in order that these alien employees, most of whom are Panamanian citizens, might not become public charges when disabled by age or disease.

The Canal Zone Retirement Act was repealed by the act of July 21, 1949 (63 Stat. 475). This brought the United States citizen employees who were formerly under the Canal Zone Retirement Act under the coverage of the United States Civil Service Retirement Act. The non-citizen employees of the Panama Canal Company are not expressly covered under either the 1937 act or S. 2038. The Panama Canal Company, however, has extended the system established by the 1937 act to its own employees and also, we understand, will extend the increases provided for in S. 2038.

According to reports at hand, the pending bill would not result in expense to the United States Treasury. The relief costs under S. 2038 would be financed in the same manner as those under the 1937 act. The costs payable by the Canal Zone Government, while initially financed from appropriations, would be repaid annually to the Treasury out of the operating revenues of the Canal Zone Government and the Panama Canal Company. The costs payable by the Panama Canal Company to its employees would be financed from corporate revenues and not from appropriations.

S. 2038 as introduced was requested by the Secretary of the Army. The Bureau of the Budget interposed no objection to its enactment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. KNOWLAND subsequently said: Mr. President, my attention has been called by the Parliamentarian to the situation apropos Senate bill 2038, Calendar No. 617, to amend the act approved July 8, 1937, authorizing cash relief for certain employees of the Canal Zone Government, which the Senate passed a few minutes ago. The Parliamentarian has pointed out that there is on the calendar a House bill, Calendar No. 856, House bill 5861, to the same effect.

Therefore, I ask unanimous consent that the action of the Senate in passing Senate bill 2038 be reconsidered; that in lieu of considering that Senate bill, the Senate proceed to the consideration of House bill 5861, to amend the act approved July 8, 1937, authorizing cash relief for certain employees of the Canal Zone government; that House bill 5861 be ordered to a third reading, read the third time, and passed; and that Senate bill 2038 be indefinitely postponed.

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

DISCHARGE OF INDEBTEDNESS OF THE COMMODITY CREDIT CORPORATION — CONFERENCE REPORT

Mr. KNOWLAND. Mr. President, there is at the desk the conference report on House Joint Resolution 358, which is privileged, and I ask that the Senate now proceed to its consideration.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (H. J. Res. 358) to discharge indebtedness of the Commodity Credit Corporation.

(For conference report, see p. 1591 of the House proceedings of February 9, 1954.)

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

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded, and that further proceedings under the call be dispensed with.

The PRESIDING OFFICER (Mr. BARRETT in the chair). Without objection, it is so ordered.

The question is on agreeing to the report.

Mr. YOUNG. Mr. President, approximately 2 weeks ago the House passed House Joint Resolution 358, which would restore anticipated losses of the Commodity Credit Corporation in the amount of $741,548,788. In acting on that measure, the Senate voted to reduce the amount to $245,900,917. The Senate voted to allow the Commodity Credit Corporation the actual impairment of the year before, namely, for actual losses, $114,283,062; and also for $129,553,795, representing the loss incident to the International Wheat Agreement; and for $2,064,060, the cost of the foot-and-mouth-disease operation, largely in Mexico. As the joint resolution was passed by the Senate, it provided for a total of $245,900,917.

When the Senate conferees met with the House conferees, the latter were adamant in their position, and insisted that the full amount be approved. They claimed that was strictly according to law, and that the entire amount was justified.

Finally the Senate conferees compromised with the House conferees, and allowed the amount voted by the House of Representatives, except the sum representing losses in connection with the dried milk program and the tobacco program. In short, the conferees agreed on an amount of $681,769,703.

Mr. President, the House has already acted on the conference report, I understand. At this time the question before the Senate is either to approve or to disapprove the conference report, which was approved unanimously by the House of Representatives, in the amount of $681,769,703.

Mr. WILLIAMS. Mr. President, will the Senator from North Dakota yield?

The PRESIDING OFFICER (Mr. PURTELL in the chair). Does the Senator from North Dakota yield to the Senator from Delaware?

Mr. YOUNG. I am glad to yield.

Mr. WILLIAMS. Do I correctly understand that the conferees struck out the two items pertaining to tobacco and milk?

Mr. YOUNG. That is correct.

Mr. WILLIAMS. Upon what basis did they strike out those items, and leave the others in the conference report?

Mr. YOUNG. Those two items seemed to provoke greater dispute on the floor of the Senate than any of the others; and it was thought best to postpone consideration of those items to a future date, which would allow time for further hearings by the Senate subcommittee and the House subcommittee on agricultural appropriations, and would permit those items to be handled in the next agricultural appropriation bill.

Mr. WILLIAMS. Mr. President, will the Senator from North Dakota yield further to me?

Mr. YOUNG. I am very glad to yield.

Mr. WILLIAMS. I do not think the objection to those two items was any greater than was the objection to any of the other items, except I know that on the day the bill was considered by the Senate the committee apparently was willing to accept the amendment which then was pending, and therefore debate ended, and the differences on the other items did not come up. However, in connection with this measure there are many items which I do not think have been adequately explained. Perhaps the Senator from North Dakota can give us the answers.

For instance, I notice that $73,650 is provided to meet the loss on white potatoes. Under the law, we have not had price supports on white potatoes since 1951. I wonder whether the Senator from North Dakota can explain that item.

Mr. YOUNG. As I understand, the amount stated was the actual, realized loss in the liquidation of the potato price-support program.

Mr. WILLIAMS. But that item is for the fiscal year 1953, whereas we have not supported white potatoes since 1951.

Having had a little experience with white potatoes, I know it would have been physically impossible to have had any white potatoes carried over from 1951 to the fiscal year 1953. The books of the Commodity Credit Corporation itself showed it did not have any white potato inventory at the beginning of the year. Under the law, the Commodity Credit Corporation was not allowed to buy any white potatoes during the year. So how could it have a price-support loss on this commodity in the fiscal year 1953?

Mr. YOUNG. As I understand, the loss was under the price-support program. It could have been on white-potato flour or on accounts which had not been settled as of that date.

Mr. WILLIAMS. But, if the Senator will yield further, I point out that there were no such items in the Commodity Credit Corporation's inventory at the beginning of the year; and under the law the Corporation could not have bought any white potatoes during the year.

Mr. AIKEN. Mr. President, will the Senator from North Dakota yield to me?

Mr. YOUNG. I am glad to yield.

Mr. AIKEN. Is it not likely that this is an item which should have been charged off in a previous year?

Mr. YOUNG. It is very likely.

Mr. WILLIAMS. That could well be; but in this case we are writing off this particular item, and no one knows what it is for. I do not think we have a right to say, "It could be for this" or "It could be for that." I agree that it could be for many things, but I think the Congress and the country are entitled to know what these items actually represent.

Mr. YOUNG. Of course the accounts could not be completely closed in 1951. For example, in the case of the Pakistan wheat program, we have been shipping wheat to Pakistan for nearly a year. It may be 2 or 3 years before we receive all the accounts for freight, and so forth, to the extent that the Commodity Credit Corporation can be completely reimbursed for the expenses of the program.

Mr. WILLIAMS. Mr. President, will the Senator from North Dakota yield further to me at this point?

Mr. YOUNG. I am very happy to yield to the Senator from Delaware.

Mr. WILLIAMS. I should like to ask about another item, which perhaps the Senator from North Dakota can explain. I refer now to the item relating to cottonseed products. In the report which accompanied the request, in schedule 8, as it appears in the books of the Commodity Credit Corporation, on page 24, I notice that the Corporation says that in the fiscal year 1951 it made a profit of $5,500,000 on this program. For 1952 the Corporation reports a profit of $2,686,612 on the same program. For the fiscal year 1953, the year with which we are now dealing, the Corporation tells the American people it made a profit of $7,701,799 on the program. The Corporation also says in the same report that the overall, lifetime result in the case of this particular program is that it has made a profit of $15,297,314. In other words, the Corporation is claiming a profit throughout their operations in connection with cottonseed products.

On the other hand, in the same report I notice that the Congress is being asked to reimburse the Corporation for a loss of $38,479,026, on this same commodity. According to the books of the Commodity Credit Corporation, published on the same day, the Corporation made an overall profit. Now who are we to believe? Who is right? I wonder how that is explained.

Mr. YOUNG. That is understandable, I think, when the situation is analyzed. Until last year there had been the profit which the Commodity Credit Corporation reported. However, the expected loss is estimated by the Treasury Department at approximately $38 million.

I will say to the Senator from Delaware that I anticipate some rather sizeable losses in the operation of almost all the price support programs during the next year. In fact, the Commodity Credit Corporation was never organized in the first place to make a profit. It would be fine if it could. However, the purpose is to maintain some stability for agricultural prices.

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

Mr. YOUNG. I yield.

Mr. AIKEN. I do not have before me the chart to which the Senator from Delaware and the Senator from North Dakota have referred. Is the loss in connection with cottonseed used for drought relief listed separately, or is this $38 million in addition to that?

Mr. YOUNG. I do not have the exact figure, but I do not believe that the impairment as a result of feed being furnished to livestock producers shows up in this report. Nothing of that nature shows up in this report. That is true also of the losses on the Pakistan wheat, for example. Those losses will show up next year.

Mr. AIKEN. As I understand, practically all the cottonseed meal on hand last year was disposed of, a good share of it in the late summer, under the drought relief program. It had to be disposed of before fall, because it does not keep as well as do some other items.

Mr. WILLIAMS. That loss will show up in connection with another appropriation bill, and is not included in the figures we have before us.

Mr. AIKEN. That is the answer to my question. I asked if, by any chance, the low price charged for cottonseed showed up in this report. We all know that last spring the Commodity Credit Corporation had hundreds of thousands of tons of cottonseed meal on hand, which it was having trouble getting rid of. It cut the price down to something like $55 a ton in order to move it.

Mr. WILLIAMS. I fully agree that the cost of these programs will be tremendous. That is the point I am trying to bring out. I wish to get that point across to the people, and make those who are sponsoring the programs admit the cost. That objective is not achieved however under the proposed plan to cancel these notes in advance.

Mr. YOUNG. Mr. President, I have been talking about the profits which the Commodity Credit Corporation has made on certain price support operations in connection with basic commodities. However, I admit that there will be some sizeable losses. But I think the program is well worth while. If we could stabilize the agricultural economy of the nation at a cost of $1 billion a year, in my opinion it would be well worth the price.

Mr. WILLIAMS. However, the point is that we should bring the price tag out into the open. Every transaction should be open and aboveboard, which has not been the case in years past. We are not doing it today. In the report which is before us we are telling the American people——

Mr. YOUNG. I will say to the Senator from Delaware that the Commodity Credit Corporation has been following the law since 1938. The Department officials have not done anything under cover. They are doing exactly what they are supposed to do under the law. If the Senator from Delaware wishes to change the law, that is another matter.

Mr. WILLIAMS. I agree with the Senator from North Dakota that they are doing today exactly what they have been doing since 1938. I have been protesting this procedure for the last 6 years since I have been in the Senate. I thought that as a result of the last election we were going to change the situation. However, in connection with this program, 7 of the 9 directors are men who held those positions during the preceding administration. In view of this fact, it is understandable why the necessary changes are not being made.

Mr. DIRKSEN. Mr. President, will the Senator from North Dakota yield to

me if the Senator from Delaware has concluded?

Mr. YOUNG. I yield.

Mr. DIRKSEN. I share the sentiments of the Senator from Delaware with regard to the change in personnel; but that question is not involved at the moment. What we have been forgetting in this entire story is that the Commodity Credit Corporation and the Treasury Department are charged with measuring a diminution in the value of the assets which they have. They have set up a very careful appraisal program. They appraise what they have in their inventory. The $495 million on this sheet is actually an inventory loss.

When the Commodity Credit Corporation buys butter at 66 cents a pound, and the market price is 38 cents a pound, the Commodity Credit Corporation is charged, on an appraisal of its assets, with reflecting that loss when it seeks to repair the capital structure of the Corporation. When it has bought milk at 17 cents a pound, and it now has a value of a little less than 3 cents a pound, that represents a loss. Under the law the Corporation must appraise the value of its assets and make a report thereon. That is the mandate in the law.

There are some items which might be a little difficult to explain, but they are minor items. The Senator from Delaware referred to an item of $78,000 in connection with potatoes. That is doubtless an administrative charge which goes back several years, even though the inventory shows neither potatoes nor potato flour.

There is a charge of $5,000 for liquidation of the honey program. That is a "honey," in any man's language. Why we should be in the honey business is more than I know, but that is a minor item. The large items represent nothing more than a determination of what the asset is worth as of the time the sheet is made up, compared with the cost of the commodity. A report must be made to the Treasury and to the Congress. That is what is reflected on the sheet before us.

Mr. WILLIAMS. Mr. President, will the Senator from North Dakota yield in order that I may ask the Senator from Illinois a question or two? He seems to understand the program pretty thoroughly.

Mr. DIRKSEN. The Senator flatters me.

Mr. WILLIAMS. Will the Senator from Illinois tell the Senator from Delaware, for the RECORD, the manner in which he thinks this determination is made?

Mr. DIRKSEN. The price determination?

Mr. WILLIAMS. Yes.

Mr. DIRKSEN. There is a very involved appraisal method. The Corporation is mandated, of course, to make the appraisal on the basis of the law. I will tell my friend the appropriate provisions of the act of March 8, 1938.

There must be an appraisal of all assets and liabilities of the Corporation for the purpose of determining the net worth of the Corporation. In order to do so the Corporation makes an appraisal of the cost of such assets to the Corporation, or, insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal.

My friend from Delaware may remember that when we first created the Corporation it was necessary for the Corporation to make a report in March. Because of the volume of its operations, it was discovered that it could not do so. We amended the law so that it could be done by June 30th, the end of the fiscal year.

What the Corporation does is simply to make the best appraisal it knows how to make, consonant with certain Supreme Court decisions. So the large item here is an inventory loss. A business concern would do precisely the same thing.

Mr. WILLIAMS. I understand that these appraisals are made at cost or on the basis of the market price as of June 30th, whichever is lower. Is that correct?

Mr. DIRKSEN. First of all, the Corporation takes into consideration the cost, and then the market value. I can best illustrate the method to my friend from Delaware by the report which is before us. For example, butter was purchased at a little more than 66 cents a pound. Then the price of butter went down to a figure representing whatever the market value was at the time the appraisal was made. The appraisal was made as of June 30, 1953. So whatever the difference was, that figure represents the inventory loss.

Mr. WILLIAMS. Speaking of butter, what was the average cost of the butter to the Corporation, and what was the average market price as of June 30, 1953?

Mr. DIRKSEN. As I understand, the average cost was 66.86 cents a pound, and the average market value under the appraisal was a little more than 38 cents, so it is easy to express the final impairment in the inventory.

Mr. WILLIAMS. Where did the Corporation get the figure of 38 cents a pound, when the United States Government is buying all the butter that is offered for sale in the United States at approximately 67 cents a pound? That is the market price, and that has been the market price ever since.

Mr. DIRKSEN. What my friend forgets is this——

Mr. WILLIAMS. I recognize that the Corporation is not going to get its money out of the operation, and we shall have to take a loss. I think we made a mistake when we started buying it, and I think we should revise our program today. We were buying it when the market was 67 cents. The market price is now 67 cents. Those are the facts.

Mr. YOUNG. Mr. President, I have the floor, and I should like to make an explanation.

Mr. DIRKSEN. Very well. I think the Senator from North Dakota is entitled to some of his own time.

Mr. YOUNG. The Commodity Credit Corporation had commercial sales during the past 6 months of 3,694,000 pounds, at a little more than 66 cents a pound. It sold 15,034,000 pounds to the Army at 15 cents a pound. Under the operation, in connection with section 32 funds, it disposed of 70,790,000 pounds at 66.8 cents a pound, or about the cost to CCC. There were also donations of 28,354,000 pounds. The average price the Corporation received for the past 6 months amounted to 38.78 cents. That includes the price of sales to the Army, and gifts and donations.

Mr. DIRKSEN. It is an average price.

Mr. YOUNG. That is correct.

Mr. DIRKSEN. That price includes sales of all kinds, and includes donations and deterioration in butter stocks. That is the average price obtained by the Corporation.

Mr. YOUNG. Or what it expects to get.

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

Mr. YOUNG. I yield.

Mr. ANDERSON. I do not believe the law is too clear on that point. I am not trying to say that there is not the possibility that it might be so construed; but the law does not mention average price. The law provides:

> The value of assets shall be determined on the basis of the cost of such assets to the Commodity Credit Corporation, or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower.

They must use the cost unless they can obtain a market value. If they can ascertain the market value, and it is lower than the cost, that must be used.

In this instance they did exactly what has been described, namely, they gave away large quantities of butter. The giving away of it should not enter into the market price; nor should the sale to the Army at 15 cents a pound enter into the market price. I do not know why they would sell butter to the Army at a price lower than the price paid for oleomargarine.

Mr. YOUNG. They probably did it in order to get rid of it.

Mr. ANDERSON. I do not know why the Army should pay 15 cents a pound for butter when it must pay 25 to 26 cents a pound for oleomargarine.

Mr. YOUNG. Mr. President, at this point I should like to have read at the desk a letter written to the chairman of the Committee on Appropriations by the general counsel of the Treasury.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will read the letter.

The legislative clerk read as follows:

> THE GENERAL COUNSEL
> OF THE TREASURY,
> *Washington, February 4, 1954.*
>
> Mr. JARLATH M. SLATTERY,
> *Director, Professional Staff, Committee on Appropriations, United States Senate, Washington, D. C.*
>
> MY DEAR MR. SLATTERY: It appears that in connection with the consideration by the Senate Committee on Appropriations of House Joint Resolution 358, "to discharge indebtedness of the Commodity Credit Corporation," a question has arisen concerning the basis used by the Treasury in its June 30, 1953, appraisal of the assets and liabilities of

the Commodity Credit Corporation for determining the value of certain dairy products held by the Corporation on that date.

The governing statutory provision (15 U. S. C. 713a–1) provides in pertinent part that "The value of assets shall be determined on the basis of the cost of such assets to the Commodity Credit Corporation, or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower, * * *."

It is understood that during the month of June 1953 there existed generally a wholesale price for butter in the neighborhood of 66 cents per pound. However, the Treasury appraisers did not deem that they would be justified in adopting this as average market price for butter during the period in question, since such rate was largely determined by the buying price for butter of the Commodity Credit Corporation (i. e., approximate cost of butter to the Commodity Credit Corporation) and since the Corporation was unable to dispose of butter at this price in any significant quantities. Accordingly, the market price used for the purposes of the appraisal was a composite price of 33.78 cents per pound, based upon the actual experience of the Commodity Credit Corporation in disposing of butter. For the reasons outlined above, a similar method of arriving at the "average market price" for dried milk was used.

The question of whether the basis for the appraisal of the foregoing dairy products was proper from a legal standpoint resolves itself into the question of the meaning of "average market price" as set forth in the foregoing statutory provision. It was held in the case of *McGarry* v. *Superior Portland Cement Company* (Wash. 1917, 163 P. 928), that "The words 'market price' have no hard and fast meaning. There is no magic in the term. When it becomes the subject of legal controversy it will be given that meaning which will best serve the purpose and intent of those who use it in their contracts." In connection with the language it may be stated that, while the present situation does not involve the construction of a contract, the legislative history of the applicable statutory language does not indicate an intention by the Congress that the average market price should be arrived at by one particular method.

Accordingly, it would seem quite appropriate to apply the following definition of "market price" contained in the case of *Blydenburgh* v. *Welsh* (3 Fed. Cas. 771–775):

"Now, what is the price of a thing, particularly the market price? We consider it to be the value—the rate at which the thing is sold. To make a market there must be buying and selling, purchase and sale. If the owner of an article holds it at a price which nobody will give for it, can that be said to be its market value? * * * The law does not intend this."

In the light of the quoted definition and the particular circumstances prevailing in respect to the dairy products held by the Commodity Credit Corporation as of June 30, 1953, it is our opinion that the basis upon which they were appraised was not objectionable from a legal standpoint.

Very truly yours,

ELBERT P. TUTTLE,
General Counsel.

Mr. YOUNG. Mr. President, at this point I ask for the yeas and nays.

The yeas and nays were ordered.

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

Mr. YOUNG. I yield.

Mr. ANDERSON. I wish to say to the Senator from North Dakota that, as I am sure he realizes, those of us who raise this question are not trying to keep the Commodity Credit Corporation from getting some money. I have an interpretation of what I believe the law to be. I have before me an interpretation of the law as written on the 4th of February 1954, which is a very recent date. I believe that for years the Department has been proceeding under another theory. Perhaps that is not correct. At any rate, what the question raised by the Senator from Illinois [Mr. DIRKSEN] suggests to me is that soon, at least, and probably as quickly as the Committee on Agriculture and Forestry can do so, it ought to establish three bases upon which the Treasury Department might appraise these assets: One, the cost; two, the market value; and then, where there is no market and no possibility of sale, the Treasury Department might fix some sort of average price which would take care of the donations, and so forth.

I read from the case of Blydenburgh against Welsh:

To make a market there must be buying and selling, purchase and sale. If the owner of an article holds it at a price which nobody will give for it, can that be said to be its market value? * * * The law does not intend this.

Mr. President, 75 percent of all the butter produced does move at the market value, which is 67 cents a pound. It does not seem to me that the appraisal comes under the scope of this definition at all. I am trying to say to the distinguished Senator from North Dakota [Mr. YOUNG] that there can be a difference of opinion about how the appraisal should be determined without there being any question as to whether the Commodity Credit Corporation may need some more money. I hope that it may be clarified either by this discussion or by the enactment of subsequent legislation.

Mr. YOUNG. The point of the Senator from New Mexico is well taken. There is room for improvement with respect to the appraisal procedure, and I believe we ought to go into the subject further.

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

Mr. YOUNG. I yield.

Mr. DIRKSEN. In response to the Senator from New Mexico, of course Congress might have written a more specific provision into the act of 1938, although at that time it did not appear to be necessary.

At this time certain guidelines and certain formulas might be written into the law, so as to avoid guesswork and the necessity of going to the Supreme Court for a decision. Let us make it specific, and let the act of 1938 be amended to provide what Congress intends to provide, and then, of course, the question probably will never arise again.

Mr. ANDERSON. That is what I am trying to suggest. I shall wish to say something further on the subject, and I hope we may have further discussion of it. I believe, however, the Senator from North Dakota [Mr. YOUNG] ought to be allowed to complete his statement. I shall be happy to wait until he has concluded his remarks.

Mr. YOUNG. I do not have much more to say. At this point I ask unanimous consent to have printed in the RECORD a letter to the Committee on Appropriations from the Secretary of the Treasury, Mr. Humphrey, approving the procedure followed in making the appraisals.

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

TREASURY DEPARTMENT,
Washington, February 9, 1954.

Hon. STYLES BRIDGES,
Chairman, Committe on Appropriations,
United States Senate,
Washington, D. C.

DEAR SENATOR BRIDGES: I understand that your committee desires certain information relating to the appraisal of the Commodity Credit Corporation in connection with the pending cancellation of notes in lieu of an appropriation under the act of March 8, 1938, as amended.

The committee appointed by me to make the appraisal of the assets and liabilities of the Commodity Credit Corporation as of June 30, 1953, has observed the same standards and procedures since the law was amended in 1945 to include the present provisions.

The General Counsel of the Treasury Department has advised me that he is satisfied that the principles followed in making the appraisal of June 30, 1953, are in compliance with the act of 1938, as amended, which provides for the valuation of assets on the basis of cost of such assets to the Commodity Credit Corporation, or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is lower. I am also informed that the practice followed by the Commodity Credit Corporation in the establishment of reserves for losses was referred to outstanding representatives of the public accounting profession who have commended the Corporation for the accounting practice employed, and advised that the practice appeared to be generally in accordance with acceptable accounting principles. It may be of interest to note that the appraisal committee has been more conservative than the Commodity Credit Corporation in the allowance of reserves for losses for appraisal purposes. In arriving at the preliminary appraisal which was submitted to the Congress by the Commodity Credit Corporation, the staff which assembles the data for the appraisal committee reduced the estimated impairment from $641,329,000 as shown on the Corporation's books to $609,931,000; this is $31,398,000 less than the impairment shown by the Corporation's records.

This appraisal data compiled by the committee's staff is now being given formal review by the appraisal committee. On the basis of the information available it appears that it would require approximately $609 million to restore the capital of the Corporation to the amount provided by law. Therefore, the sum of $550 million agreed to by the conferees is well below the capital impairment of the Corporation as of June 30, 1953.

As I understand it, the intention of the Congress as indicated in the law of March 8, 1938, as amended, was to place the operations of the Commodity Credit Corporation on an accrued loss basis rather than on a cash payment basis. This results in allocating losses to the proper fiscal period, and is a practice generally used by large business concerns.

Very truly yours,

G. M. HUMPHREY,
Secretary of the Treasury.

Mr. YOUNG. Mr. President, I ask unanimous consent to have printed in the RECORD a letter written by Mr. True D. Morse, acting Secretary of the Department of Agriculture, to the chairman of the Committee on Appropriations, the Senator from New Hampshire [Mr. BRIDGES].

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

DEPARTMENT OF AGRICULTURE,
Washington, February 9, 1954.

Hon. STYLES BRIDGES,
Chairman, Committee on Appropriations, United States Senate.

DEAR SENATOR BRIDGES: It is my understanding that your committee desires my comment on the appraisal of the assets and liabilities of the Commodity Credit Corporation as of June 30, 1953.

The responsibility for making an appraisal of the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the amount of capital to be restored is placed by the act of March 8, 1938, as amended, on the Secretary of the Treasury. From our observation of the methods used in making the appraisal, it appears to us that a careful and painstaking effort is being made to perform the appraisal as accurately as possible within the requirements of the law.

If I can be of further assistance, I shall be glad to do so.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

Mr. YOUNG. Mr. President, I realize the existence of some of the objections which have been made on the floor of the Senate with regard to the method of estimating losses, but I believe it to be about as broad as it is long. If losses on wheat are estimated as a result of a very weak cash price as of July 1 last year, and the Commodity Credit Corporation actually sells wheat, the wheat is accumulated for more than the Treasury anticipated it would be sold, the Treasury is repaid for it, and there is no loss incurred.

As of last June 15, the average price of wheat was $1.88 a bushel, or 78 percent of parity. On June 30, when the Treasury made its appraisal of wheat, it appraised it at about that value. Since that time the price of wheat has risen from 78 percent of parity to 82 percent of parity as of January 15.

On the basis of that computation, and barring further unfavorable conditions with respect to the wheat program, the Department may realize more money than it anticipated at that time.

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

Mr. YOUNG. I yield.

Mr. WILLIAMS. I may say to the Senator from North Dakota that to the extent that the Treasury appraised the price of wheat, perhaps it was correct, and I made that statement in committee, because the domestic price was lower as of the day it made the appraisal. However, that is not the case with respect to butter. The Treasury wrote off the anticipated loss as it would be if certain factors entered into the situation, but they are factors which we know do not enter into it. If we allow them to follow this procedure in reference to butter, what will prevent them from adopting the same procedure next year on wheat, corn, or other commodities. To accept this philosophy places the power in the hands of the Secretary of the Treasury to wreck the program on any commodity he wishes. The Government is committed, under the announcement of the Secretary of Agriculture, to support the price of butter until the first day of April at 67 cents. If they are going to drop the price after the first day of April, certainly the domestic price of butter will be lower. I do not know what they are going to do, and the Senator from North Dakota does not know. I do not think the Department could intelligently write off the loss on butter for the next 12 months. If we support butter at 80 percent of parity, which I personally think would be too high, it means that the price of domestic butter would be from 60 to 62 cents. In the absence of knowledge of what the Department plans to do we cannot estimate the loss here today. That is not the intent of the law as I understand it. It will accomplish nothing except to confuse the overall cost of the program.

Mr. YOUNG. Mr. President, there is a great deal of merit to appraising ahead of time what the losses may be on commodities. The Treasury Department thought it probably would not be able to sell the butter for more than 38 cents a pound. It may well be that there will be more of a loss than that. If it had to be dumped on the market at this time it would not bring more than from 38 to 40 cents a pound. The world market price is about 4 cents a pound higher than that figure. By the time it is packaged and shipped to Europe it would cost about 44 cents, or the world price as of last June.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a tabulation showing the total capital impairment and operations by years.

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

Analysis of surplus, U. S. Treasury appraisals, and payments to or from U. S. Treasury

A. SURPLUS AS OF JUNE 30, 1953

Item	Cumulative to June 30, 1952	Fiscal year 1953	Cumulative to June 30, 1953
Net operating gain or loss * exclusive of cost of wartime consumer subsidy program	* $1,059,927,622.82	* $626,778,849.07	* [1] $1,686,706,471.89
Adjustments for recovery of price support losses:			
Charge to the reserve for postwar price support	500,000,000.00	----------	500,000,000.00
Recovery from Secretary of Treasury, Public Laws 389 and 393, 80th Cong	56,239,432.11	----------	56,239,432.11
Net total	* 503,688,190.71	* 626,778,849.07	* 1,130,467,039.78
Cost of wartime consumer subsidy program	* 2,102,061,818.55	74,622.70	* 4,101,987,195.85
Net restoration of capital from U. S. Treasury (see pt. B)	2,385,528,507.78	109,391,154.00	2,494,919,661.78
Net surplus (or deficit*)	* 220,221,501.48	* 517,313,072.37	* 737,534,573.85

[1] Includes $636,711,746 of reserve for losses reflected in schedule 7a and $782,327,808 net realized program loss reflected in schedule 8.

NOTE.—Asterisks indicate loss or deficit.

B. U. S. TREASURY APPRAISALS AND PAYMENTS TO OR FROM U. S. TREASURY, MAR. 31, 1938, THROUGH JULY 31, 1952

Appraisal as of—	Cumulative operating loss	Appraisal losses and adjustments	Total capital impairment	Payments to or from U. S. Treasury		
				Amount	Date	Manner
Mar. 31, 1938	$23,184,618.19	$71,100,786.54	$94,285,404.73	$94,285,404.73	June 1938	Appropriation.
Mar. 31, 1939	19,465,444.77	194,419,878.01	213,885,322.78	119,599,918.05	August 1939	Do.
Mar. 31, 1940	31,713,504.73	138,415,087.04	170,128,591.77	*43,756,731.01	June 1940	Payment to U. S. Treasury.
Mar. 31, 1941	60,161,512.71	111,604,524.57	171,766,037.28	1,637,445.51	September 1941.	Appropriation.
Mar. 31, 1942	21,125,668.56	122,824,855.04	143,950,523.60	*27,815,513.68	June–September 1942.[1]	Payment to U. S. Treasury.
Mar. 31, 1943	67,312,510.87	116,074,897.66	183,387,408.53	[2]		
Mar. 31, 1944	363,846,418.04	36,868,986.60	400,715,404.64	256,764,881.04	May 1945	Appropriation.
June 30, 1945	1,319,454,710.71	2,717,255.03	1,322,171,965.74	921,456,561.00	July 1946	Note cancellation.
June 30, 1946	2,149,835,521.63	185,831,475.35	1,964,004,046.28	641,832,080.64	May 1947	Do.
June 30, 1947	1,946,108,502.74	202,051.40	1,946,310,554.14	*17,693,492.14	April 1948	Payment to U.S.Treasury.
June 30, 1948	1,898,603,546.76	1,236,002.98	1,897,367,543.78	*48,943,010.36	June 1949	Do.
June 30, 1949	2,067,882,674.69	103,816,673.57	1,964,066,001.12	66,698,457.01	September 1950.	Note cancellation.
June 30, 1950	2,695,604,034.11	310,075,526.33	2,385,528,507.78	421,462,507.00	September 1951.	Do.
June 30, 1951	2,539,693,277.51	44,773,615.73	2,494,919,661.78	109,391,154.00	July 1952	Appropriation.
Net restoration of capital from U. S. Treasury.	----------	----------	----------	2,494,919,661.78	----------	

[1] $18,000,000 partial payment made in June 1942 and balance paid in September 1942.
[2] The impairment of $39,436,884.93 as of Mar. 31, 1943, is included in the May 1945 appropriation.

NOTE.—Asterisks indicate loss or deficit.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. ANDERSON. Mr. President, my opposition to the conference report is based on the fact that we are acting in an arbitrary fashion in removing the inventory reduction on dried milk and leaving in cuts on the value of butter and cheese.

I want to make clear again, as I tried to do when the Senator from North Dakota [Mr. YOUNG] was discussing the question a few days ago, that I do not question the wisdom of the valuation placed upon commodities by the Treasury Department. I am not trying to show that prices finally received will not be as low as those established by the Treasury Department. I am merely contending that I do not think the law as presently written should be interpreted to give authority to bring prices down in accordance with what the Government thinks might result if all the butter were dumped on the market.

The amount set aside for wheat, I quite agree with the Senator from North Dakota, is probably proper, because the price did drop for a period of time during June. It is up again, somewhat. It is not going to go too high, because of the large carryover and the lack of storage space. Nevertheless, there will be a loss; but the figure on wheat is all right. The figures may be right as to a great many commodities. The thing which disturbs me most is what has happened in the butter situation. As the matter now stands, by the adoption of the conference report we shall have to restore full value to nonfat dry milk solids, a difficult product to sell, but we will drop the calculated price of butter to approximately 38 cents a pound.

The figures which the Treasury Department used in making its calculation represent an average or blended price. I hate to see that sort of a price used, because I think it is a bad tendency with reference to agricultural commodities which the Government is engaged in trying to support in the marketplace. We are supporting butter at a price of 66 cents, and yet a sale is made to the Army at 15 cents a pound. I do not know by what token the military should say to the Department of Agriculture, "We have requirements for butter, and if you cut the price to 15 cents a pound we will buy it."

The American farmer has been told repeatedly that he produces a very fine butter, and he does. For the Army to establish a price of 15 cents a pound I think is wrong. I think it is particularly wrong when butter is moving into the marketplace, and being supported at 66 or 67 cents a pound, that it is proposed we write the butter price down to 38 cents.

If the Secretary of Agriculture found he was unable for any reason to continue supporting the price of butter, can we imagine what that surplus would do to the butter price in this country?

Mr. President, the law under which the Secretary of Agriculture is operating has a special provision for butterfat and milk products. It is in a group of commodities that can be supported between 75 and 90 percent of parity. The stipulation is that the price of whole milk shall be supported at a level not in excess of 90 percent nor less than 75 percent as the Secretary shall determine to be necessary in order to insure an adequate supply.

The present level is 90 percent of parity. Surely, Mr. President, if we are getting so much butter that we have to reduce the price to 38 cents a pound, almost down to 50 percent of what the Government has paid for it, then we are supporting it at a level higher than the requirement of the law should be. The Secretary will be in difficulty when he tries to support butter again in the coming year.

Some years ago there was in this country a very large supply of dried eggs. We tried to figure out what we would do with them. We now have on hand 265 million pounds of butter. The average load of butter in a refrigerator car is 30,000 pounds. The number of cars necessary to take our butter supply across the country would be 8,833. If we placed 60 cars of butter in each train, we would have to have 147 special trains to carry the amount which the Commodity Credit Corporation now owns.

With reference to cheese, there are 260 million pounds. There, again, approximately 30,000 pounds would fill a refrigerator car, and it would require 8,660 of those refrigerated cars to move the cheese supply. It would require 144 trains of 60 cars each to transport it.

When it comes to dried milk, there are 424 million pounds on hand and it would take approximately 9,422 refrigerator cars to handle it. That would take 157 more trains of 60 cars each.

Mr. President, the supplies of these commodities are getting completely and absolutely out of line. So far as I am concerned, I should like to take some of the dried skimmed milk powder, which is a good and nutritious food, and move it into areas of the world where it is needed for food.

There is a great deal of dry skim milk powder used by the commercial trade. Bakers use it; many industries use it. It is a good product, produced from good nutritious milk. If we cannot convert all milk into butter and cheese, or dry skim milk solids, I would suggest using the stamp plan which the Senator from Vermont has advocated, to make possible increased consumption of fluid milk in this country. We do not have too much fluid milk to take care of the people who need to drink milk in the United States. The trouble is we are not able to supply it to the great number of people who ought to have it.

I think if they were going to reappraise our CCC stocks, it might have been done to provide for dry skim milk powder, which is very cheaply disposed of, and butter prices might have been left at a little higher figure.

This is not criticism of the Department of Agriculture. These figures are primarily worked up by the Treasury Department. I am sure the individuals in the Treasury Department must feel that they are trying to carry out the provisions of the law. I do not believe that was the purpose of the law. I believe the purpose of the law was to say that the estimate of value placed on it should be the cost at which the commodity was acquired, or it should be the market price, if that market price was lower. Today, to sell it at market would cause the Commodity Credit Corporation to sustain a loss. I do not think it was intended to put in the law an element of judgment, an element of guesswork and estimate.

If, however, that is the purpose, then I think the provision ought to be changed by the Committee on Agriculture and Forestry, which should consider it or provide some further legislative rider that might come into play when the next impairment of capital comes along.

I think these commodities have a way of surprising us every once in awhile. The Senator from North Dakota [Mr. YOUNG] read some instances in which commodities have been written down, and then gains came back from them. There were many people who thought the price of cotton was supported at too low a level, when we were only supporting it at a low level, and we acquired endless stocks of cotton that had to be stored all over America. Some of it was placed in a ball park in one State, because it was the only large area close to the railroad tracks where it could be stored.

People said, "That whole mountain of cotton is a waste. It should never have been bought or its price supported."

Now we can go back and point to a gain of $180 million, $190 million, or $200 million on that cotton. That cotton returned to the Federal Treasury much more than it cost.

I think some of the other commodities would do the same thing. I believe some of the butter, which is a very fine, nutritious food, needed by countries short of fats, could be moved into some of those areas and be a whole lot more appropriate for us than some of the other things we might be doing around the world.

I regret that I cannot support the conference report. I do not ask other Senators to do what I shall do. I shall vote against the report merely because I do not feel the conferees should have attributed such a heavy loss to butter and various other commodities, and take a commodity like dry skim milk and handle it as they did, not showing any loss.

If we were going into the whole project, I think we would have been justified in taking a new approach and correcting the situation with a view to that factor. I do not believe this completely corrects the situation. The Commodity Credit Corporation needs money. I said to the distinguished majority leader the other day that if we had trouble agreeing to this, certainly I would not oppose bringing up a bill to increase the borrowing power of the Commodity Credit Corporation by $1,750,000,000, and I would vote for it. This is not a question of trying to cramp them in their operation. I believe those who determine the value of Commodity Credit Corporation stockpiles will need additional assistance from

Congress. I hope they may shortly get it.

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

Mr. ANDERSON. I yield.

Mr. DIRKSEN. I think it is a statement of fact, is it not, that ever since the first appraisal committee was created, under the act of 1938, this practice has substantially been followed, and it has had the approval of the general counsel of the Treasury, since the Treasury, the RFC, and the Department of Agriculture all have had membership in the Commodity Credit Corporation and all have had an interest in it.

In a general way—I will not say they did it in specific detail—I think this pattern has been followed right along.

Mr. ANDERSON. I think the last statement of the Senator from Illinois is correct. This pattern may have been followed right along. I do not believe it ever came before the General Counsel for attention. I have asked representatives of the Treasury, while the Senator from North Dakota [Mr. YOUNG], was present, if they had any previous written opinions on it, and they said they could not find any. The Department of Agriculture has said it could not find a written opinion. But I have, tucked somewhere in the back of my mind, a feeling that I was advised that the other point was the truth, that we should do it on a sustained-loss basis, and that way only. But I say to the distinguished Senator from Illinois that I found in the year 1950 that they did charge off $28 million for butter in that particular year, just as is being suggested here.

In a subsequent year, they found out what their sustained loss was—$44 million—and they put into that second year a sustained loss of $44 million on butter, and put back a gain of $28 million they had taken out the year before. Actually, the net loss was $44 million. Probably it should have been $28 million the first year and $16 million the next year, if it is to be done that way. I would have preferred to put $44 million in the year the loss was sustained, but I wish to say in fairness that this is not a sudden discovery, not a new practice. It was done that year. I regret that it was done that way. I think it would have been better to have taken the whole $44 million in the year the loss was sustained.

Sometimes some good comes from these discussions. Through the kindness of the distinguished Senator from North Dakota [Mr. YOUNG], I was given an opportunity to attend a meeting of the Committee on Appropriations this morning while some of this discussion was under way. I found that in a single year it was charged that the amount necessary to restore capital to the Commodity Credit Corporation was $801 million.

I suppose that sometime someone will get up and say the farm program cost the Treasury of the United States that year $801 million, but against that $801 million, $845 million was for consumer subsidies, and the farm program actually made a profit. But when books are kept so that they do not reflect what goes on, such things can easily happen.

I am not being critical of any individual when I speak of "books being kept in that way." This has long been the practice. Apparently it goes on that way. I think it is wrong to charge farm programs with subsidies. I also think it is wrong to charge the loss in one year, and then estimate for the next year what is expected to be done, without specific legislative authority.

I am only hoping that it will be possible to obtain specific legislative authority in the future, so that this problem can be clearly understood, so that we can take cost or market value when the commodity is being traded in the market place; but if there is no market, the Treasury shall set the price that shall be realized by a forced selling of the commodity.

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

Mr. ANDERSON. I yield.

Mr. WILLIAMS. I wish to reaffirm what the Senator from New Mexico has said. This is not the only opportunity or means of approach we shall have to afford the Commodity Credit Corporation in order to enable them to carry out the law. No one is suggesting that we refuse them proper funds to carry out the law. I think the manner of approach should be by way of a bill, brought before the Senate in the normal manner. By passing a bill in the manner in which we are now doing, I do not think we are getting across to the American people or to Congress a true picture of what these particular programs cost. The Treasury Department this afternoon, in conference with the Committee on Appropriations, admitted this has the effect of writing off, for instance, $71 million as a prospective loss on butter and has the indirect effect of making the program look less expensive than it really is. If, for instance, a war should break out, or if some other unforeseeable circumstance should develop, whereby the butter could be disposed of without loss, then the next year they would come in and report an imaginary $71 million profit.

We are being told by the Department of Agriculture that the loss on butter as of June 30, 1953, was only $456,452. Yet, as of the same date, they are asking us to write off $71,497,512 on the basis of anticipated loss. Then, when the loss is actually sustained, the American people will have forgotten our action here today and the loss will not be publicized. That is the sole purpose of adopting this procedure.

From the standpoint of the taxpayer, I grant there is no difference in whether a loss is anticipated and written off this year or later, but I think we get a much clearer picture if we write it off after the losses are sustained. The only possible objection that I can see is that those sponsoring this procedure are ashamed of the true cost.

Mr. YOUNG. The figures the Senator read a few minutes ago were as of July 1, 1953, and they covered the previous year. Is that correct?

Mr. WILLIAMS. That is correct.

Mr. YOUNG. There was not a loss at that time; but we are now running into a problem in connection with dairy products.

Mr. WILLIAMS. I think we are running into a problem for which I have yet to hear anyone offer a proper solution. As the Senator from North Dakota knows, the representatives of the Department of Agriculture appeared before the committee recently and discussed a plan whereby they would write the price of butter down to about 30 cents a pound and perhaps start selling it on the free market. The Senator knows, as I do, that the Congress, and the country as well, I think, have overwhelmingly repudiated that plan, which was identical to the one proposed by Secretary Brannan.

As one Member of the Congress who denounced the Brannan plan at that time, I may say that it does not look any better to me, now that certain members of the present administration propose it. The Department of Agriculture has the responsibility of coming before the Congress before it extends the price support on butter another 12 months, and telling us how they plan to dispose of it. The Government cannot continue to accumulate butter and store it in the warehouses. I do not question that the loss will be $71 million. Indeed, I do not believe that amount will even touch the actual loss. However, I do object to the Department of Agriculture first claiming a profit or insignificant loss and then on the next day telling us their losses are staggering. Let us get our stories together and at least tell the same one today that we told yesterday.

I refer now to cottonseed products. During the last 3 years the Department of Agriculture has reported a profit. So far as the American people are concerned, they are being told that the Department of Agriculture has made a profit on cottonseed products in each of the past 3 years. In the fiscal year ending June 30, 1953, the report before the Senate today for consideration, and the books of the Department of Agriculture, show a profit of $7,701,796. The financial statement of the CCC dated June 30, 1953, claims that they have never sustained a loss on this program. On the other hand, the Treasury Department on the same date is saying that we should write off $38,479,026 as a loss on the same product. The Department of Agriculture tells us they have always made a profit and the Treasury says they are losing money. Who is right?

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

Mr. WILLIAMS. I yield.

Mr. YOUNG. The figures applied up to July 1 of last year. The Treasury Department estimated there would be a loss in the present fiscal year. There is a vast difference again in the two periods. The Department at that time was operating at a profit. Now they anticipate that they will be operating at a loss. There may be a change, and the loss may turn into a profit. It is good procedure to anticipate a loss, so that one can correct conditions before they become too bad.

Mr. WILLIAMS. I point out to the Senator, however, that the Department

of Agriculture is the agency primarily charged with the responsibility of administering the program. Now it is sending representatives to the Committee on Agriculture and Forestry and is saying to the American people that the program as a whole is not so expensive that it does not cost very much. Yet at the same time the Treasury Department says it is costing a great deal of money and that $700 million is needed immediately to write off the loss.

I think we should get the parties together, and if the program is going to cost $600 or $700 million, we should pin it down. If it is going to cost only $20 million a year, let us get that figure.

We are not getting the true picture today. In the past few weeks I have heard Senators representing different agricultural areas state on the floor of the Senate that, as a whole, the Government has made money on the programs affecting the particular crops produced in the areas for which they were speaking. Yet, at the same time, when the Director of the Bureau of the Budget is asked how much money the agency in question has made, he states it has lost more than $5 billion. I say that if the Government continues to make money on the products in question as it has made it in the past, it will go broke.

I recognize that it was never intended that the Commodity Credit Corporation should make a profit. It was created to carry the expenses of the agricultural program. However, let us not be ashamed of telling the taxpayers the true costs. As a political party we promised that we would adopt sound business procedures in the agencies of the Government. Under the former administration many of us criticized the former Secretary, Mr. Brannan, for these same policies. They are just as unsound today.

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

Mr. WILLIAMS. I yield to the Senator from North Dakota.

Mr. YOUNG. This program is an old defense program. The Government has a stockpile of strategic war materials, and it has billions of dollars invested in such materials. Agricultural products, particularly wheat, cotton, and corn, are very important in time of war. The Government has carried the necessary surpluses and necessary stockpiles of those products in time of war or during a period of emergency, under operations of the Commodity Credit Corporation, all chargeable to the price support program. I think the Senator will admit that his statement is not exactly fair.

Mr. WILLIAMS. I am not questioning the merits or demerits of carrying reserves. That is not the question before us today. But I submit that the charge for carrying such surpluses should be accounted for in the same manner that is used in the case of other strategic materials. I voted against the rigid 90 percent parity price supports, as the Senator may know. However, I would help in appropriating the money to carry out the program, so long as the law is on the books. However, I shall insist that it be done on an accurate accounting basis.

The point I am making is that we should not appropriate money in advance of the actual need for it. The agency plainly states that their losses for the last year were around $116 million. Yet we are asked on the same day to write off $609 million for capital impairment. Those two figures cannot be reconciled.

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

Mr. WILLIAMS. I yield.

Mr. YOUNG. The Department is anticipating that the loss will be as large as the figure it has stated. It may very well be that large. Let us hope not; but, as I pointed out a while ago, wheat prices have increased from 78 percent to 82 percent of parity. There has been a considerable improvement over the prices of last July.

Mr. WILLIAMS. Yes; but I will read the law upon which their figures are based:

1. The appraisal shall be made by the Secretary of the Treasury.

2. The appraisal shall be as of June 30 each year and shall be completed as soon as possible thereafter and the results reported to the President.

3. The value of Commodity Credit Corporation assets shall be determined on the basis of cost to the Commodity Credit Corporation or, insofar as practicable, the average market price in the month of June, whichever is the lower.

Now, the cost of butter to the Commodity Credit Corporation was around 67 cents a pound. The average price for the month of June 1953 was 67 cents a pound. I have said on many occasions that it might be an unrealistic market; but, nevertheless, the market price in June, July, and August, and as of today, is 67 cents a pound. The fact that the Department sold butter to the Army for 15 cents a pound does not establish a domestic market price. From the taxpayer's standpoint, it makes no difference whether they sell it at 15 cents a pound to the Army, give it to them, or sell it to them for a dollar a pound. Suppose they sold it for a dollar a pound. The Army would tell us they made a profit of three or four hundred million dollars on butter inventories. The Senator will have to admit that that is unrealistic.

On May 7, 1953, the Department of Agriculture was reporting to the American people that they were actually making money on butter; but I know they have not made a dime from the day they started the program, and the Senator from North Dakota knows it. Let us tell the truth even though it hurts.

Mr. DIRKSEN. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I yield to the Senator from Illinois.

Mr. DIRKSEN. The important thing to remember in connection with the law is that the whole purpose of the mandate to the Treasury Department and to the Department of Agriculture is to keep intact the capital structure of the Commodity Credit Corporation. It is incorporated for $100 million, and the law is specific in stating that when its capital structure is impaired, the impairment must be reported. One has to start from the capital structure to begin with. I wonder if the Senator can tell me how one can get by without thinking in terms of one's capital structure when one has x dollars' worth of commodities in one's inventory and one discovers, on the 30th of June, that the value of those commodities is $435 million less than what they cost. If that is not an impairment of capital structure, I have never seen one. I think the Commodity Credit Corporation would be derelict in its duty if it did not make known to the Treasury Department and to the Congress what the impairment in its inventory was, because no private corporation could keep alive under such circumstances. Creditors would come forward and put it out of business.

Mr. WILLIAMS. I might say to the Senator from Illinois that every private corporation in the United States is doing exactly what I say the Commodity Credit Corporation should do today. Under the Treasury's own rule no business institution, not even a farmer, can write off a loss until the loss has been sustained. All I am asking is that we apply the same sound business principles to this Government Corporation as are demanded of our private corporations. Before the 1952 election we were all for that procedure.

Today the Treasury Department is asking us to write off an imaginary loss in 1 or 2 cases on products which had not even been purchased on June 30, 1953.

Mr. President, not another corporation in the United States would be allowed to file its tax returns based on such a method of operation. The Senator from Illinois knows full well that is true. The Treasury Department's own rule is that a loss cannot be taken until the sale has actually been completed. Let them abide by their own rules.

In regard to butter, a commodity which seems to be discussed the most—and I imagine we shall discuss it much more before we arrive at a solution—every wholesaler in the United States who took his inventory as of June 30, or during the period in question, must figure the price of butter at the prevailing wholesale price, or 67 cents. Certainly the Senator from Illinois is not telling us that every dealer who had butter in his inventory at the close of his fiscal year can write the price down to 30 cents a pound, thereby reducing his taxes, even though he has not sold the commodity.

I should like to have either the Senator from Illinois or the Senator from Michigan [Mr. FERGUSON] explain that if they understand the law differently.

Mr. DIRKSEN. Mr. President, I will answer it.

Mr. WILLIAMS. Very well.

Mr. DIRKSEN. Under the statute the Treasury Department has to determine the net worth of the Commodity Credit Corporation; that is the law. The net worth of the Commodity Credit Corporation, or its capital structure, is $100

million. The Senator from Delaware tells me that there can be an inventory writedown—not a loss, because the law says nothing about a loss. If there is a writedown of inventory, the capital structure has been impaired by whatever is the difference between the cost of the commodity and the price of the commodity at the time when the inventory is made. That is what the law says must be done.

On one side of its books, the Commodity Credit Corporation carries losses. On the other side of its books, the Corporation carries the impairment of its capital structure.

What my friend, the Senator from Deleware, has shown in the last column is the losses. Then, of course, the impairment in inventory is shown. The losses were $114 million, I agree.

Mr. WILLIAMS. The Senator from Illinois still has not answered my question; namely, Would you apply the same rules to all business organizations?

Mr. DIRKSEN. If I have not answered it, I certain would not know what an answer is.

Mr. WILLIAMS. The Senator from Delaware respects the right of the Commodity Credit Corporation to be allowed its actual losses, but I am opposed to its taking an anticipated loss of 30 cents a pound and at the same time boasting how much money it is making. Does the Senator from Illinois say it would be permissible for any other corporation in the United States to follow the same procedure?

Mr. DIRKSEN. No; I say that under the law which Congress enacted in 1938, and which has been amended almost constantly since then, the Commodity Credit Corporation is simply following the mandate set forth in the law. If at the end of any fiscal year the Corporation should happen to have to liquidate its assets, obviously its capital structure could not be impaired, under the laws; the Corporation would have to wind up with $100 million. However, how could that be done if the Corporation had at that time to sell the commodities in its inventory at the then market price?

Mr. WILLIAMS. Sure, the Corporation could write down the inventory either to the cost price or to the prevailing market price. The cost of the item we are discussing was approximately 66 cents a pound, the market price is the same and it will remain the same until you and some others join some of us in rewriting the law. That is the key to the whole problem and it is one that thus far Congress hesitates to tackle.

Mr. DIRKSEN. Let us see what Congress did; let us see what the law on this subject is. Congress passed the law. I was a Member of the other branch of Congress in 1938, when the law was passed. It provides that in the event any such appraisal shall show that the net worth of the Commodity Credit Corporation is less than $100 million, the Secretary of the Treasury, on behalf of the United States, shall restore the amount.

That is what the law provides, and it is as clear as crystal.

Mr. WILLIAMS. But the rest of the law says that in establishing the appraisal, two factors shall be used: One, the cost; the other, the prevailing market price.

Mr. DIRKSEN. Mr. President, I am not quarreling about the method. I am stating what the law is, what Congress told the Corporation and the Treasury to do.

Mr. WILLIAMS. But in this instance they did not follow the law, because they did not follow either the cost factor or the prevailing market price factor. Instead, they followed a factor based on a loss which they said they might have to take if certain circumstances were to develop.

Mr. DIRKSEN. Oh, I could not let that statement go unchallenged, because I do not think that is the fact, as developed here this afternoon.

Mr. WILLIAMS. But the Senator from Illinois will admit that the prevailing market price of butter was not 38 cents a pound in the markets of the United States at the time of this report.

Mr. DIRKSEN. I am not admitting anything of the kind. I say they ascertained the loss, insofar as practicable; they tried to ascertain the average loss.

Mr. FERGUSON. Mr. President, will the Senator from Delaware yield to me?

Mr. WILLIAMS. I yield.

Mr. FERGUSON. I think the point the Senator from Delaware has been trying to make is that in dealing with a private corporation the Treasury Department will not allow appraisals and determinations of the values of stocks or inventories to be made in the same manner as that in which the Commodity Credit Corporation makes its inventories and appraisals, or in the same way the Treasury Department does, insofar as the assets of the Commodity Credit Corporation are concerned.

However, let me point out that the difference occurs only because of the statute. The statute provides that as of the 30th of June of each year and as soon as possible thereafter, beginning with the 30th of June 1945, an appraisal of all the assets and liabilities of the Commodity Credit Corporation, for the purpose of determining the net worth of the Commodity Credit Corporation, shall be made by the Secretary of the Treasury.

The statute further provides that the value of the assets shall be determined on the basis of the cost of such assets to the Commodity Credit Corporation, or, insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower.

The difficulty is that the law requires the Treasury Department to perform a function which I think is almost impossible to perform.

Let us consider the situation in the case of butter: The Secretary of the Treasury has to appraise the value of the butter held by the Commodity Credit Corporation. The Senator from Delaware says that, according to the law, the Commodity Credit Corporation is compelled to buy every pound of butter on the market which has not been purchased by private consumers.

Mr. WILLIAMS. Just a moment, Mr. President; the Senator from Michigan and other Senators said the Commodity Credit Corporation should do that. I objected to such a procedure when it was started, and I am objecting to it today. The Corporation is buying butter under a directive to the Secretary of the Treasury which apparently was supported by a majority of the Members of the Senate, but not by the Senator from Delaware. I said then, and I repeat it here again today, the high support price for dairy products is destroying the farmers' market for both butter and milk. Ten years ago the per capita consumption of butter was about 18 pounds per person. Today that has declined to about 9 pounds, and oleomargarine has picked up the difference. Butter is stored in Government warehouses while the American people eat a substitute. Then the Department and some Members of Congress have the audacity to claim a profit under such practices.

Mr. FERGUSON. Very well; I shall not include the Senator from Delaware. However, I am stating what the law is.

The law requires the Commodity Credit Corporation to purchase the butter, in the discretion of the Secretary of Agriculture.

The Senator from Delaware says the Secretary of Agriculture should appraise all the butter in storage—millions of pounds of it—at the same price. I think the Senator from Delaware and I know that it simply is not possible to appraise that butter at 66 or 67 cents a pound, for if it were placed on the market, and if Congress were to repeal the law requiring the Commodity Credit Corporation to buy the butter at the average price, which now is 66 cents a pound, I doubt that even 40 cents a pound or 30 cents a pound could be obtained for the butter which now is in storage. In fact, I think the Senator from Delaware will have to agree——

Mr. WILLIAMS. Mr. President, let me say at this point, since I have the floor, that the Senator from Michigan is predicating his remarks upon a big "if." I agree with him that "if" the Congress were to repeal the law, in the case of butter, and "if" the butter were to be thrown on the market, perhaps it would sell for 30 cents a pound. However, if we are to go right down the line with the word "if" in the case of every other agricultural commodity, it would be found necessary to write off losses, not of millions, but billions.

That is why I am objecting at this time, because the allowance of such wide discretionary power permits 3 or 4 men to write off, according to their imagination, losses based on an anticipated price, although it is impossible for anyone to determine the formula they might use.

Of course, it is true that if the price-support law were to be repealed in the case of wheat, and if all the wheat now held in storage were to be dumped on the market today, the market price would fall, but that is not going to happen.

Mr. FERGUSON. But is not the Senator from Delaware making on this floor

to the Senate and to the public a statement that the amount that now is being charged off is not an absolute amount, but that it is one based upon an appraisal? Sometime later, the exact date of which is unknown, there will be an absolute loss. What the Senator from Delaware would like to do is to postpone the time so that the absolute loss can be pointed out to the public, rather than what he calls a fictitious or hypothetical loss.

Mr. WILLIAMS. What I am trying to make plain is this: When we write off the loss, so far as the taxpayers are concerned, we should be able to say, "This is the loss."

Mr. FERGUSON. I agree with the Senator.

Mr. WILLIAMS. We should be able to say, This is the loss; however, we are telling them that the loss is only $116 million on the entire program when every Member of the Senate knows that the figure tells only a part of the story. I think we should bring out the true cost figures as they come.

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

Mr. WILLIAMS. I yield.

Mr. ANDERSON. I am glad the Senator from Delaware is pointing out that we cannot determine the sustained losses by trying to figure out what would happen if all the commodities were dumped on the market. No one has fought more courageously for the wheat farmer than has the Senator from North Dakota [Mr. YOUNG]. He knows what would happen if the 600 million or 700 million bushels of surplus wheat which will be carried over at the end of this season were suddenly dumped on the market. The wheat market is bad enough now. Let us not try to say that wheat prices are going to be wiped out by dumping all the surplus wheat on the market. If we hold on to the wheat and take good care of it, I do not believe that the Commodity Credit Corporation's losses are going to be large.

I remember a time when the Commodity Credit Corporation was very glad that the farmers had some wheat in their bins. It saved us from paying $6 a bushel for wheat. We paid only $3. Let us not feel too bad when it goes down to $2. If the market is down to 76 percent of parity, and it goes up to 82 percent of parity, I do not think the Government will lose very much on wheat. I do not believe it will lose very much on corn. I think it will take a pretty stiff loss on butter, but I believe it will take a bigger loss on dry skimmilk solids. That loss is not being written off at all, but the loss on butter is being written off to a very substantial extent.

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

Mr. WILLIAMS. I yield.

Mr. DIRKSEN. I agree with what the Senator from New Mexico says. A moment ago the Senator from Delaware said, "Do it once and for all, and that will be the end of it." I want my friend from New Mexico to hear this. This is not going to be the end of this matter. If we have written down the inventory as of June 30, 1953, and the average price set under the appraisal for butter, cheese, honey, tung oil, sorghum, or linseed oil continues to drop, next year we shall have to write down again whatever inventory loss results. This is not going to be the end of it so long as any of these commodities are in the inventory. That point should be made clear.

Mr. WILLIAMS. The Senator from Illinois is correct, in that this may not be the end of the matter though some may wish it was. Certainly we cannot anticipate the end. But when we write off the prospective loss, and then the loss proves to be less than that which is written off today, someone will be boasting that we have made money, because they are turning it back to the Treasury. That is what we have been doing in the past; however, if we continue to make money in this same manner we shall go broke.

Mr. DIRKSEN. That is correct.

Mr. WILLIAMS. The Senator from Illinois knows, and I know, that no man in business could continue to operate as this Government agency has been operating.

Mr. DIRKSEN. It is the fault of Congress.

Mr. WILLIAMS. Yes; but everytime we approach the subject Congress does what apparently it is going to do today. Year after year it criticizes the program and talks about it, but does nothing. I believe that the proper thing to do here is to reject the conference report, send it back to conference, and strike out all amounts for anticipated losses. In the meantime we can act on the bill which will increase the borrowing authority of the Commodity Credit Corporation. We should amend the law at the same time to clear up the confusion, and settle the question once and for all.

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

Mr. WILLIAMS. I yield.

Mr. DIRKSEN. What would the Senator do about the mandate which both branches of Congress wrote into the law, not only to lend money on corn and wheat in order to support prices, but to buy perishables in the market in order to support prices?

Mr. WILLIAMS. There is no mandate so far as buying perishables is concerned. That is done solely at the discretion of the Secretary of Agriculture. So far as the other aspects are concerned, I say that if Congress wishes to change the law, it should change the law. I think we should. This question before us today, however, has nothing to do with whether we approve or disapprove of the agricultural program. We are not legislating today on the agricultural program. Whether we are for flexible supports, 90 percent supports, or some other program has nothing to do with our vote today. It is not even a factor.

Mr. DIRKSEN. Oh, Mr. President, but it is.

Mr. WILLIAMS. I repeat. It is not a factor.

Mr. DIRKSEN. In the general survey the Corporation must include all the money which has been committed on cotton loans, wheat loans, corn loans, and all other loans. If the Corporation runs out of credit, how is it going ahead to fulfill the mandate placed upon it by Congress without violating another law?

Mr. WILLIAMS. In a few days the Senator from Illinois will be standing on this floor asking for another billion or $2 billion for the same agency. Some day the American people will demand an accounting.

Mr. DIRKSEN. Certainly the Senator from Illinois will be here.

Mr. WILLIAMS. The agency will be back after more money, time after time, until we change the law. Thus far there appears a great reluctance to do that.

Mr. DIRKSEN. Mr. President——

Mr. WILLIAMS. Just a moment.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a letter dated March 3, 1953, to be followed by a letter dated March 16, 1953, from the Director of the Budget, in which he outlines the losses sustained under the Commodity Credit Corporation since its inception in 1933, together with my letter making the inquiry. I think that will explode the theory that this agency has made money. On the contrary, the losses have been over $5½ billion.

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

JANUARY 12, 1953.

Mr. FREDERICK J. LAWTON,
Director, Bureau of the Budget,
Washington, D. C.

DEAR MR. LAWTON: Will you please advise me from the standpoint of the American taxpayers the total profit or loss which has been sustained by the Commodity Credit Corporation through its operations since its inception until January 1, 1953.

With this information, please break down the manner in which the Corporation received its funds; that is—

1. What is the paid-in capitalization of this Corporation?
2. What was the net worth of the Corporation as of January 1, 1953?
3. List all appropriations which have been made to this Corporation since its inception.
4. List all repayments to the Treasury which have been made by this Corporation.
5. List all note cancellations, along with dates and amounts.
6. List the total amount of section 32 funds which have accrued to this Corporation since its inception.
7. List any other moneys which have accrued to this Corporation through any other sources.

Yours sincerely,

JOHN J. WILLIAMS.

EXECUTIVE OFFICE OF THE
PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., March 3, 1953.

Hon. JOHN J. WILLIAMS,
United States Senate, Washington, D. C.

MY DEAR SENATOR WILLIAMS: This is in further reply to your letter dated January 12, 1953, requesting information regarding losses of the Commodity Credit Corporation and the manner in which the Corporation receives its funds.

The Commodity Credit Corporation is capitalized for $100 million in capital stock owned by the United States and as of December 31, 1952, there was a deficit of $179,959,760.89. A brief statement of the losses

and appropriations, note cancellations, and repayments to the Treasury follows:

Net operating loss exclusive of wartime consumer subsidy	$1,128,999,783.32
Wartime consumer subsidy	2,102,119,071.46
Total operating losses	3,231,118,854.78
Less:	
Net restoration of capital from U. S. Treasury	2,494,919,661.78
Recovery from Secretary of Treasury—Public Laws 289 and 393, 80th Cong	56,239,432.11
Reserve for postwar price support of agriculture	500,000,000.00
Total recoveries	3,051,159,093.89
Net deficit Dec. 31, 1952	179,959,760.89

The net operating loss of $1,128,999,783, excluding the wartime consumer subsidy, reflects a net realized program loss of $737,319,500, a net amount of $158,813,865 in reserves for losses, and a net amount of $232,866.418 for administrative expenses, interest, etc.

The following item-by-item reply to your specific questions will show the manner in which the Corporation has been reimbursed by the United States Treasury for such losses, as well as other funds which have been paid to the Corporation pursuant to specific legislation:

1. The paid-in capitalization of the Corporation is $100,000,000 held by the United States.

2. As of December 31, 1952, the Corporation's books showed a deficit of $179,959,760.39

3. Appropriations have been made to the Corporation as follows:

(a) For restoration of capital impairment pursuant to the act of March 8, 1938:

Appraisal of	Appropriation Act	Amount
Mar. 31, 1938	June 25, 1938 (52 Stat. 1114, 1148)	$94,285,404.73
Mar. 31, 1939	Aug. 9, 1939 (53 Stat. 1301, 1325)	119,599,918.05
Mar. 31, 1941	July 3, 1941 (55 Stat. 451, 563)	1,637,445.51
Mar. 31, 1943	Apr. 12, 1945 (59 Stat. 77,	
Mar. 31, 1944	90)	256,764,881.04
June 30, 1951	July 5, 1952 (66 Stat. 335, 354)	109,391,154.00
	Total appropriations for restoration of capital impairment	581,678,803.33

(b) Pursuant to the act of February 18, 1946 (Public Law 301, 79th Cong.), $500 million was paid to the Corporation as a reserve for postwar price support of agriculture. Price-support losses during fiscal years 1947, 1948, and 1949 were charged against this reserve, thereby reducing the amounts required for restoration of capital impairment during those years.

4. Payments of surplus were made to the United States Treasury pursuant to the act of March 8, 1938, as follows:

Appraisal of	Date of payment	Amount
Mar. 31, 1940	June 1940	$43,756,731.01
Mar. 31, 1942	June and September 1942	27,815,513.68
June 30, 1947	April 1948	17,693,492.14
June 30, 1948	June 1949	48,943,010.36
	Total payments of surplus to U. S. Treasury	138,208,747.19

5. Notes of the Corporation have been canceled by the United States Treasury as follows:

(a) For restoration of capital impairment pursuant to the act of March 8, 1938:

Appraisal of	Appropriation act	Amount
June 30, 1945	July 20, 1946 (60 Stat. 586, 593)	$921,456,561.00
June 30, 1946	May 26, 1947 (61 Stat. 106)	641,832,080.64
June 30, 1949	Sept. 6, 1950 (64 Stat. 595, 677)	66,698,457.00
June 30, 1950	Aug. 31, 1951 (65 Stat. 225, 245)	421,462,507.00
	Total notes canceled by U. S. Treasury for restoration of capital impairment	2,051,449,605.64

(b) Pursuant to Public Laws 389 and 393, 80th Congress, the Secretary of the Treasury was authorized to cancel notes of the Corporation in an amount not to exceed $57,500,000 for costs of commodities furnished by the Corporation for foreign relief and assistance. During fiscal years 1948 and 1949, a total of $56,239,432.11 of the Corporation's notes were canceled by the United States Treasury, thereby reducing the amounts required for restoration of capital impairment during those years.

Summary of recoveries of losses through June 30, 1951

Appropriations:	
Capital impairment	$581,678,803.33
Reserve for postwar price support	500,000,000.00
Total appropriations	1,081,678,803.33
Deduct: payments to Treasury	−138,208,747.19
Note cancellations:	
Capital impairment	2,051,449,605.64
Foreign aid	56,239,432.11
Total note cancellations	2,107,689,037.74
Total recoveries of losses from U. S. Treasury through June 30, 1951	3,051,159,093.89

6. Section 32 funds are made available to the Department for the removal from the market of commodities in surplus supply. These funds do not accrue to the Corporation except to the extent that they are in payment for commodities purchased by section 32 from the Corporation. These purchases by section 32 are reflected as sales by the Corporation, and the funds go into the general funds of the Corporation together with funds derived from sales to all other private or governmental entities. The amount of sales to section 32 cannot be readily summarized as all sales to domestic purchasers are reported to Washington as a consolidated item. This information is obtainable from the field offices and can be secured if necessary, but this would involve a considerable expenditure of time and money.

7. Other funds which have accrued to the Corporation are as follows:

(a) Pursuant to the International Wheat Agreement Act of 1949, the United States has agreed to supply wheat or wheat products to participating nations at a specified price. The Corporation is utilized for this activity and is authorized to use its general borrowing authority to pay current obligations and to be repaid therefor from appropriations made specifically to cover the costs of the agreement. Following is a list of reimbursements to the Corporation and manner of reimbursement:

Program year	Appropriation act	Amount
1950	Public Law 135, 82d Cong., Aug. 31, 1951 (appropriation to the Secretary)	$76,808,000
1951	Public Law 451, 82d Cong., July 5, 1952 (note cancellation)	182,162,250
	Total reimbursements for International Wheat Agreement	258,970,250

(b) Pursuant to Public Law 271, 80th Congress, approved July 30, 1947, and subsequent Department of Agriculture appropriation acts, funds of the Corporation have been transferred to the appropriation "Eradication of foot-and-mouth and other contagious diseases of animals and poultry." Following is a list of the reimbursements made to the Corporation and the manner of reimbursement:

Appropriation act:	*Amount*
Public Law 785, 81st Cong., June 25, 1948 (appropriation to the Secretary)	$25,400,000
Public Law 343, 81st Cong., Oct. 10, 1949 (appropriation to the Secretary)	24,000,000
Public Law 135, 82d Cong., Aug. 31, 1951 (note cancellation)	32,700,000
Public Law 451, 82d Cong., July 5, 1952 (note cancellation)	11,240,532
Total reimbursements for transfers to eradication of foot-and-mouth disease	103,340,532

The reimbursements shown under this item are not included in the realized losses of the Corporation, as the intent of the respective legislation was that the Corporation would be reimbursed for any unrecovered costs under these activities.

(c) Section 391 (c) of the Agricultural Adjustment Act of 1938, as amended, required the Corporation to lend to the Secretary of Agriculture during each fiscal year, such sums, not to exceed $50 million to make advances for the purchase of conservation materials from January 1 to June 30 of each year. Repayment to the Corporation is usually made during the succeeding fiscal year from funds appropriated to the Secretary for the conservation program. These loans and repayments are handled on the books of the Corporation through its usual loan accounts.

In addition to the foregoing, the Corporation has authority to borrow up to $6,750 million from the Treasury and/or from private lending agencies. At December 31, 1952, $2,800,778,475 of this borrowing authority was committed, leaving $3,949,221,525 yet available.

The figures contained in this reply to your letter have been furnished by the Department of Agriculture.

Sincerely yours,

J. M. DODGE,
Director.

EXECUTIVE OFFICE
OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., March 16, 1953.

Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

MY DEAR SENATOR WILLIAMS: This has reference to your letter of March 5, 1953, regarding the funds available for section 32

programs and the expenditures of such funds. The answers to your questions are as follows:

1. "How much money has been made available to the Department of Agriculture during the past 20 years (broken down by years) under section 32?"

The surplus removal program, commonly known as section 32, was not authorized until August 24, 1935. For the fiscal years 1936 through 1953, however, a total of $2,573,671,819 has been made available by (1) the permanent appropriation of an amount equal to 30 percent of customs receipts, and (2) various supplemental appropriations. In years prior to 1948, various portions of the annual appropriations remained unobligated at the end of the fiscal year for which they were originally available, and several of these unobligated balances, amounting to $117,617,178, have been reappropriated.

An analysis of sources of funds, obligations, and disposition of balances for fiscal years 1936–54 is attached as schedule I.

2. "How much of these funds has been spent by the Department of Agriculture either through the Commodity Credit Corporation or by direct purchases during this same interval?"

For the fiscal years 1936 through 1952, a total of $2,057,618,939 was obligated, and total expenditures would be approximately the same amount. Of this total, $610,693,914 represents purchases of surplus commodities for direct distribution, $104,627,120 for diversion of surplus commodities to new uses, $260,131,250 for encouraging exports of surplus commodities, $285,972,494 for the financing of various stamp plans, $136,694,622 for the school-lunch and milk programs, $57,224,648 for administrative expenses, $41,239,560 for allotments and transfers to cooperating agencies, and $561,035,331 for transfers to other uses authorized by legislative action. In addition to the foregoing, obligations for the fiscal year 1953 through January 31, 1953, have amounted to $44,437,655, and expenditures for the same period were $46,265,965.

An analysis showing obligations by projects, allotments and transfers, unobligated balances, and total funds available for fiscal years 1936–54 is attached as schedule II.

In regard to your question concerning assurance that section 32 funds are being spent in accordance with the law, before any section 32 programs are authorized, the proposal is thoroughly considered by the Department, the legality of the program is reviewed by the Office of the Solicitor, and a formal docket is prepared to authorize the program. Funds are then obligated under the standard obligation procedures, and the vouchers which authorize the actual expenditures of funds are, of course, audited by the General Accounting Office.

I regret that the information furnished in response to your previous letter did not meet your needs.

Sincerely yours,

JOS. M. DODGE,
Director.

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

Mr. WILLIAMS. I yield.

Mr. FERGUSON. Is not what the Senator would like to do, to suspend the operation of the law?

Mr. WILLIAMS. Certainly not. I am not asking to suspend the operation of the law and you know it. I am only asking the Senator from Michigan and other Senators not to appropriate $400 million for this agency when we do not know what the money is for. I am willing to appropriate the amount of money which the Senator from Michigan and other Members of the Senate can say represents so much loss on this or that item. But neither the Senator from Michigan nor any else defending this bill can tell us what the $400 million will be used for except it is proposed to write off an anticipated loss on commodities which in some instances have not even been purchased.

A few days ago a representative of the Department of Agriculture appearing before the Committee on Agriculture and Forestry insisted that the Department is going to get back all the money it loaned on corn. I do not believe it, but he insisted that it would. If it is expected that the Department will get back the money it loaned on corn, why are we writing off an anticipated loss of $126 million? I say let us wait until the loss has been sustained, make them own the loss, and then write it off. Let us keep only one set of books. I do not like the dual bookkeeping system of the Department of Agriculture, which tells the American people that this program is costing but very little, and then aks us to write off losses of $700 million in 1 year. Let us put a price tag on the program. If we are ashamed of it, let us vote accordingly on legislation to correct these losses.

Mr. FERGUSON. Mr. President, will the Senator further yield?

Mr. WILLIAMS. I yield.

Mr. FERGUSON. If we do not replace this loss, which is determined under the statute, we then suspend the operation of the Commodity Credit Corporation.

Mr. WILLIAMS. We do not do anything of the kind. Let us keep the record straight. This is the first time in 7 years that the Senate has been asked to consider the question in the month of January or February. It has always been done in July, August, or September. This is definitely not a question of closing the agency.

Mr. FERGUSON. The Corporation has never depleted its capital before during January or February.

Mr. WILLIAMS. If it has depleted its capital, then let us bring up in an orderly manner the bill providing increased borrowing authority.

There is not one statement in the law which says that this procedure should be taken to increase the borrowing authority of the Commodity Credit Corporation. Let us get that straight.

So far as the threat to close down the agency is concerned, I remember that a week ago last Friday Senators came to the floor of the Senate and quoted Department officials to the effect that if we did not pass the bill before 6 o'clock on Friday, the whole country would collapse—commodity exchanges would be closed. Yes; they said that Monday morning there would be a panic on the commodity exchanges. The Department threatened to send out telegrams suspending the entire program. Everything was going to fall around our ears if we did not pass the bill before sundown Friday, January 29.

Well, we did not pass it. The Department did not send out the telegrams, and the grain market is higher today than when we first started debating. Fortunately Congress did not click its heels merely because some former assistant to Charlie Brannan told us that we must do his bidding within 24 hours or else.

Mr. FERGUSON. Is it not a fact that the Senator knew that this question was coming up yesterday, and the Senator wished to have it postponed until today?

Mr. WILLIAMS. I knew it was to come up yesterday. I believe the Senator from Michigan had something to do with having it go over until today.

Mr. FERGUSON. I wanted to give the Senator from Delaware an opportunity to be here and to get his arguments in the RECORD.

Mr. WILLIAMS. I told the Senator from Michigan on Friday that I would be here yesterday if the bill came up. I would have canceled my engagements.

Mr. FERGUSON. That is not until tomorrow.

Mr. WILLIAMS. This is the day on which the conference report on the bill is being considered, and I am here. I thought the Senator from Michigan arranged for the conference report to be taken up today, however, we are here now, so let us make our decision.

Mr. FERGUSON. I realize that to be so. However, what we are trying to do today is to pass legislation so that telegrams and notifications will not be sent out. The matter is being held in abeyance until we have an opportunity to vote the conference report up or down on the floor of the Senate.

Mr. WILLIAMS. I am perfectly willing to vote on the conference report today. Let us get that point straight for the record.

Mr. FERGUSON. I realize that to be so.

Mr. WILLIAMS. I told the Senator from Michigan that I was willing to vote on it, not yesterday, but last Monday, Tuesday, Wednesday, Thursday, or Friday. Nobody tried to bring it up during last week. Nobody got into any hurry about it until last Saturday.

Mr. President, we are not voting on the question of whether we should shut down the program, and I resent such implications. I will vote against the conference report. I will say further that if the conference report should be defeated and the Department in retaliation should send out the telegrams which have been referred to, I assure them that such action will be further discussed. To make such a threat merely because some of us want an accurate accounting of the money they spend is absurd. There is no more reason why they should hold that threat over us today than there was a week ago last Friday. I will repeat what I said then. If the telegrams are sent out, I want the persons who send them out to put their names on the telegrams so that the individuals responsible can be easily identified.

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

Mr. WILLIAMS. I yield.

Mr. ANDERSON. I am glad the Senator from Delaware has made that statement. I also agree that it is not necessary to send out any such telegrams. There was approximately $4,173,000,000 actually borrowed from the Treasury as of November 30. The amount had dropped to $4,070,000,000 as of January 22. They had about a $2⅓ billion leeway. To be sure, addi-

tional notes will come in and additional notes will go out, as is the case in any other financial institution. People borrow money and pay it back.

I do not believe that they would have to shut down the program and I do not believe we should get into any such discussion. The discussion should revolve around the question of whether we should go ahead and take care of the losses in the way now proposed, or whether we should send the report back to conference and say that losses should not be anticipated, because that is not a part of the law. Certainly there is room for argument on both sides of that question, but I do not believe anyone needs to send out any telegrams, and nobody should.

Mr. WILLIAMS. I agree with the Senator from New Mexico. I repeat there is another bill on the calendar providing for an increase in the borrowing authority of the Commodity Credit Corporation. I am perfectly willing to have the bill brought up for consideration immediately after we have disposed of the conference report if the majority leader so desires.

I am not trying to handicap the agency by depriving it of money with which to perform its functions as laid down in the law. However, we have no right to appropriate nearly $500 million for which no accounting is rendered. That is my opinion. The Senator from Michigan may differ with me. I believe that by following the course suggested by me a clearer picture of the situation will be presented to the American people. I will not support, today or at any other time, any such irresponsible bookkeeping procedure as that which we are asked to approve in this conference report.

Mr. FERGUSON. I should like to tell the Senator from Delaware that the policy committee today has determined that the bill to increase the borrowing authority of the Commodity Credit Corporation has been set down as one of the bills which the majority leader will bring before the Senate at a very early date.

Mr. WILLIAMS. I wanted to keep the record straight. It is not the Senator from Delaware who wants the bill to be delayed. So far as I am concerned, it could have been considered 2 or 3 weeks ago.

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

Mr. WILLIAMS. I yield.

Mr. YOUNG. I do not want the record to stand as it is. I believe the Commodity Credit Corporation officials are honest men. They are out of money. I would have preferred to have followed the procedure of increasing the borrowing authority of the Commodity Credit Corporation; but the fact is that we are up against a difficult situation, because the bill to increase the borrowing authority cannot be enacted for some time. The House committee has not yet scheduled hearings on it. If we fail to adopt the conference report the Corporation will be in very bad shape.

It will be remembered that in 1931 the stocks of the Farm Board were ordered liquidated, and those stocks were dumped on an already overburdened market. It created serious, chaotic conditions. Similar conditions would be created if such a procedure were followed now.

Mr. WILLIAMS. There is no question that if the Commodity Credit Corporation were to dump its inventories on the market the market would be demoralized. No one has proposed that that be done. In the first place, the Corporation could not do it even if it wanted to; the law provides that the commodities must be supported and that certain procedures be followed. Conceivably, Congress could repeal the law. But in order to do it a bill would have to be introduced, and it would have to go to committee, be reported by the committee, and then it would have to be voted on and passed by both Houses.

Mr. YOUNG. What would happen to the commodity market if the CCC could not meet its commitments?

Mr. WILLIAMS. The same thing that would happen if the United States Government could not meet its commitments. The market would break, of course. But let us not put any imaginary "ifs" into a situation that cannot possibly happen as a result of any vote today. Let us consider the bill in an orderly fashion. The Senator from North Dakota was on the floor of the Senate last Friday a week ago when the alarmists came to the Hill and told us what would happen if we did not pass the bill by sundown. Well, we did not pass the bill at that time, the sun rose at the scheduled time the following morning, the tides on both the Atlantic and Pacific coasts kept their routine schedules, and the commodity markets were actually higher throughout the week.

Mr. YOUNG. We must remember that there was the problem of getting a conference with the House, which has now been done.

Mr. WILLIAMS. The world has kept moving along while we were waiting for the conference to meet, and the world will continue to move along regardless of what we do this afternoon.

Mr. DIRKSEN. Mr. President, I see on the floor the chairman of the legislative Committee on Agriculture. I hope the discussion on the floor will not be lost. I recall distinctly when the Commodity Credit Corporation was created. Every year thereafter we had a good deal of controversy on the floor of the House of Representatives when it came time to repair the capital structure. I can say that as a fact because I was a participant. I suppose I scolded about it as much as anyone.

When I came to the Senate in 1951, I believe one of the first discussions I encountered was on the question of the Commodity Credit Corporation. The same thing occurred in 1952, and again in 1953; and now in 1954 we are considering the question again. The law of 1938 goes merrily along.

It occurs to me that, since my good friend from Delaware is on the Committee on Agriculture, and since the chairman of the committee is present today, if we are going to avoid this kind of discussion and this kind of difficulty in the next fiscal year, it would be well for the Committee on Agriculture and Forestry to give serious attention to a modification of the language of the 1938 act, in order to make it specific. Then if anyone wishes to introduce new methods of bookkeeping, it is perfectly all right with me. I shall certainly give my support to the conference report today.

Mr. AIKEN rose.

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). Does the Senator from Illinois yield to the Senator from Vermont?

Mr. DIRKSEN. I yield.

Mr. AIKEN. Mr. President, regardless of whether the law of 1938 requires the writing off of anticipated losses in this manner, and regardless of whether the officials of the Commodity Credit Corporation have been complying fully with the law for the past 15 years, the fact remains that to conduct a farm price-support program of the magnitude of that which we now have money is required, and the Commodity Credit Corporation does not have the money to go on any longer. It is true that it continued after it was practically out of funds a week ago, but it is also true that the debate on the Senate floor pretty nearly instructed them to do so. How long they can continue remains to be seen.

If we approve the conference report they will then have money enough to carry them through the first week in March. Before that time we shall have to take up the bill to increase their borrowing authority on which they have requested action. That would give them $1,750,000,000 more. We do not know how long that will carry them. They are making loans at the rate of approximately $100 million a week at the present time. I think their income is approximately about $15 million a week. I fully expect that the representatives of the Commodity Credit Corporation will have to come before the Congress before the first of July to request additional funds. But the fact remains that they need money at this time. Whether this is the proper way to give it to them is something we can debate indefinitely, but they have to have some money. The law requires them to make loans, but I do not think they can continue to make them without money. Unless money is provided they will be in the unhappy position of violating the law. I do not think we should ask Government agencies to do that.

As to the entire cost of the program, it has been said that we will lose two or three billion dollars this year. We shall probably have to write off at least $3 billion if we set aside commodities as requested by the President. I think it is better to write off the losses now than to go on with losses of $1 billion or $2 billion a year indefinitely.

I hope the Congress will look favorably upon the program set forth by President Eisenhower, because I think it points a way out of our dilemma. In fact, if it is once put into effect, I anticipate the cost of maintaining a prosperous agriculture in the United States will not exceed $500 million a year, which would be a very cheap price to pay for the maintenance of a prosperous agriculture and a prosperous national economy, which agriculture helps to sustain.

I hope the Senate will approve the conference report. In my opinion, there is an emergency, and failure to approve the report could create lack of confidence in Government and in the Congress. The people on the farms who raise the wheat, the milk, the butter, the cotton, are not responsible for their situation. We cannot let them down.

Whether we think the officials of the Commodity Credit Corporation have been right or wrong over the years, it is true they would suffer somewhat, but the 2 or 3 million persons who have put their commodities in loans or who expect to put them in loans in order that prices may be maintained, would suffer the most.

Mr. President, I think we must retain the confidence of the people of the country, and develop a program which will not get us into this situation again, if it is humanly possible to do so and if we can get the necessary funds. I think we can, because I believe we have got to do it.

Let us permit the Commodity Credit Corporation to have some money to go on with. It will last them only 5 weeks. We must do something before that time has expired. Even though the Senate passes the bill providing for an increase in borrowing authority, there is little likelihood that it will get through the House before the first of March. The House Committee on Banking and Currency insists that they are going to hold hearings on it. Therefore, we cannot expect it to be passed overnight.

Whether this is the right or wrong way, Mr. President—and I agree with a great deal of what has been said by my colleagues from Delaware and New Mexico—we cannot lose the confidence of all the people who are doing business with the Commodity Credit Corporation and let them think Congress is not going to honor its commitments.

Mr. HOLLAND. Mr. President, I should like to address myself briefly to the reasons why I think it would be unwise for the Senate to approve this conference report at this time. I fully agree with the theme of the able address which has just been made by the chairman of the Senate Committee on Agriculture and Forestry [Mr. AIKEN], to the effect that the major value which should be in mind at this time is the retention of confidence in the Commodity Credit Corporation by all the people of the country. I am keenly anxious to retain the confidence of the people though I sense the fact that it has already been greatly impaired.

I hope the distinguished Senator from Michigan [Mr. FERGUSON] will not leave the Chamber, because I am going to address myself, in a moment or two, to an argument which he made and which I think is unsound.

Mr. President, it seems to me that if we are going to try to retain the confidence of the general public in the Commodity Credit Corporation—which, after all, is only an agency created for the purpose of carrying out laws which Congress has passed—and in the entire price support program, we must be very careful about doing things, such as I believe this conference report will do, which will not commend themselves to the reasonable business judgment of citizens throughout the country and to the good judgment of men and women in the agricultural industries which are so vitally affected.

First, Mr. President, I wish to dwell a moment on the point ably made by the distinguished Senator from Michigan and the distinguished Senator from Illinois to the effect that they believe the methods followed in writing down the inventory on milk products are sound. I do not concur in their conclusion.

Mr. FERGUSON. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. In a moment.

Despite the faith I have in not only the integrity but in the professional skill of those two able Senators, I do not agree with them, and I desire to state briefly, if I may, why I do not agree. I shall then be very glad to yield for questions.

The statute under which this annual inventory is made was enacted in 1938. It has been correctly quoted by both the distinguished Senators whom I have mentioned, and I quote from it again briefly:

> The value of assets shall be determined on the basis of the cost of such assets to the Commodity Credit Corporation, or, insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lowest.

Mr. President, it is obvious that the value of the investment which the Nation has in this huge surplus would not be a reasonable basis upon which to value the inventory at the end of 1953, because already it seemed as though we had amassed all the surplus we could possibly take care of. Since that time, as Senators know, the surplus has greatly increased in volume and in value of investment. So the whole situation has become somewhat of a national scandal and somewhat of a source of trouble and concern to every person who is vitally interested in the price-support structure.

It is clear that the Treasury and the Commodity Credit Corporation were given a choice between two values: That is, either the basis of the investment made, or the basis of the average market price of the assets during the last month of the fiscal year covered by the appraisal. It is the fact that the various elements which were put into the average market price of the commodity during the month of June 1953, were figured by methods which I think make it depart clearly from any reasonable rule or any reasonable theory upon which either the distinguished Senator from Michigan [Mr. FERGUSON] or the distinguished Senator from Illinois [Mr. DIRKSEN] would, for a moment, hazard their professional skill if they were advising a private client or if they were handling their own money. I know perfectly well that they would want to be just as careful and just as keenly professional, and even more so, in their consideration of the facts with respect to this matter, as if they were advising a private client or were handling their own money. I think they will clearly remember, since they put into the record the basis which the appraisal on butter was made, that the methods followed do not commend themselves to any reasonable person as being fair, but that, to the contrary, those very methods, if continued and approved by Congress, can be used in any June, in any last month of any fiscal year, in such a way as to juggle the inventory values between very high levels and very low levels, whichever seems at that time to be the appropriate level in the judgment of the officials of the Commodity Credit Corporation or of the Treasury Department.

Mr. President, I ask that I may have printed in the RECORD at this point a chart prepared by the Treasury Department, showing the basis upon which butter was valued, and its inventory.

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

Development of unit prices for appraisal of dairy products, June 30, 1953

I. BUTTER

	Quantities	Average unit price	Amount
1. Sales used as guide to unit prices:	*Thousands of pounds*	*Per pound*	*Thousands*
Commercial sales	3,694	$0.6686	$2,470
United States Army sales	15,034	.15	2,255
Sec. 32 sales	70,790	.6686	47,336
Donations	28,354		
Total	117,872	.4417	52,061
Less: Sales through June 30, 1953 [1]	23,637	.6566	15,521
Sales June 30 through Dec. 11, 1953	94,235	[2] .3878	36,540
2. Application of average unit price to inventory of June 30, 1953:			
Inventory	231,034	.3878	89,595
Contracts to purchase	15,213	.3878	9,066
Total	246,247	.3878	98,661
3. Effect on appropriation (or cancellation of notes) estimates:			
Cost of inventory of butter			169,702
Less: Appraised value			98,661
Reduction in inventory value			71,041
Add losses on sales during 1953			456
Total appraisal and operating loss			71,497

[1] The appraisal committee has not yet made a determination that this item should be excluded from the computation of the average price.

[2] The only June price for foreign butter exported (Denmark) was 42 cents per pound. After considering the cost of packaging and transportation from the United States to the European markets, the selling price in the United States would be about 37 cents.

1952 cash receipts from commodities on which direct price support programs were in effect in 1953

BASIC COMMODITIES

	Cash receipts 1952 (million dollars)
1. Cotton lint	2,609
2. Wheat	2,147
3. Corn	1,136
4. Tobacco	1,086
5. Rice	301
6. Peanuts	144
Subtotal	7,423

DESIGNATED NONBASIC COMMODITIES

7. Dairy products [1]	4,554
8. Wool	118
9. Mohair	12
10. Tung nuts	10
11. Honey	[2]
Subtotal	4,694

OTHER NONBASIC COMMODITIES

12. Soybeans	778
13. Cottonseed	389
14. Oats	243
15. Barley	180
16. Dry edible beans	123
17. Flaxseed	118
18. Sorghum grain	97
19. Rye	20
20. Hairy vetch seed	7
21. Common rye grass seed	6
22. Crimson cloverseed	4
23. Wild winter peas	1
24. Naval stores	[2]
Subtotal	1,971
Total	14,088
Cash receipts from all farm marketings	32,373
Cash receipts of supported commodities as percent of cash receipts for all commodities	43.5

[1] Support extended directly to milk for manufacturing only.

[2] While the price of this commodity is supported, no data are available on cash receipts.

Mr. HOLLAND. Mr. President, I call attention to the fact that there are included two elements which I believe no attorney could justify. I believe no Member of the Senate or of the House would want to approve of their being available in any June of any year, and making possible such great manipulation as to afford a greatly changed inventory value of any perishable commodity at the end of June, which is the end of the fiscal year.

The first of the typical items, Mr. President, is an item for United States Army sales, which is unexplained, so far as a reading of the two records of the hearings is concerned, or a reading of any of the papers which have been submitted to the Senator from Florida is concerned. I have asked the staff of the Committee on Appropriations—and it is an able staff—to get the information, and I am certain they have endeavored to comply with my request in every way.

In the information furnished, the first of the questionable items is the sale, presumably during June 1953, of surplus butter to the Army in the amount of 15,034,000 pounds, at an average price of 15 cents a pound. It is not clear, and it is not stated, whether that kind of sale is made in each of the 11 months of the fiscal year. It is not clear, and it is not stated, whether it is an average of the sales prices of butter to the Army during the entire fiscal year. It is simply stated that in the computation of the average price per pound of butter, which would apply to the inventory butter on hand at the end of June, there was to be figured, along with the sales at the full price of 67 cents, or nearly that, the delivery or sale of 15,034,000 pounds of butter to the United States Army at 15 cents a pound.

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

Mr. HOLLAND. I promised to yield first to the Senator from Michigan [Mr. FERGUSON], before yielding to any other Senator. I hope the Senator from Vermont will allow me to complete my second remark, to show the type of unsound accounting items contained in the report, in order that he may understand why I am so brash as to differ with the distinguished Senator from Michigan in the expression of his legal judgment.

The second item which is figured in the report is an outright donation of 28,354,000 pounds of butter, presumably made in the month of June, for which no value whatever was received.

Can it truthfully be said that the average sales price of butter prevailing in the month of June 1953 can be arrived at by a process whereby, with total net sales of 94 million pounds, more than 43 million pounds were of the type I have mentioned, namely, in excess of 15 million pounds to the Army at 15 cents a pound, and a large quantity in donations? It is not stated to whom it was donated, but presumably to school-lunch programs or, perhaps, to penal institutions. If the average market price of this important commodity can be figured properly by including two such items as these, then I say the sky is the limit, because any large delivery to the Army could easily be postponed until June. I am not making any charge whatsoever that that was done in this case. Likewise any large deliveries of surplus to the various donees who are approved by the law could be delayed until the last month of the fiscal year, so as to run down to absurdly low figures—and I think that is what the result is in this case, whether so meant or not—the inventory prices which are arrived at for butter.

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

Mr. HOLLAND. I yield to the Senator from Michigan.

Mr. FERGUSON. What the Senator from Michigan was saying was that he felt that the law required the appraisal, and when the Treasury made the appraisal, they had to try to ascertain all the factors of distribution. I think what was done naturally could not be allowed, so far as private corporations are concerned, for tax purposes. Nevertheless the statute required an appraisal of the butter.

It is true that two sales were made to the military at 15 cents a pound. I think the butter that was given away with no price charged at all went to eleemosynary institutions or to the school lunch programs, as the case may have been, as provided by statute.

As I see it, the difficulty is that the Commodity Credit Corporation was faced with a very difficult problem. It had all the butter in storage. It was compelled by law, or permitted by law, whichever side of the coin the Senator wishes to choose, to purchase butter. Some persons say that was discretionary with the Secretary of Agriculture and not mandatory. Others feel that, under the circumstances, it was mandatory. But to try to arrive at the value of that butter during that month was very difficult.

So far as losses to the Government are concerned, I do not think anyone will be able to determine actual losses until every pound of butter shall have been disposed of in some way or other. Therefore, the determination of the loss for the month indicated was believed to make a basis for the loss which might be sustained in the future. But should the loss not be so great, and should it be proved next June that the butter is worth more than the amount paid for it, the Government will lose no money by the operation, but, the Corporation will have been permitted to use some of the money to buy additional commodities. I can see some objections to permitting the Commodity Credit Corporation, by virtue of appraising the commodities at a low figure, to have more money with which to purchase butter and other commodities.

As I have said, I can see some objections to a method of permitting the Commodity Credit Corporation, by virtue of appraising commodities at a lower figure, to have more money with which to purchase butter and other products.

If objection is made on that basis, I can see the validity of such an objection. But, in the same breath, we are asked, in a bill which has been reported by the Committee on Agriculture and Forestry, to increase the borrowing power of the Commodity Credit Corporation by $1¾ billion. Therefore, the amount by which they will benefit by this bill will be small as compared to the overall amount which they are asking to be permitted to borrow again and to use.

I heard an explanation from a representative of the Treasury Department as to how the figure was arrived at. I merely wish to say at this point that I think what was done was legal, but I hope the practice will never be extended to the operations of any private corporation.

Mr. HOLLAND. I thank the distinguished Senator from Michigan for conceding, by implication at least, that the method followed in this case is not a method which would be countenanced for a moment in private accounting or in legal accounting, from the standpoint of meeting tax obligations or from any other standpoint except the particular one used in this case, in which the Senator from Michigan feels it is appropriate, though he concedes it is of a highly questionable nature.

Mr. FERGUSON. Mr. President, will the Senator yield further?

Mr. HOLLAND. I yield to the Senator from Michigan.

Mr. FERGUSON. I wish to say that is what we must bear in mind when we come to vote in this particular case.

Mr. HOLLAND. Mr. President, right there is where I differ with the distinguished Senator from Michigan, because it seems to me that by voting our approval of this type of accounting—and, so far as we know, it is the first time when this precise type of accounting has been used—we not only give it validity, and say we approve that type of accounting in the management of Federal affairs, but we say in so many words it is too unreasonable to be used or approved for private purposes, or for tax purposes, or for any other purposes. We encourage the use of that procedure for the future, and then, what is of the greatest importance, we do it without knowing whether or not the sales to the United States Army and the donations referred to were allowed to pile up so as to be used in the month of June in order to accomplish the particular objective sought to be accomplished. I have heard nobody give us any explanation regarding that matter.

Mr. YOUNG. Mr. President, if the Senator will yield, I shall be glad to answer his question.

Mr. HOLLAND. I have not asked the Senator from North Dakota a question, but I am glad to yield to him in order to hear the answer.

Mr. YOUNG. The sale of the butter to the Army was based on the price being paid for oleomargarine. It was a negotiated sale. The Army was buying oleomargarine at a price of 15 cents a pound.

If the Senator from Florida will permit me, I should like to have printed in the RECORD at this point the names of the officials of the Review Committee of the Treasury Department, who determine the figures or estimates. The members are the same persons who have been on the committee for many years. Exactly the same procedure has always been followed. I do not understand why the question should be raised at this time as to the legality or propriety of the procedure.

The PRESIDING OFFICER. Is there objection?

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

The following is the Review Committee at the Treasury Department which determines CCC losses. It has been the same since 1946:

Nathaniel Royal, auditor at the RFC.

J. C. Cooper, Office of Budget and Finance at Agriculture.

Edward Bartelt, Fiscal Assistant Secretary of the Treasury Department.

Robert Maxwell, Commissioner of Accounts at the Treasury Department.

Mr. HOLLAND. Does the Senator from North Dakota mean to have the Senate understand that the purchase of butter by the Army in the method described by the Senator applied not only in the month of June 1953, but to each of the other 11 months of the year?

Mr. YOUNG. It was a negotiated sale. As I understand, it was one sale which took place over a period of months.

Mr. HOLLAND. If the Senator is saying that just one sale of that kind was made in the course of the year, then I think he is giving validity to my point that it was not a typical month at all, but a month completely not typical, whereby butter was sold at a price much lower than normal, a price of 15 cents as compared with 67 cents a pound, which is less than one-fourth, or about two-ninths, of the normal price. Yet such a sale is allowed to be considered as a sale in June in the overall figures, without our having any information to the effect that such sales regularly are made during the year. By adopting this report we would be giving our approval to allowing the Army's needs to pile up and to be met in 1 month of the fiscal year in such a way as to very greatly cut down the average price to be given to the commodity affected, in this case butter, at the very time when the inventory was being taken, with the purpose not only of establishing what the fiscal situation of the Commodity Credit Corporation was, but for the additional purpose of asking the Congress of the United States to cancel obligations and to restore enough financial ability as to allow the Commodity Credit Corporation to handle their loans.

If I am the only Senator who will vote against the report, I intend to do so, because I do not think we should give that kind of approval, and that kind of encouragement, to a method which even the able Senator from Michigan admits, by implication, could not be approved for any other purposes or for any other type of business except this.

I desire to bring out one more point, because I should like to get the idea of the distinguished Senator from North Dakota on it. In passing I wish to say for the RECORD that the Senator from North Dakota has been as diligent in fighting for agriculture as has any other Member of the Senate. I certainly respect his position.

I ask the Senator if he realized that by permitting the sale of butter to the Army at 15 cents a pound, and allowing butter to be given away for nothing, to the amount of over 28 million pounds in the 1 month of June, we are charging that expense to the agricultural program instead of to the General Treasury or to the general coffers of the Nation. It is going to be charged off. It is one of the things which has been written off. There is no value to come back from more than 28 million pounds donated to someone. Will it be sound bookkeeping to say later that such value was restored? It puts the part of agriculture in the Nation which is covered by the price-support program in the position of having made, out of its price-support funds, a huge donation, which, if justified at all, should be a donation made by the Nation as a whole. I do not see how any Senator could come to any other conclusion than that.

If we are justified in making donations—and I say we are—and I have voted for donations to eleemosynary institutions and for the school-lunch programs, we should make them a charge against all the people of the Nation, and not allow them to be added as an item to reduce the inventory of the assets of the Commodity Credit Corporation. Such an item should be charged so as to appear, as a cost against the whole Nation, and not as a cost against that part of agriculture which has the benefit of the price-support program. I do not think it is right and I do not think it is to the interest of agriculture to have that done.

When the distinguished Senator from North Dakota addresses his next question to me, for which I shall be glad to yield to him, I hope he will give consideration to that particular aspect of the matter. It seems to me that this kind of bookkeeping does a disservice to agriculture, and enters against agriculture a cost for the price-support program which should not be entered, because it is not the butter or the dairy producers who make the grant; it is the Congress of the United States, speaking for all the people of the Nation. Yet, under this form of bookkeeping, it would be entered as a charge against the assets of the Commodity Credit Corporation, just as would a loss due to spoilage, just as would other reductions in inventories due to diminished prices.

So far as I am concerned, I do not believe it is either fair or in the interest of agriculture to approve a kind of bookkeeping which would allow that sort of result.

Mr. YOUNG. Mr. President, will the Senator from Florida yield to me?

Mr. HOLLAND. I yield.

Mr. YOUNG. I would agree with the Senator from Florida—who, let me say also, has been a very good friend of agriculture, in my opinion.

Mr. HOLLAND. I thank the Senator from North Dakota.

Mr. YOUNG. We happen to hold different views on some matters; but the Senator from Florida is as entitled to his views as I am entitled to mine.

I prefer not to see these losses charged to the price-support program.

Mr. HOLLAND. Then the Senator from North Dakota agrees with me that the loss is charged to the price-support program, does he?

Mr. YOUNG. Yes. But that is according to the law.

I think the appraisal by the Corporation of the value of the butter may be somewhere near correct. Last June the world price of butter was apparently approximately 42 cents a pound. It would cost perhaps 3 or 4 cents a pound to package and ship butter abroad. So their average price of 38 cents a pound for butter in the United States was approximately the world price.

Perhaps more than that amount will be realized for the butter; but if that occurs, the Commodity Credit Corporation will be given credit for it next year.

Mr. HOLLAND. Does the Senator from North Dakota mean there is to be any "tomorrow" in the case of the 28,354,000 pounds of butter which have been delivered, from the surplus supplies which have been built up through the operations of the price-support program, to the various donees in the United States or elsewhere? Is not that butter gone; and is it proper to charge it to the price-support program, as is done in this instance?

Mr. YOUNG. So far as the Treasury Department is concerned, it cannot do any differently; it has to charge it to the impairment of the capital structure of the Commodity Credit Corporation.

Mr. HOLLAND. But Congress can adopt a different attitude, one more

friendly and one fairer to agriculture. Of course, the Treasury Department is a banker and a bookkeeper, and it is trying to keep correctly portrayed the items of the transaction of the business of this agency of the Government, namely, the Commodity Credit Corporation, and its program.

However, Congress created the Corporation and its program. Is Congress going to admit that when it prescribed that one of the two methods which should be followed was to fix the average market price of the assets during the last month of the fiscal year, Congress intended that great quantities of the commodity could be delivered for nothing to donees, and then that volume could enter into the total amount sold, so as to bring down the average price; or that great quantities could be sold to the Army—which, incidentally, has paid, many times, full value for butter, to the Commodity Credit Corporation, as I am informed and believe. Is it the right thing for us in Congress, after Congress set up the program, now to take a position which would indicate to all who read from now on that we intended from the very beginning that this very foolish and irresponsible thing could be done?

Any other Member of the Senate who desires to vote for the conference report may do so; but I do not think Congress ever intended that to be done—either now or heretofore; and I do not think that this kind of transaction or program has ever been rushed through before. On the contrary, it has come to us as a feature of the Department of Agriculture appropriation bill, with ample time for us to study it.

I repeat what one of my colleagues said on Friday a week ago, I believe, namely, that we were told that if we did not pass the bill "as was," at that particular time, 3,000 telegrams would be sent all over the United States, to break down the confidence of the agricultural producers in every agricultural county, in their Congress, and in the solvency of their price-support structure. Mr. President, that has not been done. It was not necessary to be done. It is not necessary to be done now.

As a matter of fact, the committee of conference brought back some value from the conference, because even in conference it was agreed that there were several commodities which were so loosely handled in the entire accounting that they could not be included; and they were excluded, as I understand.

Mr. YOUNG. Mr. President, will the Senator from Florida yield at this point? The statement he has just made is not a fair one.

Mr. HOLLAND. I shall be glad to yield to my friend, the Senator from North Dakota, if I do not correctly understand the situation. However, as I understand, approximately $100 million worth of the commodities which were written off in the inventory were kept written off in the conference.

Mr. YOUNG. Mr. President, will the Senator from Florida yield at this point?

Mr. HOLLAND. I yield.

Mr. YOUNG. The only reason why action was postponed in writing off the losses in the case of dried milk and tobacco was to give our good friends, the Senator from Delaware [Mr. WILLIAMS], the Senator from Florida [Mr. HOLLAND], the Senator from New Mexico [Mr. ANDERSON], and other Senators, 2 or 3 months more to study the figures and to ascertain what, if anything, was wrong with them. In other words, we simply postponed the consideration of that part of the transaction.

The Commodity Credit Corporation arrives at its figures, each month, for the value of the commodities; but the Treasury arrives at such figures once a year.

Probably it would be far worse if the Treasury Department estimated the value of the butter at 50 cents a pound, and if next year we found that the Corporation was able to salvage only 5 or 10 cents a pound from the butter. In that event I think the Corporation would be subject to far more valid criticism, rather than if a realistic value had been arrived at in appraising the value of the butter, as has been done.

Mr. HOLLAND. They may have reached a realistic value, but they have followed steps which I cannot approve, because two or three of those steps cannot appeal to the reason of any citizen, in my opinion. It is not a sale at the marketplace, a sale which would help fix the market price for that month, when our Government delivers to another branch of the Government an immense amount of butter at 15 cents a pound, which is approximately two-ninths of the purchase price. That is not a sale in the marketplace. The other branch of the Government did not buy it, nor did the Commodity Credit Corporation find a purchaser. The butter was simply moved from one Government warehouse to another, and a bookkeeping operation was engaged in.

I say it is not proper to penalize, by such an operation, the agricultural industries of the Nation; and I do not believe it was intended by Congress to be done in that way. I do not think we should, by an approving vote now, indicate that we thought Congress intended to have the matter handled in that way.

Mr. ANDERSON. Mr. President, will the Senator from Florida yield to me?

Mr. HOLLAND. I yield.

Mr. ANDERSON. I wonder whether the attention of the Senator from Florida has been called to the report of the appraisal committee, as of June 30, 1953, on dairy products. I call his attention to the following:

> The Corporation's selling experience in marketing surplus supplies of dairy products indicates that the appraisal of inventories at market quotations would result in a considerable overstatement of the asset values. To reflect values believed more nearly realizable than market price, the inventories were appraised as follows: after marketing allowances for donation commitments, allocations to the school lunch program, and the Defense Department sales contracts, the remaining quantities in inventory were valued at the average price realized by the Corporation for stocks disposed of through December 11, 1953.

The law is very plain. The Senator from Florida has been quoting it. It calls for the values as of June 30, 1953, and there is not a line of authority to permit the Treasury Department to begin making use of the values of supplies of the commodity "disposed of through December 11, 1953."

I am glad the Senator from Florida is bringing out this point. I think the dairy farmers are geeting an awful stab in connection with this matter.

I say very clearly that I do not believe that in rushing to get the money for the Commodity Credit Corporation, we should do this damage to the dairy farmers. On the contrary, we should realize that the very language of the report of the appraisal committee reads, in part:

> To reflect values believed more nearly realizable than market price.

The law says the appraisal of inventory shall be made at either the cost or the market price. On the other hand, here we have a report which states that they did not use either the cost or the market price. However, under the law, nothing else can be done; the representative of the Treasury Department who sits with the representative of the Commodity Credit Corporation is required by law to do 1 of 2 things: He must use either the cost price or the market price.

However, in the face of that requirement, we have their own statement that "to reflect values believed more nearly realizable than market price," something else was done.

Mr. HOLLAND. I thank the distinguished Senator from New Mexico.

Mr. President, if anything further were needed to make it clear that the methods followed in this case are not only unfair and unreasonable, but also are, in fact, not in accord with the law, it is the statement of the Treasury Department's officials or, at least, of the members of the Treasury's committee, who admit that in fixing this value, they were attempting to fix a value nearer what in their opinion they believed would be a fair price, instead of following either of the two criteria prescribed by law, namely, either the purchase price or the market price in the last month of the fiscal year 1953.

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

Mr. HOLLAND. I yield.

Mr. KNOWLAND. As I understood the Senator, a little earlier he was raising the point that in the disposition of some of these commodities, either to the Army or to other agencies, a charge was made against the agricultural funds. I ask the distinguished Senator from Florida this question: If the butter should turn rancid and no longer be fit for human consumption, to whom would the loss be charged?

Mr. HOLLAND. I am glad the Senator has raised that question, because the same point occurred to the Senator from Florida, and he requested the clerk of the Appropriations Committee to obtain from the Commodity Credit Corporation information as to how important a place in this entire picture was played by spoilage, that is, by physical deterioration. The Senator from Florida has a prepared statement supplied to him by the clerk of the Appropriations Committee, coming from the Commodity Credit Corporation, which he asks to have printed in the RECORD at this point as a part of his remarks, together with a

table, following which the Senator from Florida hopes to make some observations upon the subject.

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

LOSSES DUE TO SPOILAGE OR DETERIORATION

The CCC accounting records reflect losses sustained in connection with commodity inventories when the commodities are sold or otherwise removed from CCC inventory. Such losses are classified as (1) losses on sales or (2) inventory adjustments.

The estimated amount of additional losses which will be sustained upon ultimate disposition of commodities remaining in inventory is reflected in CCC financial statements by establishing reserves for inventory losses. Although the age of commodities in inventory and their general condition are factors which are considered in estimating the ultimate sales value for the purpose of establishing reserves, the amounts of the reserves to a larger degree reflect the excess of support price plus carrying charges over the estimated ultimate sales value of sound commodities. It is the policy of CCC to dispose of commodities which are spoiled or deteriorated as soon as their condition becomes known; therefore, it is unlikely that a large quantity of spoiled or deteriorated commodities remains in inventory at any particular time. The reserve for losses on corn established at June 30, 1953, included $3,111,614.22, representing estimated shrinkage of corn stored in CCC binds, computed at the rate of 1 percent.

During the fiscal year ended June 30, 1953, sales of commodities were classified as (1) export, (2) domestic, and (3) domestic-salvage. The classification "domestic-salvage" was intended to cover commodities which had been damaged in storage or had spoiled or deteriorated to a degree that they had only nominal value. Sales of commodities which had suffered reductions in grade while in storage were generally classified as "domestic" sales, together with sales of commodities which had suffered no grade reduction. The quantities reported as "domestic-salvage" sales were not large. The information so reported was deemed to have questionable value and was not tabulated currently; however, it can be obtained from reports available in Washington.

Inventory adjustments were recorded during 1953 to reflect shrinkage of inventories in CCC-owned bins as follows:

	Total quantity stored in the sites	Shrinkage
Corn ---- bushels	34,467,736.40	664,251.42
Wheat ---- do	1,588,415.30	4,476.00
Soybeans ---- do	537.58	13.33
Oats ---- do	28,904.05	20.72
Rye ---- do	3,097.46	128.41
Barley ---- do	735,002.46	6,373.15
Grain sorghum ---- hundredweight	367,989.88	3,970.08
Flaxseed ---- bushels	3,032.07	47.71
Clover (hay and pasture seed) ---- pounds	658,350.00	550.00
Grasses (hay and pasture seed) ---- pounds	2,184.00	1,464.00

The above information represents shrinkage in CCC storage sites from which all the commodity was removed during 1953. The shrinkage occurred over a period of 3 or 4 years in most cases. Additional shrinkage in sites which have not been emptied was estimated and included in the inventory reserve at June 30, as explained above. Other inventory adjustments during 1953 resulted mainly from transit losses.

Because of the interest in inventory losses indicated by members of congressional committees during 1952, the reporting procedures were revised at July 1, 1953, to require separate accounting and reporting for sales of deteriorated commodities and for inventory adjustments due to shrinkage or spoilage. The results have been tabulated for the months of July through November 1953 and are presented in a separate statement. It should be noted that the amount of loss reflected in the statement represents the average inventory cost of the commodities, less any proceeds of sales. Average inventory cost is computed, insofar as practicable, on the basis of accumulated costs for the commodity acquired from a particular crop, generally without regard to grade or quality. No attempt is made to obtain a precise measurement of the actual gain or loss on individual transactions, but rather the objective is to obtain reasonably accurate measurement of the total gain or loss on inventory operations with respect to each commodity.

Commodity Stabilization Service, Commodity Credit Corporation—Losses resulting from sales of deteriorated commodities and inventory losses due to shrinkage and spoilage, fiscal year 1954 through Nov. 30, 1953

Commodity	Unit	Deteriorated				Shrinkage and spoilage		Total loss
		Quantity	Cost	Proceeds	Loss	Quantity	Loss (cost)	
Corn	Bushels	8,477,654	$15,526,022.82	$11,193,329.80	$4,332,693.02	343,947	$608,404.77	$4,941,097.79
Rice, rough	Hundredweight					33	190.04	190.04
Wheat	Bushels	254,935	519,879.15	450,040.27	69,838.88	18,623	84,973.60	154,812.48
Wool	Pounds					146,592		
Barley	Bushels	286	356.66	248.85	107.81	1,534	1,920.46	2,028.27
Beans, dry edible	Hundredweight	596	5,529.91	426.65	5,103.26	2,996	26,005.44	31,108.70
Cottonseed oil, refined	Pounds					3,702	683.16	683.16
Cotton linters	do	5,162	505.64	264.71	240.93	[1] 300	[1] 26.98	213.95
Flaxseed	Bushels					10,323	40,496.77	40,496.77
Grain sorghum	Hundredweight	[1] 822	[1] 1,994.43	[1] 3,182.07	1,187.64		.26	1,187.90
Oats	Bushels	31,323	27,358.04	20,376.61	6,981.43	1,549	1,208.71	8,190.14
Alfalfa (hay and pasture)	Pounds					2	.56	.56
Clover (hay and pasture)	do					451	132.77	132.77
Grasses (hay and pasture)	do					12	2.40	2.40
Vetches (winter cover crop)	do					19,754	2,091.67	2,091.67
Soybeans	Bushels	22,440	60,745.76	53,045.05	7,700.71	1	4.38	7,705.09
Corn (emergency feed program)	do					555	819.36	819.36
Total			16,138,403.55	11,714,549.87	4,423,853.68		766,907.37	5,190,761.05

[1] Adjustment of prior fiscal year transaction.

Mr. KNOWLAND. Mr. President, if the Senator from Florida will further yield, I should like to say that in a number of discussions at the White House relative to the entire agricultural program, President Eisenhower has made it very clear that he would consider it nothing short of criminal if this great country of ours, with its huge productive capacity, had to start destroying food. He would be absolutely opposed to the destruction of food while there are people here and elsewhere without adequate supplies of it. Certainly he would not support any program which would entail the burning or dumping of foodstuffs, or making them unusable for human consumption.

The distinguished Senator from Florida is a member of the Committee on Agriculture and Forestry. He has a deep understanding of agricultural problems. I believe he will agree with me that one of the great problems affecting agriculture today is the problem of the tremendous overhanging surpluses and stores of foodstuffs which the Commodity Credit Corporation now has. So long as they are hanging over the market, they are bound to have quite a substantial effect upon the price in the market place; and if there were any major liquidation of such stocks in the market place, probably even the market price would not be a very realistic one. So there is some advantage to the general price structure if the disposals can be made to the Army or to other agencies which will put the commodities to beneficial use, and at the same time gradually cut down the huge stocks which we have.

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

Mr. HOLLAND. I thoroughly agree with the distinguished Senator from California that neither the Congress nor the country wishes to have good food spoil. It was with that policy in view that the Senator from Florida requested the statement and the table which have now gone into the RECORD, the Senator from Florida holding the belief that perhaps a large portion of the entire amount charged off—which I believe was some $609 million—might have been the result of spoilage. The statement shows quite clearly that such is not the case. I read the following key sentence from the statement prepared by the Commodity Credit Corporation:

> It is the policy of CCC to dispose of commodities which are spoiled or deteriorated as soon as their condition becomes known. Therefore it is unlikely that a large quantity of spoiled or deteriorated commodities remain in inventory at any particular time.

The statement goes on to say that since interest was expressed in this particular subject in 1952, the Department

undertook, at the end of the fiscal year 1953, that is, in July 1953, to keep a monthly statement as to losses due to spoilage and shrinkage. That is the way they are shown.

The total losses shown for 5 months—the only period, so I am advised, that is covered by this particular type of breakdown of information—that is, the months from July through November, ending November 30, 1953, were $5,190,761.05.

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

Mr. HOLLAND. I yield.

Mr. KNOWLAND. Might it not be quite possible, however, that some of those supplies which were finally made available to the Army and other agencies would, if they had been kept for a period of months, or a year or so longer, have been subject to greater spoilage? I do not know just how long certain of these commodities can be kept. Certainly the Corporation would attempt to move those which had been in stock for the longest time. I assume that would be the normal inventory-control method of handling such commodities. But it is quite possible that, had there not been certain disposals to the Army and other agencies, there might have been more spoilage than the distinguished Senator has pointed out in the report, which I am glad he has filed for the RECORD.

Mr. HOLLAND. Of course, there is some merit in the position suggested by the distinguished Senator from California. At the same time, the spoilage in the first 5 months of the fiscal year 1954, according to the report shown by the Commodity Credit Corporation, is just about $1 million a month, and no more.

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

Mr. HOLLAND. The statement further shows that it has been the fixed policy of the Commodity Credit Corporation to keep its business in such shape that spoilage will never be large at any particular time. There is no showing here of any departure from that situation at the time the inventory was taken, in July 1953.

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

Mr. HOLLAND. I yield.

Mr. KNOWLAND. Of course, even granted that that amount of spoilage is not large when compared to the overall supplies, nevertheless, it seems to me very unfortunate that there must be even that much spoilage, because $1 million a month, if I correctly understood the Senator's figure, is still quite a bit of money, even in these days of billion-dollar budgets.

Mr. HOLLAND. The Senator is correct.

Mr. KNOWLAND. I still have not quite become adjusted to thinking of $1 million a month as being chicken feed. I wish to say to the distinguished Senator that under these circumstances, whenever we have that type of spoilage, obviously the entire amount is charged to the agricultural funds. Is not that correct?

Mr. HOLLAND. It would appear in a different place in the inventory. The Senator will note that there is another figure, something over $100 million, which is represented as a charge for sales in 1953. That, as the Senator from Florida understands, covers losses upon all sales, handlings, or dispositions during that year. However, I will say to the Senator from California—and I have much sympathy with his position—that I wish he would carry his thinking a little further. If he did, he would find that this loss of $1 million a month, which he very properly states is not to be sneered at, is just twice as much as the daily loss which the Nation is now sustaining because of payment for warehousing, refrigeration, and storage costs. In other words, the costs of this program due to the operation of the 90 percent rigid, fixed support—and that is the principal reason for this huge surplus, in the opinion of the Senator from Florida—are mounting until they are simply tremendous.

When we talk about a loss of $500,000 each day due to the payment of warehousing and refrigeration costs, the Senator can understand that even a million dollar loss a month due to spoilage becomes insubstantial as compared with other costs in connection with this program.

Mr. KNOWLAND. I will ask the distinguished Senator from Florida whether that does not make even more important the fact that if they have been able to make certain disposals to the Army and to other agencies, to that extent at least they have cut down the warehousing program?

Mr. HOLLAND. I am not advised as to whether there was a transfer from one warehouse to another, as might have been the case. It may be that the Army took the commodity over right at the warehouse where it had been stored. The Army did not use all of it at once. Regardless of that point, however, I insist that there is no justification for writing into this computation of the average market price during the month of June what was nothing in the world but a salvage sale of this immense quantity of butter to the Army, and what was nothing more than an outright gift of more than 28,000,000 pounds of butter, which was given away free in the same month of June.

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

Mr. HOLLAND. I yield to the distinguished chairman of the committee.

Mr. AIKEN. I should like to point out to the Senate that we are actually making progress in getting an estimate of the losses due to spoilage. For the first 5 months of fiscal 1954 we have accomplished something we had been trying to do in vain for the 3 previous years. The Senator from Florida may well recall that when we were holding hearings on the thefts of Government commodities we tried to get an estimate from the Commodity Credit Corporation as to the losses due to spoilage, and we never could get anything from them. They said their books were not set up in that way. I believe they were telling the truth when they said that; but, their books should have been set up that way.

Mr. HOLLAND. I thank the Senator from Vermont for making that contribution by saying that there is some little rift in the clouds through which we can see a bit of blue sky. The Senator from Florida has been, and is now, as he stands upon the Senate floor, alarmed at the way these surpluses are piling up, and in that way destroying the very confidence of the people for which the Senator from Vermont expressed so much concern a few minutes ago.

The Senator from Florida believes that so long as Congress continues with a rigid, high support-price program, which was a war measure pure and simple, and the only war measure that he believes is being continued, as an invitation to create—and that is what it is—these huge surpluses, we are not going to get anywhere through some little minor improvement, which may enable us to have a little clearer picture of the situation.

Mr. AIKEN. Mr. President, will the Senator from Florida permit me to make an observation?

Mr. HOLLAND. I yield to the Senator from Vermont.

Mr. AIKEN. I should like to make an observation which is not quite so encouraging. The Senator from Florida has pointed out that the price of butter to the armed services was very low. I understand that the armed services would not pay any more. They were not interested in it anyway. However, they would take it at 12½ or 15 cents a pound.

In financing the armed services out of agricultural appropriations, we have completely reversed the situation. Formerly, when the Commodity Credit Corporation would get into trouble, it would unload its troubles onto the armed services.

Mr. HOLLAND. I appreciate the fact that the Senator from Vermont has verified what I have been trying in my feeble way to state on the floor of the Senate, namely, that the farmers have been imposed upon. It is not Congress that is being imposed upon, but it is the farming industry that is being imposed upon.

Mr. AIKEN. That is correct.

Mr. HOLLAND. It is an imposition upon the price-support program.

Mr. AIKEN. It seems to me that although the Senator from Florida and I disagree on the question of approval of the conference report, tremendous good can come from the discussion on the floor of the Senate this afternoon, if we do nothing more than put the provisions of the law in such language that we will never have to go through this again.

Mr. ANDERSON. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. I yield to the distinguished Senator from New Mexico.

Mr. ANDERSON. I wish to say to the Senator from Florida and other Senators that I am more worried about the situation because of what it could mean to other programs. That is my main concern today. Just above the item of dairy products there is the item of cotton. The report states that the value of cotton is based upon the average price of 15/16-inch Middling cotton on the 10 designated spot markets as published by

the Department of Agriculture in the Cotton Price Statistics for the month of June. That is what the law provides. That is what they should have done. That is what they did do.

However, they did not do it in the case of dairy products. How do we know, Mr. President, that they will not say, "The law says we should do it on cotton, but we will not do it on cotton. We have 10 million bales of cotton, and we will dump the cotton." What would happen then?

Mr. President, we should not talk that way. They will not dump the cotton. There will be no unloading of 10 million bales of cotton.

However, if they can do it in the case of dairy products, why can they not also do it in the case of cotton or peanuts or any of the other products?

They have made sales to the Army and have averaged them in at 15 cents a pound in order to cut down their inventory. I say that is not fair to the dairy farmers. I sold my dairy herd, numbering 400 animals. However, I feel just as keenly about it, because there are other dairy farmers who are holding their herds, and they will not be pleased.

I do not know how any Senator who has dairy farmers in his State can appreciate what has been done with respect to these products.

I do not believe what the Corporation did with respect to wheat and on corn and on other commodities was very much out of line. I believe the reduction in the case of wheat ran to $120 million or $150 million. It was the outstanding reduction in the marketplace which took place in the month of June, and it has since corrected itself.

However, if the Commodity Credit Corporation is to live up to the law, it is necessary for them to take the price in the month of June, even though we know wheat is as good as people say it is, as the expression goes, "It is just like wheat in the bin." But they did evaluate it and did mark it down. I do not believe that in the case of dairy products they had a right to use a figure different from that of the market price.

If they can do it with dairy products, they can do it with everything else, including cotton, peanuts, and rice. Congress did not give them that authority. They must stay within the law.

Mr. HOLLAND. I thank the distinguished Senator from New Mexico. I fully approve of all he has said.

I shall conclude my remarks in a few minutes; but I wish to substantiate, at least in some measure, my own statement that the 90 percent support price is a large contributing factor to the debacle in which we find ourselves.

The statement as prepared by the Commodity Credit Corporation shows the following facts with reference to wheat and corn, which are two of the large items in making up this table. This is supposed to be turned back to the Commodity Credit Corporation as new money by the action of the Senate in approving the conference report.

As to wheat, it was written down as $212.8 million. That is the figure according to the statement I have seen furnished by the committee, and I take it to be the correct amount.

As to corn, it is $106.2 million.

With respect to milk products, the Senator from Florida knows the price is not a rigid 90-percent support price, but is the support price which has been operative at 90 percent, and which has been inducing overproduction of milk products and overproduction in the three dairy products which are supported as to their prices, namely, butter, cheese, and dried milk. As to the total of those three products, the writedown is about $150 million.

Mr. President, it seems clear to the Senator from Florida that what we are doing here, if we do it, is to strike at the very people whom we are trying to help, through an accounting system which we never had any intention of setting up, and by writing this whole expense down as an expense of the agricultural price-support program, when much of it should not be so reflected at all. So far as the Senator from Florida is concerned, he does not propose to do it.

I have one more point to make. I asked the Secretary of Agriculture what percentage of the total of our agricultural production was supported by various support-price programs, whether mandatory or designated. He furnished me with a list showing that the total value in 1952 of cash receipts from the sale of commodities which were in support-price programs was $14,088,000,000, out of cash receipts from all marketings of $32,373,000,000.

Perhaps this will be a surprise to some Senators from industrial areas, since we find in these figures that, instead of this being a general price-support program, it applies to much less than half of the cash receipts of the agricultural producing public of the nation, 43½ percent, in all. I am happy to say that 56½ percent is not under price-support programs. Many have asked to be left out of price-support programs, as in the case of the cattle industry and in the case of the potato farmers. The potato program would still have been operating if the potato farmers had not come before the Congress and said, "This thing is destroying the confidence of all our people in the price-support program. It shows a loss to our Nation of half a billion dollars in just a few years. We do not want it; we will not have it."

What we are talking about, therefore, Mr. President, is that the support-price structure affects 43½ percent of the production of the agricultural industries of the Nation. Much less than that figure is under the 90-percent figure in the industries which are making a bad record in producing commodities for Uncle Sam to buy and to store in warehouses, refrigerators, and all kinds of storage places all over the Nation, to such a degree, according to the statement of the Secretary of Agriculture the day before yesterday, that it is costing us $500,000 every day to pay the warehouse rentals.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. I yield.

Mr. JOHNSTON of South Carolina. Is it not true that not all farmers at the present time produce commodities which require a flexible program?

Mr. HOLLAND. The Senator is correct. Of the three principal offenders, milk products are the only ones not under the mandatory 90-percent program, though they are under the actual 90-percent program. They should have been, in my judgment, reduced well below that a long time ago.

Mr. JOHNSTON of South Carolina. Is it not true that the Commodity Credit Corporation has the right to refuse a loan?

Mr. HOLLAND. The Senator is correct. I was present at a meeting of the committee at which the Secretary of Agriculture sought the advice of the committee, and the Senator from South Carolina will recall that I felt very strongly that the 90-percent program should have been cut off last year. If it had been cut down much nearer the 75-percent minimum, we would not have had anything like the tremendous production of butter, cheese, and dried milk and these terrible losses to write off.

Mr. JOHNSTON of South Carolina. Does the Senator remember the position of the Senator from South Carolina and the question he asked at that time?

Mr. HOLLAND. I do not recall that, but, knowing the soundness of the views of the Senator from South Carolina, I hope that his position was like that of the Senator from Florida.

Mr. JOHNSTON of South Carolina. Did I not say to the Secretary that I feared, from the reports being circulated throughout the Nation, the public would feel that the program was causing a great loss to the people?

Mr. HOLLAND. I remember some such comment on the part of my friend, the Senator from South Carolina. I am sorry I cannot remember exactly what he said, but I remember his position was along the line he has stated.

I want to be fair to the Secretary of Agriculture. I think he has a hard job administering a law which he did not pass, but which was approved by a Republican Congress and a substantially similar measure was approved in the next Congress, when not quite a majority was willing to provide an effective date for its termination.

Mr. AIKEN. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. I yield.

Mr. AIKEN. The Republican Congress was not responsible for the Korean war. It was under an emergency provision that the program was established. A year ago, in March, we were in a shooting war, and I felt that it would not do to let down. I think the Secretary of Agriculture probably felt the same way.

Mr. HOLLAND. I felt that it was unrealistic at that time. There was already enough butter to cover up the whole Korean front if it could be used in that way. The situation is getting worse and worse.

Mr. AIKEN. There is no question about that.

Mr. HOLLAND. If the Senator will permit me to paraphrase some lines of the Ancient Mariner, we now have a situation where most of our people of modest incomes have reached the point where

they can say, "Butter, butter everywhere, but not a bite to eat."

The Senator will agree with me, will he not?

Mr. AIKEN. Yes. I receive letters every day from persons who say they cannot get butter to eat. But I should like to point out that the price of butter is not out of line with what it was 25 years ago. The trouble really started when the price was raised to $1 a pound, and it was aggravated by the better quality of oleomargarine.

Mr. HOLLAND. Since we see so exactly alike in the coffee situation, I hope the Senator from Vermont will also see the butter situation in the same light. I think the dairy industry is being menaced and that if the situation continues, the support of their product will menace the whole price-support program. People are becoming completely disgusted with it.

Mr. AIKEN. I was pointing out that in March 1953 we had a shooting war. Now the Secretary of Agriculture is asked by certain groups to maintain a price of 90 percent of parity for the coming year. In my opinion, he would now be definitely violating the law if that is done. We have now obtained an armistice. We do not know how long it will last, but if we do not get into a new war the situation should improve.

I should like to read the provision of the law which is in title II of the act of 1949, section 201:

(c) The price of whole milk, butterfat, and the products of such commodities, respectively, shall be supported at such level not in excess of 90 percent nor less than 75 percent of the parity price therefor as the Secretary determines necessary in order to assure an adequate supply.

Mr. HOLLAND. Does the Senator think we have an adequate supply?

Mr. AIKEN. Absolutely.

Such price support shall be provided through loans on, or purchases of, the products of milk and butterfat.

I agree that the effort to over-produce has done immeasurable harm to the dairy farmers. There has been talk of purchase and resale programs for butter to be sold at wholesale at 30 cents a pound, so that the consumer will be able to purchase it at 46 or 47 cents a pound.

The cost of this type program from April 1, 1954, to April 1, 1955, is estimated to be approximately $640 million, in the case of butter alone, not including the cost of carrying out the powdered-milk and cheese program. That represents trouble in a big way.

Mr. HOLLAND. I presume the Senator from Vermont means if the 90-percent-support program is continued; does he not?

Mr. AIKEN. Yes. If the 90-percent-support program is continued, there will be a cost of $640 million under the program, which the department seems to lean to more than any other.

The butter could be sold to Russia, the Balkan States, and to North Africa for the going world market price, and the United States could dispose of it by taking a $200 million loss. I do not want to face the American public if we take butter away from them and send it all to Russia and her allies. That would not do at all.

There is another solution; namely, the practice which was followed in the 1930's. If dairy products are supported at 90 percent of parity, it will be necessary to restrict the amount which can be marketed. Farmers will not like that. It will necessitate a heavy culling of the herds. The dairy farmers probably could be paid for killing about 2 million head of dairy cows, in order to bring supply into line with demand for a time, at least. That might have to be done later. But I do not believe the public would stand for it.

I wish to point out, however, that there are in the United States 6 million families who do not have enough to eat. They are the widows of veterans, crippled persons, and old-age pensioners and others, who are retired on fixed incomes. If they could receive each day 1 quart of milk, or its equivalent, that would take care of the entire dairy surplus, and it would not cost, if it were given to them outright, more than $175 million a year. If they were charged half price, the cost would not be that much. In my opinion, that would be a simple solution. But I agree with the Senator from Florida that we shall be faced with almost insurmountable trouble in the field of dairy products if we do not find a solution of the problem, and find it quickly.

Mr. HOLLAND. I thank the distinguished Senator from Vermont for his rejoinder in which, in the main, he takes the position which I have taken.

Mr. AIKEN. I may say to the distinguished Senator from Florida that I should also hope to see the 6 million low-income families to whom I have referred receive plenty of meat, eggs, and orange juice.

Mr. HOLLAND. I thank the distinguished Senator from Vermont. I am happy to say that while citrus producers have no magic formula, they have increased their production vastly more than have the producers of dairy products. Yet they do not have a support price program, and have not asked for one. They have used their own money to develop such programs as canning, production of citrus concentrates, better distribution, and the like. They are never so highly prosperous as they would wish to be.

The Senator from Vermont knows that he has not heard the citrus industry ask Congress for a price support program, and he is not going to hear it ask for one, because the citrus industry maintains a fair level of prosperity. We simply ask Uncle Sam, in the matter of price support structures, to let us alone.

I have understood that the apple industry, so ably represented by the senior Senator from Virginia [Mr. BYRD], has taken a similar position, as have other industries, including the fruit and livestock industries, which, in the main, make up 56½ percent of the agricultural production of the Nation which is not under price-support programs, and most of which does not wish to be.

Mr. President, I hope the Senate will reject the conference report, and will direct the committee to let stand such matters as the wheat inventory, the corn inventory, and other items, which are supportable, and on which there is a real market price for June 1953, upon which to base a finding, but to cut out of the program such an unrealistic item as the dairy-support price, which would put Congress in the position of approving a method of operation which simply points the way to cutting the heart out of the whole price-support program by means of manipulation in June of every year.

Mr. YOUNG. Mr. President, I wish to take only 2 or 3 minutes in which to reply to what I consider to have been an unwarranted attack upon the 90-percent price-support program for basic commodities.

First, I ask unanimous consent to have printed at this point in the RECORD a table contained in the House Appropriations Committee hearings on the Commodity Credit Corporation.

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

Comparison of CCC price-support costs with subsidies and emergency investment

1. Losses under CCC price-support program:	
Basics	$53,299,009
Nonbasics	1,141,540,014
Total	[1] 1,194,839,023
2. Federal expenditures for—	
Consumer subsidies (losses):	
CCC	[2] 2,102,067,121
DSC and RFC	[3] 2,143,281,385
Subtotal	4,245,348,506
Business reconversion payments (including tax amortization)	40,787,864,000
Subsidies to maritime organizations	[4] 327,500,000
Subsidies to airlines	[5] 302,123,000
Total	45,662,835,506
3. Federal investment in—	
Military materiel	[6] 129,000,000,000
Food and fiber (CCC inventories)	[7] 2,687,103,365
National stockpile of materiel	5,700,000,000

[1] From beginning of program in 1933 through November 30, 1953.

[2] From July 1941 through November 30, 1953. The last CCC subsidy program was ended on October 31, 1947, although claims, refunds, and adjustments continued to be processed after that date.

[3] From July 1, 1943, through June 30, 1949. All DSC and RFC subsidy programs were ended by October 14, 1946, but claims, refunds, and adjustments continued to be processed after that date.

[4] Estimated operating subsidies payable through calendar year 1954.

[5] Airmail subsidies through fiscal year 1954.

[6] Deliveries since Korea total $50 million; balance in pipelines.

[7] As of November 30, 1953. Includes price support, supply and foreign purchase, and emergency feed programs.

Mr. YOUNG. Mr. President, the table indicates, among other things, business reconversion payments, including tax amortization, at a cost to the Federal Government of a little more than $40 billion. That was part of the cost of helping business recover as a result of the war.

As late as 1950 cotton and wheat farmers had voted for quotas, because they desired to reduce production and hold down surpluses. But when the Korean war began, quotas were canceled. Instead, the Department of Agriculture asked farmers to increase their production drastically.

Let us consider the present situation. In June 1950 Korea became a battleground. The Secretary of Agriculture at that time, with a history of the past war before him, issued, in the form of press releases, urgent appeals to farmers to produce more and more, so that this country would be adequately prepared for any eventuality. This was the conservative and proper course to pursue.

That policy was not followed with respect to citrus and other fruits or commodities of that kind.

On February 2, 1951, the Secretary of Agriculture said:

> Full production from American farms is essential in the defense effort.

A goal of 90 million acres of corn was established for 1951.

On July 20, 1951, the Secretary of Agriculture said:

> The announced 1952 crop goals are designed to fill all known requirements and to maintain or build stocks as safeguards in the defense emergency.

On November 29, 1951, the goals for 1952 were announced with the following statement by the Secretary of Agriculture:

> The need for agricultural production in 1952, especially feed grains, is the greatest we have ever faced. The goals we have set will challenge our productive capacity.

In 1952, the support price levels were 90 percent of parity. The corn production requested was 3,375,000,000 bushels. On March 20, 1952, the Secretary of Agriculture stated:

> Unless more corn and other feed grains are planted by farmers this year than is indicated in yesterday's report on farmers' intentions, we will face a serious situation in our feed grain supplies.

On December 23, 1952, a goal of 3,350,000,000 bushels of corn was requested for 1953.

Last year the Department of Agriculture asked corn producers to increase their production. The farmers complied as well as they could, but they did not have a written order, so those who had to sell received much less than they had a right to expect. They did not have a written order when they prepared similarly for World War II.

The same Government ordered tanks, planes, and other equipment for war, and the producers of those implements were guaranteed the cost of production plus a profit. Should we condemn producers of basic commodities for surpluses thus created?

Many persons seem to have the opinion that the farmers have received an exorbitant price for the butter which the Government is holding. Actually, by Government standards, the farmers have received only 90 percent of a fair price.

It is true that the program may be unworkable, but let us not allow the impression to go forth to the American people that they have received too much as wages for producing butter or any other farm product.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. AIKEN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Gore	Martin
Anderson	Hayden	Maybank
Barrett	Hendrickson	McClellan
Beall	Hennings	Monroney
Burke	Hickenlooper	Murray
Bush	Hill	Neely
Butler, Nebr.	Holland	Payne
Byrd	Humphrey	Purtell
Carlson	Hunt	Robertson
Case	Jackson	Russell
Clements	Johnson, Colo.	Schoeppel
Cordon	Johnson, Tex.	Smith, Maine
Daniel	Johnston, S. C.	Smith, N. J.
Dirksen	Kennedy	Sparkman
Dworshak	Kilgore	Stennis
Ellender	Knowland	Symington
Ferguson	Langer	Welker
Frear	Lehman	Williams
George	Long	Young
Gillette	Mansfield	

The PRESIDING OFFICER. A quorum is present. The question is on agreeing to the conference report. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. KNOWLAND. I announce that the Senator from Nevada [Mr. MALONE], the Senator from Utah [Mr. WATKINS], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from Colorado [Mr. MILLIKIN] is absent by leave of the Senate.

The Senator from Utah [Mr. BENNETT], the Senator from Ohio [Mr. BRICKER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Kentucky [Mr. COOPER], the Senator from Pennsylvania [Mr. DUFF], the Senator from Vermont [Mr. FLANDERS], the Senator from Nebraska [Mr. GRISWOLD], the Senator from Arizona [Mr. GOLDWATER], the Senator from New York [Mr. IVES], the Senator from Indiana [Mr. JENNER], the Senator from California [Mr. KUCHEL], the Senator from Wisconsin [Mr. MCCARTHY], the Senator from South Dakota [Mr. MUNDT], the Senator from Michigan [Mr. POTTER], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from Minnesota [Mr. THYE], the Senator from New Hampshire [Mr. UPTON], and the Senator from Oregon [Mr. MORSE] are necessarily absent.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Vermont [Mr. FLANDERS], the Senator from California [Mr. KUCHEL], and the Senator from Oregon [Mr. MORSE] would each vote "yea."

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], the Senator from Arkansas [Mr. FULBRIGHT], the Senators from Rhode Island [Mr. GREEN and Mr. PASTORE], the Senators from North Carolina [Mr. HOEY and Mr. LENNON], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I announce further that if present and voting, the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], and the Senator from Oklahoma [Mr. KERR] would each vote "yea."

The result was announced—yeas 49, nays 10, as follows:

YEAS—49

Aiken	Hendrickson	Monroney
Barrett	Hennings	Murray
Beall	Hickenlooper	Neely
Bush	Hill	Payne
Butler, Nebr.	Humphrey	Purtell
Carlson	Hunt	Robertson
Case	Jackson	Russell
Cordon	Johnson, Colo.	Schoeppel
Daniel	Johnson, Tex.	Smith, Maine
Dirksen	Knowland	Smith, N. J.
Dworshak	Langer	Sparkman
Ellender	Lehman	Stennis
Ferguson	Long	Symington
George	Mansfield	Welker
Gillette	Martin	Young
Gore	Maybank	
Hayden	McClellan	

NAYS—10

Anderson	Frear	Kilgore
Burke	Holland	Williams
Byrd	Johnston, S. C.	
Clements	Kennedy	

NOT VOTING—37

Bennett	Green	Millikin
Bricker	Griswold	Morse
Bridges	Hoey	Mundt
Butler, Md.	Ives	Pastore
Capehart	Jenner	Potter
Chavez	Kefauver	Saltonstall
Cooper	Kerr	Smathers
Douglas	Kuchel	Thye
Duff	Lennon	Upton
Eastland	Magnuson	Watkins
Flanders	Malone	Wiley
Fulbright	McCarran	
Goldwater	McCarthy	

So the report was agreed to.

PROGRAM FOR THE REMAINDER OF THE WEEK

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. What is the unfinished business?

The PRESIDING OFFICER. The unfinished business is Senate Joint Resolution 1.

Mr. KNOWLAND. Mr. President, for the information of Senators, I am about to move that the Senate take a recess until tomorrow, but I shall be glad to yield to Senators who have material to place in the RECORD, or remarks to make.

Tomorrow we hope to take up Order of Business No. 928, which is Senate bill 1386, otherwise known as the coffee bill. I have discussed this bill with the minority leader, the Senator from Texas [Mr. JOHNSON].

Also it is hoped that we may consider Order of Business No. 854 which is Senate Joint Resolution 12.

I hope some other measures will be ready tomorrow. I shall give advance notice to the minority if it is proposed to consider other measures.

I am very hopeful that we can dispose of a great deal of our work so that the Senate can take a recess on Thursday

evening until Monday, in order to enable Senators to clear up some of the work which has been accumulating in their offices.

JUVENILE DELINQUENCY

Mr. HENDRICKSON. Mr. President, the Subcommittee on Juvenile Delinquency held a community hearing in Boston, Mass., on January 28, 29, and 30.

In our judgment, the results of these public hearings have already stimulated a good deal of action at the local level and this, we are all agreed, is a most healthy condition.

Our subcommittee received a maximum amount of assistance from the local authorities, and the entire proceedings demonstrated to me anew that the Federal Government, through this subcommittee, can achieve a real public good by providing leadership at the local level without superimposing a huge new Federal program upon the States and localities.

Mr. President, I offer for insertion in the RECORD various editorials that appeared in the Boston press.

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

[From the Boston Herald of February 2, 1954]

THE "TERRIBLE INDICTMENT"

Laws are no better than the men and women who administer them.

The fact stands out as we examine the painful testimony of Police Commissioner Thomas F. Sullivan and License Board Chairman Mary Driscoll. Under the words of both there was a frightening undertone of apathy and discouragement. There was no evidence of vigorous, new ideas; no sense of hope that conditions could be improved.

But the police department and the Boston Licensing Board operate with great authority and with little restraining responsibility to anyone. City agencies, they derive their power from long-term appointments from the Governor. This situation demands reexamination.

There are laws which should be studied. It may be wise to make it illegal for unaccompanied minors to go into an establishment where liquor is served. We may need better laws on evidence. Our whole liquor law should be gone over. Improvements in procedures would be wise, especially in the licensing board which does not swear witnesses. Investigating procedures are often shocking or nonexistent.

But no change in law, organization, or administrating method will get at the heart of the trouble revealed before the Senate subcommittee.

Listen to a few of the remarks by two of the city's chief law-enforcement officials:

Commissioner Sullivan on teen-age girls in cafes, "There's nothing can be done about that, because the teen-agers have a right to be there under the law." He makes no mention of the fact that he has an unwritten responsibility to ask for the laws he needs.

The police commissioner didn't inspect the records of the armed services law enforcement agencies, because "they are dealing with matters the Police Department has nothing to do with. It is not our job to police restaurants. That's a job for the health department. It is not our responsibility to inspect their toilets." Here is the constant buck passing, technically correct, ethically reprehensible.

Missing the whole point of having trained personnel in a special police juvenile bureau, the commissioner declared, "I would like to have somebody show me that putting a name on a wall at headquarters and calling it a juvenile bureau is going to help." Of course it won't, unless we have a police commissioner who attracts, encourages, and keeps properly trained personnel and who has the vision to see what they could do.

Again Commissioner Sullivan says, in excuse of shocking conditions. "The problem is to get evidence against them." Of course, it is the problem of the police to get evidence. That is the problem in every case, from pickpocketing to murder. It is never an excuse for police paralysis.

Miss Driscoll also seems to miss the point. She stopped taking sworn testimony because that resulted in perjury. She said, "Some years ago we decided they were telling such awful falsehoods that we thought they'd only be adding another lie if they took an oath." So instead of lying under threat of penalty, they now lie with immunity.

She declared that the police didn't give her evidence but stated she did not want her own investigators since the police are doing such a fine job. Confusing?

In the face of shocking revelations before the committee, Miss Driscoll could say complacently, "I think our system here works out very well."

When telling of girls who give false papers she says, "what can you do about that?"

This attitude of defeat is more at fault than our laws. No good law can be created unless the people close to the situation have the vision to see what is needed and the courage to fight for it. No good law will result in improved conditions unless our law enforcement officials have the vigor and the dedication to carry it out.

The community should take action to see that the present situation, called a terrible indictment by Senator HENDRICKSON, is corrected.

[From the Boston Traveler of February 1, 1954]

COMMUNITY DELINQUENCY

The city of Boston is apparently unwilling, or unable, to control its drinking establishments.

This shocking failure to enforce the law was brought out during hearings held here last week by the Senate subcommittee investigating juvenile delinquency.

The problem of controlling teen-age drinking is admittedly a tough one, but that's no reason why our law-enforcement agencies should be almost helpless to do so.

The picture brought out at the hearings was one of an appalling inability of these two agencies to work together effectively to get convictions and keep teen-agers out of barrooms run by persons willing to shade the law.

All this came on the heels of a farcial fuss over the scheduled appearance here of Christine Jorgensen, a "he-she" exhibitionist whose appeal is mostly to the morbidly curious and who certainly should not be allowed to appear in Boston.

Our liquor laws, licensing procedure, and the responsibility and methods of the police and licensing board need reexamination and revision.

The licensing board and the police cannot be excused of responsibility just because their problems are difficult. If the laws and the system need changing, let's change them.

[From the Boston Post of January 30, 1954]

RIGHT ON THE RECORD

While it is too early to weigh the implications of facts produced at the Senate subcommittee studying juvenile delinquency here in Boston, certain things have been established which should create a general public demand for sensible remedial measures.

Senator HENDRICKSON and other members of the committee have performed a great public service for the people of Greater Boston, for certain incontestable facts are on the record for the first time. One of the facts is that there is a juvenile delinquency problem, one which cannot be explained away, ducked, or dodged. This is the first time that all the agencies and all the people who have authority over, and have looked into the problem of, delinquency have been brought together at a public proceeding to tell what they know about juvenile delinquency.

There have been police conferences, conferences of social workers, conferences of correctional workers, studies by any number of well-meaning groups—but they have never had to publicly pool their information. Indeed, those who have been saying all along that there is no problem of juvenile delinquency in this area are going to have to swallow their views.

And those who seek to shirk the responsibility are going to have to put it right in the record. What have they done to combat delinquency? Are they doing enough? Are they doing the wrong thing?

Serious charges have been made about teen-age drinking and a failure to take punitive action against those responsible. That subject—both sides of it—will go into the official record.

The bitter truth is that, in the past, trying to grapple with an overall solution for the juvenile-delinquency problem has been like trying to gather up a ton of feathers. The principal objective of all agencies concerned seemed to be to prove that the fault belonged elsewhere.

This is no abstract problem. It is immediate and urgent. It deals with a generation which has known nothing but war, depression, boom, swiftly changing standards, and vast social changes. It is no longer a question of who is going to be left holding the baby.

Even if the Senate subcommittee finds the problem on a national scale too complex, too massive, to make a rigid set of recommendations, they have done us a service here in Boston and New England—for they have put it on the record—as much of it as anyone knows who is not a juvenile.

What the juveniles think about it is still an unknown quantity, partly because they seem to be talking a different language. Are the Senate subcommittee and its witnesses a pack of squares, or are they cool; do they dig or make it? We don't know. They have not said.

[From the Boston Daily Globe of February 1, 1954]

FOR THE THOUGHTFUL

To television audiences, the juvenile-delinquency hearings lacked the local interest of some inquiries that have appeared on local screens.

What was under scrutiny was how to meet a perennial problem; neither the loyalty nor the conscientiousness of any witness was questioned.

But thousands must have watched, if only for a short time, and have felt encouraged to fill out their knowledge from newspaper accounts. The hearings have inevitably made many aware of the problem's nature; and have contributed greatly toward a balanced public understanding of conditions, and toward all citizens' ability to assess proposed remedies.

From what has been discovered here, and what may be learned in other cities, there should result greatly improved methods of dealing with youth. Perhaps even more important has been the demonstration that television has the power to attract the interest of the thoughtful. The hope is that it may come to enlist their participation as well.

[From the Boston Daily Globe of January 28, 1954]

HEARINGS ON DELINQUENCY

Beginning this morning, a subcommittee of the United States Senate will hold 3 days of televised hearings in Boston as part of a national study of juvenile delinquency.

The inquiry is evidently to be conducted in a spirit of realism, for one of the committee's investigators, who has already looked the ground over, has said that the situation here seems to compare favorably with that in the rest of the Nation.

Such an attitude is all to the good, for the question of juvenile delinquency has been so magnified and sensationalized throughout the Nation in recent years that it is often difficult to view the problem in its true proportions.

There is general agreement here that the number of juvenile cases in the State is smaller than in the early 1930's, despite the increase in the population. Court records make it clear that fewer young people came before judges in the 5 years ending December 31 last than in the preceding similar period. Regarding the Federal question of youthful narcotic addicts, which interested Senator KEFAUVER, a member of the subcommittee, when he was here last summer, it seems accepted on all sides that this constitutes no present problem in Massachusetts.

But the hearing will inevitably produce sharp disagreement between two equally earnest schools of thought. One favors Governor Herter's proposal to extend throughout the State tribunals based on the principles of the Boston juvenile court, whose presiding judge is a trained social worker. The other supports the system in the 72 district courts of Massachusetts, where the regular justices also conduct the juvenile sessions.

Those who favor the Governor's proposal believe that special training is needed in the handling of young people. They think it a full-time job, which calls for more emphasis on human understanding and less on the legal aspects of cases.

Members of the other school of thought emphasize the protection of the community, but they do not concede that a district court judge lacks understanding. Living for years in a community, he is more likely, they say, to know its families and understand their individual problems than would be a juvenile judge who moved from community to community within a given area.

That juvenile delinquency is a serious problem, both sides agree, but they differ as to its urgency. Those who favor the Governor's proposal believe that new measures are now needed to keep the situation in hand. They point to an increase in the number of juvenile cases in the last 2 years, but their opponents retort that this has been sharpest in the jurisdiction of the Boston juvenile court.

And there is complete disagreement between the two schools of thought on the question whether youngsters have recently been committing more serious crimes than in the past.

The Senate committee can do valuable service by studying conditions throughout the country, by comparing methods of meeting the juvenile delinquency problem, and by assembling data and ideas, which can be of advantage to the authorities everywhere.

But the next 3 days of televised hearings will inevitably open the argument over the Governor's proposal for a juvenile court system throughout the State. The testimony of witnesses should furnish much that is constructive. But there is still some danger that sensational material, true enough in itself but unrepresentative of the problem as a whole, may distort the picture in the public mind.

The problem before the legislature and the people is to form a policy which can assess prospects and estimate costs, both human and financial, and thus find the best way to meet a problem which is always with us and always serious.

Such an approach is more likely to be discovered in a mood of calm sympathy for all who are young than in an atmosphere made intense either by sentimentality or horror.

UNCLE DUDLEY.

COST OF PRICE SUPPORTS

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a statement which I have prepared on the subject of our price-support operations, the authorization for the Commodity Credit Corporation program, and the Department of Agriculture.

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

STATEMENT BY SENATOR HUMPHREY

PRICE SUPPORTS ONLY COST 35 CENTS PER CAPITA

I feel compelled to further protest against the current barrage of misleading propaganda and deliberate distortions against farm-price supports. I think it is high time more of this propaganda against American agriculture was exposed for what it's worth, and the American people given a chance to know some of the true facts instead.

Day after day we are having dinned into us over the air and through the press about the terrible cost of Government handouts to agriculture. Millions and billions are tossed around quite recklessly in these propaganda stories, with very little evidence of any desire to put things properly in context, as long as it adds fuel to the fire of efforts to place American agriculture in a bad light. The purpose, apparently, is an eager attempt to carry out Secretary Benson's suggestion that a consumer revolt might be stirred up against Government farm programs.

Knowingly or unknowingly, Secretary Benson has done a disservice to the Nation by touching off such an attempt to turn one segment of the American people against another segment, when the fate of each group is closely interrelated.

I recognize that honest differences of opinion exist in and out of the Congress over methods of price support. But I think this body has the wisdom to resolve those differences for the good of the country with calm and deliberative judgment, and without need for stirring up an atmosphere of confusion, misunderstanding, distrust, and disgust to cloud the issue and attempt by sheer pressure of a mass howl to tip the scales of the body's judgment one way or another. It is an insult to us, as well as to farmers of the country. I am sure that many of my colleagues on both sides of the aisle from agricultural States—and many others from a standpoint of fair play alone—join me in regretting and deploring the sudden outburst of misleading attacks on American agriculture. Whether we are for high supports or flexible supports, it is time for us to unite in calling a halt to the widespread impression being created that America's farmers are getting all kinds of special privileges at tremendous cost to everybody else.

If the press insists on headlines about subsidies, here are a few I would suggest for them to consider:

1. Farm price support programs have cost the American people an average of only 35 cents annually per person.

2. Government subsidies to business this year alone will virtually equal the entire realized loss on price supports for the past 20 years.

3. Government subsidies to newspapers and magazines alone through loss in handling second-class mail for the past 20 years has been nearly 2½ times the entire loss on farm price supports.

4. Agriculture, made up of around 15 percent of the country's population, gets less than 3½ percent of the Government's total outlay for subsidies in the form of expenses for aids and special services.

5. Total losses on Government price support operations over the past 20 years amount to only one-half of 1 percent of the increased net agricultural income to which they greatly contributed over that same period.

The figures to back up these assertions are all a matter of record. Will the press convey them to the American people with as much enthusiasm as they have conveyed misleading figures about the farm program costing $16 billion since 1932?

It is to the credit of the Senate's Committee on Agriculture and Forestry that Secretary Benson's reckless use of the deliberately misleading figure of $16,921,000,000 as the total cost of farm programs since 1932 has been thoroughly discredited, exposed by Democrats and Republicans alike as a complete fraud insofar as it is relevant to costs of the farm price-support program.

My own estimate of the price-support losses being less than 35 cents per capita, on the annual average, is based on Secretary Benson's own budget officer's testimony before the Senate Agriculture Committee, January 19, that the grand total net realized loss on price-support programs since their inception was $1,073,115,955.

Over a 20-year span, that means about $50,000,000 per year, or only 35 cents per person for our 150 million population.

Over the period of 1932–52 the actual net income from agriculture totaled $247 billion dollars, or $184 billion greater than the total would have been had net income from agriculture remained at the 1932 rate.

Cost of price supports contributing so much to that tremendous gain was just about one-half of 1 percent. I consider that a mighty good investment that has paid off solid dividends to our entire economy, including increased tax revenue for the Government far greater than the original cost.

But as sound an investment as that has been, in terms of benefit to our entire economy, I submit that it's hardly fair to American agriculture to raise a hue and cry over even that legitimate figure without making some comparisons to place it on the right perspective of Government benefits to other segments of our economy.

That is why I have called attention to some comparisons by which they may be rightly judged.

According to a report from the Library of Congress inserted in the RECORD January 26 by the capable Senator from North Dakota [Mr. YOUNG], Government subsidies to business for 1954 alone are estimated at $1,063,000,000.

My other comparisons are equally documented. The Republican Postmaster General testified before Congress during the last session that the loss in handling second-class mail for newspapers and magazines since 1933 was $2,400,000,000.

The Library of Congress report estimates total current expenses for aids and special services for 1954 at $15,194,000,000, of which less than 3½ percent—$520 million—is for agriculture, not only for price-support programs but also including the school-lunch program, the International Wheat Agreement, the Sugar Act, and other expenses of all aid programs to farmers.

Some of the most vicious and unfounded attacks against subsidies to agriculture have come from Life magazine. I think it only fair for the public to know that, according to the Postmaster General's testimony, the

Government loss on mail handling of Life magazine for the fourth quarter of 1952—just 3 months, mind you, not 20 years—was $2,151,000.

Hereafter when the press cares to tell its readers all about how much the Government provides for agriculture, I suggest that it include these comparisons so that the public may judge for itself whether agriculture is getting any special privileges.

Hereafter when the press cares to deliberately develop inflammatory stories about how much it costs each hour to store surplus farm products, I suggest that it go a step farther and include how much it costs taxpayers each hour to make up for the losses on tax writeoffs to business and industry for accelerated amortization, oil-depreciation tax loopholes, and the many other "gimmicks" by which even more direct subsidies are hidden.

Mr. HUMPHREY. Mr. President, I wish to cite two or three observations from this statement. Speaking of the matter of subsidies to agriculture, I think these points should be noted:

1. Farm price-support programs have cost the American people an average of only 35 cents annually per person.

2. Government subsidies to business this year alone will virtually equal the entire realized loss on price supports for the past 20 years.

3. Government subsidies to newspapers and magazines alone through loss in handling second-class mail for the past 20 years has been nearly 2½ times the entire loss on farm price supports.

4. Agriculture, made up of around 15 percent of the country's population, gets less than 3½ percent of the Government's total outlay for subsidies in the form of expenses for aids and special services.

5. Total losses on Government price-support operations over the past 20 years amount to only one-half of 1 percent of the increases net agricultural income to which they greatly contributed over that same period.

The figures to back up these assertions are all a matter of record. Will the press convey them to the American people with as much enthusiasm as they have conveyed misleading figures about farm program costing $16 billion since 1932?

It is to the credit of the Senate's Committee on Agriculture and Forestry that Secretary Benson's reckless use of the deliberately misleading figure of $16,921,000,000 as the total cost of farm programs since 1932 has been thoroughly discredited, exposed by Democrats and Republicans alike, as a complete fraud insofar as it is relevant to costs of the farm price-support program.

My own estimate of the price-support losses being less than 35 cents per capita, on the annual average, is based on Secretary Benson's own budget officer's testimony before the Senate Agriculture Committee, January 19, that the grand total net realized loss on price-support programs since their inception was $1,073,115,955.

Over a 20-year span, that means about $50 million per year—or only 35 cents per person for our 150 million population.

Over the period of 1932–52 the actual net income from agriculture totaled $247 billion, or $184 billion greater than the total would have been had net income from agriculture remained at the 1932 rate.

RECESS

Mr. KNOWLAND. Mr. President, if there be no further business at this time, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 26 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, February 10, 1954, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received February 9 (legislative day of February 8), 1954:

DIPLOMATIC AND FOREIGN SERVICE

Edward T. Wailes, of New York, for promotion from Foreign Service officer of class 1 to Foreign Service officer of the class of career minister of the United States of America.

The following-named Foreign Service officers for promotion from class 2 to class 1:

George M. Abbott, of Ohio.
Garret G. Ackerson, Jr., of New Jersey.
Max Waldo Bishop, of Iowa.
Howard Rex Cottam, of Utah.
Walter P. McConaughy, of Alabama.
Avery F. Peterson, of Idaho.
James B. Pilcher, of Georgia.
Harold M. Randall, of Iowa.
Horace H. Smith, of Ohio.
Henry E. Stebbins, of Massachusetts.
Carl W. Strom, of Minnesota.

The following-named Foreign Service officers for promotion from class 3 to class 2:

Charles W. Adair, Jr., of Ohio.
Robert M. Carr, of California.
Harlan B. Clark, of Ohio.
Leon L. Cowles, of Utah.
H. Francis Cunningham, Jr., of Nebraska.
Donald D. Edgar, of New Jersey.
James W. Gantenbein, of Oregon.
William M. Gibson, of New York.
Theodore J. Hohenthal, of California.
John P. Hoover, of California.
Richard A. Johnson, of Illinois.
Edward P. Maffitt, of Missouri.
Roy M. Melbourne, of Virginia.
David A. Thomasson, of Kentucky.
Rolland Welch, of Texas.
Thomas K. Wright, of Rhode Island.

The following-named Foreign Service officers for promotion from class 4 to class 3:

Kenneth A. Byrns, of Colorado.
John A. Calhoun, of California.
William H. Christensen, of Ohio.
Adrian B. Colquitt, of Georgia.
William N. Dale, of New York.
Donald A. Dumont, of New York.
Clifton P. English, of Tennessee.
Joseph N. Greene, Jr., of Massachusetts.
Henry A. Hoyt, of California.
Charles E. Hulick, Jr., of Pennsylvania.
Spencer M. King, of Maine.
LaRue R. Lutkins, of New York.
George E. Miller, of New Jersey.
David G. Nes, of Maryland.
Herbert V. Olds, of Virginia.
James L. O'Sullivan, of Connecticut.
Richard I. Phillips, of California.
Ernest V. Siracusa, of California.
Walter J. Stoessel, Jr., of California.
S. Roger Tyler, Jr., of West Virginia.
Livingston D. Watrous, of New York.
Harvey R. Wellman, of New York.

The following-named Foreign Service officers for promotion from class 5 to class 4:

Philip E. Haring, of Pennsylvania.
Hendrik van Oss, of New Jersey.

The following-named Foreign Service officers for promotion from class 5 to class 4 and to be also consuls of the United States of America:

Alfred L. Atherton, Jr., of Massachusetts.
James J. Blake, of New York.
Frank E. Cash, Jr., of Minnesota.
Thomas J. Corcoran, of New York.
Samuel D. Eaton, of New York.
Richard T. Ewing, of Maryland.
Richard G. Johnson, of New York.
Bruce M. Lancaster, of Mississippi.
Roye L. Lowry, of Washington.
Frank E. Maestrone, of Connecticut.
Eugene V. McAuliffe, of Massachusetts.
Richard M. McCarthy, of Iowa.
Sandy MacGregor Pringle, of New York.
Herbert F. Propps, of Wisconsin.
Ernest E. Ramsaur, Jr., of California.
Thomas M. Recknagel, of New York.
William Perry Stedman, Jr., of Maryland.
Galen L. Stone, of Massachusetts.
William H. Sullivan, of Rhode Island.
Charles R. Tanguy, of Maryland.
John M. Thompson, Jr., of Florida.
William H. Witt, of South Carolina.
Robert L. Yost, of California.
Robert W. Zimmermann, of Minnesota.

The following-named Foreign Service officers for promotion from class 6 to class 5:

John A. Baker, Jr., of Connecticut.
Harry G. Barnes, Jr., of Minnesota.
John W. Black, of Washington.
Samuel C. Brown, of Rhode Island.
William A. Buell, Jr., of Rhode Island.
Pratt Byrd, of Kentucky.
Christian G. Chapman, of New York.
Elwyn F. Chase, Jr., of Pennsylvania.
George T. Churchill, of Colorado.
W. Kennedy Cromwell, 3d, of Maryland.
Frank J. Curtis, Jr., of Pennsylvania.
Arthur R. Day, of New Jersey.
William L. Eagleton, Jr., of Illinois.
Theodore L. Eliot, Jr., of California.
James B. Engle, of Iowa.
Raymond E. González, of California.
Herbert I. Goodman, of Pennsylvania.
Harry W. Heikenen, of Minnesota.
Gordon G. Heiner, 3d, of Maryland.
Henry L. Heymann, of Pennsylvania.
Max E. Hodge, of New York.
Lewis Hoffacker, of Arizona.
Robert B. Houston, Jr., of Missouri.
Wharton Drexel Hubbard, of New York.
Heyward Isham, of New York.
James R. Johnston, of Ohio.
Walter M. McClelland, of Oklahoma.
John A. McVickar, of New York.
William B. Miller, of Ohio.
Grant E. Mouser, 3d, of Ohio.
Paul M. Popple, of Illinois.
Clifford J. Quinlan, of Minnesota.
Frederick H. Sacksteder, Jr., of New York.
David T. Schneider, of Massachusetts.
Peter A. Seip, of Iowa.
Roland C. Shaw, of Massachusetts.
Herman T. Skofield, of New Hampshire.
Paul A. Smith, Jr., of Virginia.
Richard E. Snyder, of New Jersey.
William F. Spengler, of Wisconsin.
Daniel Sprecher, of New York.
Jack A. Sulser, of Illinois.
David R. Thomson, of the District of Columbia.
Theodore A. Tremblay, of California.
William N. Turpin, of Georgia.
J. Robert Wilson, of Pennsylvania.
Orme Wilson, Jr., of New York.
Arthur I. Wortzel, of New Jersey.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 9 (legislative day of February 8), 1954:

DEPARTMENT OF JUSTICE

Simon E. Sobeloff, of Maryland, to be Solicitor General of the United States.

UNITED STATES CIRCUIT JUDGES

Elmer J. Schnackenberg, of Illinois, to be United States circuit judge, seventh circuit.

John Marshall Harlan, of New York, to be United States circuit judge, second circuit.

Carroll C. Hincks, of Connecticut, to be United States circuit judge, second circuit.

UNITED STATES DISTRICT JUDGES

Edwin F. Hunter, Jr., of Louisiana, to be United States district judge for the western district of Louisiana.

Edward William Day, of Rhode Island, to be United States district judge for the district of Rhode Island.

George T. Mickelson, of South Dakota, to be United States district judge for the district of South Dakota.

CIRCUIT COURTS, TERRITORY OF HAWAII

Calvin C. McGregor, of Hawaii, to be seventh judge, first circuit, Circuit Courts, Territory of Hawaii.

HOUSE OF REPRESENTATIVES

TUESDAY, FEBRUARY 9, 1954

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, we are again turning our thoughts toward Thee in praise and adoration for Thou art always blessing us according to our needs.

Grant that we may go forth into the hours of this day with a new accent of faith in Thee, a clearer vision of divine truth, and a larger measure of brotherly love.

Give us a vivid and vital sense of the place of religion in our personal and national life and may we accept not only its consolations but its challenge, its discipline as well as its delight.

Inspire us to make a more daring trial of its moral and spiritual values as we seek to lead humanity out of the bondage of darkness into the glorious liberty of the sons of God.

In Christ's name we offer our prayer. 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 without amendment bills of the House of the following titles:

H. R. 1129. An act for the relief of Katina Panagioti Fifflis and Theodore Panagiotou Fifflis;

H. R. 1496. An act for the relief of Mrs. Hermine Lamb;

H. R. 1516. An act for the relief of Mrs. Clemtine De Ryck;

H. R. 1674. An act for the relief of Setsuko Motohara Kibler, widow of Robert Eugene Kibler;

H. R. 2021. An act for the relief of Clarence R. Seiler and other employees of the Alaska Railroad;

H. R. 2618. An act for the relief of Santos Sanabria Alvarez;

H. R. 2633. An act for the relief of Lee Sig Cheu;

H. R. 2813. An act for the relief of William E. Aitcheson;

H. R. 2839. An act to enable the Hawaiian Homes Commission of the Territory of Hawaii to exchange available lands as designated by the Hawaiian Homes Commission Act, 1920, for public lands;

H. R. 2842. An act to authorize the Secretary of the Army to transfer certain land and access rights to the Territory of Hawaii;

H. R. 2885. An act authorizing and directing the Commissioner of Public Lands of the Territory of Hawaii to issue a right of purchase lease to Edward C. Searle;

H. R. 3027. An act for the relief of Tamiko Nagae;

H. R. 3228. An act for the relief of Mrs. Ursula Eichner Clawges;

H. R. 3280. An act for the relief of John James T. Bell;

H. R. 3390. An act for the relief of Eiko Tanaka;

H. R. 3619. An act for the relief of Rufin Manikowski;

H. R. 3728. An act for the relief of Mrs. Helen Bonanno (nee Koubek);

H. R. 3733. An act for the relief of Mrs. Anna Holder;

H. R. 4254. An act for the relief of Aneta Popa;

H. R. 4439. An act for the relief of John Abraham and Ann Abraham;

H. R. 4577. An act for the relief of Edith Maria Gore;

H. R. 4972. An act for the relief of John Jeremiah Botelho;

H. R. 5195. An act for the relief of Max Kassner; and

H. R. 5945. An act conferring jurisdiction upon the United States District Court for the District of Colorado to hear, determine, and render judgment upon the claim of J. Don Alexander against the United States.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 1160. An act for the relief of Cornelio and Lucia Tequillo;

H. R. 2326. An act to amend the act of August 3, 1950, as amended, to continue in effect the provisions thereof relating to the authorized personnel strengths of the Armed Forces;

H. R. 2846. An act authorizing the President to exercise certain powers conferred upon him by the Hawaiian Organic Act in respect of certain property ceded to the United States by the Republic of Hawaii, notwithstanding the acts of August 5, 1939, and June 16, 1949, or other acts of Congress; and

H. R. 5632. An act to provide for the conveyance of a portion of the Camp Butner Military Reservation, N. C., to the State of North Carolina.

The message also announced that the Senate had passed bills of the following tiles, in which the concurrence of the House is requested:

S. 54. An act for the relief of Juan Ezcurra and Francisco Ezcurra;

S. 60. An act for the relief of Fawn S. Louie;

S. 364. An act for the relief of the Advance Seed Co., of Phoenix, Ariz.;

S. 489. An act to direct the Secretary of the Army to convey certain land located in Windsor Locks, Conn., to the State of Connecticut;

S. 931. An act for the relief of Vilhjalmur Thorlaksson Bjarnar;

S. 989. An act for the relief of Jean Jing Peo Feng;

S. 1112. An act for the relief of Letizia Maria Genoveffa Lo Bianco;

S. 1137. An act for the relief of Utako Kanitz;

S. 1208. An act for the relief of Andrew D. Sumner;

S. 1231. An act for the relief of Franz Gerich and Willy Gerich, his minor son;

S. 1827. An act to authorize the Secretary of the Army to disclaim any interest of the United States in and to certain property located in the State of Washington; and

S. 2689. An act to retrocede to the State of Ohio concurrent jurisdiction over certain highways within Wright-Patterson Air Force Base, Ohio.

The message also announced that the Senate had adopted the following appointments:

The Vice President appointed on the part of the Senate the Senator from Connecticut, Mr. BUSH, as a member of the Board of Visitors to the United States Coast Guard Academy for 1954.

The Vice President appointed on the part of the Senate the Senator from New York, Mr. IVES, as a member of the Board of Visitors to the United States Merchant Marine Academy for 1954.

The Vice President appointed on the part of the Senate the Senator from Idaho, Mr. DWORSHAK; the Senator from Georgia, Mr. RUSSELL; and the Senator from Louisiana, Mr. ELLENDER, as members of the Board of Visitors to the United States Naval Academy for 1954.

The Vice President appointed on the part of the Senate the Senator from Michigan, Mr. FERGUSON; the Senator from Georgia, Mr. RUSSELL; and the Senator from Virgina, Mr. ROBERTSON, as members of the Board of Visitors to the United States Military Academy for 1954.

HYDROELECTRIC POWER

Mr. ELLSWORTH. 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 Oregon?

There was no objection.

Mr. ELLSWORTH. Mr. Speaker, it is well known that there are many places in our country, especially in the great Pacific Northwest, where the Government will build river-dam and reservoir projects to provide flood control, reclamation, and other benefits.

An important function of any such project is the generation of hydroelectric power. When such projects are small in character and located within the service area of a locally owned utility, it seems reasonable that such utility should be allowed to relieve the Government of the power generating and distribution cost of the project on a partnership basis.

This plan in fact has been endorsed by the Eisenhower administration.

I have today introduced a bill which I believe represents an ideal partnership arrangement of this sort. A flood-control dam is to be built on the McKenzie River in Oregon. It is authorized. Its estimated cost for flood control is $25,500,000.

The bill I have introduced proposes that in addition to paying some $10 million for all the costs of construction allocated to power, the Eugene Water and Electric Board, of Eugene, Oreg., plans to contribute toward the flood control and other benefits of the project approximately $1,500,000, thus reducing the Government's estimated cost from $25,500,000 to $24,000,000 and relieving the Government of the additional investment in power facilities and transmission lines.

The Eugene Water and Electric Board has been established since 1906; the