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Congressional Record

PROCEEDINGS AND DEBATES OF THE 83d CONGRESS, SECOND SESSION

SENATE

THURSDAY, APRIL 1, 1954

(Legislative day of Monday, March 1, 1954)

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

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

God of all grace and beauty, we thank Thee for eyes to see and for hearts to thrill at every sacrament of loveliness, as again the good earth clothes itself in the blooming garb of spring. We come praying for Thy mercy and Thy cleansing pardon that a right spirit may be renewed within us and that we may yearn for spiritual integrity above all the tinsel of material things. Deliver us from the selfishness which shrinks the soul, from the hatred which eats like a canker, from the impurity which blinds eyes to Thee and the godlike, and from the unbelief which dims the splendor of the glory life may hold.

We pray Thy benediction upon these servants of the public weal as they ascend this hill of solemn responsibility. May they stand in this holy place of stewardship with clean hands and pure hearts, not lifting up their souls to vanity nor swearing deceitfully. We ask it in the Redeemer's name. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

UNITED STATES SENATE,
PRESIDENT PRO TEMPORE,
Washington, D. C., April 1, 1954.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. HERMAN WELKER, a Senator from the State of Idaho, to perform the duties of the Chair during my absence.

STYLES BRIDGES,
President pro tempore.

Mr. WELKER thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, March 31, 1954, was dispensed with.

MESSAGES FROM THE PRESIDENT

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H. R. 8583) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1955, and for other purposes, in which it requested the concurrence of the Senate.

LEAVE OF ABSENCE

(The following was inadvertently omitted from the RECORD of yesterday:)

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

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, just prior to the time the unanimous-consent agreement takes effect.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

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

The ACTING PRESIDENT pro tempore. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. SALTONSTALL, from the Committee on Armed Services:

S. 3096. A bill to further amend section 4 of the act of September 9, 1950, in relation to the utilization in an enlisted grade or rank in the Armed Forces of physicians, dentists, or those in an allied specialist category; without amendment (Rept. No. 1147).

INVESTIGATION OF EMPLOYEE WELFARE AND PENSION FUNDS

Mr. SMITH of New Jersey. Mr. President, from the Committee on Labor and Public Welfare, I report an original resolution which that committee unanimously approved this morning in executive session. The purpose of the resolution is to make a study and investigation with respect to the establishment and operation of employee welfare and pension funds under collective bargaining agreements.

The resolution (S. Res. 225) was placed on the Calendar, as follows:

Resolved, That the Committee on Labor and Public Welfare, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete study and investigation with respect to the establishment and operation of employee welfare and pension funds under collective bargaining agreements, for the purpose of ascertaining whether legislation is necessary for the conservation of such funds and the protection of the interests of the beneficiaries thereof. The committee shall report its findings, together with such recommendations as it may deem advisable, to the Senate at the earliest practicable date.

SEC. 2. For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to employ upon a temporary basis such technical, clerical, and other assistants as it deems advisable. The expenses of the committee under this resolution, which shall not exceed $95,000 shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

PRINTING OF SENATE REPORT NO. 14 ENTITLED "ORGANIZATION OF FEDERAL EXECUTIVE DEPARTMENTS AND AGENCIES"

Mr. KNOWLAND. Mr. President, on behalf of the Senator from South Dakota [Mr. MUNDT], from the Committee on Government Operations, I report an original resolution providing for the reprint of 2,500 copies of Senate report No. 14, entitled "Organization of Federal Executive Departments and Agencies," for the use of that committee. On Wednesday afternoon, March 31, 1954, the committee, in executive session, unanimously approved the resolution.

The committee had previously approved the printing of this report to accompany its annual chart, also entitled "Organization of Federal Executive Departments and Agencies." A total of 10,000 charts were provided for use of the committee by the Joint Committee on Printing, but only 7,500 reports accompanying the chart could be printed under the $700 cost limitation imposed by the Senate, thus a differential of 2,500

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reports in relation to the number of charts were made available, and the committee's supply of reports is now exhausted.

The Government Printing Office has submitted a statement to the clerk of the committee, indicating that the cost of the 2,500 additional copies of the report provided for under the resolution, will be $398.25.

I am informed that both the chairman and the ranking minority member of the Committee on Rules and Administration have no objection to the present consideration of the resolution and do not believe it would be necessary to have it sent to that committee, which would be the normal procedure under the rules of the Senate.

I ask unanimous consent for the immediate consideration of the resolution.

There being no objection, the resolution (S. Res. 226) was considered and agreed to, as follows:

Resolved, That the Committee on Government Operations is authorized to have printed for its use 2,500 copies of Committee Report No. 14, entitled "Organization of Federal Executive Departments and Agencies."

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. BUTLER of Maryland (for himself and Mr. BEALL):

S. 3237. A bill to authorize the construction of a new post-office building in Princess Anne, Md.; to the Committee on Public Works.

By Mr. CARLSON:

S. 3238. A bill for the relief of Johanna Schmid; to the Committee on the Judiciary.

By Mr. KUCHEL:

S. 3239. A bill to authorize conveyance of land to the State of California for an inspection station; to the Committee on Interior and Insular Affairs.

By Mr. BENNETT:

S. 3240. A bill for the relief of Andre Achille Decoudun; and

S. 3241. A bill for the relief of Gosta Harry Roner; to the Committee on the Judiciary.

By Mr. WELKER:

S. 3242. A bill to amend the Uniform Code of Military Justice and to outlaw in the Armed Forces the Communist Party and similar subversive organizations, and for other purposes; to the Committee on Armed Services.

By Mr. MUNDT:

S. 3243. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, to extend until June 30, 1955, the period during which disposals of surplus property may be made by negotiation; to the Committee on Government Operations.

By Mr. BYRD:

S. 3244. A bill to make ineligible for certain rights and benefits persons who engage in disloyal acts against the United States Government, and for other purposes; to the Committee on Finance.

By Mr. DOUGLAS (for himself, Mr. GREEN, Mr. GILLETTE, Mr. KEFAUVER, Mr. KILGORE, Mr. KENNEDY, Mr. LEHMAN, Mr. FULBRIGHT, Mr. PASTORE, Mr. MURRAY, Mr. MORSE, Mr. WILEY, Mr. MANSFIELD, and Mr. HENNINGS):

S. J. Res. 145. Joint resolution to subject the submerged lands under the marginal seas to the provisions of the Outer Continental Shelf Lands Act, and to amend such act in order to provide that revenues under its provisions shall be used as grants-in-aid of primary, secondary, and higher education; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. DOUGLAS when he introduced the above joint resolution, which appear under a separate heading.)

PRINTING OF ADDITIONAL COPIES OF SENATE REPORT 1082, RELATING TO INTERNATIONAL TRADE

Mr. CAPEHART submitted the following concurrent resolution (S. Con. Res. 74), which was referred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Committee on Banking and Currency 5,000 additional copies of Senate Report No. 1082, current session, a study of the operations in Latin American countries of the Export-Import Bank and the International Bank and their relationship to the expansion of international trade.

REVISION OF INTERNAL REVENUE LAWS—AMENDMENTS

Mr. HOLLAND. Mr. President, I submit an amendment intended to be proposed by me to the bill (H. R. 8300) to revise the internal revenue laws of the United States. I ask unanimous consent that the amendment be printed, and referred to the Committee on Finance, and that it be printed in the RECORD, as part of my remarks.

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

On page 104, before the period in the seventh line, insert the following: "or if, exercisable after the expiration of such 5-year period, is exercised within 1 year after the date of enactment of this title."

HOUSING ACT OF 1954—AMENDMENT RELATING TO SMOKE ELIMINATION AND AIR POLLUTION PREVENTION

Mr. CAPEHART. Mr. President, on behalf of myself, and the Senator from California [Mr. KUCHEL], I submit an amendment intended to be proposed by us, jointly, to the bill (S. 2938) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities. The amendment relates to smoke elimination and air pollution prevention. I ask unanimous consent that the amendment, an explanation of the amendment by me, and a summary be printed in the RECORD.

The ACTING PRESIDENT pro tempore. The amendment will be received and printed, and will be appropriately referred; and, without objection, the amendment, explanation, and summary will be printed in the RECORD.

The amendment submitted by Mr. CAPEHART (for himself and Mr. KUCHEL) is as follows:

On page 104, line 14, strike "Title VIII" insert in lieu thereof "Title IX", renumber sections 801 through 805 so that they become sections 901 through 905, inclusive, and insert the following new title VIII following title VII:

"TITLE VIII—SMOKE ELIMINATION AND AIR POLLUTION PREVENTION

"SEC. 801. The Congress hereby declares that smoke elimination and air pollution prevention are important factors in the prevention and rehabilitation of slums and blighted areas and in the conservation of the health and property of the people of the United States. It is the objective of this title to assist in smoke elimination and air pollution prevention by providing for research, loans, and special tax benefits.

"SEC. 802. (a) The Secretary of Health, Education, and Welfare (hereinafter sometimes referred to in this title as the Secretary) shall undertake and conduct a program of technical research and studies concerned with (a) causes of air pollution and excessive smoke, (b) devices, structures, machinery, equipment, and methods (including methods of selecting and using fuels) for the prevention or elimination of excessive smoke and air pollution or the collection of atmospheric contaminants, and (c) guidance and assistance to local communities in smoke abatement and air pollution prevention and control.

"(b) Contracts may be made by the Secretary for technical research and studies authorized by this section for work to continue not more than 4 years from the date of any such contract. Any unexpended balances of appropriations properly obligated by such contracting may remain upon the books of the Treasury for not more than 5 fiscal years before being carried to the surplus fund and covered into the Treasury. All contracts made by the Secretary for technical research and studies authorized by this or any other act shall contain requirements making the results of such research or studies available to the public through dedication, assignment to the Government, or such other means as the Secretary shall determine. The Secretary shall disseminate, and without regard to the provisions of 39 U. S. C. 321n, the results of such research and studies in such form as may be most useful to industry and to the general public.

"(c) In carrying out research and studies under this title, the Secretary shall utilize, to the fullest extent feasible, the available facilities of existing bureaus and offices within the Department of Health, Education, and Welfare, other departments, independent establishments, and agencies of the Federal Government, and shall consult with, and make recommendations to, such other departments, independent establishments, and agencies with respect to such action as may be necessary and desirable to overcome existing gaps and deficiencies in available data with respect to excessive smoke and air pollution causes, prevention, and control or in the facilities available for the collection of such data. For the purposes of this title, the Secretary is further authorized to undertake research and studies cooperatively with agencies of State or local governments, and educational institutions, and other nonprofit organizations, and may, in addition to and not in derogation of any powers and authories conferred under any other act—

"(1) with the consent of the agency or organization concerned, accept and utilize equipment, facilities, or the services of employees of any State or local public agency or instrumentality, educational institutions, or nonprofit agency or organization and, in connection with the utilization of such services, may make payments for transportation while away from their homes or regular places of business and per diem in lieu of subsistence en route and at place of such service, in accordance with the provisions of title 5, United States Code, section 73b–2;

"(2) utilize, contract with, and act through, without regard to section 3709,

of the Revised Statutes, any Federal, State, or local public agency or instrumentality, educational institution, or nonprofit agency or organization with its consent, and any funds available to the Secretary for carrying out his functions, powers, and duties under this section shall be available to reimburse or pay any such agency, instrumentality, institution, or organization; and, whenever necessary in the judgment of the Secretary, he may make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes; and

"(3) make expenditures for all necessary expenses, including preparation, mounting, shipping, and installation of exhibits; purchase and exchange of technical apparatus; and such other expenses as may, from time to time, be found necessary in carrying out the Secretary's functions, powers, and duties under this title.

"(d) There is hereby authorized to be appropriated to carry out the purposes of this section, such sums, not in excess of $5,000,000, as may be necessary therefor.

"SEC. 803. (a) The Housing and Home Finance Administrator (hereinafter sometimes referred to in this title as the Administrator) within the limits hereinafter provided, is authorized to purchase the obligations of, and to make loans to, any business enterprise to aid in financing the purchase, installation, construction, reconstruction, or remodeling of any device, structure, machinery, or equipment used or to be used in connection with the enterprise's business activities where the purchase, installation, construction, reconstruction, or remodeling would (1) substantially reduce the amount of smoke or air pollution or contamination in the community in which the device, structure, machinery, or equipment is located or to be located, or (2) in conjunction with other proposed action in the community, substantially reduce the amount of such smoke, pollution, or contamination.

"(b) No financial assistance shall be extended pursuant to this section unless the financial assistance applied for is not otherwise available on reasonable terms. All securities and obligations purchased and all loans made shall be of such sound value or so secured as reasonably to assure retirement or repayment and such loans shall be made in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.

"(c) Loans made pursuant to this section may be made subject to the condition that, if at any time or times or for any period or periods during the life of the loan contract the business enterprise can obtain loan funds from sources other than the Federal Government at interest rates as low as or lower than provided in the loan contract, it may do so with the consent of the Administrator at such times and for such periods without waiving or surrendering any rights to loan funds under the contract for the remainder of the life of such contract, and, in any such case, the Administrator is authorized to consent to pledge by the business enterprise of the loan contract, and any or all of its rights thereunder, as security for the repayment of the loan funds so obtained from other sources.

"(d) The loans shall be repaid within such period, not exceeding 20 years, as may be determined by the Administrator, and shall bear interest at a rate determined by the Administrator which shall be not less than 1 percent plus the base annual rate which the Secretary of the Treasury shall specify as applicable to the 6-month period (beginning with the 6-month period ending July 31, 1954) during which the contract for the loans is made: *Provided*, That such base annual rate for each 6-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such 6-month period, on all outstanding marketable obligations of the United States having a maturity date of 15 or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 percent.

"(e) The total amount of investments, loans, purchases, and commitments made pursuant to this section shall not exceed $50 million outstanding at any one time.

"(f) There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this section. Funds made available to the Administrator pursuant to the provisions of this section shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Administrator in connection with the performance of his functions under this section, and all funds available for carrying out the functions of the Administrator under this section, shall be available for any of the purposes of this section, including administrative expenses of the Administrator in connection with the performance of such functions.

"(g) Not more than 10 percent of the funds provided for in this section in the form of loans shall be made available within any one State.

"(h) In the performance of, and with respect to, the functions, powers, and duties vested in him by this section the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402 (c), except subsection (2), of the Housing Act of 1950.

"SEC. 804. (a) The Internal Revenue Code is amended by inserting after section 124B thereof a new section as follows:

"'SEC. 124C. Amortization deduction for certain treatment works.

"'(a) General rule: Every person, at his election, shall be entitled to a deduction with respect to the amortization, based on a period of 60 months, of the adjusted basis (for determining gain) of any device, structure, machinery, or equipment for the collection at the source or the prevention or elimination of atmospheric pollutants and contaminants with respect to which device, structure, machinery, or equipment a certificate is made by the Secretary of Health, Education, and Welfare under subsection (d). Such amortization deduction shall be an amount, with respect to each month of such period within the taxable year, equal to the adjusted basis of the device, structure, machinery, or equipment at the end of such month divided by the number of months (including the month for which the deduction is computed) remaining in the period. Such adjusted basis at the end of the month shall be computed without regard to the amortization deduction for such month. The amortization deduction provided by this section with respect to any month shall, except to the extent provided in subsection (e) of this section, be in lieu of the deduction with respect to such device, structure, machinery, or equipment provided in section 23 (1), relating to exhaustion, wear and tear, and obsolescence. The 60-month period shall begin, at the election of the taxpayer, with the month following the month in which the device, structure, machinery, or equipment is completed or acquired (or, in the case of reconstruction or remodeling, its reconstruction or remodeling is completed), or with the succeeding taxable year.

"'(b) Election of amortization: The election of the taxpayer to take the amortization deduction and to begin the 60-month period at one of the times specified in subsection (a) shall be made in an appropriate statement in the taxpayer's return for the taxable year in which the device, structure, machinery, or equipment or its reconstruction or remodeling) was completed, or in which the certification required by subsection (d) was made, whichever is later.

"'(c) Termination of amortization deduction: A taxpayer which has elected under subsection (b) to take the amortization deduction provided in subsection (a) may, at any time after making such election, discontinue the amortization deductions with respect to the remainder of the amortization period, such discontinuance to begin as of the beginning of any month specified by the taxpayer in a notice in writing filed with the Secretary of the Treasury before the beginning of such month. The deduction provided under section 23 (1) shall be allowed, beginning with the first month as to which the amortization deduction is not applicable, and the taxpayer shall not be entitled to any further amortization deductions with respect to such device, structure, machinery, or equipment.

"'(d) Determination of adjusted basis of devices, etc.: In determining for the purposes of this section the adjusted basis of a device, structure, machinery, or equipment—

"'(1) There shall be included only so much of the amount of the adjusted basis of such device, structure, machinery, or equipment (computed without regard to this section) as is properly attributable to construction, reconstruction, remodeling, or installation work with respect to, or the acquisition of such device, structure, machinery, or equipment on or after the date of enactment of this section and as is certified by the Secretary of Health, Education, and Welfare as being in aid of the collection at the source or the prevention or elimination of atmospheric pollutants and contaminants.

"'(2) After the completion or acquisition of any device, structure, machinery, or equipment, or the completion of its reconstruction or remodeling, with respect to which a certificate under paragraph (1) has been made, any expenditure (attributable to such device, structure, machinery, or equipment and to the period after such completion or acquisition) which does not represent construction, reconstruction, remodeling, installation, or acquisition included in such certificate, but with respect to which a separate certificate is made under paragraph (1), shall not be applied in adjustment of the basis of such device, structure, machinery, or equipment but a separate basis shall be computed therefor pursuant to paragraph (1) as if it were a new and separate device, structure, machinery, or equipment.

"'(e) Depreciation deduction: If the adjusted basis of the device, structure, machinery, or equipment (computed without regard to this section) is in excess of the adjusted basis computed under subsection (d), the deduction provided by section 23 (1) shall, despite the provisions of subsection (a) of this section, be allowed with respect to such device, structure, machinery, or equipment as if its adjusted basis for the purpose of such deduction were an amount equal to the amount of such excess.

"'(f) Life tenant and remainderman: In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowable to the life tenant.

"'(g) Cross reference: For special rule with respect to gain derived from the sale or exchange of property the adjusted basis of which is determined with regard to this section, see section 117 (g) (3).'

"(b) (1) Section 23 (t) of the Internal Revenue Code (relating to deductions from gross income) is amended by striking out 'and 124B' and inserting in lieu thereof '124B, and 124C.'

"(2) Section 117 (g) (3) of the Internal Revenue Code (relating to gains and losses

from short sales, etc.) is amended by striking out 'section 124A (relating to amortization deduction)', and inserting in lieu thereof 'section 124A (relating to deduction for amortization of emergency facilities), section 124B (relating to deduction for amortization of grain storage facilities), and section 124C (relating to deduction for amortization of certain air pollution prevention facilities).'

"(3) Section 190 of the Internal Revenue Code (relating to allowance of amortization deduction in case of partnerships) is amended by striking out 'or grain storage facilities' and inserting in lieu thereof ', grain storage facilities, or air pollution prevention facilities.'

"(c) The amendments to the Internal Revenue Code made by this section shall be applicable with respect to taxable years ending on and after the date of enactment of this section.

"SEC. 805. The authority of the Federal Housing Commissioner under the National Housing Act, as amended, shall be used to the fullest extent possible to encourage and assist home conversion and improvement loans which will aid smoke abatement and air pollution prevention.

"SEC. 806. For the purposes of this title the word 'State' shall include all Territories of the United States, the Commonwealth of Puerto Rico, and the District of Columbia."

The statement and summary presented by Mr. CAPEHART are as follows:

STATEMENT BY SENATOR CAPEHART

The purpose of this amendment is twofold:

To encourage and assist individuals, industries, and communities to solve their air-pollution problem in order to conserve home values, improve health, and preserve the essentials for good environments needed for community living.

Essentially, by the very nature of the problem, the air-pollution nuisance is interstate in character. Its control, however, is a local problem. By that I mean any program to be effective must originate at the local level and have the full and united support of all segments of the local community. Certain aspects, however, transcend city and State lines. In fact, polluted air knows no respect for corporate limits or State lines. Consequently, it appears that there is a very proper role for the Federal Government to play in any anti-air-pollution campaign.

The provisions in the amendment are threefold:

1. Rapid tax amortization of air-pollution-control-facilities constructed by industry to provide tax relief to build control facilities when they are built in conformance with State and/or local law. As written, the tax writeoff is authorized over a period of 5 years.

This provision, it is believed, will encourage industry to install air pollution abatement equipment and assist those communities with active programs. Such equipment is frequently very costly and for the most part industry recovers nothing in the way of lower costs of operation.

2. A loan program by HHFA in cooperation with private lending institutions is provided for business enterprises which installs air-pollution equipment when financial assistance is not otherwise available on reasonable terms. For the homeowner, FHA loan insurance may be used for purposes of home conversion and improvements which will aid smoke abatement and air-pollution prevention.

3. A program of technical research and study concerned with (a) the cause of air pollution, (b) devices and methods for the prevention or elimination of air pollution, and (c) guidance and assistance to local communities in smoke abatement and air-pollution prevention and control.

With the incentive provided by the proposed bill, it is hoped that cities and States will thereby be encouraged to enact legislation contemplated to reduce air pollution immediately and ultimately to eliminate air pollution.

Insofar as I am aware, this bill provides the first opportunity for congressional consideration of air pollution on a comprehensive basis, including all of its component parts. It provides a forum whereby the entire problem may be explored. Certain phases of the solution may involve an overlapping of committee jurisdiction. Even so, it is thought wise to include in the amendment all aspects of the problem in order that testimony may be directed to every facet at one and the same time. It would be unwise for 2 or 3 committees of the Senate to consider separately one or more aspects of the problem, because any solution of this highly complex problem can be achieved only by viewing all factors as a part of the whole. Jurisdictional matters lend themselves to solution and can be ironed out readily in the event favorable consideration is extended by the Senate Banking and Currency Committee to the suggested role of the Federal Government.

The Housing Act of 1954, S. 2938, contains provisions to encourage and assist local communities in slum clearance. It is well and good to eliminate slums. It is shortsighted, however, to permit air pollution to continue because, unless abated, we can expect the newly constructed homes of today to become the slums of tomorrow—as surely as blight follows decay.

An educated guess places the polluted-air costs to the people of the United States at about $5 billion a year. The extent of the damage to merchandise, buildings, homes, and home foliage alone is said to be nearly $1 billion a year.

Of even greater significance is the impact upon the health of the country from breathing polluted air. Each day, each person draws in his or her body about 3,800 gallons of air, unaware of the damage polluted air can cause to breath and life.

The air one breathes may subject a person or his family to serious allergies, and eye, skin, lung, and throat ailments. Polluted air is feared by some experts to be one of the causes of the recent sharp increase in lung cancer.

Since first declaring my intention a few weeks ago to sponsor an air pollution amendment, I have received many telephone calls, telegrams, and letters from citizens and city officials in every part of the country. Each and every one contacting me enthusiastically favors an amendment of the type which I now introduce.

I hope that everyone will study this amendment and will read these brief remarks. If such be done, I believe everyone will enthusiastically support the objectives of the amendment.

Hearings on the amendment have been scheduled for April 13, 14, and 15, 1954, in room 301, Senate Office Building, Washington, D. C.

SUMMARY OF PROPOSED AMENDMENT TO S. 2938, SMOKE ELIMINATION AND AIR POLLUTION PREVENTION

This proposed amendment would insert a new title VIII in S. 2938, the Housing Act of 1954, which would authorize Federal aid to smoke elimination and air pollution prevention and elimination through research, Federal loans, and special tax benefits.

The Secretary of Health, Education, and Welfare would administer the research program and certify eligibility for tax benefits provided by this title. The Housing and Home Finance Administrator would administer the loan program under the title.

Section 801 would declare that smoke elimination and air pollution prevention are important factors in the prevention and rehabilitation of slums and blighted areas and in the conservation of the health and property of the people of the United States.

RESEARCH

Section 802 would direct the Secretary of Health, Education, and Welfare to undertake and conduct a program of technical research and studies concerned with (a) the causes of air pollution and excessive smoke, (b) devices, structures, machinery, equipment, and methods (including methods of selecting and using fuels) for the prevention or elimination of excessive smoke and air pollution, and (c) guidance and assistance to local communities in smoke abatement and air pollution prevention and control. Up to $5 million would be authorized to be appropriated to carry out the research program.

The Secretary of Health, Education, and Welfare would be authorized to make contracts with any Federal, State, or local public agency or instrumentality, educational institution, or nonprofit agency or organization for the research and studies authorized by this section. Other general provisions necessary for the conduct of the research program would also be enacted by this section and the Secretary would be directed to disseminate the results of the research and studies in such form as may be most useful to industry and to the general public.

LOANS

Section 803 of the bill would provide for a program of Federal loans by the Housing and Home Finance Administrator in cooperation with private lending institutions to business enterprises to aid them in financing the purchase, installation, construction, reconstruction or remodeling of any smoke abatement or air pollution prevention device, structure, machinery, or equipment used or to be used in connection with the business activities of the borrower.

A loan would not be made by the Housing and Home Finance Administrator unless he determines that the purpose for which the loan is to be used would (1) substantially reduce the amount of smoke or air pollution or contamination in the community in which the device, structure, machinery, or equipment is located or to be located or (2) in conjunction with other proposed action in the community, substantially reduce the amount of such smoke pollution or contamination.

Also, the loan would not be made unless the borrower is unable to obtain such a loan from private sources on reasonable terms. Further, the section would provide that loans made may be made subject to the condition that, if at any time the business enterprise can obtain loans from other sources at interest rates as low as or lower than provided in the loan contract, it can do so with the consent of the Housing and Home Finance Administrator without waiving any rights to loan funds under the contract for the remainder of the life of the contract, and the borrower may pledge the loan contract as security for the repayment of the loan obtained from other sources. When used, this is in the nature of an insurance operation. It makes unnecessary the actual use of Federal funds. It has been used successfully in slum-clearance programs.

The loans shall be made in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise. The loans made would be reasonably secured, and would be repaid within such period, not exceeding 20 years, as the Housing and Home Finance Administrator may determine. They would bear interest at a rate of not less than 1 percent plus the base annual rate specified by the Secretary of the Treasury as applicable to the 6-month period during which the contract for the loans is made. The base annual rate would be determined by the Secretary of the Treasury by estimating the average market yields during the month of May or November next preceding the 6-month period on Federal marketable

bonds having a remaining maturity of 15 or more years. The present base annual rate is 2⅞ percent, which would, therefore, provide for an interest rate at this time on the loans authorized by this section of 3⅞ percent or such higher rate as the Housing and Home Finance Administrator could establish in his discretion.

The total amount of loans made by the Housing and Home Finance Administrator pursuant to this section would not be permitted to exceed $50 million outstanding at any one time. Funds would be authorized to be appropriated to carry out the loan program and the loan funds would revolve.

To assure national distribution of the loans the section would provide that not more than 10 percent of the funds provided shall be expended in any one State.

SPECIAL TAX BENEFITS

Section 804 would amend the Internal Revenue Code to permit for tax purposes the rapid amortization (over a period of 5 years) of devices, structures, machinery, or equipment for the prevention or elimination of air pollution. This special tax benefit would be available, however, only to the extent that the property which would be amortized at this accelerated rate was constructed, remodeled, installed, or acquired on or after the date of enactment of this section and to the extent that the Secretary of Health, Education, and Welfare certifies that it is in aid of the prevention or elimination of air pollution.

FHA LOAN INSURANCE

Section 805 would provide that the authority of the Federal Housing Commissioner shall be used to the fullest extent possible to encourage and assist home conversion and improvement loans which would aid smoke abatement and air pollution prevention.

DEFINITION OF "STATE"

In order to make the provisions of the title applicable to all the States, Territories of the United States, the Commonwealth of Puerto Rico, and the District of Columbia, the word "State" as used in the title would be defined to include all of the jurisdictions named.

ADMINISTRATIVE PROVISIONS

Provisions necessary to the administration of the title would be also enacted by this title.

AMENDMENT OF FEDERAL-AID ROAD ACT—AMENDMENT

Mr. CHAVEZ. Mr. President, on behalf of myself, the Senator from Oklahoma [Mr. KERR], the Senator from Oregon [Mr. MORSE], and the Senator from Mississippi [Mr. STENNIS], I submit an amendment intended to be proposed by us, jointly, to the bill (S. 3184) to amend and supplement the Federal-Aid Road Act, approved July 11, 1916—39th United States Statutes at large, page 355—as amended and supplemented, to authorize appropriations for continuing the construction of highways, and for other purposes.

At this point in my remarks I ask unanimous consent to have inserted in the body of the RECORD a table showing an approximate apportionment of $150 million interstate funds under the bill to be taken up on Monday, showing which States of the Nation will lose money under the new formula.

The ACTING PRESIDENT pro tempore. The amendment will be received and printed, and will lie on the table, and, without objection, the table referred to by the Senator from New Mexico will be printed in the RECORD.

The table presented by Mr. CHAVEZ is as follows:

Approximate apportionment of $150,000,000 interstate funds

	Sec. 21	Committee print	Difference
Alabama	$3,233,000	$3,023,000	−$210,000
Arizona	2,261,000	1,682,000	−579,000
Arkansas	2,520,000	2,137,000	−383,000
California	6,977,000	8,353,000	+1,376,000
Colorado	2,722,000	1,970,000	−752,000
Connecticut	988,000	1,416,000	+428,000
Delaware	735,000	920,000	+185,000
Florida	2,464,000	2,505,000	+41,000
Georgia	3,749,000	3,457,000	−292,000
Idaho	1,863,000	1,484,000	−379,000
Illinois	5,852,000	6,930,000	+1,078,000
Indiana	3,598,000	3,607,000	+9,000
Iowa	3,654,000	3,031,000	−623,000
Kansas	3,669,000	2,709,000	−960,000
Kentucky	2,794,000	2,750,000	−44,000
Louisiana	2,364,000	2,415,000	+51,000
Maine	1,270,000	1,187,000	−83,000
Maryland	1,337,000	1,744,000	+407,000
Massachusetts	1,939,000	3,126,000	+1,187,000
Michigan	4,711,000	5,283,000	+572,000
Minnesota	3,926,000	3,333,000	−593,000
Mississippi	2,707,000	2,354,000	−353,000
Missouri	4,415,000	4,024,000	−391,000
Montana	3,034,000	2,069,000	−965,000
Nebraska	2,947,000	2,083,000	−864,000
Nevada	1,950,000	1,527,000	−423,000
New Hampshire	735,000	920,000	+185,000
New Jersey	1,974,000	3,209,000	+1,235,000
New Mexico	2,457,000	1,780,000	−677,000
New York	7,162,000	10,396,000	+3,234,000
North Carolina	3,757,000	3,744,000	−13,000
North Dakota	2,191,000	1,648,000	−543,000
Ohio	5,297,000	6,300,000	+1,003,000
Oklahoma	3,238,000	2,645,000	−593,000
Oregon	2,587,000	1,993,000	−594,000
Pennsylvania	5,970,000	7,809,000	+1,839,000
Rhode Island	735,000	920,000	+185,000
South Carolina	2,041,000	1,993,000	−48,000
South Dakota	2,359,000	1,732,000	−627,000
Tennessee	3,284,000	3,154,000	−130,000
Texas	9,823,000	8,456,000	−1,367,000
Utah	1,739,000	1,422,000	−317,000
Vermont	735,000	920,000	+185,000
Virginia	2,880,000	2,965,000	+85,000
Washington	2,505,000	2,345,000	−160,000
West Virginia	1,654,000	1,748,000	+94,000
Wisconsin	3,579,000	3,368,000	−211,000
Wyoming	1,884,000	1,494,000	−390,000
District of Columbia	735,000	920,000	+185,000

HOUSE BILL REFERRED

The bill (H. R. 8583) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1955, and for other purposes, was read twice by its title, and referred to the Committee on Appropriations.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The ACTING PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

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

AMENDMENT OF FEDERAL FARM LOAN ACT—CHANGE OF REFERENCE

Mr. AIKEN. Mr. President, on August 1 of last year the Senator from Kansas [Mr. SCHOEPPEL] introduced a bill (S. 2552), to further amend section 13 of the Federal Farm Loan Act, as amended, to authorize the Federal land banks to make a bulk purchase of certain remaining assets of the Federal Farm Mortgage Corporation.

The bill was inadvertently referred to the Committee on the Banking and Currency. The Committee on Agriculture and Forestry handles such legislation. I have talked with the chairman of the Committee on Banking and Currency, the Senator from Indiana [Mr. CAPEHART], and I understand he has no objection to referring the bill to the proper committee, which is the Committee on Agriculture and Forestry. I ask unanimous consent that the Committee on Banking and Currency be discharged from further consideration of the bill, and that it be referred to the Committee on Agriculture and Forestry.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Vermont?

Mr. JOHNSON of Texas. Reserving the right to object, will the Senator state his request again? What type of bill does he refer to?

Mr. AIKEN. It is a bill to amend section 13 of the Federal Farm Loan Act, as amended. It authorizes Federal land banks to make a bulk purchase of certain remaining assets of the Federal Home Mortgage Corporation. It was introduced on August 1 of last year, but was inadvertently referred to the Committee on Banking and Currency.

Mr. JOHNSON of Texas. Is the chairman of the Committee on Banking and Currency agreeable to this request?

Mr. AIKEN. Yes; I have talked to him about it. The Committee on Agriculture and Forestry will consider the bill as soon as it obtains jurisdiction of it.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Vermont? The Chair hears none, and it is so ordered.

EXECUTIVE REPORTS OF COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. MILLIKIN, from the Committee on Finance:

Emile A. Pepin, of Rhode Island, to be collector of customs for customs collection district No. 5, with headquarters at Providence, R. I.;

Maynard C. Hutchinson, of Massachusetts, to be collector of customs for customs collection district No. 4, with headquarters at Boston, Mass.; and

Bernhard Gettelman, of Wisconsin, to be collector of customs for customs collection district No. 37, with headquarters at Milwaukee, Wis.

By Mr. SMITH of New Jersey, from the Committee on Labor and Public Welfare:

Arthur Larson, of Pennsylvania, to be Under Secretary of Labor.

NOTICE OF HEARING ON NOMINATION OF EDWARD B. LAWSON TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY TO ISRAEL

Mr. SMITH of New Jersey. Mr. President, the Senate received today the nomination of Edward B. Lawson, of the District of Columbia, a Foreign Service officer of the class of career minister, now Envoy Extraordinary and Minister

Plenipotentiary to Iceland, to be Ambassador Extraordinary and Plenipotentiary of the United States to Israel. Notice is given that the nomination will be considered by the Committee on Foreign Relations at the expiration of 6 days.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorial, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. SMATHERS:

Statement prepared by him on the Export-Import Bank development loans.

LINDSAY C. WARREN

Mr. KEFAUVER. Mr. President, I know that all Members of Congress read with regret the news that Lindsay Warren, Comptroller General of the United States, will retire on April 30, before the expiration of his term, which would not end until more than a year and one-half later. All of us regret very much, indeed, that poor health forces Mr. Warren to retire.

Mr. President, many of the Members of the Senate had the privilege of serving in the House of Representatives with Mr. Warren, where he was a Member for 16 years. He was appointed Comptroller General of the United States in 1940.

Mr. Warren was a legislator of great ability. He possessed an unusual faculty for conciliating differences, and while a Member of the House of Representatives he was responsible for the passage of a great many pieces of forward-looking, progressive legislation. As Comptroller General he converted this important office from a state of chaos into an efficient, worth-while agency of the Federal Government which has rendered much good service.

Mr. Warren is a public servant of the highest order. He always called the facts as he saw them, without regard to partisan considerations. He leaves this post with the thanks of the American people for a job well done and with the high esteem of thousands who have been privileged to know him throughout the years.

Mr. HOEY. Mr. President, Hon. Lindsay C. Warren will retire on April 30, 1954, as Comptroller General of the United States. He has served in this position for 13½ years. I do not know any man in any official position anywhere or at any time who has rendered more dedicated public service than Lindsay Warren, nor one who has exhibited more real ability and genuine devotion to duty. His record has brought unusual distinction to himself and great credit to his native State of North Carolina, which he represented in Congress from the First District of North Carolina for many years and achieved national reputation.

Mr. Warren has been a warm personal friend of mine over the years. I have always esteemed him most highly. The people of North Carolina have real admiration and affection for him. His administration has resulted in the saving of millions of dollars to the taxpayers of the United States. His foresight and judgment has enabled the Congress to keep fully advised as to many vitally important matters which would have escaped their notice but for his vigilance and diligence. He has given an example to other Government agencies by demonstrating how his own great department could save money in its administration and at the same time increase its efficiency and broaden its base of operations.

In this connection, I wish to thank my good friend the Senator from Tennessee [Mr. KEFAUVER] for the fine tribute he has paid to Mr. Warren.

I ask unanimous consent to have inserted in the body of the RECORD a letter which Mr. Warren addressed to the President of the United States under date of March 29, 1954, and the reply of President Eisenhower to this letter dated March 31, 1954.

In addition, I ask to have inserted immediately following these letters a brief review of the life and service of Lindsay C. Warren.

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

COMPTROLLER GENERAL,
OF THE UNITED STATES,
Washington, March 29, 1954.

Hon. DWIGHT D. EISENHOWER,
The White House.

DEAR MR. PRESIDENT: I respectfully request that I be retired effective April 30, 1954, for physical disability under Public Law 161 providing for the retirement of the Comptroller General. At that time I will have served as Comptroller General of the United States for 13 years and 6 months of the 15-year term. For over a year I have carried on against strong medical advice under much physical difficulty. My earnest hope was to serve out my term and to see the great program of the General Accounting Office come into the fullest fruition, but four eminent doctors, whose statement I attach, have urged me to take this step at once, and have stated that I am not physically qualified to continue my work and that to remain longer in office will shorten my life.

It has been a pleasure to cooperate with your administration toward better and more effective government.

With assurances of my high esteem,

Sincerely,

LINDSAY C. WARREN.

THE WHITE HOUSE,
Washington, March 31, 1954.

Hon. LINDSAY WARREN,
Comptroller General of the United States, Washington, D. C.

DEAR MR. WARREN: It is with a great deal of regret that I agree to the request in your letter to retire on April 30, 1954, as Comptroller General of the United States. It is unfortunate from every viewpoint that you are unable to complete your full term after 13½ years of outstanding service in that important position. Not only has your service been long, it has also embraced the period of tremendous responsibility in government incident to the conduct of the Second World War, the postwar military and foreign-aid programs, and the Korean conflict. However, I can certainly understand that it would be inadvisable to continue in this very demanding office against the advice of your doctors.

You have left a lasting mark on Government in the great program of the General Accounting Office and can take deep pride in so vast a contribution to better, more efficient governmental operation.

I appreciate the fine cooperation you have given this administration. Please accept my warm good wishes for a fully satisfying and happy retirement.

Sincerely,

DWIGHT D. EISENHOWER.

LINDSAY C. WARREN

Comptroller General Lindsay C. Warren will retire April 30, 1954, for disability, under the legislation enacted by the Congress last year paralleling the retirement system for United States judges. Mr. Warren is retiring at age 64, after serving 13 years 6 months of the 15-year term to which he was appointed by President Roosevelt. He had accepted the position in 1940 the fourth time it was offered to him by the former President, although renominated for his ninth successive term as a Representative in Congress from the First District of North Carolina. In 1945 he declined an appointment as judge of the United States District Court for the Eastern District of North Carolina. He has on many occasions turned down lucrative offers from private business, preferring to devote his life to the public service. In March 1953 the North Carolina Citizens' Association awarded Mr. Warren its certificate of distinguished citizenship for 40 years of public service to his community, his State, and his Nation.

The General Accounting Office, formerly housed in the sprawling old Pension Building and numerous other buildings in Washington, in 1951 moved into one of the most modern and functional office buildings in the Capital. Under Mr. Warren's guidance, the outlook, attitude, and caliber of personnel in the General Accounting Office has changed just as remarkably. Yet it is characteristic of the man that he has frequently said, and meant, that he would be just as happy in the modest, homely quarters he formerly occupied across the street from his new office.

Under his administration, the General Accounting Office completed the audit of billions of dollars of war expenditures, including those of the Manhattan Engineering District, which produced the first atomic bombs. Mr. Warren is proud that this tremendous job has been done without a breath of scandal touching the work of the General Accounting Office, which has often had to point out illegal expenditures and wasteful practices in Government operations.

Since Mr. Warren took office, the General Accounting Office has not only paid its way, but has made a substantial contribution to the Treasury each year. Collections from 1941 to date total $915 million, most of which had been illegally or otherwise improperly paid out. This amount is twice the cost of running the office during the same period, and little, if any, of the amount collected would ever have been recovered except for the work of the General Accounting Office. Prior to 1941, collections were negligible. Mr. Warren is proud of his collection record, but he feels that of even greater importance is the work the office is doing to prevent illegal or improvident use of funds without waiting to collect back what has been paid out illegally, and to improve accounting and auditing throughout the Government.

During his service as Comptroller General, Mr. Warren has revolutionized the procedures and the approach of the General Accounting Office as the auditing and investigative agency of the Congress. He has completed a thoroughgoing reorganization of the Office, resulting in decentralizing its operations, streamlining its practices, and reducing its personnel from a peak of 14,906 in April 1946 to the present figure of 5,890. This reduction was accomplished in spite of increased work, red tape, and administrative headaches which, Mr. Warren has testified, discourage

most agency heads who want to reduce the size of their staffs. He has characterized the civil service laws and regulations as at times defeating merit and retarding efficiency, but has cooperated wholeheartedly with the Civil Service Commission and believes his agency a leader in applying the merit system.

Mr. Warren has assumed the leadership in Government-wide accounting and auditing developments which have made the past decade one of the most significant in Federal financial history. He has pulled no punches in expressing his views, and has greatly raised the stature of the office in the eyes of the Congress, the executive branch, and the public. His colorful appearance and forthright language have many times in the past decade attracted attention at congressional hearings.

During World War II he told committees of Congress that a large number of contracting officers in the military services were of proven inefficiency and incapacity. He charged that these representatives of the Government were "dishing out and giving away the property and the money of the United States with reckless abandon" under cost-plus contracts which he called "the greatest device ever invented for pumping out the Treasury." Although praising the achievements of industry in helping win the war, he testified before the Senate National Defense Investigating Committee in 1946 that "from my seat it has looked as if everybody and his brother were out to get the Government during the lush war years."

In 1945 he told the Congress that the charters of many of the then 101 Government corporations were broad enough to drive a team of horses through, and that if the existing trend of creation of Government corporations were not curbed it would lead to government by corporations. "Indeed," he said, "this thing we call government has reached such gargantuan proportions that it is sprawled all over the lot."

"It has become greater than Congress, its creator, and at times it arrogantly snaps its fingers in the face of Congress."

As the first witness before the Senate Expenditures Committee on the Reorganization Act of 1945, he referred to the "sprawling, unsegregated crop of Government functions and functionaries." He told the committee, "Any bureau can put up a case, at least to suit itself, why it should be retained. Congress can set up a bureau for the edification of the three blind mice or for the rehabilitation of Humpty Dumpty, and within a year those who head them can come in with glowing accounts of their work."

In 1951, appearing before Senator DOUGLAS' Subcommittee on Ethics in Government, he called for a drastic raising of the moral tone of Government contracting and financial operations. "A few rotten apples may not contaminate the whole barrel, but they certainly make it smell," he pointed out, asking for "a little old-fashioned common honesty and decency."

Mr. Warren has participated in some strenuous battles during his administration of the General Accounting Office. Perhaps the climactic one occurred in 1950 when the Congress was considering recommendations of the first Hoover Commission which would have destroyed the General Accounting Office by transferring vital functions of the Office to the executive branch. Mr. Warren immediately followed former President Hoover as a witness before the Senate Expenditures Committee and vigorously attacked those recommendations. From this joint debate Mr. Warren emerged a "hands down" victor. The legislation recommended by Mr. Warren, former Treasury Secretary John W. Snyder, and former Budget Director Fred Lawton, was unanimously enacted by the Congress. Mr. Hoover protested that this gave the General Accounting Office too much power, but couldn't get a speech or a vote in either House. Mr. Warren's positive stand saved the General Accounting Office and placed it in a position to render even greater service as the audit, accounting, and investigative arm of the Congress.

Early in 1952 Mr. Warren sent to Congress a report criticizing the Department of Agriculture for failing to take prompt and vigorous action on its own audit and investigative agencies' findings indicating shortages and conversions of grain stored for Commodity Credit Corporation in warehouses in the Southwest. As a result of his studies, Warren estimated losses would run into millions of dollars. When the subject matter of this report became public at the Capitol, former Agriculture Secretary Brannan raised loud cries of "politics." At a public hearing of the Senate Agriculture Committee, he quickly denied this charge was by any stretch of the imagination intended to indicate he had any objection to issuance of the report, but still insisted that the grain lost, in proportion to the size of the program, "could almost slip through the cracks in the floor." Despite the Secretary's attitude, the committee, under Democratic leadership, persisted in its studies with the aid of the General Accounting Office. The committee ultimately issued a strong report completely upholding Mr. Warren and recommending tightening up of the administrative procedures of the Department. The committee recommended that the Department's investigative activity be expanded and strengthened and that its reports be sent directly to top agency authorities. Relations of the present Secretary of Agriculture, Mr. Benson, with Mr. Warren have been completely cooperative, and the records of the Department are open to the General Accounting Office auditors and investigators.

In 1949 Mr. Warren sent to Congress a report charging abuses by the former Maritime Commission in its administration of the ship-construction subsidy provisions of the Merchant Marine Act of 1936. He was particularly critical of the agreement entered into between the Maritime Commission and the United States Lines for the sale of the superliner steamship *United States*. This agreement provided that the company would pay the Government approximately $28 million for a ship costing the Government an estimated $70 million. The Government was to absorb the balance as construction subsidy and cost of national defense features. In Mr. Warren's opinion, the amount to be paid by the United States Lines was at least $10 million too little, aside from questioned amounts for national defense features in the vessel.

Mr. Warren's report was strongly upheld by the former Hardy committee of the House of Representatives, former President Truman, and former Attorney General McGranery. In the meantime, however, the President, based upon the Warren report, had abolished the Maritime Commission and turned its affairs over to the Commerce Department. Upon completion of the vessel, in 1952, former Commerce Secretary Sawyer delivered it to the United States Lines in spite of a blunt warning from Mr. Warren that the sale contract was not a binding agreement. President Truman directed the withholding of $10 million otherwise due the United States Lines pending the outcome of the controversy. Attorney General Brownell is vigorously protecting the Government's interests.

Not all of Mr. Warren's battles have ended successfully for the General Accounting Office. As World War II drew to its close industry demanded from the Congress legislation to provide for speedy termination of war contracts, clearing of inventories, and settlement of termination claims. Over a period of several months Mr. Warren appeared before congressional committees, warning of the results of placing unlimited power to terminate contracts and make settlements in the contracting officers of the military services. Many of them, he charged, had been wining, dining, and otherwise fraternizing with the contractors to the point where they could not be depended on to perform their jobs competently and carefully and to protect the interests of the Government in termination settlements.

"I would be lacking in candor and frankness and would fail in my conception of my duty as Comptroller General and the obligation that I owe to the Congress," he told one committee, "If I did not say to you that the provisions under the heading 'General Accounting Office' * * * are absolutely meaningless and offer no protection whatever to the public funds. The audit of a war contract termination as therein provided by the General Accounting Office could be consummated by a 10-year old child in 10 seconds and this would apply to a termination in the amount of a half billion dollars as well as one in the amount of $100. The section rather piously provides that if the Comptroller General believes the settlement was induced by fraud he may report same, but I can assure you that such a settlement might reek in fraud, but nothing in the bill would require the making or submission of a record which would make it possible for the General Accounting Office to detect it."

Regardless of his warning, the Contract Settlement Act of 1944 did not permit the General Accounting Office to audit termination settlements before payment. Mr. Warren in his reports to Congress has declared that all of this paved the way for the improper payment of many millions of dollars of public funds through fraud, collusion, ignorance, inadvertence, or overliberality. "The Contract Settlement Act," he has said, "put the General Accounting Office in the position of a man who sees his safe being looted without being able to do anything about it." He estimates the cost of this folly to the taxpayers as at least $500 million.

Even though the act clipped the wings of the General Accounting Office, Mr. Warren did not give up. From a very limited sampling of termination settlements, the Office picked up payments of $21 million in 562 settlements—a shocking 6 percent of those examined—which it certified to the Department of Justice as in Mr. Warren's opinion induced by fraud. So far, $1.7 million of these payments has been recovered by the Government.

Although always a strong Democrat in politics, Mr. Warren left an active political career behind when he stepped into the General Accounting Office. He has administered the Office in a completely nonpartisan and nonpolitical fashion. His administration has been guided by these rules: "First, we must always strive to be right; second, we must be fair; then, we must go down the middle of the road and let the chips fall where they will."

His success in applying this doctrine is shown by the reports of two succeeding Appropriations Committees, one under Democratic and the other under Republican control. In 1952, the House Appropriations Committee, under the leadership of Representatives CLARENCE CANNON and ALBERT THOMAS, had this to say:

"The committee wishes to express its sincere appreciation of the splendid service which is being performed by this agency under the able leadership of Comptroller General Lindsay Warren and his efficient staff. Lindsay Warren is performing a difficult task with courage and ability, and the American people are fortunate in having such a capable leader to keep check on Federal expenditures and see to it that appropriations are expended in accordance with law. The committee extends to General Lindsay Warren its deep appreciation for the fine job he is doing and wishes him many, many more useful years of service as Comptroller General."

In 1953, under Representatives JOHN TABER and JOHN PHILLIPS, the committee said:

"The committee extends its sincere appreciation to Comptroller General Warren and his able staff for the splendid work that it is doing in all phases of Federal auditing and accounting. This year, more than ever before, the General Accounting Office has been of real assistance to the committee in its examination of budget estimates for the fiscal year 1954. The GAO staff has made numerous investigations, reports, and recommendations to the committee. A large number of trained personnel have been engaged constantly on this work. The committee appreciates this splendid cooperation."

The practically universal feeling in Congress toward Mr. Warren is perhaps epitomized in this letter from a retiring Republican Congressman:

"I cannot retire from the House of Representatives without thinking back to the great contributions you have made to the Government of the United States. I think of it first as a Member of the Congress, and I think of your service in your present capacity, and I am reminded in that connection of the times you appeared before the Appropriations Committee and the very fine presentation you always made.

"I regret that seemingly today there are not more men who believe and think as you do that make up the citizenship of the United States. You are rendering your country and mine a great service. Democrat or Republican, you cannot stay there too long to suit me."

While always reserving the privilege of being independent, Mr. Warren has constantly stressed the advantages of cooperation between his office and the executive branch. The files of the General Accounting Office are replete with letters from officials and former officials of the Government, from the Cabinet level on down, expressing their appreciation for the assistance rendered by Mr. Warren and his legal and accounting staffs in solving their problems, and their admiration for his enlightened, dedicated, and objective approach to his own duties.

Mr. Warren took office as Comptroller General in 1940, just as the General Accounting Office was beginning to feel the impact of the tremendously increased Government expenditures due to the defense program. His first step in modernizing and decentralizing the General Accounting Office was to establish the War Contract Project Audit, which sent General Accounting Office auditors into plants and document centers all over the country to audit cost-plus contracts for war materials.

In 1945 he had a leading part in the enactment of the Government Corporation Control Act. This act provides for a commercial-type audit of all Government corporations by the General Accounting Office, with reports to Congress, and for budgetary control over wholly owned Government corporations. To carry out his responsibilities under the act, Mr. Warren established a new division in the General Accounting Office, staffed with public accountants of professional caliber and auditing the records of the corporations at the places where they were normally kept rather than having the records all sent to Washington. Since 1945 the General Accounting Office has sent to Congress nearly 200 reports of audits of the Government corporations. Mr. Warren has made numerous recommendations for better management, improved financial control, and return on the Government's investments in the corporations. Adoption of many of these recommendations by the corporations and the Congress has led to savings of millions of dollars.

Immediately after World War II ended, Mr. Warren announced that accounting improvement was the No. 1 project of the General Accounting Office. He invited the Secretary of the Treasury and the Director of the Bureau of the Budget to unite with him in a joint program for improving accounting throughout the Government. Begun in 1947, this program is carried on in cooperation with all Government agencies. It is aimed at furnishing better accounting and financial information for executive management, for Congress in considering appropriations and other legislation, and for the taxpayer to fully disclose where his money goes. It has already produced remarkable results, not only in dollar savings, but in tremendously increased cost consciousness on the part of many Government agencies and molding of accounting to fit the management needs of particular types of Government operations such as utilities, insurance, and lending activities. As a part of the program, Mr. Warren has instituted comprehensive and other on-the-site audits of the departments and agencies. This has produced broader coverage of agency financial operations, more effective checking and reporting on how well the agencies discharge their financial responsibilities, and enormous reductions in paper work and flow of documents into Washington.

Mr. Warren was a prime mover in the Budget and Accounting Procedures Act of 1950, which wrote the joint accounting program into law. President Truman, in signing this act, called it "the most important legislation enacted by the Congress in the budget and accounting field since the Budget and Accounting Act of 1921."

Mr. Warren also spearheaded the enactment of the Post Office Department Financial Control Act of 1950, which transferred administrative accounting functions from the General Accounting Office to the Post Office Department and opened the way to modernized accounting and auditing in that Department.

Mr. Warren has constantly stressed the status of the General Accounting Office as the audit agency of the Congress in the legislative branch. He has emphasized the reporting functions of his office, and has sent to Congress more reports in a year than all his predecessors put together. He has conceived it as his mission as Comptroller General to see that the will of Congress is enforced in the spending by executive agencies of funds appropriated for public purposes. Repeatedly he has warned Congress against legislative provisions or proposals which would result in abandonment or weakening of the congressional power of the purse. His recommendations have been responsible for the elimination of many such provisions which would grant plenary administrative control over expenditures. Speaking of the weakening of Congress' power over public expenditures, he told the Byrd committee in 1951:

"There is no denying the power has been weakened. Seldom has there been any direct frontal attack. Instead, there has been a constant, insidious gnawing and whittling away at its vitals. Primary responsibility for this state of affairs must rest squarely where it belongs—on the Congress itself."

In a recent letter to every Member of Congress, Mr. Warren said:

"It has been a source of great satisfaction to me that Congress, particularly in the last 8 years, has strongly supported the Office. Our reports showing illegal expenditures and wasteful practices have always been upheld after hearings by committees of Congress. In our work we have never pulled a punch regardless of who might be affected.

* * * * *

"The General Accounting Office was established by the Budget and Accounting Act of 1921. That act brought into existence an audit and investigative agency in the legislative branch. For the first time Congress had the means of securing information concerning the financial transactions of our Government from a completely nonpolitical agent, independent of the executive branch. Through the years that vital independence has not gone unchallenged. There have been several abortive attempts to destroy the Office. They have come not only from within the Government but from the outside. Those attempts were rejected by the Congress. As late as 1950 an ill-conceived attack was launched from outside the Government. The action of Congress in repelling this last assault spoke for itself. Not a single voice or a single vote was mustered in support of the proposal.

"Motivated by dislike of restraint or adherence to discarded theories, new attempts are already being made to water down legislative control of public funds and destroy the effectiveness of the General Accounting Office. If the Congress is to retain its own means of securing impartial and factual data on Federal financial transactions, its means for insuring that appropriated funds are spent only in accordance with the laws it passes, and its primary weapon for preventing unbridled and unchecked spending, then the Congress must be ever alert to and adamant against attempts to weaken or destroy the powers of the General Accounting Office or to affect its independent status.

"The General Accounting Office is your agency. To be worth its salt it must continue always to be independent, nonpartisan, and nonpolitical. To be effective, it must always have your wholehearted support and your vigilant safeguarding of its functions and powers. I have no doubt that it will."

LEADERSHIP IN CONGRESS

Mr. Warren was elected to the 69th Congress from the First District of North Carolina and served 8 successive terms, from March 4, 1925 until his resignation on October 31, 1940. During the entire period he was without opposition in the primaries after his first election. While a Member of the House of Representatives, he served on a number of committees, including the Accounts Committee, of which he was chairman from 1931 to 1940; the Roads Committee; the Special Committee on Conservation of Wildlife Resources; the Merchant Marine and Fisheries Committee; the Select Committee on Government Organization; and the Committee on Expenditures in the Executive Departments. He was particularly interested in legislation on Government reorganization and efficiency, economy, agriculture, conservation, and the Coast Guard. Mr. Warren was the author of the Reorganization Act of 1939. He has since continued an active interest in Government reorganization, and was called upon by both Houses of Congress for advice and assistance in the drafting of the Reorganization Acts of 1945 and 1949. Mr. Warren was generally credited with the passage by the House of Representatives of the Merchant Marine Act of 1936.

Mr. Warren was one of the top group of leaders of the House. He presided as Chairman of the Committee of the Whole over the majority of the important legislation considered by the House during a period of 10 years, and was twice elected Speaker pro tempore of the House. During the month before his retirement from the House, he served as acting majority leader. Also, he sponsored the House bill and led the fight in 1940 for automatic reapportionment of representation in the House of Representatives. Mr. Warren was named one of the 10 ablest Members of the House in a poll conducted by Life magazine in 1939.

Upon Mr. Warren's appointment as Comptroller General of the United States in 1940, the Winston-Salem Journal described him in an editorial as "one of the finest parliamentarians the national legislature has known in many decades. In committee conference and on the floor he has manifested a spirit of leadership which has often breathed life and strength into causes seemingly lost, and his superb strategy has

brought many a piece of legislation safely through formidable blocks which were determined to shipwreck it."

The Norfolk Virginian-Pilot had this to say: "In Washington the Capitol knows him for a remarkably effective and influential Representative, almost invariably at the heart of important decisions, a trouble-shooter of skill in the lobbies and committee rooms, and an unusual combination of mediator and rough-and-tumble driving debater on the floor."

A colleague in Congress gave this evaluation of Mr. Warren's characteristics: "He had the happy faculty of properly interpreting the question under consideration and presenting it in such a logical and forceful manner that effective reply rarely ever prevailed. He never allowed himself to resort to flimsy or subtle reasons to carry his point. In debate he demonstrated courage without daring, expressed his convictions without abuse, and supported his arguments with irrefutable facts and convincing logic. * * * His success was not an accident nor was it attained by ingenious or crafty tactics. It was hard work and concentrated application, coupled with his frankness, fairness, and honesty toward his associates."

A chairman of a major House committee expressed his feelings about Mr. Warren in this manner: "As a Member of Congress, the gentleman from North Carolina has not sought the limelight. He is no showman. * * * The promotions which have come to him have not been of his making, except as merit insures such when unsought. In short, the gentleman from North Carolina is an honest-to-goodness human being, whose outstanding characteristic is horse-sense, a diminishing quality in this auto age. * * * Under him, so far as his authority goes, Uncle Sam, as well as every niece and nephew, is assured a square deal. It is the Warren way."

NORTH CAROLINA SERVICE

Mr. Warren practiced law in Washington, N. C., from his admission to the bar in 1912 until his election to Congress in 1924. He had previously attended the University of North Carolina and the law school of the same university, and later became a member of its board of trustees. The university conferred the degree of doctor of laws on him at the 150th commencement. He was a member of the State senate in 1917 and 1919, closing his service in that body as president pro tempore. He served in the State house of representatives in 1923. He also acted as a member of the State code commission for compiling the consolidated statutes in 1919, as chairman of the legal advisory board and Government appeal agent for Beaufort County during World War I, as chairman of the special legislative committee in 1920 on workmen's compensation acts, and as attorney for Beaufort County from 1912 to 1925. During the same period he was chairman of the Democratic executive committee of Beaufort County. He was a member of the North Carolina Constitutional Commission in 1931.

He has taken an active part in the political life of his party, serving as delegate at large to Democratic National Conventions in 1932 and 1940, chairman of the Democratic State conventions in 1930 and 1934, and temporary chairman and keynoter in 1938.

Although spending much of his time in the Nation's Capital performing his duties during the past 30 years, Mr. Warren has never lost touch with his native North Carolina, where he is regarded with a unique mixture of feelings as an elder statesman, father-confessor, and North Carolina enthusiast. Upon his retirement he plans to return with Mrs. Warren to his home in Washington, N. C.

Mr. Warren has three children, Mrs. Dudley Jones, Jr., of Wilson, N. C.; Lindsay C. Warren, Jr., an attorney, of Goldsboro, N. C.; and Charles F. Warren, lieutenant (junior grade), United States Coast Guard Reserves; and one granddaughter, Diana Jones, 6.

On March 18, 1953, the North Carolina Citizens' Association conferred on Mr. Warren at Raleigh a certificate of distinguished citizenship for 40 years of public service to his community, his State, and his Nation in these terms:

"To Lindsay Carter Warren, of Washington, N. C., member and leader in both houses of the North Carolina General Assembly; Member of Congress for eight consecutive terms, where he served as a skilled parliamentarian, able chairman of important committees, effective conciliator; Comptroller General of the United States, ardent exponent of governmental economy and efficiency, champion of the legislative branch of Government, a defender of the constitutional right of Congress to control the purse against executive assaults, a firm enforcer of accountability in the use of public funds; a North Carolinian who has brought honor to his State by distinguished service in positions of national trust; a champion of freedom and a believer in rugged honesty; a statesman of the highest order."

DAIRY PRICE SUPPORTS

Mr. HENNINGS. Mr. President, the dairy farmers of my State are expressing great concern today regarding their economic future as a result of the drop in price supports for milk and butterfat which became effective at midnight as a result of the order by Secretary of Agriculture Ezra Taft Benson.

This deflating of the dairy farmer's income through a drop from 90 to 75 percent of parity is difficult to reconcile with the past assurances that have been given the farmers.

President Eisenhower, in his state of the Union message of January 7, 1954, said:

> In no case should there be an abrupt downward change in the dollar level or in the percentage level of price supports.

This was reiterated in the President's agricultural message of January 11, 1954.

A majority of the Joint Committee on the Economic Report, including most of the Republicans as well as the Democrats, warned in their early March report to Congress that in view of the present serious economic situation, this is no time to weaken farm price supports. While they referred specifically to the proposed flexible supports and the new parity proposal, their warning was against any action which would lessen farm income and lead us on into a depression.

The junior Senator from Minnesota [Mr. HUMPHREY], who understands the economic consequences of this action, has introduced Senate bill 3169, which provides for a 4-month extension of the present price supports at 90 percent of parity, instead of letting it be dropped to 75 percent of parity tomorrow. I join with him in urging that this bill be given favorable consideration.

I have received from the Columbia Farmers Association at Columbia, Mo., which has 150,000 members, two photographs which illustrate extreme displeasure over Secretary Benson's action in ordering this deep cut in dairy price supports. They are calling today "Black Thursday."

We see in one picture Mr. Leo Griffin, a dairy farmer of Route 3, Springfield, Mo., who has dressed one of his cows in mourning—complete with black hat and black veil—to show how he feels about Black Thursday.

The other picture shows Mr. M. J. Faulkner, a dairy farmer with 30 head of dairy cattle at Fordland, Mo., who has decorated a milk can with black crepe and a black funeral wreath and says he is going to send it to Secretary Benson to protest the cuts in price supports.

THE SCHINE CONTROVERSY

Mr. KEFAUVER. Mr. President, I desire to take a few moments to explain my position in connection with insisting that the Armed Services Committee should have taken, and should now take, jurisdiction of the so-called Schine controversy. When the question first arose I felt that, under the provisions of the Reorganization Act of 1946, this being a matter affecting the Secretary of the Army and the morale of members of the Army, it was within the jurisdiction of the Armed Services Committee.

About 2 weeks ago, when Mr. Wilson and others were before the committee, I insisted that the Armed Services Committee should go into the subject. I did so again last week, but because of the absence of a quorum it was not possible to obtain action on a motion.

This morning I filed a resolution and made a motion in the Armed Services Committee, which is as follows:

> Inasmuch as the Armed Services Committee of the Senate, by virtue of the Legislative Reorganization Act of 1946, has jurisdiction over all legislative matters affecting the Armed Forces; and
>
> Inasmuch as the affair involving the Secretary of the Army Stevens, Counsel of the Army Adams and Senator McCarthy, David Schine and Roy Cohn does involve the integrity of the Army and of its Secretary, and according to the statements of the President of the United States, the Secretary of Defense and the Secretary of the Army, adversely affected the morale of the Army; and
>
> Inasmuch as the Senate investigating committee is experiencing a great delay in getting its investigation of this matter started; and
>
> Inasmuch as the people are entitled to know the facts and have this issue clarified: Therefore I move that this committee assume jurisdiction of those parts of said controversy that affected the Armed Forces; that this committee conduct hearings as soon as is practicable and report the facts and conclusions to the Senate.

Mr. President, it was not possible to obtain action on the motion this morning because a quorum of the committee was not present. However, the acting chairman of the committee, the distinguished Senator from New Jersey [Mr. HENDRICKSON], said he would take the matter up with the chairman of the committee, the Senator from Massachusetts [Mr. SALTONSTALL], to find out whether the committee could hold a hearing this afternoon, or whether the matter could be presented tomorrow morning.

I have been advised since then that counsel has been selected for the Subcommittee on Investigations of the Committee on Government Operations, and I hope the subcommittee will proceed without delay in ascertaining the facts,

in which the people are greatly interested and which they are entitled to know.

Mr. HENDRICKSON. Mr. President, will the Senator from Tennessee yield?

Mr. KEFAUVER. Not at the moment. I have confidence in the members of the subcommittee. I believe that in part the difficulty arises because the controversy involves the committee staff itself. In any event, Mr. President, I believe the motion ought to be presented, as undoubtedly certain aspects of this unfortunate affair should come before the Committee on Armed Services for its consideration. That would be true regardless of whether the Subcommittee on Investigations proceeded with the investigation.

The ACTING PRESIDENT pro tempore. The time of the Senator from Tennessee has expired.

Mr. McCLELLAN. Mr. President, will the Senator from Tennessee yield?

Mr. KEFAUVER. I should like to yield, but I have no more time remaining.

Mr. McCLELLAN. Mr. President——

The ACTING PRESIDENT pro tempore. The Senator from Arkansas is recognized.

Mr. McCLELLAN. Mr. President, I came into the Chamber while the distinguished Senator from Tennessee was making his statement, and I heard only a part of the motion which, I understand, the Senator presented to the Committee on Armed Services this morning. Is that correct?

Mr. KEFAUVER. That is correct.

Mr. McCLELLAN. It was not acted on?

Mr. KEFAUVER. No; it was not.

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

Mr. McCLELLAN. I did not fully understand the motion. Does the Senator from Tennessee have in mind that the Committee on Armed Services should conduct an overall investigation and undertake to do the job, instead of permitting the Subcommittee on Investigations of the Committee on Government Operations to do it?

Mr. KEFAUVER. I may say to the Senator from Arkansas that when the subject first came up, I felt, after an examination of the Legislative Reorganization Act that the situation was such that important aspects of the controversy affected the armed services, and that as to those aspects the Committee on Armed Services should take jurisdiction, as I believe it is required to do under the Legislative Reorganization Act. It was not my purpose to go into the subject of the competency of the staff and other matters, which, of course, are under the jurisdiction of the Subcommittee on Investigations. However, questions with respect to the integrity of the Secretary of the Army, the morale of the Army, and to what extent morale is affected are under the jurisdiction of the Committee on Armed Services.

Mr. McCLELLAN. I agree that the Committee on Armed Services may well have jurisdiction over any aspect of the controversy relating to the Army. However, I do not think the Committee on Armed Services has jurisdiction over the staff of the Subcommittee on Investigations, and no investigation can be made of those charges or countercharges without investigating the other matter also.

Inasmuch as members of the subcommittee's staff are involved, and there has been some reflection cast on the subcommittee by these charges, the subcommittee is proceeding to conduct a thorough, fair, and complete investigation. It is not our purpose to deprive any other committee of jurisdiction if it believes it has a duty to perform in connection with the controversy.

The ACTING PRESIDENT pro tempore. The time of the Senator from Arkansas has expired.

Mr. McCLELLAN. Mr. President, I ask unanimous consent to proceed for 1 minute.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. McCLELLAN. If another committee feels it has jurisdiction, it is not our intention to deprive that committee of it. However, I may say to the Senator from Tennessee that it is not the purpose of the subcommittee to shirk its own responsibility, particularly when its own staff is involved. We intend to proceed with the investigation.

Mr. KEFAUVER. I have the fullest confidence in the Senator from Arkansas. I know that his statement is accurate. I am talking only about such aspects of the controversy as affect the Armed Forces of the United States.

Mr. HENDRICKSON. Mr. President, I should like to say that when the Senator from Tennessee pressed for action on the resolution in the Committee on Armed Services this morning, the acting chairman, who happened to be the junior Senator from New Jersey, ruled that there was no quorum present and the resolution could not be considered. Subsequently, in an informal discussion, the acting chairman of the committee assured the Senator from Tennessee that the acting chairman would consult with the chairman of the committee, the Senator from Massachusetts [Mr. SALTONSTALL] and attempt to arrange a meeting for this afternoon or for tomorrow morning, to consider the resolution.

The acting chairman of the committee has not yet been able to contact the chairman of the Committee on Armed Services, but feels he will be able to do so before the end of the afternoon.

I understand now that the Senator from Tennessee intends to press for action on the resolution, regardless of the selection of counsel by the Subcommittee on Investigations of the Committee on Government Operations. Is that correct?

Mr. KEFAUVER. Inasmuch as counsel has been selected by the subcommittee, and because apparently hearings will get underway, I am presenting the resolution and motion for the purpose of having the Committee on Armed Services consider those aspects of the controversy over which it has jurisdiction. As to those features over which it decides it has jurisdiction I shall ask that hearings be held, and the facts ascertained and reported to the Senate. Therefore, the selection of counsel may alter the extent of the resolution, but not as to the matters which come within the jurisdiction of the Committee on Armed Services.

Mr. HENDRICKSON. Certainly the Senator from Tennessee is not urging a duplication of action, is he?

Mr. KEFAUVER. The Senator from Tennessee is not urging a duplication of action. The Senator from Tennessee is very anxious that action take place and that those aspects of the subject which affect the integrity of the Army and the morale of the Armed Forces, and other matters that come within the jurisdiction of the Committee on Armed Services, should be considered by that committee, and it should not shirk its responsibility.

Mr. HENDRICKSON. Then the Senator from Tennessee expects the Senator from New Jersey to carry out the commitment which he made this morning. Is that correct?

Mr. KEFAUVER. Yes; I do. I wish to thank the Senator for the generous way in which he spoke in the committee.

Mr. LEHMAN. Mr. President, I very much hope the Armed Services Committee will not yield or surrender its jurisdiction with reference to the investigation of such matters as may arise concerning the Armed Services or the morale of the Armed Services. I think it is highly important, regardless of what the McCarthy committee may do—and I am very glad to know it has at long last finally selected a counsel—of whom I know nothing but who I hope is completely independent—that the Armed Services Committee continue to maintain its full jurisdiction. As I view the situation, many questions not disposed of in the investigation by the McCarthy committee may come within the purview and the jurisdiction of the Armed Services Committee and require further scrutiny. I feel it would be a great mistake if the Armed Services Committee yielded or surrendered any of its jurisdiction over all issues that pertain to the legal and proper functions of that committee. I hope that it may maintain its jurisdiction over all matters that affect our Armed Services.

CONFIRMATION OF NOMINATION OF POSTMASTERS

Mr. KNOWLAND. Mr. President, after consultation with the minority leader, I ask unanimous consent that, as in executive session, the Senate proceed to consider the nominations on the Executive Calendar, under the heading of "New Reports."

The ACTING PRESIDENT pro tempore. Without objection, as in executive session, the clerk will state the nominations on the executive calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the postmaster nominations be confirmed en bloc.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

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

The ACTING PRESIDENT pro tempore. Without objection, the President will be so notified.

STATEHOOD FOR HAWAII

The Senate resumed the consideration of the bill (S. 49) to enable the people of Hawaii to form a constitution and State government and to be admitted into the Union on an equal footing with the original States.

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

The ACTING PRESIDENT pro tempore. 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.

Mr. SMATHERS. Mr. President, I should like to reserve the right to object.

The ACTING PRESIDENT pro tempore. The Senator from Florida reserves the right to object.

Mr. SMATHERS. We have now come to the final few hours of debate on Hawaiian statehood——

The ACTING PRESIDENT pro tempore. The Chair wishes to advise the Senator from Florida that the request for unanimous consent to rescind the quorum call is not debatable.

Mr. KNOWLAND. Mr. President, reserving the right to object, of course, as the Senator from Florida recognizes, one of the problems——

The ACTING PRESIDENT pro tempore. The Senator from California is advised that his remarks are not in order, because his request for unanimous consent to rescind the order for the quorum call is not debatable.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the distinguished majority leader be permitted to make a statement.

Mr. KNOWLAND. Acting for the senior Senator from Oregon [Mr. CORDON], I shall take not to exceed 5 minutes from the time under his control.

The ACTING PRESIDENT pro tempore. The Chair wishes to advise the Senator from California that he is out of order. It is necessary either to obtain a quorum or that the order for the quorum call be rescinded by unanimous consent.

Mr. SMATHERS. I shall resume my seat.

The ACTING PRESIDENT pro tempore. Without objection, the order for the quorum call is rescinded.

The Chair wishes to advise the Senate that S. 49, a bill to enable the people of Hawaii to form a constitution and State government and to be admitted into the Union on an equal footing with the original States, is before the Senate and is open to amendment.

The Chair further wishes to advise the Senate that the proponents of the amendments will be allowed 45 minutes of debate on any amendment, the time to be controlled by the proponents of such amendments, and the distinguished senior Senator from Oregon [Mr. CORDON] will be allowed equal time in which to argue the opposition to the amendment.

The Chair also wishes to advise the Senate that the debate on the bill will be limited to 1 hour, the time to be equally divided and controlled, respectively, by the Senator from Oregon [Mr. CORDON] and the distinguished minority leader, the Senator from Texas [Mr. JOHNSON].

Mr. KNOWLAND. Mr. President, I desire to ask the Senator from Oregon if he will yield me, from the time under his control, not to exceed 5 minutes.

Mr. CORDON. I am happy to yield 5 minutes to the distinguished majority leader.

The ACTING PRESIDENT pro tempore. The time so requested will be charged to the 1 hour allotted for debate on the bill. The Senator from California is recognized.

Mr. KNOWLAND. The statement I was prepared to make earlier, when the distinguished Senator from Florida was about to raise a question relative to the attendance of Senators in the Chamber, was that, while traditionally, the Senate meets at 12 o'clock noon, equally traditionally, and perhaps unfortunately, the hour of 12 o'clock is when most people, from force of habit or otherwise, go to luncheon. So we are confronted with that problem.

The only point I wished to make was that if we proceeded through a second quorum call, that, in effect, would have come equally out of the time of both Senators who are in control of the time, and would merely have extended the debate farther into the day.

I understand a number of Senators on both sides of the question and on both sides of the aisle have made tentative arrangements to leave early, some of them this evening by 6 o'clock, and some by 7 o'clock, as the case may be. It is immaterial to me, but I thought that if we could proceed with the debate and the discussion, alternating between the sides, then, as we reached the approximate point of voting, the attendance would improve.

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

Mr. KNOWLAND. I yield.

Mr. MONRONEY. The reason the Senator from Florida and I were somewhat reluctant to have the quorum call rescinded was that we believe our amendment is a constructive answer to a very important question in connection with the growth of the United States, namely, as to what will happen if States are to be admitted beyond the land mass of the United States. We have been honored with the presence of perhaps less than six Senators during the 2 days of discussion in which we tried to answer questions and to defend the amendment proposing to grant commonwealth status to the overseas areas, although the amendment has not as yet been called up.

We should be very happy if some Senator would call up another amendment earlier. Otherwise, we shall be placed at a disadvantage with respect to time before the vote on our amendment, by being unable to summon more than half a dozen Members to the floor. The inability of Senators to understand what we are trying to do leaves us at a grave disadvantage.

Mr. KNOWLAND. That is a condition with which we are confronted, arising largely from the fact that Senators have committee meetings to attend and have luncheon engagements to keep. I am certain that the debate, which has been printed verbatim in the CONGRESSIONAL RECORD, has been followed closely by Senators.

Of course, I am not in a position to help the Senator from Oklahoma, because I am opposed to all the amendments and also to the motion to recommit. But I understand that most of the amendments have been offered by the Senator from Oklahoma or by Senators associated with him, so if he would prefer to proceed to a vote, he could make a motion to recommit, and then have the debate proceed on that motion.

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

The ACTING PRESIDENT pro tempore. The Senator from California is speaking under a limitation of time and has 1 minute remaining.

Mr. KNOWLAND. I yield to the Senator from Oklahoma.

Mr. MONRONEY. The Senator from Florida and I have not been trying to consume time; we have been trying to move ahead on the issue. We were hopeful that at this late date, with only 45 minutes remaining to devote to the question of commonwealth status, we would be able to make a case——

The ACTING PRESIDENT pro tempore. The time of the Senator from California has expired. The bill is open to amendment.

Mr. LANGER. Mr. President——

The ACTING PRESIDENT pro tempore. For what purpose does the distinguished Senator from North Dakota rise?

Mr. LANGER. I desired to speak for about a minute on the question of attendance of Senators on the floor.

The ACTING PRESIDENT pro tempore. The time is under the control of the Senator from Oregon and the Senator from Texas.

Mr. LANGER. Will the distinguished Senator from Texas yield 1 minute to me?

Mr. JOHNSON of Texas. I am delighted to yield 1 minute to the distinguished Senator from North Dakota.

Mr. LANGER. Under the LaFollette-Monroney Act, the question of attendance of Senators is within the jurisdiction of the Committee on the Judiciary, which has discussed the subject at various times. I desire to issue an invitation to any Senator who has any ideas on the subject to write a letter to the Committee on the Judiciary, because we are very much concerned, as was the late Senator La Follette, about having a full attendance of Senators on the floor.

The ACTING PRESIDENT pro tempore. The bill, S. 49, is before the Senate and is open to amendment.

Mr. SMATHERS. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. SMATHERS. Would it be possible for either an opponent of the statehood bill or a proponent of it to speak at this time under the 1-hour limitation?

The ACTING PRESIDENT pro tempore. If the time be yielded by the Senators who control the time.

Mr. SMATHERS. I desire to ask the able Senator from Oregon, who is the principal proponent of the statehood measure, if he expects to make any speech at this time in behalf of statehood.

Mr. CORDON. I feel that the questions involved have been fully debated, and that there is very little hope of there being any particular change in views.

The ACTING PRESIDENT pro tempore. The Chair is unable to understand how the Senator from Florida is making a parliamentary inquiry.

Mr. CORDON. For the reason I have stated, I should like to do everything possible to hasten the matter to a conclusion. Therefore, I shall be more than happy to join with the distinguished minority leader in yielding unused time, so as to bring the bill to a vote as soon as possible.

Mr. SMATHERS. I think that we on this side who are opposed to statehood have evidenced a disposition to be willing to vote on the question. As a matter of fact, we were willing to vote prior to today. But, in view of the fact that the amendment offered by the Senator from Oklahoma [Mr. MONRONEY] is a constructive amendment, we thought it would be only fair to have more Senators on the floor, so that when the time comes to vote on it, they will know what they are voting on.

As the able majority leader has said, it is unfortunate that we have all acquired the habit of eating between 12 and 1 o'clock. However, if some Senator could be found who wished to talk at this particular time, we could start the debate. In this way, it would appear to me that a little headway could be made. There is no desire on my part to delay the vote.

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

The ACTING PRESIDENT pro tempore. The time will have to be controlled by the Senator from Oregon [Mr. CORDON] and the Senator from Texas [Mr. JOHNSON], unless the request is made for unanimous consent that the time for the quorum call not be charged to either side.

Mr. JOHNSON of Texas. I ask unanimous consent that a quorum call may be had without the time being charged to either side.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

The clerk will call the roll.

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

Aiken	Bricker	Byrd
Anderson	Burke	Capehart
Barrett	Bush	Carlson
Beall	Butler, Md.	Case
Bennett	Butler, Nebr.	Chavez
Clements	Holland	Morse
Cooper	Hunt	Mundt
Cordon	Ives	Murray
Daniel	Jackson	Neely
Dirksen	Jenner	Pastore
Douglas	Johnson, Colo	Payne
Duff	Johnson, Tex.	Potter
Dworshak	Johnston, S. C.	Purtell
Eastland	Kefauver	Robertson
Ellender	Kerr	Russell
Ferguson	Kilgore	Saltonstall
Flanders	Knowland	Schoeppel
Frear	Kuchel	Smathers
Fulbright	Langer	Smith, Maine
Gillette	Lehman	Smith, N. J.
Goldwater	Long	Stennis
Green	Magnuson	Symington
Griswold	Malone	Thye
Hayden	Mansfield	Upton
Hendrickson	Maybank	Watkins
Hennings	McCarran	Welker
Hickenlooper	McClellan	Williams
Hill	Millikin	
Hoey	Monroney	

Mr. SALTONSTALL. I announce that the Senator from Pennsylvania [Mr. MARTIN] and the Senator from North Dakota [Mr. YOUNG] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Wisconsin [Mr. WILEY], and the Senator from Wisconsin [Mr. MCCARTHY] are necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Georgia [Mr. GEORGE] and the Senator from Tennessee [Mr. GORE] are necessarily absent.

The Senator from Minnesota [Mr. HUMPHREY], the Senator from Massachusetts [Mr. KENNEDY], the Senator from North Carolina [Mr. LENNON], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

The ACTING PRESIDENT pro tempore. A quorum is present.

Mr. MONRONEY. Mr. President, on behalf of the Senator from Florida [Mr. SMATHERS], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Texas [Mr. DANIEL], and myself, I offer the amendment which I send to the desk and ask to have stated. It is designated "3–17–54–A."

The ACTING PRESIDENT pro tempore. The amendment offered by the Senator from Oklahoma for himself and other Senators will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause and insert in lieu thereof the following:

That this act is enacted in the nature of a compact so that the people of the Territories of Hawaii and Alaska may organize governments pursuant to constitutions of their own adoption.

Such governments, when properly organized as hereinafter specified shall be called "Commonwealths of the United States of America." It is the intent of Congress that the highest degree of self-government within their respective areas be vested in the people and in their elective governments. This authority will be exercised within the framework of and under the Constitution of the United States and the laws of the United States excepting those which by act of the Congress are made inapplicable to such areas.

This act shall be submitted to the qualified voters of each such Territory for acceptance or rejection in a referendum to be held for such purpose under the laws of such Territory. If this act is approved by a majority of the votes cast in such referendum, the legislature of such Territory shall call a convention to draft a constitution providing self-government as a Commonwealth of the United States for the people of the Territory. Such constitution shall provide a republican form of government and shall include a bill of rights.

(b) Upon adoption of the constitution by the people of such Territory, the President of the United States shall, if he finds that such constitution conforms to the Constitution of the United States and the provisions of this act, transmit such constitution to the Congress of the United States. Upon approval of the Congress, the constitution shall become effective in accordance with its terms, subject to the conditions and limitations of the act of Congress approving it.

TAXATION

SEC. 2. It is hereby declared to be the intent of Congress that upon the adoption of constitutions by, and with the granting of complete Commonwealth status to either or both of the Territories of Hawaii and Alaska, as provided for in this act, the tax laws of the United States shall be amended in order to provide that residents of either or both of Alaska and Hawaii shall be treated under such laws in a manner similar to the treatment given to residents of Puerto Rico under such laws at the present time, the purpose of such treatment being to allow the governments of Hawaii and Alaska, in line with their newly acquired Commonwealth status, to realize full benefits from taxation of income produced within their boundaries.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. MONRONEY] for himself and other Senators. On this question the Senator from Oklahoma has 45 minutes and the Senator from Oregon [Mr. CORDON] likewise has 45 minutes.

Mr. MONRONEY. Mr. President, I yield myself 15 minutes.

Mr. President, I deeply regret that again as we attempt to explain the importance of the step which the Senate is about to take in changing the historic geographic structure of the United States by taking in two overseas areas and conferring upon them full statehood, as is proposed in the bill before us, there are present not more than a dozen Senators to participate in this discussion and to listen to the alternative proposal.

We think that this proposal at the same time that it would grant additional rights of self-government to the people of these areas, would also protect the United States against damage by reason of having overseas areas some 2,000 miles removed from the land mass of the United States enjoying full statehood. Thus these areas would be in a position actually to be the "tail that wags the dog," affecting disproportionate control over the 48 land-union States which now comprise the United States.

If we pass the pending bill as it now stands, we shall be embarking upon a pattern for the United States. It is completely antagonistic to the original thoughts of our Founding Fathers, who were under the impression that they were establishing, on the mainland of the North American Continent, a group of States which would be closely related to one another, not only by reason of contiguity, but because of basic tradition, heritage, and common economic interest.

In uniting the Original Thirteen States it was necessary to make a great compromise. This compromise was

made in order to perfect a union. Without it there could not possibly have been a United States. It was altogether fitting and proper that this great compromise should have been made. It gave to the larger and more populous States representation in the House of Representatives according to their population; and it gave to each State, no matter how small, the same representation of two Members in the United States Senate.

Without this compromise there could not have been a union. Without this compromise there could not have been the greatness of the United States.

That pattern has worked well. We followed the great compromise—although it was perhaps not necessary that it be done—as we enlarged the Union and took in the rest of the 48 States. The citizens of the Original Thirteen States migrated across the Great Plains and through the mountains. They took with them the heritage, history, and ideas of economics which had been the seed corn of the Thirteen Original Colonies. We followed the great compromise in putting together the present Union of 48 States. It is true that we have taken in many States with small populations, but the treatment of each State has been in line with the pattern for uniting the central part of North America into a land mass which truly and physically was the United States of America.

As we have completed the filling in of the gaps, as we have taken in both large and small areas, with large or small populations, we have followed the original pattern, until we reached the border lines formed by two great oceans. On the north we have reached the boundary of the stable and well-established sovereign country of Canada. On the south we have reached the border line of the United States of Mexico.

The Atlantic Ocean on the east, the Pacific Ocean on the west, Canada on the north, and Mexico on the south form the boundaries of the land mass of the United States. The fact that our Nation is constituted as one contiguous area, it must be admitted, is responsible for much of our greatness, much of our solidarity, much of our belief in the basic Anglo-Saxon principles of law, and for the fact that we have a common heritage. This was the seed corn which, transplanted across the Continent, developed into 48 States. As we face the facts I have outlined, it must be admitted that by the passage of the proposed legislation we would break a precedent.

I do not believe Hawaii has been denied statehood for these many years due solely to the fact that she has lacked progress or ability for self-government. I believe that underlying the failure of previous Congresses to act on statehood for Hawaii has been the natural reluctance to leave the land union of the 48 States and embark more than 2,000 miles west, across international waters, to set up a new State which is not contiguous to and not reachable by easy access from the 48 land-union States.

The same thing is true with respect to the Territory of Alaska, which can only be reached either by crossing the sovereign country of Canada or by crossing international waters for more than 1,000 miles northward.

Mr. President, by taking the action proposed, I believe we would be breaking precedent, breaking the American tradition, and changing the physical aspects of the land union of the United States.

I believe most strongly that this physical union, the contiguity of States, has been to a large degree responsible for our greatness.

Before we take such a step as this bill proposes, forsaking what may be called the physical United States of America, to become perhaps the associated states of North America, it is high time for the Senate to give more than passing concern and consideration to the passage of such a bill. The discussion of which, from my attendance on the debate, I have noted, has been limited more or less to the level of that accorded a local bill—a local bill very much wanted by the people of Hawaii and greatly desired by them, and to a lesser degree, so far as statehood is concerned, by the people of Alaska. The whole nature of the debate I have heard has been to the effect that statehood is wanted by those people, and that, since they want it, they deserve it. In that respect, it is similar to a bill for deepening the harbor of Honolulu, so far as the arguments are concerned. In other words, it is said the people are entitled to statehood, and therefore we should make their Territory a State, on an equal basis with the 48 States of the Union.

We do not say that commonwealth status is the perfect solution. But we have put forward the proposal for commonwealth status and it deserves the very careful attention and consideration of the Senate. Once statehood is granted to these Territories, with full statehood rights, the action is irrevocable. From that point on nothing can ever be done to correct what many of us believe to be a serious mistake or to alter in any degree the relationships we create on the floor of the Senate today.

Let us look at the commonwealth amendment which we are offering today. In the first place, we do not wish it on or force it on the people of Hawaii and Alaska. We merely say that they shall have the right to vote in a referendum on the question of whether they desire to have their Territories become commonwealths, considering the possibility that the advantages of statehood may be a little longer delayed. If they prefer to take the advantages of commonwealth status, they can accept it, perfect their constitution, elect their own public officials and judges, and have the right to spend the revenue that originates in their areas.

Mr. DOUGLAS rose.

The ACTING PRESIDENT pro tempore. The Senate will observe the regular order. Does the Senator from Oklahoma yield to the Senator from Illinois?

Mr. DOUGLAS. I was about to ask the distinguished Senator from Oklahoma whether he would prefer to continue with his discussion or whether he would be willing to yield to me for a question at this point?

Mr. MONRONEY. I shall be very happy to yield to the distinguished Senator from Illinois at any point he may wish to ask me to yield. I am delighted to yield to him.

Mr. DOUGLAS. I wonder whether the Senator from Oklahoma would be willing to spell out the precise difference between the commonwealth status which he proposes and statehood. Is my understanding correct that under the commonwealth status the people of Alaska and Hawaii would elect their own legislature and their own Governor, as now?

Mr. MONRONEY. They would have the right, I will say to my distinguished friend from Illinois, to the maximum amount of self-government, which would be equal or equivalent to that of any State, so far as their local affairs are concerned.

They would write their own constitution, and they could provide for two elected principal officers, or for a dozen. The constitution, when formed by the people of Hawaii, under a commonwealth status, would be subject to the approval of the President and of Congress. However, that is the same as is the situation in connection with statehood. From the standpoint of local self-government they would enjoy all the privileges a State enjoys, plus the privilege of determining the extent of the taxation levied and to retain the revenue within their respective areas.

Mr. DOUGLAS. Mr. President, will the Senator from Oklahoma yield for a further question?

Mr. MONRONEY. I am delighted to yield to my distinguished colleague.

Mr. DOUGLAS. Under a commonwealth status, would the inhabitants retain the money which they now pay to the central government in internal revenue and income taxes, and which they would also pay under statehood? I mean by that, will the commonwealths, as such, retain the taxes which they now pay to Washington?

Mr. MONRONEY. That is provided by the amendment. Of course, we cannot advise Congress on the exact nature of all the details. However, it is spelled out in our proposal that the same status which is enjoyed by the Commonwealth of Puerto Rico shall be enjoyed by these Territories as commonwealths, which would allow them to retain for their own use and for their own purposes all the wealth that originates in their areas subject to whatever taxation the commonwealths might wish to place upon it.

Mr. DOUGLAS. Mr. President, will the Senator from Oklahoma yield further?

Mr. MONRONEY. I am delighted to yield to my distinguished colleague from Illinois.

Mr. DOUGLAS. What would be the citizenship status and the rights of migration of the citizens of these commonwealths?

Mr. MONRONEY. The citizenship status would be identical with that of any State, and such as is enjoyed today by the citizens of Puerto Rico. There would be no limitation.

Mr. DOUGLAS. Mr. President, will the Senator from Oklahoma further yield?

Mr. MONRONEY. I am delighted to yield.

Mr. DOUGLAS. Would they have the right to free and unlimited migration?

Mr. MONRONEY. They would have such right.

Mr. DOUGLAS. Mr. President, will the Senator from Oklahoma further yield?

Mr. MONRONEY. I am delighted to yield.

Mr. DOUGLAS. Would they have the right to own property and inherit property and transact business within the United States?

Mr. MONRONEY. They would, so far as the junior Senator from Oklahoma is informed. Of course, I am not so familiar with some of the State laws as I should be, but certainly under the Federal law they would have all such rights.

Mr. DOUGLAS. Mr. President, will the Senator from Oklahoma further yield?

Mr. MONRONEY. I am delighted to yield to my distinguished friend.

Mr. DOUGLAS. Would they have the protection of American consular and diplomatic officials abroad?

Mr. MONRONEY. They would so have; they would also have the protection of the United States armed services in matters pertaining to their own local defense.

Mr. DOUGLAS. Mr. President, will the Senator from Oklahoma further yield?

Mr. MONRONEY. I am delighted to yield to my distinguished colleague.

Mr. DOUGLAS. Would the draft law require compulsory military service of the people of the commonwealths?

Mr. MONRONEY. It would so require, as is the case with respect to the Commonwealth of Puerto Rico, which now is under our selective service system.

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

Mr. MONRONEY. I am delighted to yield.

Mr. DOUGLAS. What is the difference between commonwealth status and statehood?

Mr. MONRONEY. I am very glad the Senator has asked me that question, because we do not like to be accused, as we have been accused, of trying to cover up what we mean by commonwealth status. The citizens of the commonwealth areas would enjoy practically every advantage known to the citizens of a State, save that of having elected Representatives in the United States Congress. They would not have two Senators and, as at the present time, they would not have the right to vote for the President of the United States.

It would be my idea, if this worked well over a period of 5 or 10 years, that a constitutional amendment could be proposed giving them the absolute right to elected Representatives in the House of Representatives, according to their population, and giving them the full right to vote for President of the United States, but not giving them the right to have 2 Senators.

The ACTING PRESIDENT pro tempore. The time of the junior Senator from Oklahoma has expired.

Mr. MONRONEY. Mr. President, I yield myself an additional 5 minutes.

The reason, I believe, for the suggestion of having no sitting Member in the House at this time, but only a Delegate, and no Member of the United States Senate, is that these overseas areas, being noncontiguous and in a more or less isolated situation, and not having a common interest with the 48 States, are not entitled to have 2 voting Members of the Senate. As I pointed out in the debate a few days ago, to give Hawaii 2 Senators would mean Hawaii would be enjoying a voting privilege of approximately 33 to 1 as compared with citizens of the State of New York. In other words, instead of having proper representation of this oversea area, we would be giving them overrepresentation.

I see my distinguished colleague from California is in the Chamber, and I would be interested to know what his attitude is with reference to statehood for Hawaii, when 1 vote in Hawaii would have as great a weight in electing Members of the Senate of the United States as would perhaps 22 votes in the State of California or in the State of Pennsylvania.

Mr. KUCHEL. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I am delighted to yield.

Mr. KUCHEL. The question which I should like to ask my good friend is this: Is it not true that the political platforms of both great parties pledged statehood to Hawaii, and also, in the case of the Democratic platform, statehood for Alaska?

Mr. MONRONEY. I understand that to be true.

Mr. KUCHEL. Do not the citizens of those two Territories have a right to place some reliance upon the solemn pledge which was made in the political platforms with respect to the people of Hawaii and of Alaska? Should they not place some reliance on that commitment? I hasten to say that I intend to vote for statehood.

Mr. MONRONEY. I would say to the distinguished Senator that his own party placed pledges in its platform that they were going to have a balanced budget and 100 percent of parity for farmers. They also promised statehood for Puerto Rico, yet the majority leader stated a few days ago that he would never vote for statehood for Puerto Rico. So I must say to the distinguished Senator that many of the things in the platforms of both parties are not capable of fulfillment and have not been fulfilled, and we find the distinguished senior Senator from California saying that he would never vote for statehood for Puerto Rico.

Mr. KUCHEL. I say to my friend from Oklahoma that he and I are responsible to our own consciences and our own constituencies, with respect to commitments made by the political organizations to which we belong. But, paying whatever respect we may be inclined to pay to party platforms, I am sure the platforms of the two great political parties 2 years ago were entirely silent on the question of statehood for Puerto Rico.

Mr. SMATHERS. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield.

Mr. SMATHERS. The Republican platform distinctly states that it favors statehood for Hawaii and Alaska and, eventually, for Puerto Rico.

Mr. KUCHEL. Mr. President, will the Senator from Florida tell me where the platform contains that statement?

Mr. SMATHERS. I do not happen to have a copy of the Republican platform in my pocket but I am sure it states just what I said.

The ACTING PRESIDENT pro tempore. The time of the Senator from Oklahoma has expired.

Mr. MONRONEY. Mr. President, I should like to reserve the remainder of my time. Perhaps the distinguished chairman of the subcommittee would care to use some of his time.

Mr. CORDON. Mr. President, I yield 8 minutes to the distinguished Senator from New York [Mr. LEHMAN].

Mr. LEHMAN. Mr. President, I hope with all my heart that the bill granting statehood to Alaska and Hawaii will pass. I shall, of course, vote for it. I appeal to all my colleagues to vote for it.

When I voted some weeks ago to attach the proposal for Alaskan statehood to the bill for Hawaiian statehood, I did so in the belief that it would enhance the legislative prospects for both. I think both Territories richly merit statehood. I think it is in the interest of the United States, I think it is essential for the United States, to grant statehood to both Territories.

The arguments which have been made against statehood are not, in my judgment, sound ones. And I include the arguments which have been made against statehood for each of the Territories as well as for both.

Some of the arguments which have been made, especially against statehood for Hawaii, are deeply fallacious and do not reflect creditably upon our faith in democracy. It has been stated—the alarmist possibility has been raised—that Hawaii might send a Communist to the Senate of the United States.

How distrustful of the workings of democracy such a statement is. Do we believe that a Territory which has been under the American flag for 55 years, which has been under American influence even longer than that, which has had the benefits of the American school system for all those years, and of an atmosphere as American as that in any part of the United States—do we believe that such a Territory will elect to the United States Senate a Communist, a conspirator against the United States? If we can entertain such a thought, we have little faith in the democratic process.

The literacy rate in Hawaii bears favorable comparison with that in any part of the United States. Its record of crime is far less than the average in the entire Nation. Its vital statistics show the unusually fine and intelligent medical care given to the citizens of Hawaii. Above all, Mr. President, the patriotism of its citizens, tested in the fire of a score of bloody battles of our country's wars, and attested to by rows of white

crosses in many a military cemetery abroad and in Hawaii, itself, should silence those who raise the specter of communism. No people anywhere in the United States have served with greater courage or loyalty or devotion than have the citizens of Hawaii.

There is no group of people more loyal to American ideals and to the United States than the inhabitants, as a whole, of the Territory of Hawaii. This has been proved. It cannot be denied.

The strength of a single labor union, whose leadership is tainted, cannot be cited as an argument against the loyalty and devotion of a half-million people, long schooled in the American tradition, well tested in devotion to American ideals.

As for the unspoken argument—the argument based on the racial composition of Hawaii—that argument is so weak that it can scarcely be made in public, on the floor of the Senate. Hawaii is America in microcosm—a melting pot of many racial and national origins, from which has been produced a common nationality, a common patriotism, a common faith in freedom and in the institutions of America.

And may I point out that no one race, no one creed, no one national origin, can claim greater patriotism or greater faith than can other groups of Americans.

As for Alaska, this Territory, which has been under the American flag for almost a century, desires and deserves statehood. It needs statehood. It needs statehood to give it a chance to develop it potentialities, with a voice here in the Senate and in the House, to speak for its interests—the interests of the only remaining Territorial frontier of America.

Alaska can become one of the great prides and boasts of America—one of the new centers of American expansion—industrial, mineral, agricultural, and recreational. Alaska has made great strides in the past 20 years. But Territorial status acts as an anchor, a drag-weight on its progress. Alaska needs spokesmen for its interests here in the Senate—spokesmen with votes, who can compel the attention of the Congress and of the Nation to its needs, as each of us here can, for our States and our problems.

The world is watching what we do here. They will watch our votes. They will not hesitate to ascribe to us, should we vote down this measure, motives which will do us poor credit.

Should we vote for statehood for Alaska and Hawaii, we will tell the world that we are still an expanding nation, a dynamic nation, free, fluid, and flexible in our constituency of States—dynamic from within as well as from without. We will tell the world that we believe in the American idea for ourselves as well as for others—that we are still growing and expanding, that we embrace the concept of the expanding frontier, and that in this airborne age, we have crowned with statehood Territories distant from our mainland boundaries. We will advance the full sovereignty of the United States 2,000 miles into the Pacific, and 2,000 miles into the great northwest.

Above all, Mr. President, we will have shown to the world that we practice what we preach in our party platforms and in the halls of our legislatures, including the Congress of the United States.

What added voice we will have in world affairs when we will thus have acquitted ourselves with the legislation before us.

But I do not urge that we should take this action simply to give us something to talk about. I do not propose this action as a propaganda measure.

Statehood for Alaska and Hawaii is in the proper interest of the United States, from a domestic as well as from an international viewpoint. This is an act of justice and fair dealing with the inhabitants of Alaska and of Hawaii. This is an act which will benefit all the people of the United States, from New York to San Francisco, from New Orleans to Seattle.

The ACTING PRESIDENT pro tempore. The time of the Senator from New York has expired.

Mr. LEHMAN. Mr. President, I ask unanimous consent that I may be yielded an additional 2 minutes.

Mr. CORDON. I yield an additional 2 minutes to the distinguished Senator from New York.

Mr. LEHMAN. I shall oppose the amendment to provide commonwealth status. The people of Alaska and Hawaii do not wish commonwealth status. It would be presumptuous and demeaning to offer them something which they do not want.

Puerto Rico wanted internal political autonomy. It did not wish statehood. The so-called commonwealth status works well enough in Puerto Rico, but it is an exceptional status which is not easily adaptable to our form of Government. There is no symbol of sovereignty in the United States like the Crown of England. Sovereign power reposes only in Congress and the President, as interpreted and restrained by the judiciary.

There is no similarity between the alleged commonwealth status, as is proposed in the amendment now before the Senate, and that which exists in the British Commonwealth of free nations. To force so-called commonwealth status upon people who have not asked for it and who emphatically are opposed to it will satisfy no one and will accomplish absolutely nothing.

Mr. President, Alaska and Hawaii want statehood. They are ready for statehood. Let us give them statehood. I hope neither the barriers of prejudice nor the maneuvers of politics will be permitted to prevail in regard to the pending legislation. I hope and trust the bill will pass, and that the amendment which is now before the Senate, which proposes commonwealth status for these two Territories, will be defeated.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Oklahoma for himself and other Senators.

Mr. CORDON. Mr. President, I yield 15 minutes to the distinguished junior Senator from New Mexico.

Mr. ANDERSON. Mr. President, I was deeply interested in the remark made by the author of the amendment proposing commonwealth status, the distinguished Senator from Oklahoma [Mr. MONRONEY], who warned that the step granting statehood, once taken, is irrevocable. I think his statement is correct, but I hope the Senate will bear in mind that there are other steps which are irrevocable, and that the proposal for changing Alaska and Hawaii from incorporated Territories to unincorporated commonwealths, which is involved in the amendment, is equally impossible and unconstitutional.

Mr. FULBRIGHT. Mr. President, will the Senator yield at that point, or does he not wish to yield now?

Mr. ANDERSON. I am glad to yield to the Senator from Arkansas.

Mr. FULBRIGHT. Did the Senator say that the proposal was unconstitutional?

Mr. ANDERSON. If the Senator will wait and will follow my remarks, I think he will find that the proposal contained in the amendment, which suggests that there shall be a different taxation system in Alaska and Hawaii which are incorporated Territories, is as unconstitutional as I think it possibly could be. I hope the Senator will listen to my statement and will decide for himself.

Mr. FULBRIGHT. I simply wondered if I had heard the Senator correctly.

Mr. ANDERSON. Yes, the Senator from Arkansas heard me correctly.

Time and time again, Alaska and Hawaii have been designated by the Supreme Court of the United States as incorporated Territories, and as such have been adjudged by the Nation's highest court to be incipient States. As States in embryo, all provisions of the Constitution apply to them.

Puerto Rico is a commonwealth, or associated State, whatever that may be. Its status, in any event, has yet to be determined definitely; the exact nature of its role in the American family will have to be determined by the courts. It is entirely probable that the judiciary will some day hold that Puerto Rico still is, constitutionally, an unincorporated Territory, and that commonwealth status necessarily connotes unincorporation. If that should prove to be the case, then Alaska and Hawaii could not legally, constitutionally, assume that inferior status.

In the case of *Downes* v. *Bidwell* (182 U. S. 271, 1901), the Supreme Court of the United States declared that—

> Where the Constitution has been once formerly extended by Congress to Territories neither Congress nor the Territorial legislature can enact laws inconsistent therewith.

Mr. Justice Brown, in the case of *Rassmussen* v. *United States* (197 U. S. 536, 1905), another of the famed Insular cases, asserted that—

> The extension of the provisions of the Constitution * * * once done, is irrevocable.

It follows, then, that those who would remake Alaska and Hawaii in the image of Puerto Rico are somewhat disingenuous when they extol the benefits Puerto Ricans derive from the Federal tax exemptions. As incorporated Territories, Alaska and Hawaii are subject to section 8 of article I of the Constitution, which provides, in part, that "all duties, imports, and excises shall be uniform throughout the United States."

It is doubtful, to say the least, that Congress has the power, under the Constitution, to exempt the citizens of Alaska and Hawaii which are parts of the United States from the applicability of this uniformity clause.

From the very beginning, Alaska and Hawaii have ben accorded treatment different from that extended to Puerto Rico. Alaska was purchased by treaty from Russia in 1867. Article 3 of that convention provided that—

> The inhabitants of the ceded territory, according to their choice, reserving their natural allegiance, may return to Russia within 3 years; but if they should prefer to remain in the ceded territory, they, with the exception of uncivilized native tribes, shall be admitted to the enjoyment of all the rights, advantages, and immunities of citizens of the United States, and shall be maintained and protected in the free enjoyment of their liberty, property, and religion.

With reference to the particular language, that they "Shall be admitted to the enjoyment of all the rights, advantages, and immunities of citizens of the United States," I suggest that nothing similar to that was contained in the treaty whereby Puerto Rico was acquired, and that the rights of Puerto Rico simply do not come in the same category as those of Hawaii and Alaska.

In the case of Alaska and Hawaii, there was included the "right" to have their young men drafted into the armed services. Those Territories were treated exactly as the treaties prescribed they should be treated. I do not think it is possible now to change that situation.

Again, in the case of Rasmussen against United States, and also in *Balzac* v. *People of Puerto Rico* (258 U. S. 298, 1922) the Supreme Court held that the treaty constituted one of the chief grounds of Alaska's incorporation into the Union; but it should be noted that the treaty of itself did not, and could not, accord incorporation, even though it strongly implied such a grant.

Thus as soon as Congress began to implement the treaty of 1867 by extending national statutes to the Territory, Alaska was well on the way to full incorporation. By 1884, surely, Alaska had attained the highest possible status next to statehood, even though the second, and major, organic act was not approved until 1912.

The basic point to remember in regard to the Alaskan Treaty is that the Senate of the United States could have omitted, had it chosen to do so, any reference to citizenship, with its implied promise of incorporation for the Territory. The people of Puerto Rico, under the Treaty of 1898 with Spain, were treated quite differently. There was no provision for citizenship for Puerto Ricans, and there was no promise, implied or otherwise, of incorporated status.

The people of Hawaii, on the other hand, have been entitled from the first to expect preferential treatment. They presented a treaty, which was not ratified, in 1897, containing the following language:

> The Republic of Hawaii and the United States of America, in view of the natural dependence of the Hawaiian Islands upon the United States, of their geographical proximity thereto, of the preponderant share acquired by the United States and its citizens in the industries and trade of said islands, and of the expressed desire of the Government of the Republic of Hawaii that those islands should be incorporated into the United States as an integral part thereof, and under its sovereignty, have determined to accomplish by treaty, an object so important to their mutual and permanent welfare.

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

Mr. ANDERSON. I am happy to yield to the Senator from Oklahoma.

Mr. MONRONEY. If I understood the Senator correctly, he has stated that commonwealth status would not permit the waiving of taxes, and that under statehood status the two Territories would be completely on all-fours with the 48 States. Is that correct?

Mr. ANDERSON. If they acquired statehood, yes.

Mr. MONRONEY. Then, laws which Congress has passed relating to housing and many other fields, granting special treatment and privileges to the Territory of Alaska, and in some cases to Hawaii, would not be possible, since it has not been the practice to grant special privileges, for example, to the States of Mississippi or Florida. Could Congress enact such laws if statehood were granted?

Mr. ANDERSON. I do not think so. I do not believe the granting of special privileges necessarily follows, but taxation does necessarily follow, because it is provided that taxes must be uniform. For example, the Swamp Act did not apply to every State, but it very forcefully applied to the State of Florida. It did not apply to the State of Oklahoma or to the State of New Mexico.

Mr. MONRONEY. The point I am trying to make is that constantly, in housing bills, very greatly favored treatment has been given to the Territory of Alaska because it is a Territory. If the statehood status would put the Territory on all fours with the other States, I am wondering if that kind of legislation, according to Territories any special, favored treatment could be passed. If not, as Territories they can be given treatment which they could not possibly receive if they became States.

Mr. ANDERSON. In the Alaska amendment there has been inserted a provision proposed by the distinguished Senator from Wyoming [Mr. BARRETT], that the percentage of Federal contribution to highway funds shall be frozen for 15 years at the present level of participation. That is more advantageous treatment than that given any other State in the Union. If the Supreme Court were called upon to interpret that provision, I am sure it would interpret it as it has in similar language many times in the past—that special grants can be made for special purposes. That does not disturb the uniformity clause. However, we cannot suddenly say to Hawaii and to Alaska, "You do not have to pay income taxes to the United States in some commonwealth status or as full States." In that event the millionaires of America would be found going to the beaches of those Territories because they would not have to pay any income taxes. Such a provision as that would not work.

Mr. MONRONEY. If the Senator has read the bill, I am sure he knows that the income-tax waiver we would be yielding to the Territories would apply only to income derived from the islands, and that such millionaires as he mentions would still have to pay income taxes on income originating in the United States.

Mr. ANDERSON. There is nothing which says that such millionaries could not transfer their bonds and other holdings to the Territories and earn income originating from such Territories.

Mr. MONRONEY. Any income derived from investments on the mainland would be taxable under the United States income-tax laws. Such laws apply to the people of Puerto Rico, and the same condition is contained in the amendment relating to income originating within the Territories of Hawaii or Alaska.

Mr. ANDERSON. There was nothing in the experience of Puerto Rico, so far as the income-tax question is concerned, which makes me think it would be wise to apply to the people of Alaska and Hawaii the same principle. I think it was unfortunate that such a provision was applied to the people of Puerto Rico.

There were differences in the conditions under which those various Territories were taken by the United States. By the treaty of 1898 the people of Puerto Rico were not given an immediate voice in voting for the government. It was 1917 before there was any suggestion of voting. On the contrary, when Alaska and Hawaii were incorporated, the people were immediately privileged to vote. Those people do not have the right to vote for President of the United States or for a Senator in this body; but they do have the right to bear arms, they can be drafted, they can pay income taxes; and it is that situation which is causing a great deal of trouble in those areas.

Mr. SMATHERS. Is it not a fact that citizens of Puerto Rico, Guam, the Virgin Islands, and the District of Columbia also are drafted and have to serve in the Armed Forces?

Mr. ANDERSON. Yes.

Mr. SMATHERS. The Senator from New Mexico has stated that there is a difference between the actual status of the Territories of Hawaii and Alaska and that of Puerto Rico. Prior to the time Congress voted the commonwealth status for Puerto Rico, except for the fact that they did not pay taxes, can the Senator cite any different relation which existed between Puerto Rico and the Government of the United States and that which existed between Hawaii and the Government of the United States?

Mr. ANDERSON. Not at the time the bill was passed, but for a long period prior to that there had been a difference.

Mr. SMATHERS. Can the Senator tell me what the difference was?

Mr. ANDERSON. As I have stated, in the case of Alaska, as soon as the Alaska Territory was incorporated, the people there started to vote; but in the case of Puerto Rico they did not. Puerto Rico was brought in under the treaty of 1898; it was 1917 before there was a suggestion of voting.

Mr. SMATHERS. Voting in what respect? I understand the people of the Territories are complaining about the fact that they cannot vote for representatives in Congress.

Mr. ANDERSON. That is correct.

Mr. SMATHERS. Does the Senator mean that they voted for members of the Territorial government?

Mr. ANDERSON. Yes.

Mr. SMATHERS. And the people did not do that in Puerto Rico?

Mr. ANDERSON. No.

Mr. SMATHERS. Is it not a fact, however, that in the field of national defense, in the field of foreign trade in connection with the making of trade treaties, and in other matters, the attitude of the Federal Government was to consider Puerto Rico, and that in every law passed in the United States in which territories were involved there was actually no difference in the treatment given Puerto Rico by the United States Government than that given to Hawaii or Alaska?

Mr. ANDERSON. I think there were considerable differences. Long hearings were held on the question. I am not able at this time to recall what the differences were; but, I suggest that the treatment given to Puerto Rico in the matter of sugar was a little different from that given to Hawaii.

Mr. SMATHERS. That involves a matter of negotiation. Florida for example is not treated quite so liberally as Louisiana is in the matter of sugar; nor is it treated as well as some of the other States with respect to dairy and other products.

Is it the opinion of the Senator from New Mexico that at the time we took in the Territory of Hawaii it was the suggestion of the Members of Congress that Hawaii at that time would become a State?

Mr. ANDERSON. I was about to deal with that question when I was interrupted. The treaty which was proposed was not accepted at that time. A group of antiexpansionist Democrats succeeded in bringing about an undue delay. There was a strong period of revolt against bringing Hawaii in as a State. It was not until Admiral Dewey sailed into Manila Bay that the sentiment changed. When Admiral Dewey sailed into Manila Bay, there was a sweep which went the other way, and we promptly ratified the treaty. It was said on the floor of the Senate, when the Hawaiian treaty was discussed, that we could not possibly give recognition to Hawaii; but when we realized Hawaii could be an important military outpost, we suddenly remembered they were wonderful people all the time, and there was sentiment to bring Hawaii in immediately.

Mr. SMATHERS. I should like to refer the Senator to what was said on the subject at the time by the chairman of the Foreign Affairs Committee of the House of Representatives. When asked the question, as to whether it was intended that Hawaii was to become a State he responded that he did not believe the Territory of Hawaii would ever become a State. He further said:

By the terms of this resolution all such questions will be determined by Congress, and Congress will and should do what the American people want done.

Mr. ANDERSON. I merely wish to say that I hope Congress finally will do what the American public wants done. The polls show that seven-eighths of the people of the United States would like to have Hawaii become a State; and, just as has been predicted, the time will come when Congress will do what the people of the United States want done, and will give statehood to Hawaii.

Mr. SMATHERS. I should like to read what the late Champ Clark said on this subject at the time the annexation of Hawaii was before the Congress in 1898:

That a great many people who are in favor of annexation have been scared at the idea of creating a State out of these islands is shown by the fact that the annexationists evolved a scheme to make them a county or counties of California.

* * * * *

But as California objected strenuously to that, we are now assured that it is not intended to make either a State or a California county out of them.

Mr. ANDERSON. Mr. President, I still think a State will now be made out of the Hawaiian Islands.

The PRESIDING OFFICER (Mr. CARLSON in the chair). The time of the Senator from New Mexico has expired.

Mr. CORDON. Mr. President, I yield 5 minutes to the junior Senator from South Dakota [Mr. CASE].

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 5 minutes.

Mr. CASE. Mr. President, the argument advanced by the Senator from Oklahoma [Mr. MONRONEY], in behalf of his amendment, was intriguing; but, upon examination, it should not be accepted by the Senate.

The first fear expressed by the Senator from Oklahoma was based on the distance involved, namely, the distance of 2,000 miles from Hawaii to the United States.

Mr. President, in 1945, I ate a very late supper in San Francisco, and I ate breakfast at the normal time in Honolulu, the next morning. That was in 1945, almost 10 years ago.

Last fall I want to Alaska. I left Fairbanks, the most northerly of the major cities of Alaska, at 8:30 in the morning. At 10:30 that night I was in my home city in South Dakota. Others of the group came to Washington, D. C., and arrived here at what would have been 2 o'clock in the morning, Alaska time.

In the course of the debate, population has been mentioned. Mr. President, today the Territory of Hawaii has more people than any of the original 13 States had at the time of the formation of the Union, save two—one of them being Virginia, I believe. The Territory of Hawaii has a greater population than half of the States had at the time when they were admitted to statehood.

So the distance and population arguments are refuted by the facts, as we know them today.

The final argument of the Senator from Oklahoma was based on the fear of having in this body two Senators from each of these two Territories.

Mr. President, one Member of the present Senate came to Congress at the time of the admission to the Union of his State; I refer to the distinguished senior Senator from Arizona [Mr. HAYDEN]. He happens to sit on the other side of the aisle, and does not belong to the same political party to which I belong; but I venture to say that if a poll were taken of the Members of the Senate and if all Members of the Senate were scored, the composite score of the senior Senator from Arizona would be the highest, from the standpoint of his ability and standing in the Senate. So the argument based on the fear of letting the representatives of what is now a Territory enter the Senate of the United States should be abandoned.

Mr. President, the whole argument for commonwealth status for these two Territories, rather than statehood for them, is an argument of fear and is similar to the arguments which have been advanced whenever Territories have been proposed for admission as States of the United States. I submit to the Senate that the United States has grown and has progressed and has become stronger with the development of its frontiers. When we call the roll of the Western States which have been admitted to the Union, we realize that each one has made its contributions; and so would the Territories of Hawaii and Alaska.

When I was in Alaska, a year ago, I was impressed by the tremendous resources of the area, the agricultural possibilities in Kodiak and in the Kenai Peninsula, and the possibilities of timber development at Ketchikan and in the area west of Juneau, where we saw a great pulp plant being created. I was impressed by the spirit of the people there. One does not feel that he is in a foreign land when he is in Anchorage or Fairbanks or Juneau or Cordova; neither does one feel that he is in a foreign land when he is in Hawaii, for in both these lands he finds people who have the same hopes, the same aspirations, the same dress, and the same language as those who live on the mainland of the United States. Mr. President, there is a tie of unity which means more, possibly, than even the tie of geographical contiguity the Senator from Oklahoma mentioned.

In Hawaii there is now located the National Memorial Cemetery of the Pacific. At the time when that cemetery was being proposed, it had been suggested that other national cemeteries be located in various islands scattered in the Pacific; but the committee which had that matter in charge was impressed by the suggestion that since the bodies of the boys who had fallen in the fighting on the various islands of the Pacific were to be placed in care of the Federal Government, they should be interred in one great cemetery, the National Memorial Cemetary of the Pacific.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

Mr. CORDON. Mr. President, I yield an additional minute to the Senator from South Dakota.

Mr. CASE. I thank the Senator from Oregon.

Mr. President, in the National Memorial Cemetery of the Pacific lie the bodies of boys from every State in the Union. Today their blood calls to our blood.

Hawaii deserves statehood, and so does Alaska. They are with us in purpose, in spirit, and in possibilities. They will be States which will add luster to the stars of the flag we now see behind the seat of the Presiding Officer.

Mr. President, I hope the amendment will be rejected, and I hope the bill will be passed.

Mr. MONRONEY. Mr. President, I yield 5 minutes to the distinguished junior Senator from Florida [Mr. SMATHERS].

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

Mr. SMATHERS. Mr. President, I thank the Senator from Oklahoma for yielding this much time to me, and I also thank him for the remarks he previously made regarding the necessity of commonwealth status for the Territories of Alaska and Hawaii.

Mr. President, I have no doubt that if the sincere friends of Alaska would give a little thought and study to this amendment, they would be convinced beyond a doubt that commonwealth status for Alaska is the most desirable form of government for that Territory at this time.

I think we should remember certain facts about Alaska. In the first place, Alaska is very large, indeed. For instance, if we place the map of Alaska over the map of the United States, we find that it is one-fifth the present size of the United States. It is somewhat larger than the combined areas of all 14 States on the Atlantic seaboard, plus Pennsylvania, West Virginia, and Kentucky.

There are approximately 365,481,600 acres of land in Alaska of which 2 million acres are arable. At the present time only 14,000 acres are considered to be improved. So it can readily be seen that although there is a great expanse of land in Alaska not much of it is productive. At the present time there is in Alaska very little land from which an income can be derived.

The 1940 report of the Census Bureau disclosed that there were 623 farms in Alaska, whereas the 1950 census disclosed that there were then only 525 farms in Alaska—or a loss of approximately 100 farms. So it is evident that there is no hope or reason to believe that Alaska will become a great farm area for the United States of America.

As a matter of fact, everything north of the Alaska range is perpetually frozen, the year around. If one digs 3 inches into the soil, he comes to a frozen area.

We must admit that there are some minerals in Alaska; but the facts show that since 1945 the number of persons employed in the mining industry declined from 8,000 or 9,000 to 2,000.

The claim is made that actually Alaska will be a great natural resource for the United States because it is in the same temperature zone as that of Sweden. However, the fact is that while mineral resources do exist in Alaska, it is not economically feasible to mine them, because they are so far from competitive markets that transportation costs and other costs of production make mining costs prohibitive.

So it is plain that while there is an undeveloped potential of natural resources, what is needed today in Alaska is an economic advantage which will encourage people to go there and take the calculated risk involved. They must have an economic advantage in the form of tax relief if they are to engage in mining, lumbering operations, and the development of other natural resources. Otherwise they will remain severely handicapped in sending lumber and minerals to the United States, a distance of over 3,200 miles of railroad, and still compete with similar commodities produced in the United States. It is abundantly clear that they must have such economic help if they are to succeed.

How can we give them that advantage? The only feasible and practical way is to give them a commonwealth status, which will give to the people of the Territory Federal tax relief. I remind Senators that today the people of Alaska pay higher per capita taxes than do the people of any area or any State under the American flag.

I hold in my hand a letter from the Juneau Alaska Chamber of Commerce which cites figures showing the proportionate payment of taxes per capita. The figures show that the people of Alaska pay a 40-percent higher tax than do the people of the State of Washington; almost 100 percent higher than the tax paid by the people of Texas; and more than 110 percent higher than the tax paid by the people of Iowa.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

Mr. MONRONEY. Mr. President, I yield an additional 5 minutes to the Senator from Florida.

Mr. SMATHERS. I read from the letter to which I have referred, pointing out that these are Alaskans who are talking, not people who are for the commonwealth status, and not people who are opposed to statehood:

> Without regard to what representations have been made to committees in Congress, a study of the appropriations of the last session of its legislature and the last census figure will reveal that Alaskans are probably the most heavily taxed per capita of any group under the American flag.

They tell us, in effect, "If you give us statehood it will increase our local taxes 50 percent." If we give the people of Alaska statehood, we will increase the tax burden on them about 50 percent. Is that any way to induce people to go to the Territory of Alaska or to develop its natural resources? Would people be inclined to go to Alaska if we tell them, "If you go there, you will have to pay the highest taxes paid by the people of any area in the country?" I submit that those who really wish to be of assistance to Alaska should not favor granting the people of Alaska statehood at this time. I sincerely believe that the people of the Territory of Alaska do not want statehood at this time.

The last paragraph of the letter from the Juneau Chamber of Commerce reads as follows:

> All Alaskans hope that the time is not too far distant when development of our natural resources will reach a stage where part of the burden now borne by the Federal Government can be taken over by the Territory. As can be seen from the above, the present taxload is extremely heavy and any increase in the Territorial tax program may well serve to discourage the influx of capital for the development of our natural resources, which capital is so badly needed to put Alaska on a firm, permanent, economic foundation.

I again submit that if we actually want to help the people of the Territory of Alaska, granting them statehood is not the way to do it. When they voted in 1946 on the sole question, "Do you want statehood?" only a little more than 9,000 people voted for it. Some 6,822 voted against it. Is that an overwhelming demonstration of a desire for statehood? I do not believe anyone could logically or properly conclude that it is.

As a matter of fact, the question was loaded, because, as many people in Alaska have since stated, they believe that eventually there might be statehood, but they do not want it under present conditions, whereby the tax load would be so heavy as to make economic survival impossible.

I think Commonwealth status is the proper solution to this problem and the people of the Territory are entitled to vote on this question. If we want to help the people of the Territory of Alaska, let us give them Commonwealth status, a status which will accord them all the political rights they desire, including the right to elect a governor, the right to elect judges and other local officials. It will give them every connection they desire with the United States, and at the same time provide an economic advantage which will permit their industries and their people to compete in the competitive markets, resulting in the maximum development of natural resources and enable the Territory to grow in strength economically, politically, and financially.

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

Mr. SMATHERS. I yield.

Mr. MONRONEY. Inasmuch as a grave risk would be incurred by taking the irrevocable step of granting statehood to Alaska, in particular, with 128,000 citizens who already carry the highest tax load under the American flag, and inasmuch as the burden of local taxes would be increased by granting statehood, the proponents of the statehood bill should, in all fairness to the Senate, outline what would happen under a condition of total bankruptcy of a State which has been created by act of Congress. Would there be any measure which the Federal Government could take, in view of the doctrine of states' rights, to render assistance in bailing a State out of such a situation, which would be almost certain to develop?

Mr. SMATHERS. I thoroughly agree with the junior Senator from Oklahoma. Probably for the first time in our history

we would have the situation of a bankrupt State. We could not get rid of it. It could not withdraw from the Union. I do not know what the solution would be. The granting of statehood would be an irrevocable act. Once done, it could never be undone. The time has come for us to seriously consider the question, from the standpoint of the welfare of the people of the Territory as well as of the people of the 48 States, and not merely on the basis of party platforms.

The junior Senator from California [Mr. KUCHEL] brought up the question of party platform declarations a few minutes ago. I read from the Republican platform of 1952:

> We favor immediate statehood for Hawaii.
>
> We favor statehood for Alaska under an equitable enabling act.
>
> We favor eventual statehood for Puerto Rico.

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

Mr. SMATHERS. I am happy to yield.

The ACTING PRESIDENT pro tempore. The time of the junior Senator from Florida has expired.

The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. MONRONEY], for himself and other Senators.

Mr. MONRONEY. Mr. President, I ask for the yeas and nays on this amendment.

The yeas and nays were ordered.

Mr. CORDON. Mr. President, I yield 2 minutes to the junior Senator from California [Mr. KUCHEL].

Mr. KUCHEL. Mr. President, earlier in the discussion of the pending amendment allusion was made to the platforms of the two major political parties. In order that the record may be clear, I should like to stress the fact that both the national platform of the Democratic Party and the national platform of the Republican Party stated to the people of America—and incidentally to the people of the Territories involved—that they favored immediate statehood for Hawaii. With respect to statehood for Alaska, the platform of the Democratic Party, in clear language, states that the Democratic Party favors immediate statehood for Alaska. The Republican platform, in a commitment to the American people and the people of the Territory of Alaska, says:

> We favor statehood for Alaska under an equitable enabling act.

I submit that in the pending bill—without the amendment offered by the Senator from Oklahoma—we have "an equitable enabling act" for statehood for Alaska, and we are in a position to discharge the bipartisan commitment to the people of America.

With respect to Puerto Rico, the Republican platform continues:

> We favor eventual statehood for Puerto Rico.

That does not mean that in the session of the Congress in 1954 there is any responsibility on the part of either party to propose legislation by which Puerto Rico would be admitted to the Union. The platform clearly states:

> We favor eventual statehood for Puerto Rico.

The record should be made clear. Sometimes commitments are honored more in the breach than in the observance of them.

The ACTING PRESIDENT pro tempore. The Chair informs the Senator from Oregon [Mr. CORDON], that he has 12 minutes remaining. The Senator from Oklahoma [Mr. MONRONEY] has 15 minutes.

Mr. MONRONEY. Mr. President, I yield 5 minutes to the distinguished senior Senator from Mississippi [Mr. STENNIS].

Mr. STENNIS. Mr. President, following the remarks made by the junior Senator from Florida [Mr. SMATHERS], with reference to the economic situation in Alaska, let me say that the facts which are before me lead me to the firm conclusion that, under present conditions, it would be nothing less than tragedy to impose upon the people of Alaska the economic burden of statehood.

As an example, suppose the Congress of the United States passes a special public works authorization act, to apply to Alaska, and suppose further that Congress appropriates many millions of dollars for that public-works program, and puts up half the money, the citizens of Alaska putting up the remainder—to do what? To build sidewalks, sewer systems, and other public utilities of that nature, which, excepting in a severe depression, every village and city in America pays for itself.

I do not say that in any criticism of Alaska nor of the Alaskan people. It is just a hard condition they are up against, because of the geography of that Territory. The cities there, although fine little cities, are isolated, and, because of the severity of the climate and the very small volume of traffic and trade, they lack the revenue with which to pay those bills.

Mr. President, I had the pleasure of being in Alaska last year at the same time the Senator from South Dakota [Mr. CASE] was there. The Senator referred to the incident a moment ago. On one day the paths of our committees crossed in one of those fine little places in Alaska. Members of the committee which were considering the pending bill were there also. I was there as a member of the Committee on Public Works. The members of the two committees attended the same dinner and entertainment one evening, and the whole tenor of the program, quite naturally and properly, was that the people of Alaska were ready for statehood, and that they had the means to carry it on. That was perfectly all right. However, before the evening was over a special message came to the members of the Committee on Public Works, to go to another place in the same city. At the other meeting the whole burden of the argument was that they wanted a bill passed which would give them special consideration by exempting them from certain fees or impositions which airlines must pay. I am not quite certain about the details of it. At any rate, they asked for special consideration, and they also wanted special consideration on another major matter. In other words, while the members of one committee were being told by one group of Alaskans that they were ready for statehood and were willing and able to carry the economic burden, another committee of the Senate was being told in that same city on that same evening the opposite story.

That illustrates in a small way the condition with which those people are confronted. If we were to impose on them the economic burden of statehood, which I am sure they could carry, they would soon be back here asking for special consideration and for special bills and for special appropriations.

Mr. President, I yield back whatever time I have remaining.

Mr. CORDON. Mr. President, I yield 5 minutes to the senior Senator from California [Mr. KNOWLAND].

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time consumed in calling the quorum be not charged to either side.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered. The Secretary will call the roll.

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

Aiken	Gillette	Maybank
Anderson	Goldwater	McCarran
Barrett	Green	McClellan
Beall	Griswold	Millikin
Bennett	Hayden	Monroney
Bricker	Hendrickson	Morse
Burke	Hennings	Mundt
Bush	Hickenlooper	Murray
Butler, Md.	Hill	Neely
Butler, Nebr.	Hoey	Pastore
Byrd	Holland	Payne
Capehart	Hunt	Potter
Carlson	Ives	Purtell
Case	Jackson	Robertson
Chavez	Jenner	Russell
Clements	Johnson, Colo.	Saltonstall
Cooper	Johnson, Tex.	Schoeppel
Cordon	Johnston, S. C.	Smathers
Daniel	Kefauver	Smith, Maine
Dirksen	Kerr	Smith, N. J.
Douglas	Kilgore	Stennis
Duff	Knowland	Symington
Dworshak	Kuchel	Thye
Eastland	Langer	Upton
Ellender	Lehman	Watkins
Ferguson	Long	Welker
Flanders	Magnuson	Williams
Frear	Malone	
Fulbright	Mansfield	

The ACTING PRESIDENT pro tempore. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. MONRONEY] for himself and other Senators.

Mr. KNOWLAND. Mr. President, I understand the Senator from Oregon has yielded to me 4 minutes.

Mr. CORDON. That is correct.

The ACTING PRESIDENT pro tempore. The Senator from California is recognized for 4 minutes.

Mr. KNOWLAND. Mr. President, this is a key amendment, in my judgment, with reference to the proposed statehood legislation. Obviously, if this commonwealth amendment is agreed to, it will constitute a major setback to the hopes and aspirations for statehood of both Hawaii and Alaska. Both great national

political parties have promised statehood to Hawaii; both have promise immediate action on statehood for Hawaii.

Mr. ROBERTSON. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I cannot yield. I have only 4 minutes.

The Democratic Party also went on record as favoring immediate statehood for Alaska. The Republican Party went on record as favoring statehood for Alaska under proper enabling legislation. There may be some who may differ as to whether the provisions contained in this bill represent proper enabling legislation, but I submit that the commonwealth amendment would destroy the hopes for statehood of these two great Territories.

It has been a historic principle of this country from the very beginning that territorial status is an apprenticeship for statehood. Hawaii has been an organized Territory for a longer period of time than any of the other Territories that were granted admission into the Union as States, with a single exception. Hawaii has more population today than have five of our States. It pays more in taxes to the Federal Government at the present time than do nine of the States of the Union. Even Alaska has more population than had a considerable number of our States when they were admitted to statehood. The smallest of the States admitted, Nevada, had a little more than 6,000 population when it was admitted into the Union.

Mr. President, the argument which has been made today relative to the commonwealth status, it seems to me, would apply only if we were determined that neither of these great Territories should be admitted as States of the Union and that we, instead, were going to set them upon a course toward ultimate independence as independent nations.

The commonwealth status was entirely proper for the Philippines, because it was to become a great, free, independent republic in that area of the world. Commonwealth status is perfectly proper for Puerto Rico, if the aspirations of its people are for complete independence in the future. But the people of Alaska and the people of Hawaii consider themselves as much a part of America as does any State which is now in the Union.

The principal argument is that there is something strange in taking in an area which is not contiguous to the land mass of the United States. I invite attention to the fact that today one can go from the Pacific coast of the United States to Hawaii more quickly than he can go from Washington, D. C., to the Pacific coast. I invite attention to the fact that one can go in hours to Hawaii and that it used to take months to go to California at the time my State was admitted to the Union, a little more than 100 years ago.

It seems to me, Mr. President, that we should not lessen our horizons, but, rather, that we should broaden them to take in these two great Territories. But, regardless of what the action of the Senate of the United States today may be, I believe I would not hesitate to predict that during the lifetime of most of the Members of the Senate we shall see both these great Territories as two of the growing and important States of the American Union.

The ACTING PRESIDENT pro tempore. The time of the Senator from California has expired.

Mr. MONRONEY. Mr. President, may I inquire how much time remains to our side?

The ACTING PRESIDENT pro tempore. The Senator from Oklahoma has 10 minutes remaining.

Mr. MONRONEY. Mr. President, I desire to yield 5 minutes to the distinguished Senator from Texas [Mr. DANIEL].

Mr. DANIEL. Mr. President, as one of the coauthors of the amendment which would provide commonwealth status for Hawaii and Alaska, I believe the best argument for commonwealth, rather than statehood, is the geographical location of the Hawaiian Islands. I invite the attention of the Members of the Senate to the map which is in the Chamber. Not only do we find that it is 2,000 miles from the west coast of the United States to the first of the Hawaiian Islands, but we find that some of the islands are spread out over an additional distance westward for another 1,600 miles.

Let me give the Senators some of the distances between the islands. The Hawaiian Islands are not merely a small groups of islands separated from the land mass of continental United States, but they are separated from each other.

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

Mr. DANIEL. I yield.

Mr. ROBERTSON. Is it not true that if the water between the islands were included, the Territory would be larger than Texas? [Laughter.]

Mr. DANIEL. It might be; but I would not want the Members of the Senate to think that that is the only reason why I favor commonwealth status rather than statehood for these islands.

Mr. President, here are some of the distances between the islands, scattered as they are over 1,600 miles of the Pacific Ocean. The map here shows distances between islands as follows: 26 miles, 22 miles, 64 miles, 130 miles, 131 miles, 72 miles, 95 miles, 130 miles, 63 miles, and, again, 130 miles.

Members of the Senate, I believe that for Territories which are not contiguous to the United States, commonwealth status is the best status that can be given them. It is best for the present 48 States, because it preserves our representation in this body and in the House of Representatives. Mr. President, I believe that is one of the most serious aspects of the problem. If 4 additional Senators were admitted to this body, and 3 or 4 additional Members admitted to the House, there would be a dilution of the power and representation of the present States of the Union.

There can be no question that the people of Hawaii, having a population of 500,000, will have a greater representation in this body, percentagewise, than will the people of many of the present States. Those figures have been placed in the RECORD.

So far as I am concerned, I do not believe that 2 Senators from Hawaii could come into the Senate and understand the problems of the present 48 States so as to be able to pass upon them as well as could the present membership of the Senate.

I believe that commonwealth status would give to the people of the Hawaiian Islands and of Alaska all the rights and freedoms of statehood plus some additional rights which they would not have under statehood. I believe that the commonwealth status proposed in the substitute amendment would be best not only for the people of the Hawaiian Islands and the people of Alaska, but also for the citizens of the present 48 States. I urge adoption of the commonwealth substitute.

I yield my remaining time.

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

Mr. DANIEL. I yield.

Mr ROBERTSON Is it not true that the voting ratio of Alaska as compared with New York would be 124 times as great?

Mr. DANIEL. I am certain it would be much greater; I do not have the exact figure. But there can be no doubt that the people of Alaska would have more say on the floor of the Senate through the representation of two Senators than would the citizens of New York.

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

Mr. DANIEL. I believe my time has expired.

Mr. CORDON. Mr. President, how much time have I remaining?

The ACTING PRESIDENT pro tempore The Senator from Oregon has 8 minutes remaining.

Mr. CORDON. I yield myself 6 minutes.

Mr. President, the argument just made by the distinguished junior Senator from Texas to the effect that the admission of new States will result in dilution of the power of the Members of the Senate and of the House is an argument that has been made and re-made, iterated and reiterated since the first discussion of statehood for the 14th State. If Senators will go back through the records, they will find that every time there was a proposal for statehood, that same old argument was made in opposition to it.

Those of us here who are from States other than the original 13 cannot permit ourselves, if we are to be consistent, to be swayed by the arguments of those who today reiterate the argument just made by the junior Senator from Texas. Had it ever been successful, there would not today be 48 States, nor the United States of America, with the power and position this Nation now has in the world.

CONSTITUTIONALITY DOUBTFUL

I am addressing myself now only to the pending amendment. I believe that the amendment sets up an impossible proposition so far as these two Territories are concerned. I believe there is very grave doubt whether, constitutionally, the status which is proposed can be accorded. The provision in the Constitution requiring geographical uniformity of the indirect taxes throughout the United States is a provision that cannot be changed, in my opinion. In view of

the decisions of our Supreme Court that Hawaii and Alaska, as incorporated Territories, are an integral part of the United States, I believe the constitutional requirement of uniformity is applicable to these areas.

If that be the case, Mr. President, and I believe it is the case, then we are met in that field alone with a legislative impossibility under the Constitution of the United States.

NO LESSER STATUS POSSIBLE

There is still another very grave question, constitutionally. That is whether, once the status of an incorporated Territory has been created, it is possible for the Congress of the United States to change it, except to raise the status of that of statehood. I could give the Members of the Senate a number of citations of the Supreme Court on both of the points I have mentioned.

I call attention to a statement placed in the RECORD this afternoon by the distinguished junior Senator from New Mexico [Mr. ANDERSON], and to the memorandum-of-law which I placed in the RECORD last Tuesday, with some accompanying remarks. In them will be found authority for the position I take and the position taken by the junior Senator from New Mexico as to the grave doubt that exists as to the constitutionality of so-called commonwealth status for Hawaii and Alaska.

INTEGRITY MUST BE MAINTAINED

Certainly we would find ourselves regretting our action, were we today to adopt this amendment and to hold out a promise to either of these Territories which, constitutionally, we might not be able to support and they might not be able to accept. We cannot overcome that very real constitutional danger.

We must maintain the physical integrity of both Hawaii and Alaska for the defense of the mainland of the United States. That integrity will be maintained under either statehood or continuing territorial status. But over and above the matter of physical integrity is our moral integrity. When our forerunners in Congress extended our Constitution and incoprorated Hawaii and Alaska as integral parts of the United States, they established for their inhabitants the same political standards, and the same rights and duties as were established for the Territories organized on the mainland, all of which have become States of the United States. In my opinion, that is a basic proposition which has not been successfully challenged. It is the ultimate answer to questions that have been raised here.

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

Mr. CORDON. I shall be glad to yield on time other than my own.

Mr. MONRONEY. I yield 1 minute to the distinguished junior Senator from Florida.

Mr. SMATHERS. The Senator from Oregon has said that commonwealth status could not constitutionally or legally be accorded to Alaska and Hawaii. I am certain the Senator from Oregon realizes that commonwealth status has been granted to Puerto Rico; and in the case of *DeLima* v. *Bidwell* (182 U. S.), decided by the Supreme Court of the United States on May 27, 1901, the Court stated at pages 195 and 196——

Mr. CORDON. Is the Senator from Florida asking me a question?

Mr. SMATHERS. Yes. I wish to read from a decision of the Supreme Court, and then to ask the Senator from Oregon why he contends there is any difference in this instance. The Supreme Court of the United States in referring to Puerto Rico stated:

> The Territory thus acquired is acquired as absolutely as if the annexation were made, as in the case of Texas and Hawaii, by an act of Congress.

The Supreme Court of the United States in that case ruled that Puerto Rico and Hawaii were exactly in the same position.

Mr. CORDON. I shall be happy to answer the Senator's question. Thereafter the Supreme Court of the United States has specifically distinguished between the status of Puerto Rico, an island possession, and that of the Incorporated Territories—of which Hawaii and Alaska are the only ones—and has distinguished it time and time again.

Mr. SMATHERS. I should like to make one observation. The only case we have been able to find is the case which was decided on the same day this case was decided, and which has already been quoted by the Senator from New Mexico.

The ACTING PRESIDENT pro tempore. The time of the Senator from Oregon has expired.

Mr. MONRONEY. Mr. President, how much time have I remaining?

The ACTING PRESIDENT pro tempore. The Senator from Oklahoma has 4 minutes remaining.

Mr. MONRONEY. I yield the remainder of my time to the distinguished junior Senator from Arkansas [Mr. FULBRIGHT].

Mr. FULBRIGHT. Mr. President, a great many arguments have been advanced about the relative qualities of the people of both these Territories, apparently designed to leave the impression that Senators who are opposing statehood are doing so because of a lack of patriotism or because of racial characteristics or some other characteristics of people of the Territories. In my opinion, all those arguments are quite beside the point; they are quite irrelevant.

Hawaii is 2,000 miles from the mainland and 5,000 miles from Washington. We are, without question, asked to violate a tradition. If we admit these Territories as States we will be changing the practice followed ever since this country was made a Nation. There can be no question about that. There is before the Senate a very simple question, not one involving moral arguments or moral obligations arising out of either promises or political platforms or so-called promises in acts or treaties of annexation.

The simple question is whether or not it would be a wise piece of statesmanship to incorporate now as States, Territories which are far beyond the boundaries of the United States. If we do it in this case there will be no end to the process. I think that would be a very bad thing to do.

In my opinion, to admit as States Territories 5,000 miles from Washington would be very unwise. Other nations have had similar problems in their history. Two of the outstanding nations of today, and indeed in the history of the world, are Great Britain and France. France attempted to incorporate into her continental area, as the advocates of statehood here wish to incorporate Hawaii, certain territories lying beyond the boundaries of France. It has not been satisfactory. I think most of us are familiar with the difficulties which France today is encountering in her territories in Africa.

Such a policy is in contrast with the policy followed by the United Kingdom in its creation of a commonwealth when and if a territory achieved a certain maturity which entitled it, in the opinion of Great Britain, to self-government. The latter system has been the most satisfactory one for the evolution of backward people the world has ever seen.

This country will certainly be launching on a different approach if we create States out of distant territories. I see no logic in opposing the making of States out of Guam or the Virgin Islands in due time if we grant statehood to Hawaii. If we could look into the future, I am sure we would not wish to take that step.

There may be some Members of Congress who visualize taking in all the territories of the world, and engaging in expansion after the Russian fashion. If that is what is desired, then we should incorporate into States, one after another, every Territory over which we now have dominion or over which we may wish to achieve dominance. I do not care to see my Government pursue such a policy, and I do not believe the people of the United States wish to pursue it. If that is to be our desire, I do not see why we should not admit, one after another, Territories which are already under our domination and others which may come under our domination.

If the Territories now under discussion are admitted to statehood, the action will be irrevocable. It will be a step quite different from any we have taken heretofore. Therefore, I think we should be extremely slow in acting on the question.

The substitute providing for commonwealth status is the best suggestion any Senator has made. The people of the two Territories are entitled to greater control over their own affairs than they now have. I think they should be permitted to elect the members of their own government and to conduct their own affairs.

The ACTING PRESIDENT pro tempore. The time of the Senator from Arkansas has expired.

The Senator from Oregon has 3 minutes.

Mr. CORDON. Mr. President, I yield the 3 minutes to the Chair.

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

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

Aiken	Gillette	Maybank
Anderson	Goldwater	McCarran
Barrett	Green	McClellan
Beall	Griswold	Millikin
Bennett	Hayden	Monroney
Bricker	Hendrickson	Morse
Burke	Hennings	Mundt
Bush	Hickenlooper	Murray
Butler, Md.	Hill	Neely
Butler, Nebr.	Hoey	Pastore
Byrd	Holland	Payne
Capehart	Hunt	Potter
Carlson	Ives	Purtell
Case	Jackson	Robertson
Chavez	Jenner	Russell
Clements	Johnson, Colo.	Saltonstall
Cooper	Johnson, Tex.	Schoeppel
Cordon	Johnston, S. C.	Smathers
Daniel	Kefauver	Smith, Maine
Dirksen	Kerr	Smith, N. J.
Douglas	Kilgore	Stennis
Duff	Knowland	Symington
Dworshak	Kuchel	Thye
Eastland	Langer	Upton
Ellender	Lehman	Watkins
Ferguson	Long	Welker
Flanders	Magnuson	Williams
Frear	Malone	
Fulbright	Mansfield	

The ACTING PRESIDENT pro tempore. A quorum is present. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Oklahoma [Mr. MONRONEY] on behalf of himself and other Senators. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The rollcall was concluded.

Mr. SALTONSTALL. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from Wisconsin [Mr. WILEY], and the Senator from Wisconsin [Mr. MCCARTHY] are necessarily absent.

The Senator from Pennsylvania [Mr. MARTIN] and the Senator from North Dakota [Mr. YOUNG] are absent by leave of the Senate.

On this vote the Senator from North Dakota [Mr. YOUNG] is paired with the Senator from North Carolina [Mr. LENNON]. If present and voting, the Senator from North Dakota [Mr. YOUNG] would vote "nay" and the Senator from North Carolina [Mr. LENNON] would vote "yea."

Mr. CLEMENTS. I announce that the Senator from Georgia [Mr. GEORGE] and the Senator from Tennessee [Mr. GORE] are necessarily absent.

The Senator from Minnesota [Mr. HUMPHREY], the Senator from Massachusetts [Mr. KENNEDY], the Senator from North Carolina [Mr. LENNON], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

I announce further that on this vote the Senator from Georgia [Mr. GEORGE] is paired with the Senator from Minnesota [Mr. HUMPHREY]. If present and voting, the Senator from Georgia would vote "yea" and the Senator from Minnesota would vote "nay."

I announce also that on this vote the Senator from North Carolina [Mr. LENNON] is paired with the Senator from North Dakota [Mr. YOUNG]. If present and voting, the Senator from North Carolina would vote "yea" and the Senator from North Dakota would vote "nay."

I announce further that, if present and voting, the Senator from Tennessee [Mr. GORE] would vote "yea."

The result was announced—yeas 24, nays 60, as follows:

YEAS—24

Butler, Md.	Hoey	McClellan
Byrd	Johnson, Colo.	Monroney
Daniel	Johnson, Tex.	Mundt
Eastland	Johnston, S. C.	Robertson
Ellender	Kerr	Russell
Fulbright	Malone	Schoeppel
Hayden	Maybank	Smathers
Hill	McCarran	Stennis

NAYS—60

Aiken	Flanders	Long
Anderson	Frear	Magnuson
Barrett	Gillette	Mansfield
Beall	Goldwater	Millikin
Bennett	Green	Morse
Bricker	Griswold	Murray
Burke	Hendrickson	Neely
Butler, Nebr.	Hennings	Pastore
Capehart	Hickenlooper	Payne
Carlson	Holland	Potter
Case	Hunt	Purtell
Chavez	Ives	Saltonstall
Clements	Jackson	Smith, Maine
Cooper	Jenner	Smith, N. J.
Cordon	Kefauver	Symington
Dirksen	Kilgore	Thye
Douglas	Knowland	Upton
Duff	Kuchel	Watkins
Dworshak	Langer	Welker
Ferguson	Lehman	Williams

NOT VOTING—12

Bridges	Humphrey	McCarthy
Bush	Kennedy	Sparkman
George	Lennon	Wiley
Gore	Martin	Young

So the amendment offered by Mr. MONRONEY, for himself and other Senators, was rejected.

The ACTING PRESIDENT pro tempore. The bill is open to further amendment.

Mr. SMATHERS. Mr. President, I now call up my amendments which are printed and which are known as the referendum amendments. They are offered on behalf of myself, the Senator from Oklahoma [Mr. MONRONEY], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Texas [Mr. DANIEL].

The ACTING PRESIDENT pro tempore. The amendments will be read.

The amendments were read, as follows:

On page 14, lines 15 and 16, strike out "on or after June 4, and not later than July 4, 1954", and insert in lieu thereof "not later than July 4, 1955."

On page 14, line 18, strike out "1954" and insert in lieu thereof "1955."

On page 16, lines 5 and 6, strike out "1954" wherever it appears and insert in lieu thereof "1955."

On page 17, line 3, strike out "1954" and insert in lieu thereof "1955."

On page 18, line 2, strike out "1954" and insert in lieu thereof "1955."

At the end of the bill insert a new section as follows:

"SEC. —. (a) The provisions of this act other than this section, insofar as they relate to either the Territory of Hawaii or the Territory of Alaska, shall take effect only upon a proclamation of the President as provided in this section.

"(b) As soon as practicable after the enactment of this act there shall be submitted to the qualified voters of the Territories of Hawaii and Alaska, in a referendum to be held for such purpose in each such Territory under the laws thereof, the question of whether the people of such Territory desire to be admitted into the Union as a State, or to be organized as a Commonwealth of the United States. If a majority of the votes cast in any such referendum favor statehood, the Governor of such Territory shall certify the results thereof to the President of the United States. Upon receipt of the results of any such referendum, as so certified, the President shall by proclamation announce the results thereof and declare the provisions of this act, insofar as they relate to such Territory, to be in full force and effect.

"(c) If a majority of the qualified voters of either of such Territories, by their votes cast in any such referendum, indicate a desire that such Territory be organized as a Commonwealth of the United States, the Governor of such Territory shall certify the results of such referendum to the President, and the legislature of such Territory may thereafter call a convention to draft a constitution providing self-government as a Commonwealth of the United States for the people of such Territory. Such constitution shall provide a republican form of government and shall include a bill of rights. Upon the adoption of the constitution by the people of such Territory, the President of the United States shall, if he finds that such constitution conforms to the Constitution, transmit such constitution to the Congress of the United States. Upon approval of the Congress, the constitution shall become effective in accordance with its terms, subject to the conditions and limitations of the act of Congress approving it."

The ACTING PRESIDENT pro tempore. Without objection, the amendments will be considered en bloc.

On this question the Senator from Florida [Mr. SMATHERS] has 45 minutes, and the Senator from Oregon [Mr. CORDON] has 45 minutes.

Mr. SMATHERS. Mr. President, so far as I am concerned, I shall take only 5 minutes.

The purpose of the amendments is to give to the people of the Territory of Hawaii and the people of the Territory of Alaska an opportunity to vote as to whether they desire a commonwealth status or statehood.

Thus far the people of Hawaii or Alaska have not been given an opportunity to consider commonwealth status. It has been a basic principle of our Republic that people, whoever they may be, are entitled to decide whether or not they desire such status.

There was a vote in Hawaii in 1940 on the sole question, "Do you favor statehood for the Territory of Hawaii?" The people were not given any other alternative. They voted overwhelmingly. There were approximately 45,000 votes for and 25,000 votes against.

The only other vote in the Territory of Hawaii was in 1950 on the question, "Do you favor a constitution for the Territory of Hawaii?" It was like one of those questions we have heard about on the ballot in the Soviet Union, "Do you favor Joseph Stalin?" There was only one way to vote. Obviously everyone favored a constitution for a new State of Hawaii, if there is to be one; but I submit that there was no opportunity for the people to vote on anything such as a commonwealth status.

The commonwealth idea is of somewhat recent origin. It developed in 1950, when we were trying to determine what to do with Puerto Rico. There was a feeling at that time that Puerto Rico should not be admitted as a State, but that some help should be given to Puerto Rico, and that Puerto Rico would actually be better off if given a commonwealth status so we granted it. That was the first time in the history of the Untied States that the word "commonwealth" had been applied to offshore areas.

The commonwealth status has worked very well in Puerto Rico. At one time there was a strong Statehood Party in Puerto Rico. The people there wanted statehood, but under the commonwealth status we have seen, since 1950, that the Statehood Party has virtually disintegrated and at the present time it is a very small party. The people of Puerto Rico find that the blessings of the commonwealth status are exactly what they wanted and what they needed. Their economy is better off. They now have the opportunity to elect their own officials. They like the type of government they are getting under the commonwealth status.

I cannot help but feel that the people of Alaska, particularly, are entitled to exercise a choice as to whether they want the commonwealth status or statehood.

Earlier in the day, when many Senators who are now present were not in the Chamber, I read a letter from the Chamber of Commerce of Juneau, Alaska. It dealt in part with the present high tax rates. It pointed out that it was possible that under statehood the people might not be able to meet the increased tax burden. Statehood, in and of itself, would increase the taxes of the people of Alaska 50 percent at a time when they are already paying the highest taxes paid by any peoples under the American flag. So obviously there would be a great advantage to the people of Alaska if they were permitted to have a commonwealth type of government, which we have discussed, under which they would obtain Federal tax relief.

I also believe that the people of Hawaii, if given an opportunity, would express a strong preference for a commonwealth status. We must remember that the people of the Territory of Hawaii have been bombarded and badgered with talk about statehood. That is all they have had an opportunity to hear. The Territorial legislature has been appropriating some $200,000 each year to promote the idea of statehood for Hawaii. The ILWU, which is admitted by the proponents of statehood who testified before our committee to be dominated by the Communists, is in favor of statehood. Jack Hall, a convicted Communist, the leader of the ILWU, said in a speech in front of the courthouse in Honolulu:

> We are aching for statehood, so that the day will soon come when we will elect our own officials and can control the islands.

All the people of Hawaii have had an opportunity to hear about is statehood; but I submit that since the question of commonwealth status has been raised on the floor of the Senate there has already been a strong movement in favor of the commonwealth status. I have received letters from a great many people who say, "We are interested in the commonwealth status." The Chamber of Commerce of the City of Honolulu has said, "This is something we would like further to consider."

So it seems to me, in all fairness, that we ought to give these people the opportunity to vote on whether they really want statehood, or whether they want the same privileges and rights as have been given to the people of Puerto Rico. True, such a procedure would require perhaps 6 months, but what is 6 months when we stop to consider the step we are now proposing to take and which, once taken, can never be retraced? We can repeal laws, abrogate or modify treaties, and amend our Constitution, but once we take the statehood step we cannot retrace it.

I think it is a matter of simple, basic fairness that the people of the Territory should be given the opportunity of an alternative vote as to whether they desire statehood or the commonwealth status. For the life of me, I cannot see anything unfair about such a proposal. As I say, it might require another 3 or 4 or 6 months but this is a comparatively short period of time on such an important issue when one considers that the people of Hawaii have already waited some 53 years and the people of Alaska some 39 years. I feel confident that they would like to be certain that they are taking the right step. I fail to see why there should be any material objection to such a course of procedure.

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

Mr. SMATHERS. I yield.

Mr. DANIEL. I should like to make sure that I understand the effect of the amendment. Let me see if I correctly understand it.

As I understand, all the amendment would do would be to provide for a referendum, a submission to the people of Hawaii and Alaska of the question whether they prefer the commonwealth status or statehood. Would that be the effect of the Senator's amendment?

Mr. SMATHERS. That is all that is proposed.

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

Mr. SMATHERS. I yield.

Mr. PASTORE. Would such a referendum be conclusive, or would the question be sent back to Congress?

Mr. SMATHERS. My amendment provides that if the people select statehood, the statehood machinery, which has already been started in the Territory of Hawaii, shall proceed. In the case of Alaska the people would have to adopt a constitution in preparation for statehood. Thus far that has not been done.

Mr. JOHNSTON of South Carolina. Will the Senator yield?

Mr. SMATHERS. I yield.

Mr. JOHNSTON of South Carolina. Is it not true that the Honolulu Advertiser is advocating the commonwealth status at this time?

Mr. SMATHERS. I do not know whether the Honolulu Advertiser is advocating it or not. It may be that the Senator has some information which I do not have.

Mr. JOHNSTON of South Carolina. I should like to read to the Senator a letter published in the Honolulu Advertiser a few days ago under the heading "Wants Hawaiian Commonwealth," which reads in part:

> The move by Congressmen to make Hawaii a commonwealth instead of a State is sound. * * * Commonwealth status will save millions of dollars in Federal income taxes, enable Hawaii to get out of its monstrous debt, cut Uncle Sam's apron strings by electing our own officials and still be under the American commonwealth and protection. It will enable us to live in a paradise economically and every other way. What more do we want? Those in favor of commonwealth status should write Representative FARRINGTON and Senators who favor it.

Mr. SMATHERS. I thank the Senator from South Carolina.

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

Mr. SMATHERS. I yield.

Mr. BUSH. Can the Senator advise the Senate whether the people of Alaska or Hawaii have ever had an opportunity to express their views at the polls on the questions raised by the Senator's amendment?

Mr. SMATHERS. They have never had an opportunity to cast a vote in favor of the commonwealth status.

Mr. BUSH. Have the people ever had an opportunity to express themselves directly at the polls on the statehood question?

Mr. SMATHERS. The people of Hawaii in 1940 had the opportunity of voting on the simple question, "Do you favor statehood for the Territory of Hawaii?" At that time the vote was approximately 46,000 in favor of statehood and 24,000 in opposition to statehood. That is the only time they have had an opportunity to vote on that question. I may say for the benefit of the Senator from Connecticut that many people who were in the Territory of Hawaii in 1940 are no longer there. As a matter of fact, about 111,000 people who were there at that time have returned to the United States. In 1946 the people of Alaska had the question put to them, "Do you favor statehood for the Territory of Alaska?" Approximately 9,600 people voted in favor of it, and approximately 6,900 voted against it. Obviously there was no overwhelming sentiment in favor of statehood in Alaska in 1946. That is the only time the people there had an opportunity to vote on the question. Neither Territory had an opportunity to vote on the commonwealth status.

Mr. MONRONEY. Mr. President, will the Senator from Florida yield?

Mr. SMATHERS. I am happy to yield.

Mr. MONRONEY. In other words, if the Senate were to vote against the amendment it would be practically denying to the people of both Territories the right to specify exactly as to how they stand on the question.

Mr. SMATHERS. That is correct.

Mr. MONRONEY. We would be cramming down their throats, because certain leaders have said "statehood or nothing," the idea that they must take

statehood. That would be particularly true in the Territory of Alaska, which would be faced with the reality of an overburdening tax situation, and the necessity for assuming, as a State, obligations for vast expenditures. Today we make those expenditures for those Territories. The Senator believes that the people of Alaska are entitled to speak, and to speak decisively, in the light of the result of the last poll, when less than 3,000 people determined that question.

Certainly I believe it is an important step. Certainly we should not consider the pending bill as a kind of local bill, inasmuch as it would change the general geographic structure of the United States. We should not jam it through without, in the light of today's conditions and in the light of declining populations in both Territories, giving them an opportunity to vote on the type of government they would like to have themselves.

Mr. SMATHERS. I thank the distinguished Senator from Oklahoma. Nothing could be fairer, nothing could be in keeping with traditions than to give the people of the two Territories an opportunity to speak for themselves on the question: "Do you favor statehood or do you favor a commonwealth status?" That opportunity has not been given to the people of these Territories.

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

Mr. SMATHERS. I am happy to yield to the distinguished Senator from Mississippi.

Mr. STENNIS. Getting down to the mechanics of the question which the Senator proposes should be submitted to the people of the Territories, does the Senator propose that a ballot be submitted which would carry a choice as between statehood and commonwealth status? In other words, would there be on the ballot the question: "Do you favor statehood, or do you favor commonwealth status?" Will it be clear that by the marking of such a ballot the people can register their choice?

Mr. SMATHERS. Absolutely.

Mr. STENNIS. Will the Senator explain it?

Mr. SMATHERS. As the Senator has stated, the ballot would contain two questions, one, "Do you favor statehood for the Territory?" There would be a place on the ballot for marking that question.

The next question would be: "Do you favor commonwealth status for the Territory?" There would also be a place on the ballot to mark that question. It would be a fair vote.

With these few remarks, Mr. President, I take my seat. I wish to reserve such time as I may have remaining, with the hope that I may be able to answer the Senator from Oregon [Mr. CORDON]. How much time do I have remaining?

The ACTING PRESIDENT pro tempore. The Senator from Florida has used 13 minutes.

Mr. LANGER. Mr. President, will the Senator from Florida yield for a question?

Mr. SMATHERS. I am happy to yield to the distinguished Senator from North Dakota.

Mr. LANGER. Does the distinguished Senator from Florida know of any good argument against a referendum?

Mr. SMATHERS. I do not know of any good argument against a referendum which gives to the people of these Territories the opportunity to express their will and desires.

Mr. LANGER. The senior Senator from North Dakota fully agrees with the Senator from Florida that certainly the people of the two Territories ought to have the right to say what kind of government they want.

Mr. SMATHERS. I thank the Senator very much.

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

Mr. SMATHERS. I yield to my good friend and member of the committee, the distinguished junior Senator from Louisiana.

Mr. LONG. Does the Senator from Florida propose that the question would have to come back to the Senate if the people should express themselves in favor of statehood, instead of commonwealth; or would statehood go into effect automatically if the people voted for it?

Mr. SMATHERS. If they voted for statehood the machinery already set up providing for statehood would go forward. There would not be any necessity for coming back to Congress on the statehood question.

Mr. LONG. Under the Senator's proposal, are we to understand that if the people of Hawaii voted for statehood, instead of commonwealth status, there would be no further need for the Congress of the United States to act in order for them to acquire statehood?

Mr. SMATHERS. Nothing more than this: They would have to submit a constitution, which would have to be approved by Congress and by the President. If the people of Hawaii voted for statehood we would continue the machinery, which is now in operation, looking toward statehood. They would still have to submit their constitution to the Congress and the President, as is provided in the statehood bill.

I may say to the distinguished Senator from Louisiana that there would only be such delay as was necessary to take a vote on the question as to whether they wanted commonwealth status or statehood. That is the only delay that would be involved.

Mr. LONG. It would not be necessary to overcome another delay in the Senate in order to grant statehood?

Mr. SMATHERS. The form in which the amendment is offered states, as I have said, that the procedure which is now in operation, which, as I understand, is the same as the procedure provided for under S. 49, would be continued.

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

Mr. SMATHERS. I am happy to yield to the distinguished Senator from Texas.

Mr. DANIEL. Is it not correct to say that even if we pass the bill as recommended by the senior Senator from Oregon and the majority of the Committee on Interior and Insular Affairs, Congress would still have to pass another act admitting officially and finally Alaska and Hawaii into the Union as States?

Mr. SMATHERS. That is correct. We refer to that as perfecting legislation. It is provided for in Senate bill 49. What I am saying is that the same procedure which is now provided in Senate bill 49 would be continued if the people of the Territory of Hawaii voted for statehood.

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

Mr. SMATHERS. I am happy to yield to the Senator from Rhode Island.

Mr. PASTORE. In order to clarify that point, if a referendum were held and it was determined by the vote of the people that they were in favor of statehood, the people of Alaska would then be in precisely the same position as if we were to pass the committee bill?

Mr. SMATHERS. That is correct.

Mr. CORDON. Mr. President, I yield 10 minutes to the Senator from New Mexico.

Mr. ANDERSON. Mr. President, I was very much interested a moment ago when the question was asked by the distinguished senior Senator from North Dakota [Mr. LANGER], the chairman of the Committee on the Judiciary, whether there was any good argument against a referendum. I want to say to my friend from North Dakota that there is a very good argument against a referendum. The question cannot be determined in that way.

Let us suppose that the other day, when we debated the excise tax bill, a Senator had said, "I do not know whether my people want to accept the tax cuts in the fashion proposed by the bill. We will add to the bill a section providing that the tax bill shall not be effective until a referendum on it shall have been held in every one of the 48 States, to determine whether the people of the 48 States like it. If they like it, the tax bill will be effective."

The legislative power is in the hands of Congress, and there is no power whatever for providing for a referendum on this question.

Let me say that this is not exactly a new subject. The Committee on Interior and Insular Affairs has studied the subject of statehood for a long time. If I were to pile up the printed hearings, Senators would get a pretty good idea of how many hearings have been held. In the course of the hearings in 1950, when the committee was considering the question of what might be done with the question of statehood, the subject was submitted to the Department of the Interior and to the Department of State. A memorandum was prepared as to what might be done along the line that had been done in the case of Puerto Rico.

There is a difference, as I have tried to say, time after time on the floor of the Senate, between incorporated and unincorporated Territories. Those who say that the step of granting statehood is irrevocable, should say something else. They should also say that the step of incorporating a Territory into the Union is likewise irrevocable. It cannot be abolished by a referendum authorized by any vote taken on this floor. We can no more take the step, let us say for illustration, of demoting the State of Louisiana, so ably represented in part by my able friend, the junior Senator

from Louisiana [Mr. LONG] to an incorporated status than we can demote the Territory of Hawaii to an unincorporated status. Anyone who will take the time to read any of the cases before the Supreme Court will know it cannot be done. It is an irrevocable situation so far as statehood is concerned, and it is an irrevocable situation so far as incorporated Territories are concerned.

Anyone who will take the time to read the cases will come to that conclusion.

Mr. ROBERTSON. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield.

Mr. ROBERTSON. Did I correctly understand the Senator to say that under our Constitution we cannot delegate by a referendum in Hawaii or Alaska final action on legislation which we alone are authorized to enact?

Mr. ANDERSON. Certainly. Such a referendum would be completely meaningless. It would have no validity whatever. We must either admit Alaska or Hawaii as a State or not.

Mr. ROBERTSON. If we should delegate this power and let the people vote, would it then go beyond our control; and if they said they want statehood, would they get it?

Mr. ANDERSON. I do not think so. Why worry about something which does not exist?

Mr. ROBERTSON. I am worried because I do not want them to have statehood.

Mr. ANDERSON. Then we have but a single choice. We have the right to vote against statehood or we have the right to vote for statehood. But a referendum means absolutely nothing. It has no more validity than has a Gallup poll or any other poll. A newspaper could conduct a poll and it would have as much validity as such a referendum would have.

Mr. DANIEL. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield.

Mr. DANIEL. Is it not true that in the case of the annexation of Texas, Congress did put the proposition to the people of Texas and say that if the proposal for annexation was accepted by the people of Texas in convention assembled, then the annexation resolution would go into effect?

Mr. ANDERSON. I think the annexation resolution did not go into effect. But I know better than to argue with my friend from Texas with reference to Texas history. It seems to me Texas was brought in by resolution of the Congress and not by annexation.

Mr. KNOWLAND. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield.

Mr. KNOWLAND. Was not Texas in a different position, since Texas had been an independent Republic and not an incorporated Territory of the United States?

Mr. ANDERSON. I think so. We threshed out this point in the debate on the submerged lands bill, and I said I would never discuss it again so long as I lived. But I think it was made quite apparent that Texas did not come into the Union by annexation, but by resolution of the Congress of the United States.

Mr. DANIEL. Mr. President, will the Senator from New Mexico yield further?

Mr. ANDERSON. I yield.

Mr. DANIEL. Texas certainly came in by resolution of the Congress, with a one-vote majority, by the way.

Mr. ANDERSON. I believe it was a two-vote majority.

Mr. DANIEL. I remember it as only one. But it was close, to say the least.

I should like to say to the Senator from New Mexico that the proposal was a resolution for annexation of the Republic of Texas.

But I rose only to refer to the Senator's point that it would be invalid for Congress to say to the people of a Territory, "We will admit you as a State, provided you accept the terms of this resolution or this bill."

We have a precedent for that in the case of the admission of Texas, because Congress did then what the Senator from Florida proposes that it do with reference to Hawaii and Alaska. We provide for the admission of Hawaii and Alaska as States, provided the people of those Territories say by a majority vote that that is what they want.

Mr. ANDERSON. The Senator from Oregon [Mr. CORDON] recognizes that we wrote into the bill a provision that Alaska and Hawaii, as they come into the Union, have to do certain things. Hawaii must separate from itself any claim to the Island of Palmyra. But we do not provide for a referendum.

There were two cases which were cited in 1950 when we considered this question. In those two cases it was held that the provision that taxes be uniform did not apply to Puerto Rico, because Puerto Rico was not a part of the United States because it had not been incorporated.

I am using the language of the Supreme Court:

> Incorporation occurs when a Territory is made a part of the United States, as distinguished from merely belonging to it.

Also that—

> Incorporation is not to be assumed without express declaration, or an implication so strong as to exclude any other view.

That language was used in the case of *Balzac* v. *People of Puerto Rico* (258 U. S. 298).

It is settled that incorporation of a Territory takes place when the Constitution is expressly extended to it. Section 5 of the Organic Act of Hawaii (act of Apr. 30, 1900, 31 Stat. 141, 48 U. S. C., 1946 ed., sec. 495) provides: "The Constitution shall have the same force and effect within the Territory of Hawaii as elsewhere in the United States," and identical language with respect to the application of the Constitution to Alaska is contained in section 3 of the Organic Act of Alaska—act of August 24, 1912, 37 Statutes 512, 48 United States Code, 1946 edition, section 23. The incorporated status of both Alaska and Hawaii has been given judicial recognition—*Nagle* v. *United States* (191 Fed. 141 (1911)); *Rassmussen* v. *United States* (197 U. S. 516 (1905)); *United States* v. *Farwell* (76 F. Supp. 35 (1948)); compare *Hawaii* v. *Mankichi* (190 U. S. 197 (1903)).

The PRESIDING OFFICER (Mr. PURTELL in the chair). The time yielded to the Senator from New Mexico has expired.

Mr. CORDON. Mr. President, I yield 5 more minutes to the Senator from New Mexico.

Mr. ANDERSON. Mr. President, there are at least three reasons for the emphasis on clear evidence of intent to incorporate. One is that by incorporating a Territory the Congress subjects itself to certain limitations upon its power subsequently to legislate for that Territory which do not apply when it legislates for an unincorporated area.

The Insular cases show this and the example is that Congress could not withdraw from the people of an incorporated Territory the right to a jury trial guaranteed by the Constitution but need not grant that right to the people of an unincorporated Territory. The second reason is that the act of incorporation is irrevocable, since the Constitution once extended to a Territory cannot be withdrawn. The third reason is that the act of incorporation has been regarded as a commitment by the Congress ultimately to admit the incorporated area as a State. The best argument in the world against the proposed referendum is that it cannot legally be effective.

A few moments ago an editorial from a Hawaiian newspaper was read, pointing out that if they had commonwealth status they could save millions of dollars. They could do no such thing. A Territory once incorporated cannot then go back and say it will not have uniform taxation applied to it.

Therefore, Mr. President, I hope we shall not be misled by this amendment proposing to ask the people of Hawaii for their opinion as to what they would like. I imagine that if we told the States of our Union that through commonwealth status they might have the most glorious income-tax paradise the world has ever seen there might be a temptation to accept it. But such a thing cannot be done. Their status as States is irrevocable.

Mr. CORDON. Mr. President, I yield myself 10 minutes.

The Senate, by a vote of 60 to 24, has just rejected the concept of commonwealth status for Hawaii and Alaska. What is now before the Senate for attention is the question, Should the Senate, by adopting this amendment offered by the junior Senator from Florida, start in motion a procedure which would give the two Territories, assuming there was legal validity to the procedure, an opportunity to express at this time their preference between statehood, on the one hand, and so-called commonwealth status, on the other.

PEOPLE OF TERRITORIES WANT ONLY STATEHOOD

Speaking now of Hawaii, let me say that so far as the people of the Territory of Hawaii could express their views, they have expressed themselves, unequivocally, in favor of statehood at the earliest possible moment.

I call attention, Mr. President, to the fact that over a period of years the popularly elected legislature of Hawaii has repeatedly petitioned the United States for statehood. And repeatedly bills asking for statehood for Hawaii have been introduced in successive Congresses. These applications and petitions from the Territory of Hawaii began as early as 1903. On 15 different occasions since then, the legislature of Hawaii, elected by the people, has petitioned Congress for statehood. Thirty-three bills have been introduced in Congress to attain that end.

Since the idea of this new and different status for Hawaii and Alaska has been brought up on the floor, everything has been done in Hawaii which, within the time limits, could be done to indicate the adverse views of the people of Hawaii. I have received from the Governor of Hawaii a telegram reading as follows:

Members both Houses Hawaii Legislature in conference called by me emphatically urge and I fully concur Senate take immediate favorable action on S. 49 as amended and reject commonwealth status as entirely unacceptable.

SAMUEL WILDER KING,
Governor.

Governor King is a native of Hawaii, and is of part Hawaiian blood.

BOTH PARTIES UNITED ON ISSUE

Mr. President, I think it can be said that the political organizations in Hawaii are as responsive to the will of the people as are the political organizations in the United States. Both the Democratic and Republican organizations in Hawaii, the minute they had before them knowledge that the new idea of commonwealth status was being discussed in the United States Senate, met and immediately adopted resolutions in opposition to any consideration of the commonwealth status. The legislature did the same thing. That is all that could be hoped for, Mr. President, within the time limit.

To go back and ask that the matter be reopened seems to me not only to be an idle thing; it seems to me that we would indicate that we cannot believe that the people mean what they say when they have reiterated their views over a period of almost 50 years.

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

Mr. CORDON. I yield.

Mr. LONG. It seems to me that those who are urging commonwealth status overlook the fact that the substance of the argument has previously been presented to the people of Hawaii. There are some people in Hawaii who prefer commonwealth status to statehood. Those people have been opposing statehood for just that reason. They would like to have the type of government which exists in Puerto Rico. But that group is very small in number. The record shows that when elections have been held, both on the question of statehood and also on the adoption of a State constitution, those who favored commonwealth status and those who wanted no part of the United States, constituted a very small minority.

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

Mr. CORDON. I will yield in a moment.

A question was asked during the debate in the last few minutes as to whether there had been any vote recently in Hawaii and Alaska on this matter. I call attention to the vote in Hawaii on the adoption of the constitution which was framed by a convention, the members of which had been elected by the electorate of Hawaii. That vote was: For the State constitution, 82,788; against the State constitution, 27,109. More than 100,000 votes were cast out of a total population of 500,000. The vote cast was more than 80 percent of those who were qualified to vote.

Mr. President, I shall be glad to yield to the Senator from Florida.

Mr. SMATHERS. I desired to ask the able Senator from Louisiana if I understood him correctly to say that the question of commonwealth status had been presented to the people of the Territory of Hawaii. I thought I heard him say it had, when I knew that that was not the case, and I am certain the Senator knows it was not the case.

Mr. LONG. Mr. President, will the Senator from Oregon yield?

Mr. CORDON. I yield to the Senator from Louisiana.

Mr. LONG. The point I was trying to make was that those who now might favor commonwealth status for Hawaii are against Hawaiian statehood. There may be some persons in Hawaii who favor commonwealth status. They would be those who are opposed to statehood. Therefore, I believe it is fair to say that when the elections have been held on the question of statehood, and the people, by an overwhelming majority, have asked for statehood, they had before them the arguments of those who may prefer commonwealth status. Those who would prefer the commonwealth form of government have been voting against statehood.

Mr. CORDON. I thank the Senator.

Mr. President, in conclusion, permit me to repeat what I have already said in discussing the amendment which was just rejected. If we adopt this procedure, we shall be delaying the effective date of the Statehood Act. We shall be calling upon the people of the two Territories once again to express their often-expressed views.

While I have no question in my mind as to what the result would be when the votes were counted, let me say that we would be asking them to vote on a confusing and probably meaningless issue, because we have already incorporated them and their Territory—and I stress and emphasize "their Territory"—into the United States of America as an integral part thereof.

NO OTHER TERRITORIES IN SAME STATUS

The land comprising Hawaii and Alaska is a part of the United States of America, constitutionally and politically. Puerto Rico is not and never was a part of the United States of America in that constitutional, political sense. Guam never was and is not a part of the United States of America, in the same way. Those areas are island possessions of the United States, legally speaking.

But Hawaii and Alaska, as incorporated Territories, are a part of the United States of America. We can now no more change that status or lessen it than we can change or lessen the status of a State of the United States. The citizens of those Territories have the same rights of citizenship as do citizens of the United States.

We would be doing a vain thing, and we would succeed only in delaying the time when we could do the job which we ought to face and to be happy to have the opportunity to do today.

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

Mr. CORDON. I yield myself sufficient time to permit the Senator from Rhode Island to ask a question.

Mr. PASTORE. Does the Senator from Oregon agree with the interpretation made by the junior Senator from Florida, that if the amendment should be agreed to, and a referendum should be held, and the people of Hawaii should vote for statehood under the referendum process, insofar as Hawaii is concerned, the matter would not have to be returned to Congress?

Mr. CORDON. If the bill or the amendment should have any validity, I agree with the interpretation to the extent indicated, because that is the plain language of the amendment.

The Senator from Rhode Island is a very learned and competent lawyer, and I am certain he will agree with me that a question arises as to whether alternatives of this nature can be offered to an incorporated area of the United States, as distinguished from offering the sort of proposal as was offered, for instance, to the people of another republic, the Republic of Texas, before it was annexed, after the manner of Hawaii.

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

Mr. CORDON. I yield.

Mr. PASTORE. I agree with the distinguished Senator from Oregon that if the people of Hawaii voted for commonwealth status, the matter would have to be returned to Congress. But in the case of statehood, if the people of Hawaii voted for statehood, would the matter, as it relates to Hawaii, have to be returned to Congress?

Mr. CORDON. If there is any validity to the language, it would have to come back with a constitution reported with approval. The same procedure will have to be followed under the provisions of the bill now before the Senate.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Florida.

Mr. KNOWLAND. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SMATHERS. Mr. President, I wish to take 5 minutes, and I ask that the Presiding Officer remind me when my 5 minutes has expired.

I appreciate the cogent arguments made by the very able Senators from Oregon and New Mexico, both of whom are excellent lawyers. However, I do not believe we could say that our Government has ever entertained the theory that the consent of the people who are

to be governed should not be considered and that is what this argument is about.

I have in my hand a quotation from John Adams, one of the framers of the Constitution, who said:

As the happiness of the people is the sole end of the government, so consent of the people is the only foundation of it, in reason, morality, and the natural fitness of things.

Thomas Jefferson has said:

The will of the people is the only legitimate foundation of any government.

So, Mr. President, if we should refuse to permit the people of the Territory of Hawaii or of Alaska to have an opportunity to vote on what particular type of government they want we would fly not only in the face of those eminent statesmen but in the face of everything which is basic and sound in this republic of ours, including the principle that a government shall govern only with the consent of the governed.

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

Mr. CORDON. I yield 5 minutes to the Senator from Louisiana.

Mr. LONG. I happened to be in Hawaii last summer, and while there I discussed the question of commonwealth status with a number of individuals whom I believed to be leading citizens of Hawaii. I learned from them their attitude on the question. We would be sadly deluded if we thought that the people of Hawaii would accept our offer of a tax-free paradise in Hawaii, whereby they would not have to pay their share of American taxes, and thereby relinquish the right to participate in American government. If the people of Hawaii accepted that sort of status, sooner or later the American people would be resentful of the people of Hawaii having a free ride on the backs of the citizens of the United States.

There is no reason why the United States should permit the citizens of Hawaii to enjoy all the benefits of American citizenship without paying taxes to help support the Federal Government. Puerto Rico's exemption from paying Federal income taxes can be justified by the Island's low income and low standard of living. Hawaii is not in the same situation. The average Hawaiian has a higher income than the average United States citizen on the mainland.

The people of Hawaii believe that, over a period of time, the people of America are not going to permit the people of Hawaii, who have a higher standard of living and higher income than exists on the mainland, on the average, to have a free ride on the backs of the American taxpayers and to be subsidized at the same time.

The people of Hawaii do not expect such favoritism. During the war in Korea, Hawaiians serving in United States combat units suffered three times the casualties percentagewise than were suffered by citizens of the States on the mainland of the United States. In the Korea war 434 young men from Hawaii were lost, in comparison with 438 from the State of Mississippi.

The people of Hawaii are willing to contribute a fair share toward the support of the Government. They have done so in peace and war, and they wish to continue to do so. The people do not expect to be placed in a tax exempt status. As far as enjoying the benefits of American citizenship is concerned, they are willing to pay their share of the taxes, and they do not wish to be American citizens who do not have any representation in the Congress.

Why is there all this support for commonwealth status, together with the relief held out in the way of exemption from income taxes? Only because some Senators do not wish for more Senators from the Territories of Hawaii and Alaska.

If I were to advise the citizens of those Territories how they should vote on such a proposal, I would advise them that I would not care to have my Territory a member of the United States and not represented in the Congress of the United States, if I thought the Territory had the right to be represented in the Congress on an equal basis with all the other States.

The people of Hawaii had an opportunity previously to consider such an arrangement. The same proposal was made in Hawaii at the same time the people of Hawaii voted on whether or not they wanted statehood. The same proposal was made and urged by some people in Hawaii at the time they voted on their constitution. The people very wisely chose not to sell their American birthright for a mess of pottage in the form of tax exemption; therefore, they voted for statehood and not for the commonwealth status. The people of Hawaii have voted twice in favor of becoming full citizens of the United States and being represented in the Congress, and we should not ask them to vote a third time on how they feel on the issue of statehood.

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

Mr. LONG. I yield to the Senator from Oklahoma.

Mr. MONRONEY. I am a little bit mystified to know how the people of Hawaii knew so much about a commonwealth status, because there certainly has never been before the Senate, in any degree whatsoever, until debate on the pending bill, a clear outline of what was intended by a commonwealth status. There was a recommittal of the bill previously, in order to provide for a study of the commonwealth question. However, when the Senator states the people of the islands knew anything about the commonwealth question at the time they were voting on the State constitution, I wish the Senator would elaborate and let us know about it. It has never been mentioned in the House of Representatives. It was never mentioned in the United States Senate up until the time the bill came before the Senate. How would the people of Hawaii know so much about the commonwealth question?

Mr. LONG. When I was in Hawaii I became acquainted with the views of Mr. Hughes. Some called him Mr. "Tex" Hughes, because he was a former Texan who moved to Hawaii.

The ACTING PRESIDENT pro tempore. The time of the Senator from Louisiana has expired.

Mr. LONG. Will the Senator from Oregon yield me 2 more minutes?

Mr. CORDON. I yield 2 more minutes to the Senator from Louisiana.

Mr. LONG. Mr. Hughes had been advancing the commonwealth argument for some time. He wrote me when I was there. I had seen letters written by Mr. Hughes to other United States Senators. Mr. Hughes made his views known on the commonwealth question to civic clubs and various other groups interested in the question of statehood. Such arguments were advanced previously in Hawaii. I believe the people of Hawaii were familiar with the commonwealth proposal. I think the Senator will find there is little desire on the part of the people of Hawaii to adopt the commonwealth status.

Mr. MONRONEY. Certainly the Senator would not state to the Senate that the vote for the adoption of a State constitution presented a clear-cut issue such as the distinguished Senator from Florida presents on the question?

Mr. LONG. If any person would vote in favor of the commonwealth status, he would probably vote against statehood. I understand that the Senators who desire the so-called commonwealth status will do so. I will concede that there has not been an exact proposal made to the people of Hawaii which asked them, "Would you want a tax-free commonwealth status?" I do not care to make that sort of proposal to the people who are paying their share of taxes and carrying their share of the burdens of the Federal Government. I do not favor it. I do not think the people of the islands favor it.

I believe the people of Hawaii had the opportunity to know about this sort of proposal when they voted in the referendum for a State constitution and for statehood. They indicated by their votes that they wanted statehood.

Mr. MONRONEY. It seems to me the people who advocate statehood and statehood only, without a choice on the part of the people on this matter, seem to doubt that the question of statehood is one to be decided by those who would know best whether they desired it. I would let them vote on it.

Mr. LONG. The Senator from Oklahoma is the one who is proposing that such a question be asked. He knows that never before, never at any time in connection with the admission of 35 States, have the people of those areas been given the right to say, "We would rather have the area in which we live admitted as a tax-free commonwealth, rather than as a State of the Union."

Mr. KNOWLAND. Mr. President, will the Senator from Louisiana yield for a question?

The ACTING PRESIDENT pro tempore. The time of the Senator from Louisiana has expired.

Mr. CORDON. Mr. President, I yield 1 minute to the Senator from California.

Mr. KNOWLAND. I should like to ask the Senator from Louisiana if it is not true that the people of the Territory of

Hawaii have already, by vote on a referendum, and also by vote in connection with the adoption of their constitution, indicated that they want statehood; and is it not also true that, insofar as Alaska is concerned, under the provisions of the pending bill the people of Alaska will have an opportunity to vote on the question of the adoption of a State constitution?

Mr. LONG. That is correct.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. SMATHERS], in behalf of himself and other Senators.

Mr. SMATHERS. Mr. President, I yield 1 minute to myself.

It has been well established, Mr. President, that the people of the Territories of Hawaii and Alaska have never yet been offered an opportunity to choose between two alternatives—in short, an opportunity to vote on the question, "Do you favor statehood, or do you favor commonwealth status?"

The Senator from Louisiana [Mr. LONG] has told us, when speaking in the manner of George Gallup, what he determined to be the wish of the people of Hawaii, as a result of a poll he conducted there. Mr. President, I believe that the people of Alaska and the people of Hawaii should be allowed to speak for themselves, rather than to have someone else speak for them.

Of course, in connection with this matter, we have heard of the views of Mr. Sam King, the Governor of the Territory of Hawaii. He is a fine man, and I know what he wants; but he very naturally believes he will be elected Governor or possibly Senator, if Hawaii becomes a State. That is a very laudable ambition; but why not give the people who live in Hawaii, and also the people of Alaska, an opportunity to vote, and in that way to register their desires, and thus put a stop to having various self-styled "George Gallups" tell us what they believe the people of Hawaii and the people of Alaska want?

In short, Mr. President, let us permit the people of Hawaii and the people of Alaska to have a chance to vote their own preference.

Mr. KNOWLAND. Mr. President, will the Senator from Florida yield for a question?

Mr. SMATHERS. I yield.

Mr. KNOWLAND. I understand that the amount of time remaining to each side is approximately equal. Therefore, I wish to ask whether the Senator from Florida and the Senator from Oregon are prepared to yield the balance of the time remaining to them.

Mr. SMATHERS. Mr. President, I yield the balance of the time remaining to me.

Mr. KNOWLAND. Mr. President, will the Senator from Oregon yield the balance of the time remaining to him?

Mr. CORDON. No; for I wish to speak for 2 minutes in reply to the Senator from Florida. Then I shall yield the balance of the time remaining to me.

Mr. President, I yield myself 2 minutes.

The ACTING PRESIDENT pro tempore. The Senator from Oregon is recognized for 2 minutes.

Mr. CORDON. Mr. President, I am very much afraid that the purpose of the sponsors of the amendment will not be served by having the amendment adopted.

PROPOSAL NOT TIMELY

The commonwealth idea in the American political system first came into existence in 1950, by the enactment of S. 3336, 81st Congress, which authorized the people of Puerto Rico to form a constitution and local government. The Commonwealth of Puerto Rico came into being after the people adopted the Senate amendments to the Constitution in 1952.

Those who have served on the Senate Interior and Insular Affairs Committee which deals with this matter—including, I may say, my distinguished friend, the Senator from Florida [Mr. SMATHERS]—have had every opportunity in the world to bring up this question of commonwealth status for Hawaii and Alaska and have it discussed in detail by various witnesses from both the Territories. Many witnesses have appeared before the committee, and there have been ample opportunities for visitations. Every opportunity in the world has been given to those who now propose this particular and peculiar status for the Territories to get the views of representatives of the citizens of Hawaii and Alaska. However, we first find it submitted in the last few hours of this debate on statehood.

Mr. President, I hope the Senate will indicate by its vote on this amendment, as it did on the other and kindred amendment, that it is opposed to it.

I yield back the balance of the time remaining to me.

Mr. NEELY. Mr. President, will the Senator from Oregon yield to me?

Mr. CORDON. Mr. President, I cannot yield to the Senator from West Virginia, for I have already yielded back the balance of the time remaining to me.

Mr. NEELY. Mr. President, I ask unanimous consent that the Senate be given an opportunity to vote, and vote now. Let us stop talking and do something—now. [Laughter.]

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from Florida [Mr. SMATHERS], on behalf of himself and other Senators.

On this question the yeas and nays have been ordered.

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

The ACTING PRESIDENT pro tempore. The absence of a quorum having been suggested, the clerk will call the roll.

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

Aiken	Butler, Nebr.	Daniel
Anderson	Byrd	Dirksen
Barrett	Capehart	Douglas
Beall	Carlson	Duff
Bennett	Case	Dworshak
Bricker	Chavez	Eastland
Burke	Clements	Ellender
Bush	Cooper	Ferguson
Butler, Md.	Cordon	Flanders
Frear	Kefauver	Pastore
Fulbright	Kerr	Payne
Gillette	Kilgore	Potter
Goldwater	Knowland	Purtell
Green	Kuchel	Robertson
Griswold	Langer	Russell
Hayden	Lehman	Saltonstall
Hendrickson	Long	Schoeppel
Hennings	Magnuson	Smathers
Hickenlooper	Malone	Smith, Maine
Hill	Mansfield	Smith, N. J.
Hoey	Maybank	Stennis
Holland	McCarran	Symington
Hunt	McClellan	Thye
Ives	Millikin	Upton
Jackson	Monroney	Watkins
Jenner	Morse	Welker
Johnson, Colo.	Mundt	Williams
Johnson, Tex.	Murray	
Johnston, S. C.	Neely	

The ACTING PRESIDENT pro tempore. A quorum is present.

The question is on agreeing to the amendment submitted by the Senator from Florida [Mr. SMATHERS], on behalf of himself and other Senators.

All time on the amendment has expired.

On this question the yeas and nays have been ordered, and the Secretary will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Pennsylvania [Mr. MARTIN] and the Senator from North Dakota [Mr. YOUNG] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Wisconsin [Mr. MCCARTHY], and the Senator from Wisconsin [Mr. WILEY] are necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Georgia [Mr. GEORGE] and the Senator from Tennessee [Mr. GORE] are necessarily absent.

The Senator from Minnesota [Mr. HUMPHREY], the Senator from Massachusetts [Mr. KENNEDY], the Senator from North Carolina [Mr. LENNON], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

I announce also that on this vote the Senator from Georgia [Mr. GEORGE] is paired with the Senator from Minnesota [Mr. HUMPHREY]. If present and voting, the Senator from Georgia would vote "yea," and the Senator from Minnesota would vote "nay."

I announce further that if present and voting, the Senator from Tennessee [Mr. GORE] and the Senator from North Carolina [Mr. LENNON] would each vote "yea."

The result was announced—yeas 26, nays 59, as follows:

YEAS—26

Byrd	Johnson, Colo.	Monroney
Daniel	Johnson, Tex.	Pastore
Eastland	Johnston, S. C.	Robertson
Ellender	Kerr	Russell
Frear	Langer	Smathers
Fulbright	Malone	Stennis
Hayden	Maybank	Symington
Hill	McCarran	Welker
Hoey	McClellan	

NAYS—59

Aiken	Case	Goldwater
Anderson	Chavez	Green
Barrett	Clements	Griswold
Beall	Cooper	Hendrickson
Bennett	Cordon	Hennings
Bricker	Dirksen	Hickenlooper
Burke	Douglas	Holland
Bush	Duff	Hunt
Butler, Md.	Dworshak	Ives
Butler, Nebr.	Ferguson	Jackson
Capehart	Flanders	Jenner
Carlson	Gillette	Kefauver

Kilgore	Morse	Schoeppel
Knowland	Mundt	Smith, Maine
Kuchel	Murray	Smith, N. J.
Lehman	Neely	Thye
Long	Payne	Upton
Magnuson	Potter	Watkins
Mansfield	Purtell	Williams
Millikin	Saltonstall	

NOT VOTING—11

Bridges	Kennedy	Sparkman
George	Lennon	Wiley
Gore	Martin	Young
Humphrey	McCarthy	

So the amendment offered by Mr. SMATHERS, for himself and other Senators, was rejected.

The ACTING PRESIDENT pro tempore. The bill is open to further amendment. If there be no further amendment, the question is on the engrossment and third reading of the bill.

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

The ACTING PRESIDENT pro tempore. The bill having been read the third time, the question is, Shall it pass?

Mr. JOHNSON of Texas. Mr. President, I yield 15 minutes to the distinguished junior Senator from Virginia [Mr. ROBERTSON].

Mr. ROBERTSON. Mr. President, I shall not detain my colleagues very long. However, I feel so deeply about what is involved in the question of immediate statehood for Hawaii and Alaska that I am unwilling to have this discussion come to an end without placing myself specifically on record and outlining briefly my objections to both proposals.

Mr. President, it is an understatement when I say that I was surprised to read today in a morning newspaper a statement attributed to the majority leader to the effect that the victory this afternoon for the proponents of statehood for Hawaii and Alaska would be an easy one. Two years ago there were not a handful of Members of this distinguished body who would vote for statehood for either Territory. The facts have not changed. I ask, therefore, What has changed? And echo answers "What?" Nearly every Republican Member of the Senate voted only a few weeks ago against including Alaska in the bill with Hawaii. They did not at that time think that Alaska was ready for statehood. If they now think Alaska is ready for statehood, why do they think so? What has changed during the past 4 weeks that would now qualify Alaska for statehood when it could not qualify a month ago?

Ever since the end of World War I we have offered all sorts of bounties to veterans and others if they would only go to Alaska and help develop that Territory. But there are two very obvious reasons why they refused to do so, and even some of those who did go, did not stay. One reason is that Alaska is, for the most part, a wilderness area owned by the Federal Government. Only a small fraction of the land is privately owned. The second reason is that the average American cannot endure the cold and hardship of the Alaska climate, as in the days of the Yukon gold rush, with the hope of getting rich in a year or two and then coming back to the States; they just do not choose that type of climate for permanent residence.

Alaska has no adequate system of transportation. Although it is fourteen and a quarter times the size of my home State of Virginia, it has about 3,000 miles of improved highway as against our 50,000 miles in Virginia. It would take hundreds of millions of dollars to build a highway system in Alaska comparable to that of any State in the Union, even the poorest, and the people in Alaska do not have that kind of money, and in view of the recent statement of the Secretary of the Treasury, that expenditures in our next fiscal year will break through the established debt ceiling, we do not have it either.

Alaska has no adequate rail service either. The only rail line, the Alaska Railroad, is owned and operated by the Federal Government and runs for a distance of only 470 miles from Seward to Fairbanks. There is no private capital in Alaska to develop an adequate railroad system, and even if it could be found, Alaska could not be connected by rail with our mainland without passing through a foreign country which is as large as the United States. The principal transportation for Alaska is the waterborne type, and that is inadequate, even for tourists in the summer time, and in winter, of course, the harbors are frozen over.

In proportion to population, no State in the Union has been the recipient of Federal grants equal to those given to Alaska, yet the Territorial government has experienced great difficulty in making both ends meet. The present tax rate in Alaska is above that of the average State, and statehood would increase the financial burdens. But the primary reason I am told that the Territorial government has difficulty in financing itself is that it has no adequate system of tax collections. Is there any Senator on this floor so optimistic as to assume that if Congress simply writes an edict to the effect, "Alaska, you are now a State," Alaska, ipso facto, will then have a modern, efficient, and effective tax collection system comparable to that of 1 of our 48 States, and when I say 1, I mean any one.

If Alaska is to be a State it must have more industry and more population in order to enable it to function effectively. Certainly increasing the present extremely high rate of taxation in the Territory will not contribute to either. If Alaska is to successfully develop in population it must have means of feeding that population. The sad but true fact is that while farming was the basis of economy for most new States admitted to the Union, Alaska has relatively little farming, little land suitable for agriculture, and cannot even feed its present population. Even the wolves of Alaska fare better for meat than do the people. It is estimated that it takes one deer, caribou, or elk a week to feed one wolf, and that the annual meat bill for one wolf is $3,000. The Government pays a bounty of $50 a head for a wolf because it cannot afford to feed meat to wolves while the people are going hungry. But as I have already indicated, Alaska is such a wilderness that in many areas the wolves are still in control of the meat supply.

The President does not think that Alaska is ready for statehood. The House of Representatives does not think that Alaska is ready for statehood. May I, therefore, repeat that I was a bit surprised that our distinguished majority leader indicated his belief that Alaska is ready for statehood and that a bill to that effect would be swung through the Senate this afternoon with the greatest of ease.

Mr. KNOWLAND. Mr. President, will the Senator yield for a brief observation?

Mr. ROBERTSON. I yield for a question.

Mr. KNOWLAND. Mr. President, the Senator from Virginia has mentioned my name. At no time did I make the statement that the bill would be put through the Senate with great ease. I said I thought there would be a comfortable majority in favor of the bill, which is a much different situation. Of all Senators, certainly I know that this has not been an easy fight. It has been one of the toughest I have ever been in during my 9 years in the Senate.

Mr. ROBERTSON. That, Mr. President, is a distinction without a difference. With all due deference to the Senator from California, I know what he intended to infer in the statement to the press. It was to be depressing to us and encouraging to his associates, and it was intended to indicate to the country generally that the opposition really does not amount to much and that when the roll is called the bill will be passed by a very comfortable majority. Whether it was easy to get it or not, was not particularly involved; the vote would be easy this afternoon.

Let us look for a moment at the Territory of Hawaii which many Republicans, including the distinguished chairman of the committee that handled the statehood bill 2 years ago, said was not ready for statehood. For the first time in our history we are asked to make a State out of an area which no one can define by metes and bounds, and which is separated from our mainland by 2,000 miles of ocean, and the identifiable portions of which are separated from each other by another 1,800 miles, making the new State of Hawaii if created larger than Texas.

If the committee had not taken Palmyra out of the bill, the area would have been extended by 2,000 miles, because that is the distance from Palmyra to Honolulu. However, the committee thought it was going just a little too far, so it took out Palmyra, and thus cut the distance down to 1,800 miles.

Mr. BUTLER of Nebraska. Mr. President, will the Senator from Virginia yield?

Mr. ROBERTSON. Inasmuch as I have referred to my distinguished friend from Nebraska, I yield.

Mr. BUTLER of Nebraska. I understood the distinguished Senator from Virginia to refer to the position which I took when a bill proposing statehood for Hawaii was before us some time ago in a previous Congress. It is true that I opposed statehood for Hawaii at that time, and I gave a definite reason for my opposition. My opposition was based on

the threat of Communist control. The situation has changed greatly since that time. That is why I have changed my position.

Mr. ROBERTSON. I am quite familiar with what my distinguished friend has stated. He was not in the Chamber when I quoted his testimony and he was not preesnt when I showed that the situation had not changed at all, but that, if anything, it had become worse, and that communism had increased in the islands. I quoted the Senator as saying that he could not stomach the communism in Hawaii and we must therefore hold back until the situation had improved.

What I am hoping for is that we will defeat the bill today, and find out more about what will happen in Indochina; and perhaps an investigating committee of the Senate will get around to investigating some of the known Communists in Hawaii, who are not yet in our Government, but who are trying to get both feet into it, which I am afraid we are helping them to do.

Some have claimed we owe a moral duty to grant statehood to Hawaii. In a speech before the Senate last Monday I pointed out how fallacious that claim is. For some 45 years this formerly foreign area attempted to be taken in by us as a Territory by means of a treaty, as all other foreign areas have been acquired, but never during that period could a two-thirds majority of the Senate be secured. But 4 days after the Battle of Manila Bay, and on the specious plea that it was a war necessity, the House adopted a resolution making Hawaii a territory. The Senate Foreign Relations Committee was so embarrassed by being called upon to abandon its traditional concept of action by treaty that it reported that resolution to the Senate without even submitting a report on it. However, numerous Members of both House and Senate said with respect to the resolution that no one then in Congress had the slightest idea of ever granting statehood to Hawaii.

Hawaii was granted Territorial status because that was good for Hawaii. Hawaii now asks for statehood because that too, in the opinion of many in Hawaii, but by no means all, would be good for Hawaii. But I was elected to the United States Senate to vote for what was good for Virginia and what was good for our own Nation, and certainly granting statehood to Hawaii at this time will not be good for either.

Even from the standpoint of fairness, justice, and equity neither Alaska nor Hawaii have anything of which to complain. Both receive the benefits of social security, unemployment compensation, minimum wage laws, Federal loans, veterans' benefits, farm price supports, and agricultural conservation payments, to say nothing of the tremendous subsidy which we pay to the sugar industry of Hawaii which costs this Government in Federal payments alone approximately a billion dollars.

Of course, without statehood, neither will be privileged to send two Senators to this body, where in addition to voting on vital matters of foreign policy they can also offset the votes of taxpaying States like New York, Pennsylvania, Texas, and California in voting ever increasing Federal benefits for their home States where needless to say they will be under constant political pressure to bring home the bacon or yield to someone who can.

Hawaii, like Alaska, is not self-supporting from a food standpoint. The arable land is limited, very closely held, and so highly priced that it must be utilized for the production of two cash crops—sugar and pineapples. There will never be a time in the foreseeable future when there will be in Hawaii a substantial group of small farmers which every student of political history knows constitutes the backbone of any democracy. And if such a division of land holdings were possible under our constitutional form of Government, a great many of the new land owners would be orientals with little or no training in our traditions, our form of Government and our way of life.

There is neither coal nor oil in Hawaii for industrial development nor known mineral deposits which would portend a rich industrial development. Hawaii has been, is now, and for the foreseeable future will be limited to sugar, pineapples, and shipping and all three of those basic industries are absolutely controlled by a communistic dominated union.

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

Mr. RUSSELL. Mr. President, I was requested by the distinguished minority leader to allot time. I allot to the Senator from Virginia 3 more minutes.

Mr. ROBERTSON. Mr. President, with all due deference, I solemnly submit to this distinguished body that the most vital, the most fateful issue confronting us today is the proposed abandonment of our Monroe Doctrine, under which since 1823 we have solemnly announced to the world that we had no empire complex and all that we asked was the privilege to develop our own mainland without foreign interference and in return would permit the other nations of the world a similar privilege in their home areas. Last Monday I quoted many Presidents, Republicans as well as Democrats, and that great Republican educator and leader in foreign affairs, Dr. Nicholas Murray Butler, who time after time had warned us against the dangers inherent in making an integral part of our Union areas separated from us not merely by a few miles of water, but by a thousand miles, like Cuba, for instance, to say nothing of Hawaii, which is 2,000 miles from our coast.

The press of the Nation has ignored the reasons we have advanced against statehood for Alaska and Hawaii. The Members of the Senate have not stayed on the floor to hear them. According to the news report of this morning, those who were opposed to statehood for either Alaska or Hawaii 2 years ago have changed their position, have closed their ears, have gritted their teeth and, with solemn mien, have decided to see this business through. They are the keepers of their own conscience. I have no means of reaching a mind that is closed. I only regret that a great Republican leader like Nicholas Murray Butler could not stand today in my place on this floor and repeat to his Republican colleagues what he said even before he knew how the economy and the politics of Hawaii were being dominated by communistic leaders:

> The admission of Hawaii as a State might easily be the first step in bringing to an end the United States of America as established by the Founding Fathers and as we have known it. The next generation might well find itself faced with a United States of the Pacific and other ocean islands, since the admission of Hawaii would certainly lead to pressure, which would be hard to resist, to admit also Alaska, Puerto Rico, and other islands in the Atlantic and Caribbean as well as the distant Philippines.

Mr. President, I hope the bill will be defeated.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time required for the quorum-call be not charged to either side.

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

The clerk will call the roll.

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

Aiken	Gillette	Maybank
Anderson	Goldwater	McCarran
Barrett	Green	McClellan
Beall	Griswold	Millikin
Bennett	Hayden	Monroney
Bricker	Hendrickson	Morse
Burke	Hennings	Mundt
Bush	Hickenlooper	Murray
Butler, Md.	Hill	Neely
Butler, Nebr.	Hoey	Pastore
Byrd	Holland	Payne
Capehart	Hunt	Potter
Carlson	Ives	Purtell
Case	Jackson	Robertson
Chavez	Jenner	Russell
Clements	Johnson, Colo.	Saltonstall
Cooper	Johnson, Tex.	Schoeppel
Cordon	Johnston, S. C.	Smathers
Daniel	Kefauver	Smith, Maine
Dirksen	Kerr	Smith, N. J.
Douglas	Kilgore	Stennis
Duff	Knowland	Symington
Dworshak	Kuchel	Thye
Eastland	Langer	Upton
Ellender	Lehman	Watkins
Ferguson	Long	Welker
Flanders	Magnuson	Williams
Frear	Malone	
Fulbright	Mansfield	

The PRESIDING OFFICER (Mr. PAYNE in the chair). A quorum is present.

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes to the distinguished senior Senator from Massachusetts [Mr. SALTONSTALL].

Mr. SALTONSTALL. Mr. President, the question before the Senate is whether we wish to admit to statehood both Alaska and Hawaii, or neither. Having listened to the arguments on every side of this question, I shall vote against statehood for both. I shall do so reluctantly, because I had wanted to vote for Hawaiian statehood. Had the issue been presented to us in a separate bill, I would have voted for it. I cannot, however, at the present time vote for statehood for Alaska.

In these uncertain times, confronted as we are by problems that involve the security of our country we should not, in my opinion, create a State of the comparatively undeveloped Territory of

Alaska. So little of Alaska is privately owned and so much is owned by the Federal Government that it is difficult for me to see how the situation of the people of Alaska and the improvement of the Territory's economy can be advanced by conferring statehood upon it now.

In 1950 I traveled on a Government mission to the cities of Anchorage, Nome, Fairbanks, Juneau, and Kamchatka. We traveled by air and saw the vast terrain of Alaska in beautiful weather. We talked with many of the citizens of these various communities. We learned some of the problems that confront them and also had an opportunity to see the fine qualities of the men and women who make Alaska their home. I have every hope that at some future time Alaska may become a State, but I do not believe this is the opportune moment for it.

Mr. President, the addition of a new State to the United States of America is a step to be taken seriously. It is not a partisan question. It is a question, first, of what is for the best interests of our country, and, second, of what is for the best interests of the Territory that is to be elevated to statehood. Where two Territories so divergent in character are concerned, this question necessarily presents different problems in the case of each. Balancing the arguments for Hawaii and the arguments against Alaska, I believe that the negative arguments are strong. Under all the circumstances, therefore, I feel that I must vote "no" on statehood for both, with the hope that the two Territories may be considered on their individual merits, if not at this session of Congress, at the next.

Mr. JOHNSON of Texas. I yield 3 minutes to the distinguished senior Senator from Michigan [Mr. FERGUSON].

Mr. FERGUSON. Mr. President, since the Senate has joined statehood for Alaska to statehood for Hawaii, I find myself unable to vote for the bill. I could have voted for the Territory of Hawaii to become a State. After analyzing the facts in relation to statehood for Alaska, I cannot reach the conclusion that at present Alaska should be a State.

The distinguished Senator from Massachusetts [Mr. SALTONSTALL] has very ably stated his position, and I wish to associate myself with his remarks. I cannot vote for statehood for both Territories in a joint bill. Therefore, I shall be compelled to vote against statehood for both Territories, even though I should like to vote for statehood for Hawaii.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. CORDON. Mr. President, I yield 10 minutes to the distinguished majority leader, or such portion of that time as he desires to use.

Mr. KNOWLAND. I do not expect to use 10 minutes.

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

Mr. KNOWLAND. I yield to the distinguished Senator from Louisiana for the purpose of allowing him to make an insertion in the RECORD.

Mr. LONG. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement I have prepared on the subject of statehood.

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

STATEMENT BY SENATOR LONG

It is particularly interesting to note that our past history contains this very significant record: Today's opponents of statehood for Alaska and Hawaii advance substantially the same arguments used by their predecessors in opposing all expansions upon the original 13 States.

The celebration, last year, of the 150th anniversary of the Louisiana Purchase brought to light the fact that this fabulous transaction was bitterly opposed by those whose concern was founded upon the relatively undeveloped state of the Territory, its distance from the Atlantic seaboard, and the composition of its population, of which Indians and Negroes were more numerous than Caucasians; and of the whites, a substantial majority were of French or Spanish ancestry.

While the Louisiana Purchase doubled the size of our infant Nation, and the price of $15 million (3 cents per acre) made it the biggest real-estate bargain of all times, some legislators didn't so view it; one such was Senator James White, of Delaware, who, on October 25, 1803, spoke out as follows against Senate ratification of the treaty of acquisition:

"It may be productive of innumerable evils and especially of one that I fear to ever look upon. Thus our citizens will be removed to the immense distances of two or three thousand miles from the Capital of the Union, where they will scarcely ever feel the rays of the Central Government—their affections will become alienated; they will gradually begin to view us as strangers—they will form other commercial connections and our interests will become distinct. Even supposing that this extent of territory was a desirable acquisition, $15 million was a most enormous sum to give.

"We have already territory enough, and when I contemplate the evils that may arise to these States from this intended incorporation of Louisiana into the Union, I would rather see it given to France, to Spain, or to any other nation of the earth upon the mere condition that no citizen of the United States should ever settle within its limits." (The Louisiana Purchase, GPO, 1900, pp. 37–38.)

Similar ridicule was leveled in the House. Representative Griswold, of Connecticut, on October 25, 1803, argued:

"It is not consistent with the spirit of a republican government that its territory should be exceedingly large; for as you extend your limits, you increase the difficulties arising from a want of that similarity of customs, habits, and manners so essential for its support" (ibid., p. 37).

And Senator Plumer, of New Hampshire, made this dire prediction the same day:

"Admit this western world into the Union and you destroy at once the weight and importance of the Eastern States and compel them to establish a separate independent empire" (ibid., p. 37).

Eight years later (1811), when Louisiana asked that interim territorial government be exchanged for statehood, Representative Josiah Quincy, of Massachusetts, was even more exercised; he bluntly told the House:

"The bonds of the Union must be dissolved rather than admit these westerners. As it will be the right of all, so will it be the duty of some to prepare definitely for a separation; amicably if they can, violently if they must." (Yankee from Olympus, Bowen; Little, Brown & Co., p. 27.)

Nor did the passage of time soften that Congressman's implacable hatred of our Nation's westward expansion. For in 1819, when it was proposed to admit Alabama into statehood, he thundered in the House:

"You have no authority to throw the rights and property of the people into the hodgepodge with the wildmen on the Missouri, nor with the mixed though more responsible race of Anglo-Hispano-Gallo-Americans who bask on the sands in the mouth of the Mississippi. Do you suppose the people of the Northern and Atlantic States will, or ought to, look with patience and see Representatives and Senators * * * pouring themselves upon this and the other floor, managing the concern of a seaboard 1,500 miles, at least, from their residence?" (ibid., p. 35).

While the above are representative of the objections advanced when it was proposed to admit Alabama and Louisiana, history reveals that every past effort to peaceably expand our family of States has met with similar disapproval and ridicule; a few random examples will illustrate this point. They should also serve to show that objections have not been restricted to any specific area; Americans in northern, southern, eastern, and western Territories alike, have had to contend with identical opposition when they strove to claim their full birthrights as American freemen.

The admission of California was strenuously opposed and brought on a filibuster in the Senate. Senator Ewing predicted: "With all its extent, California will never sustain one-half the population of Ohio, not one-half. The population of California will be very small, indeed." (H. Rept. No. 109, 83d Cong., p. 70.) I might point out, in passing, that the 1950 census gave Ohio 7,946,627; California, 10,586,223. California's neighbor, Oregon, likewise had rough going in the Senate. In fighting Oregon's incorporation, Senator McDuffie, in a speech delivered in January 1843, said:

"What is the nature of this country? Why, as I understand it, 700 miles this side of the Rocky Mountains is uninhabitable; a region where rain seldom falls; a barren, sandy soil; mountains totally impassable. Have you made anything like an estimate of the cost of a railroad from here to the Columbia (River)? Why, the wealth of the Indies would be insufficient. Of what use will this be for agricultural purposes? Why, I would not, for that purpose, give a pinch of snuff for the whole territory. I thank God for His mercy in placing the Rocky Mountains there."

And Mississippi, petitioning for statehood, had to hurdle the handicap of an adverse House committee report, submitted December 23, 1816, which stated:

"Your committee beg leave to remark that they cannot believe a State of such unprecedented magnitude as the one contemplated by the memorialists can be desirable to any section of the United States. Between the Tennessee and the Mississippi settlement there is not, and probably never will be, any commercial interest whatever."

Florida's admission in 1845 was roundly attacked in Congress on the grounds that a large part of her population consisted of Indians and Negroes and because her white citizens were largely of Spanish descent. Similar reasons were advanced as insurmountable barriers to statehood when my home State and Arizona sought admission in the early part of the present century. Senator Henry E. Burnham of New Hampshire (member of the Senate Committee on Territories) spoke for 3 days against statehood for Arizona and New Mexico. He criticized the wide usage of the Spanish language in New Mexico and Arizona and held that these Territories did not have sufficient population and natural resources to become sound members of the Union.

Every school child is familiar with the abuse and ridicule heaped upon Secretary Seward for having engineered the purchase of Alaska, ("Seward's Folly"), in 1867, for

$7,200,000. Representative B. F. Butler of Massachusetts, on July 7, 1868, spoke out against ratification of the treaty of cession as follows:

"If we are to pay for Russia's friendship I desire to give her the $7,200,000 and let her keep Alaska. I have no doubt that any time within the last 20 years we could have had Alaska for the asking. No man, except one insane enough to buy the earthquakes in St. Thomas and the ice fields in Greenland, could be found to agree to any other terms for its acquisition by the country."

Representative Benjamin F. Loan, of Missouri, predicted:

"The acquisition of this barren waste would never add $1 to the wealth of our country, or furnish homes to our people. To suppose that anyone would be willingly (leave a State to seek a home in Alaska) is simply to suppose such a person insane."

In January 1869, after the Territory had been purchased, Representative Orange Ferris, of New York, speaking on a bill to provide an interim form of government for the same, offered the following amendment:

"That the President be authorized to bind the United States by treaty to pay the sum of $7,200,000 to any respectable European, Asiatic, or African power which will accept a cession of the Territory of Alaska."

Is it not worth while to pause and think of what our situation would now be if Soviet Russia still owned this vast and rich land at the very doorstep of key American cities?

Is it not a significant answer to those who now oppose the admission of Alaska and Hawaii that, without a single exception in our history, the addition of each new State has done more than physically enlarge our Nation; our country has, in each instance, been enriched and strengthened in the process?

We have become what we are today, largely because of those Members of past Congresses whose sound judgment, foresight, and moral courage prevailed against that of the men quoted. Theirs was the vision, as statesmen, to perceive that each new State brought to the Union qualities and resources which all of us, today, recognize to be indispensable elements of our national greatness. Can anyone dispute the statement that the United States would, now, be much the poorer had Alabama, California, Louisiana, Oregon, or Texas been denied statehood? Or, for that matter, if this privilege had been withheld from any of the 35 States whose admissions were as vigorously opposed in Congress as is, today, the proposal to admit Hawaii and Alaska?

God was, indeed, gracious in that at these critical junctures in our history our Congresses were peopled with sufficient men like Senator Breckenridge, of Kentucky, whose reply to Louisiana's detractors, in 1803, is, today, as fresh—and as applicable—as it was 150 years ago; he said:

"Is the goddess of liberty restrained by water courses? Is she governed by geographical limits? Is her dominion on this continent confined to the east side of the Mississippi? So far from believing in the doctrine that a republic ought to be confined within narrow limits, I believe, on the contrary, that the more extensive its dominion, the more safe and more durable it will be. In proportion to the number of hands you intrust the precious blessings of a free government to, in the same proportion do you multiply the chances for their preservation. I entertain, therefore, no fears for the Union, on account of its extent."

We, and succeeding generations, as long as there remains a United States of America, will venerate the Jeffersons, Livingstons, and Monroes * * * and the statesmen who shared their courage and vision.

In contrast, the historian, Tallant, points out: "As to those who opposed, most of them faded into obscurity."

Is there any reason to suppose that future historians would be any kinder in their judgment of us, where we of this Congress to reject Alaska and Hawaii?

Is not ours the privilege of determining whether future generations will look back upon us as men of vision, or as men who were singularly lacking in this quality?

Shall they respect us as we now do the memories of the statesmen who shared the foresight of Jefferson? Or will we earn for ourselves the ignominy which would have been theirs had they rejected the Louisiana Purchase?

The bright lamp of history clearly illumines both paths. It is for us to choose which we shall take.

Mr. KNOWLAND. Mr. President, first, I ask unanimous consent that the Committee on Interior and Insular Affairs be discharged from further consideration of H. R. 3575, the House bill on statehood for Hawaii.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from California?

Mr. SMATHERS. Mr. President, what was the request?

Mr. KNOWLAND. I asked unanimous consent that the Senate Committee on Interior and Insular Affairs be discharged from further consideration of H. R. 3575, the House bill providing for statehood for Hawaii. If that request be granted, I shall then ask that the language of the Senate bill be substituted for the language of the House bill.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. EASTLAND. I object.

Mr. KNOWLAND. Mr. President, I shall not take much of the time of the Senate at this late hour. However, I think these facts should be placed in the RECORD.

So far as Hawaii is concerned, the Territory has been an incorporated part of the United States for more than half a century. Its population of 500,000 is larger than that of four of our present States, namely, Vermont, Delaware, Wyoming, and Nevada.

Since its incorporation as a Territory, Hawaii has paid more than $1,650,000,000 in Federal taxes.

Pearl Harbor showed that our western front for defense purposes was no longer the west coast.

The party platforms of both major parties called for statehood in 1952, and have repeatedly endorsed such statehood in prior conventions.

The most recent Gallup poll, taken in January 1953, showed that 78 percent of the public favor admission of Hawaii to statehood; 8 percent were opposed; and 14 percent had no opinion.

The vast majority of the people of Hawaii, according to numerous polls, and the vast majority of the people of the United States, want Hawaii as the 49th State.

According to the 1950 census, 84 percent of the population of Hawaii are native-born American citizens, and 99.2 percent of all its school children are native-born Americans.

The percentage of Hawaii's battle casualties in Korea was three times that of the United States.

In World War II, one battalion from Hawaii has been described as the most decorated unit in the entire history of the United States.

During World War II, according to Mr. J. Edgar Hoover, Chief of the Federal Bureau of Investigation, not a single case of sabotage by a Hawaiian civilian was reported.

Because of the progress which has been made in the fields of transportation and communication, Hawaii, for all purposes, is closer to the Nation's Capital today than were many of the Original Thirteen States.

Among all the present 48 States, only Oklahoma had a larger population when it was admitted into the Union.

The present and past Congresses have held 11 congressional hearings on the subject of statehood for Hawaii.

So far as Alaska is concerned, while its population is smaller than that of Hawaii, and while I have been frank to admit that I believe statehood for Hawaii has priority in consideration, the question before the Senate today is that if Senators believe in statehood for either Hawaii or Alaska, or for both, the only way in which to grant statehood is to pass the bill which is now before the Senate. Otherwise, statehood will be dead, so far as this session of the Congress of the United States is concerned.

Mr. President, I am prepared to yield back the remainder of my time. I recognize that the distinguished Senator from Mississippi [Mr. EASTLAND], who objected earlier, was within his rights to do so. However, I wish to call attention to the fact——

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

Mr. KNOWLAND. I will yield in a moment.

Mr. EASTLAND. I merely wish to withdraw my objection.

Mr. KNOWLAND. I thank the Senator.

Mr. President, the unanimous-consent request I made was that the Committee on Interior and Insular Affairs be discharged from further consideration of H. R. 3575, the House bill providing for statehood for Hawaii. If the unanimous-consent request should be granted, I would then ask unanimous consent that all after the enacting clause of the House bill be stricken, and that the language of the Senate bill, S. 49, be substituted therefor.

The VICE PRESIDENT. Is there objection to the request of the Senator from California?

Mr. ELLENDER. I object.

Mr. ANDERSON. Mr. President, will the Senator from California yield at that point?

Mr. KNOWLAND. I shall be glad to yield, if I have any time remaining.

Mr. ANDERSON. The majority leader recognizes, I assume, that a motion could be filed to accomplish what he has just requested. It will tie up the Senate a little longer, but it is possible to obtain the action in that way, if the distinguished majority leader desires to proceed in that way. That practice is followed day after day on other types of legislation.

Mr. KNOWLAND. I had hoped that for the convenience of many Senators it would be possible for the Senate to conclude its session for today very soon. We have gone through a long debate. Two whole days have elapsed since the unanimous-consent agreement was entered into. My proposal will merely require a couple of extra moves.

Under the unanimous-consent request, I shall move to discharge the Committee on Interior and Insular Affairs. Then I shall have to move to adjourn the Senate for a brief period of time, so that we may proceed in another legislative day. The process will be cumbersome. It will mean that the Senate probably will not be able to adjourn for several hours. But the procedure is not an unusual one.

I submit that in the general comity of our relationships in the Senate, it is the customary and reasonable practice, when the House has passed a bill on a subject, and the Senate has acted on a similar bill of its own, to prepare the measure for conference by following the course I have suggested. That is the orderly procedure of the Senate. But if it is necessary to do it the hard way, we shall simply have to do it the hard way.

Mr. JOHNSON of Texas. Mr. President, I yield 3 minutes to the junior Senator from Florida [Mr. SMATHERS].

Mr. SMATHERS. Mr. President, there have been three speeches from the majority side; one from the majority leader, who has stated that he is in favor of the bill, one from the chairman of the Republican policy committee, the Senator from Michigan [Mr. FERGUSON], who has stated he is against it, and a third speech from the chairman of the Committee on Armed Services, the distinguished and able Senator from Massachusetts [Mr. SALTONSTALL] who has stated he is likewise against the bill because Alaska has been attached to the Hawaiian statehood bill. It is obvious, therefore, that this is not a partisan issue.

I think it is important for the Senate to have an opportunity to study the bill further.

I think throughout the debate we have demonstrated that there is no moral or legal obligation to grant statehood to either Territory. We also have pointed out, indisputably, that the question is a matter to be decided by the Congress whenever it wishes to decide it. I think we have been able to show that Alaska and Hawaii will be infinitely better off by granting them commonwealth status enabling each to attain a maximum degree of self government under the jurisdiction of the United States.

Once we admit as new States Territories beyond our contiguous land mass we will have shattered a well-established precedent, the effects of which no one can foresee. If we can reach out into the Pacific Ocean some 2,000 miles and make a Territory a State, if we can go up into the Bering Sea and the Arctic Ocean and take in another Territory as a State, how can we logically deny statehood to other noncontiguous areas throughout the world?

I think the bill should go back to the Committee on Interior and Insular Affairs for further study.

Mr. CORDON. Mr. President, I yield 5 minutes to the junior Senator from New Mexico [Mr. ANDERSON].

Mr. KNOWLAND. Mr. President, will the Senator from New Mexico yield to me for a moment?

Mr. ANDERSON. I yield.

Mr. KNOWLAND. I renew my request, Mr. President. I ask unanimous consent that the Committee on Interior and Insular Affairs be discharged from the further consideration of H. R. 3575, to enable the people of Hawaii to form a constitution and State government and to be admitted into the Union on an equal footing with the original States, which is the House bill on Hawaiian statehood. If that request shall be granted, I shall immediately ask unanimous consent that the Senate proceed to the consideration of H. R. 3575, that all after the enacting clause be stricken out, and that the language of Senate bill 49, as amended, be substituted.

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

Mr. KNOWLAND. Now, Mr. President, I make the second request, that the Senate proceed to the consideration of H. R. 3575, and that all after the enacting clause be stricken out, and that Senate bill 49, as amended, be substituted for the House bill.

The VICE PRESIDENT. Is there objection to the second request? The chair hears none, and it is so ordered.

The question now is on the engrossment of the amendment and the third reading of the bill.

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

The bill was read the third time.

The VICE PRESIDENT. The question now is, Shall the bill pass?

Mr. CORDON. Mr. President, with the minority leader, I am prepared to yield the remainder of my time to the Chair and have a vote at this time.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time.

The VICE PRESIDENT. The question is, Shall the bill pass?

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

The VICE PRESIDENT. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Pennsylvania [Mr. MARTIN] and the Senator from North Dakota [Mr. YOUNG] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Wisconsin [Mr. MCCARTHY], and the Senator from Wisconsin [Mr. WILEY] are necessarily absent.

On this vote the Senator from North Dakota [Mr. YOUNG] is paired with the Senator from Pennsylvania [Mr. MARTIN]. If present and voting, the Senator from North Dakota [Mr. YOUNG] would vote "yea," and the Senator from Pennsylvania [Mr. MARTIN] would vote "nay."

If present and voting, the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Wisconsin [Mr. MCCARTHY] would each vote "nay."

Mr. CLEMENTS. I announce that the Senator from Georgia [Mr. GEORGE] and the Senator from Tennessee [Mr. GORE] are necessarily absent.

The Senator from Minnesota [Mr. HUMPHREY], the Senator from Massachusetts [Mr. KENNEDY], the Senator from North Carolina [Mr. LENNON], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

I announce also that on this vote the Senator from Georgia [Mr. GEORGE] is paired with the Senator from Minnesota [Mr. HUMPHREY]. If present and voting, the Senator from Georgia would vote "nay," and the Senator from Minnesota would vote "yea."

I announce further that on this vote the Senator from Massachusetts [Mr. KENNEDY] is paired with the Senator from North Carolina [Mr. LENNON]. If present and voting, the Senator from Massachusetts would vote "yea," and the Senator from North Carolina would vote "nay."

I announce further that if present and voting, the Senator from Tennessee [Mr. GORE] would vote "nay."

The result was announced—yeas 57, nays 28, as follows:

YEAS—57

Aiken	Frear	Long
Anderson	Gillette	Magnuson
Barrett	Goldwater	Mansfield
Beall	Green	Millikin
Bennett	Griswold	Morse
Burke	Hayden	Mundt
Butler, Nebr.	Hendrickson	Murray
Capehart	Hennings	Neely
Carlson	Hickenlooper	Pastore
Case	Holland	Payne
Chavez	Hunt	Potter
Clements	Jackson	Purtell
Cooper	Jenner	Smith, Maine
Cordon	Kefauver	Smith, N. J.
Dirksen	Kilgore	Symington
Douglas	Knowland	Thye
Duff	Kuchel	Upton
Dworshak	Langer	Watkins
Flanders	Lehman	Williams

NAYS—28

Bricker	Hoey	Monroney
Bush	Ives	Robertson
Butler, Md.	Johnson, Colo.	Russell
Byrd	Johnson, Tex.	Saltonstall
Daniel	Johnston, S. C.	Schoeppel
Eastland	Kerr	Smathers
Ellender	Malone	Stennis
Ferguson	Maybank	Welker
Fulbright	McCarran	
Hill	McClellan	

NOT VOTING—11

Bridges	Kennedy	Sparkman
George	Lennon	Wiley
Gore	Martin	Young
Humphrey	McCarthy	

So the bill (H. R. 3575) was passed.

Mr. CORDON. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. KNOWLAND. Mr. President, I move to lay on the table the motion to reconsider.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from California to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

The title was amended so as to read: "A bill to enable the people of Hawaii and Alaska each to form a constitution and State government and to be admitted into the Union on an equal footing with the original States."

Mr. CORDON. Mr. President, I move that the Senate insist upon its amendments, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. BUTLER of Nebraska, Mr. MILLIKIN, Mr. CORDON, Mr. MURRAY, and Mr. ANDERSON conferees on the part of the Senate.

CONSTRUCTION OF HIGHWAYS

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of Senate bill 3184, Calendar 1092, to amend and supplement the Federal-Aid Road Act, approved July 11, 1916 (39 Stat. 355), as amended and supplemented, to authorize appropriations for continuing the construction of highways, and for other purposes.

This is the so-called highway bill, regarding which I have previously made announcement. It is not intended to have the Senate proceed to debate the bill at this time; the purpose is to have the bill made the unfinished business.

If the bill is now made the unfinished business, it is my purpose to have Senators then be given an opportunity to make insertions in the RECORD or make speeches or submit various matters; and then to have the Senate take an adjournment until Monday next, at 12 o'clock noon, at which time there will be a call of the calendar of bills and other measures to which there is no objection, following which debate on the highway bill will commence.

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

The motion was agreed to; and the Senate proceeded to consider the bill (S. 3184) to amend and supplement the Federal-Aid Road Act approved July 11, 1916 (39 Stat. 355), as amended and supplemented, to authorize appropriations for continuing the construction of highways, and for other purposes, which had been reported from the Committee on Public Works, without amendment.

ORDER FOR ADJOURNMENT TO MONDAY

Mr. KNOWLAND. Mr. President, I ask unanimous consent that at the conclusion of its business today the Senate adjourn until 12 o'clock noon on Monday next.

Mr. MORSE. I did not hear the majority leader's request.

Mr. KNOWLAND. The request is that when the Senate completes its business today it adjourn until 12 o'clock noon on Monday next.

The PRESIDING OFFICER (Mr. UPTON in the chair). Is there objection? The Chair hears none, and it is so ordered.

LICENSE TO LEAHI HOSPITAL TO USE CERTAIN UNITED STATES PROPERTY IN HONOLULU, HAWAII

Mr. HENDRICKSON. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6025) to authorize the Secretary of the Army to grant a license to the Leahi Hospital, a nonprofit institution, to use certain United States property in the city and county of Honolulu, Territory of Hawaii. I now ask unanimous consent for the present consideration of the report.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6025) to authorize the Secretary of the Army to grant a license to the Leahi Hospital, a nonprofit institution, to use certain United States property in the city and county of Honolulu, Territory of Hawaii, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows: That the Senate recede from its amendment.

ROBERT C. HENDRICKSON,
J. S. COOPER (by R. C. H.),
Managers on the Part of the Senate.

PAUL SHAFER (by L. J.),
LEROY JOHNSON,
J. P. S. DEVEREUX,
OVERTON BROOKS,
CARL T. DURHAM,
Managers on the Part of the House.

Mr. JOHNSON of Texas. Mr. President, will the Senator from New Jersey yield for a question?

Mr. HENDRICKSON. I am glad to yield to the Senator from Texas.

Mr. JOHNSON of Texas. Let me inquire who was the minority member of the committee of conference on the part of the Senate?

Mr. HENDRICKSON. The Senator from Tennessee [Mr. KEFAUVER].

Mr. JOHNSON of Texas. Do I correctly understand that the conference report is satisfactory to him?

Mr. HENDRICKSON. It is.

Mr. JOHNSON of Texas. I thank the Senator from New Jersey.

The VICE PRESIDENT. Is there objection to the request for the present consideration of the report?

Mr. MORSE. Mr. President, after the Senator from New Jersey addresses himself to the report, I wish to discuss it.

The VICE PRESIDENT. The question now is on considering the report.

Is there objection to the request for the present consideration of the report?

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

Mr. HENDRICKSON. Mr. President, on July 27, 1953, the House passed H. R. 6025, a bill to authorize the Secretary of the Army to grant a license to the Leahi Hospital, a nonprofit institution, to use certain United States property in the city and county of Honolulu, Territory of Hawaii. The Senate, on February 15, 1954, passed this measure, but with an amendment requiring the payment of a consideration of 50 percent of the fair rental value.

In conference the Senate conferees receded from the Senate amendment, and did so on the following bases: First, the license to be granted is revocable at the will of the Army, and the hospital therefore has no certain tenure of the property; in short, it is only a revocable license, at best. Actually, it is a tenancy by sufferance. Second, the hospital will expend a very substantial sum in the improvement of the property, which improvement will be of direct benefit to the United States in the event the property is required for defense purposes at some time in the future; and, last, the fact that the hospital, which is supported mainly out of Territorial funds, is a charitable institution whose primary purpose is to treat patients suffering from tuberculosis.

The conferees were in full agreement that the end to be achieved by the Senate's amendment was a salutary one, but that in this particular case, taking into consideration the circumstances just stated, the purpose of its amendment and the principle underlying it will be satisfied by the advantages which ultimately will accrue to the United States.

In short, Mr. President, the conferees believe it will be more advantageous if the amendment made by the Senate be stricken out.

Let me say that the equities are entirely on the side of the hospital, in this instance; and I hope no Senator will object to the report.

Mr. MORSE. Mr. President, I wish to discuss briefly the report, and to call the attention of the Senate to what I believe to be a very important, very undesirable, and very unfortunate precedent it is about to set. For purposes of future reference, I think it desirable to make a record on this conference report at this time.

I fully appreciate that we are confronted with a House bill which does not contain in it language which requires payment to the taxpayers of the United States for property value which the bill would transfer to others. When we follow this particular legislative device—and this is now the third experience which the Senator from Oregon has had in connection with this device in reference to the so-called Morse formula—it does us little good in the Senate to adopt an amendment to a House bill which adds the Morse formula to the House bill if it is to be lost in conference.

NOTICE OF FUTURE ACTION ON HOUSE BILLS WITHOUT THE MORSE FORMULA

Therefore I serve notice today that I will not give unanimous consent in the future for the consideration of House bills which do not contain the Morse formula. I recognize that a course of action can be followed whereby, on motion, the Senate can get around the Morse formula; but I am also aware of certain parliamentary safeguards available to me if that becomes an obvious device of the Senate, and I shall exercise them in the future.

What I am concerned about is following a consistent record in the Senate, fair to all my colleagues, so that we shall not continue the practice of making exceptions to the Morse formula.

When this bill was before us for consideration some days ago I pointed out that it did not make any difference whether we were seeking to transfer property, whether we were seeking to transfer a leasehold interest in property, or whether the leasehold interest we were transferring involved simply a tenancy by sufferance. The key question is whether or not the transfer involves the transfer of a property interest of value. Obviously in all these cases it does, or the transfer would not be desired. This particular transfer involves some value. All I am asking is that whatever that value is—X figure in amount—the lessees shall pay 50 percent of the appraised market lease value for the property.

It is very interesting that in this particular case the payment of such an amount is satisfactory to the hospital authorities concerned. So we have a case in which the Congress proposes to give away value to this Hawaiian hospital, even though the hospital authorities, through the Hawaiian Delegate, Mr. JOSEPH FARRINGTON, have notified us that they are perfectly willing to accept the Morse formula in connection with this transfer.

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

Mr. MORSE. I yield.

Mr. HENDRICKSON. I do not think the Delegate said they were perfectly willing. I think he said, in effect, that if they had to pay it, they would pay it.

Mr. MORSE. I repeat my statement. The Delegate made it very clear to me that when he explained the situation to the hospital authorities they advised him that they thought it was a fair solution of the problem, and that they were willing to pay whatever the formula called for. I went to great lengths to make that perfectly clear in my understanding with Mr. FARRINGTON. There is no doubt in the mind of the Senator from Oregon that when JOE FARRINGTON talked with the hospital authorities and they understood the effect of the Morse formula, they made it very clear that they were perfectly willing to pay that amount for the leasehold interest. So I say that what we are doing in this case is going even so far as to give away value for which the prospective leaseholder is perfectly willing to pay under the Morse formula. I say that that is a very bad precedent.

It would be bad enough if those interested in the bill did not want to pay the amount of money called for by the Morse formula; but that is not the fact in this case. I went to great effort to see to it that the Delegate from Hawaii made clear to the hospital authorities what the formula was, and then found out from them if, on the basis of their understanding of the formula, it was satisfactory to the hospital concerned. The answer was in the affirmative.

I think we must also look at this case from the standpoint, first, of the merits of the formula. Unless Members of the Senate have been "double-talking" to me for several years, I am satisfied that a majority of my colleagues in the Senate believe that the Morse formula has merit, provided there is universality of application of the formula. That is why colleague after colleague has said to me in the Senate, "It is all right, Wayne, if you do not make any exceptions to it." I have not done so. I have "hung tough," as the saying goes, on this principle.

It is a little discouraging to find in connection with various bills parliamentary circumvention of the formula. I think that is unfair to all other Senators. I do not like to have this formula apply to all my colleagues except the few who may be successful in making arrangements under which these matters are handled by motion rather than by unanimous consent.

I am perfectly willing to stand on the record I have made on this subject. All one has to do is to take a pencil and add up the amount of money which has been saved to the taxpayers of the country since 1946 by the application of this formula. The total amounts to a great many hundreds of millions of dollars.

The amount involved in this case is small. It involves a leasehold interest only in four and a fraction acres of land, and that by way of tenancy by sufferance. The interest is worth something. It is worth a dollar, $5, $10, or $15. Whatever the value is, I think the hospital ought to pay 50 percent of it, particularly when JOE FARRINGTON and I went to such lengths to make perfectly clear to the hospital authorities something they did not know at the time the bill was pending before the Senate on a previous occasion. They did not know what was involved so far as any financial obligation on their part was concerned.

I know full well that there is nothing I can do to prevent approval of the conference report, but I wish to make this little record against it. It makes me feel badly to see the bill handled in this manner. I think it would be better to send the conference report back. I think it would be better to say to the House, "We are sorry, but we do not think we can adopt this policy of discrimination in respect to this particular bill, unless we are prepared to take the position, as a Senate, that every time MORSE raises an objection to a unanimous-consent agreement involving the giving away of Federal property interests we are going to take care of him by way of a motion."

If the Senate wishes to do that—and I think that is the only fair thing to do if it is to follow this discriminary practice—it can do so. I will never yield on the principle, because I am satisfied that on the merits I am dead right. I am satisfied that if the question were submitted to any impartial jury of voters they would say that I am dead right, and that we should not be giving away the property values of all the taxpayers of the country. There ought to be some fair compensation for such values. I think we have settled on a very fair formula. Therefore, with this record, I shall vote against the conference report.

Mr. BUTLER of Maryland obtained the floor.

Mr. BUTLER of Maryland. Mr. President, I shall be glad to yield for the purpose of having the conference report agreed to.

The PRESIDING OFFICER (Mr. UPTON in the chair). The question is on agreeing to the conference report.

Mr. MORSE. Mr. President, I should like to hear from the Senator from New Jersey, if he wishes to speak on the conference report. Then I shall suggest the absence of a quorum, because I believe a quorum of the Senate should be present before it establishes this kind of precedent.

Mr. BUTLER of Maryland. As I understand the parliamentary situation, the Senator from Oregon has finished speaking, I rose and addressed the Chair, and the Chair recognized me.

Mr. HENDRICKSON rose.

Mr. MORSE. I did not intend to interrupt the Senator from Maryland.

Mr. BUTLER of Maryland. I do not understand how the Senator from New Jersey obtained the floor.

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

Mr. HENDRICKSON. I did not claim to have the floor.

Mr. BUTLER of Maryland. If there is to be a quorum call, I shall not yield. Does the Senator from Oregon insist on a quorum call?

Mr. MORSE. If there is to be a vote on the conference report; yes.

Mr. KNOWLAND subsequently said: Mr. President, will the Senator from Maryland yield further, for a brief expression to the Senate?

Mr. BUTLER of Maryland. I shall be very happy to yield, provided I do not lose the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from California may proceed.

Mr. KNOWLAND. Mr. President, I discussed the subject with the distinguished Senator from New Jersey [Mr. HENDRICKSON]. Because of the announcement I have previously made I think it would be unwise to proceed with the consideration of the conference report this afternoon. It is a privileged matter, and it can be brought up on Monday next, and I have given assurance to the Senator from New Jersey that that will be done.

Mr. MORSE. Mr. President, the Senator from New Jersey has left the floor. I would request that the Senator from California clear the matter with the Senator from New Jersey. I shall not be present on Monday. I wonder whether the Senator could let the report go over until I return.

Mr. KNOWLAND. When does the Senator expect to return?

Mr. MORSE. I expect to return either Tuesday afternoon or Wednesday morning. It is only a minor bill. If it is ready to go through on Wednesday, it seems to me that there would be plenty of time for action on it.

Mr. KNOWLAND. The Senator from Oregon had indicated that he would suggest the absence of a quorum. I did not want to put the Senators to the inconvenience of having to come back to the floor at this time.

Mr. MORSE. I do not wish to inconvenience the Senator from New Jersey. I could fly back on Monday morning, but I would prefer not to do so.

Mr. KNOWLAND. No. Can the Senator give assurance that he will be back in time for its consideration on Tuesday?

Mr. MORSE. I am in the position where I do not know whether I can make the proper plane connection. I can certainly be back here by 12 o'clock on Wednesday.

Mr. KNOWLAND. Very well. That is satisfactory. We shall take up the conference report on Wednesday at noon.

THE RANDALL COMMISSION REPORT AS IT RELATES TO SHIPBUILDING

Mr. BUTLER of Maryland. Mr. President, I was very deeply gratified to note that the President's message on the Randall Commission report did not give approval to the Commission's recommendations regarding proposed revision of our Government's merchant-marine policy.

In thus refusing to accept the Commission's recommendations the President was on solid ground. Not only was the Commission position on maritime policy totally unrealistic in relation to the present shipping and shipbuilding situation in this country, but as a matter of record, it was at variance with the expert views and suggestions of the Commission's own technical advisers on maritime matters, as reflected in the recently released staff papers presented to the Commission on Foreign Economic Policy.

As further evidence of the President's thorough support of a positive policy of enlightened assistance to the Nation's shipping and shipbuilding industries, I have in my hand a letter from him, dated March 25, 1954, expressing the utmost interest in current and projected measures to strengthen and stabilize these two important segments of our national economy.

The President's letter was the result of a conference I was privileged to have with him on March 16, concerning maritime conditions, and particularly the tragic plight of many of the shipbuilding plants throughout the country, and most especially in my own State of Maryland.

In it, the Chief Executive reviews the several programs for military and privately financed ship construction, including tankers and special commercial-type ships for the Military Sea Transportation Service, and commercial vessels, both passenger type and tankers, as well as the conversion project of the Maritime Administration on several Liberty ships, to ascertain the most feasible propulsion systems to gain additional speed.

"The Administration has already requested funds from Congress for 1 program, endorsed legislation with regard to 2 programs, and is considering still others," the President advised me, adding that, "in summary, these programs would provide for a substantial volume of new merchant-ship construction over the next several years. In addition to making a very important contribution to the available national defense resources of the Nation, the new ships would also help to maintain shipbuilding resources and skills in being for expansion in time of emergency."

This manifestation of interest by the President in the welfare of the Nation's shipping and shipbuilding interests is most heartening, and gives assurance of better days ahead for these two industries.

I ask unanimous consent that the letter from President Eisenhower be printed in the RECORD at this point in my remarks.

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

THE WHITE HOUSE,
Washington, March 25, 1954.

The Honorable JOHN M. BUTLER,
United States Senate,
Washington, D. C.

DEAR SENATOR BUTLER: After further consideration of the ship construction proposals which were the subject of our conversation of March 16, I should like to add these further comments.

The Maritime Administration of the Department of Commerce and the Military Sea Transportation Service of the Department of Defense have been undertaking studies of current operating and mobilization requirements for merchant shipping. The Department of Commerce and the appropriate committees of Congress, chairmanned by yourself and Congressman THOR TOLLEFSON, have been undertaking intensive studies of long-range maritime policies with the objective of maintaining a healthy merchant marine as a nucleus capable of rapid expansion to meet the needs of national defense. As the result of these studies, specific ship construction and conversion programs have been recommended to meet the most urgent deficiencies. The Administration has already requested funds from Congress for one program, endorsed legislation with respect to two programs, and is considering still others.

These programs are the following:

(1) Construction for Military Sea Transportation Service of several commercial-type ships designed to meet special Department of Defense transportation requirements. An estimate of $50 million for this purpose was included in the 1955 Department of Defense budget. These ships will be built in private shipyards.

(2) Construction of large, high-speed tankers to replace older types now being operated for the Military Sea Transportation Service. These tankers would be constructed in private shipyards, privately financed, and chartered on a long-term basis to the Department of Defense. This administration has previously endorsed the program contemplated by S. 2788 and H. R. 7330, which would authorize Defense to negotiate long-term charters for these tankers.

(3) Construction in private shipyards of large, fast tankers to replace older types now in commercial operations. The replaced tankers would be traded in to the Government and placed in the national defense reserve fleet. This administration has endorsed draft legislation, which was introduced as S. 2408 and H. R. 6353, and which would authorize the Maritime Administration to accept trade-in of 10-year-old tankers, as compared with trade-in of 12-year-old tankers authorized by existing law. I expect to transmit a request to Congress at an early date for funds to initiate this program.

(4) Conversion by the Maritime Administration of several Liberty ships, primarily to increase their sea speed. This would be an experimental program, which, if it proves successful, could be broadened to apply to the 1,500 Liberty ships in the reserve fleet if the need arises. I also expect to request funds for this experimental program.

(5) Construction by private operators of several large passenger ships to replace existing obsolete tonnage and to be constructed until title V of the Merchant Marine Act. These ships would incorporate modern design and national defense features and would be high speed and equipped to carry many passengers.

Discussions are now under way between the Department of Commerce and the operators, and a request for funds to provide for the construction differential subsidies and the national defense features of these ships will be transmitted to the Congress.

In summary, these programs would provide for a substantial volume of new merchant ship construction over the next several years. In addition to making a very important contribution to the available national defense resources of the Nation, the new ships would also help to maintain shipbuilding resources and skills in being for expansion in time of emergency. It should also be remembered that a sizable proportion of the Navy's shipbuilding, ship conversion, and overhaul programs are accomplished in private yards.

With kind regards.

Sincerely,

DWIGHT D. EISENHOWER.

Mr. BUTLER of Maryland. Mr. President, it is most encouraging to have Presidential assurance, as given in his message on the Randall report, that specific legislation based on the soon to be released Commerce Department study of maritime affairs will be developed for transmission to the Congress at the 1955 session.

However, there is one matter affecting our shipbuilding industry and involving administration policies in the international field that is of such urgency that I feel it should be brought to the attention of the Senate without delay.

As the final phase of the Navy Department's Offshore Ship Procurement program, there is available approximately $58 million of foreign-aid funds, presently earmarked for spending in European shipyards for ship construction there.

I have been advised by Rear Admiral W. D. Leggett, Jr., Chief of the Bureau of Ships, United States Navy, as of March 24, this year, that details of this program have not, as yet, been worked out. However, following a meeting at the Pentagon within the past 2 weeks between defense officials and representatives of some of the smaller shipyards of the country, it has been learned that representatives of the Bureau of Ships will leave for Europe in the immediate future to close contracts for ship construction there, on the basis of bids which already have been received by the Bureau.

According to information in my possession, the countries already favored, at the expense of the badly depressed shipbuilding industry of our own Nation, include England, France, Italy, Portugal, Holland, Denmark, and the Scandinavian countries. In the placement of new batch of contracts, I understand, consideration is being given also to yards in Germany and Yugoslavia.

May I remind the Senate at this point that it is a matter of general knowledge that many of the shipbuilding facilities of the country, including two of the larger east-coast plants situated in Baltimore, are in bad shape as far as future

construction and repair work is concerned. Another 6 months without relief will be disastrous both to the two Maryland yards and to the more than 5,000 skilled workers of these plants.

The Department of Defense directive of August 17, 1951, under which this foreign ship construction is authorized, declares that a sound logistic future for the NATO forces requires the establishment of a substantial production capacity to enable those countries to be militarily self-sufficient.

The directive specifically provides, however, that such production facilities are to be fostered only to the extent that they do not conflict with the security interests of the United States.

Now, gentlemen, I understand of course that there is a question of national policy involved in the placing of these contracts in foreign yards. And I understand further that the vessels being constructed or programed are of the smaller types, minesweepers and the like, which are destined to be part of the NATO naval forces.

In 1951, when that policy was laid down, there was little quarrel to be had with it because the shipbuilding facilities of our own country were in good shape generally. That is not so at the present time, however. The foreign shipbuilding capacity, generally, is active; ours here at home is largely inactive. In quite a few areas, as in our own port of Baltimore, the yards are heading for a complete shutdown within the next few months.

Thus, it would seem that the security interests of the United States are seriously affected. Both the Defense and the Commerce Departments have emphasized time and again the strategic importance of maintaining our shipyards in an active state, and on a level adequate for such quick expansion as might be necessary in time of war or emergency.

The United States Navy, in the past several years, has placed contracts totaling several hundred million dollars for construction of military vessels in foreign countries, and additional contracts to the aggregate of $58 million are scheduled for placement in those same foreign countries within the next month or two.

Under the circumstances now existing, I believe we would not only be justified in so doing, but I think it is imperative that we promptly take steps to reassess this offshore ship procurement program in the light of needs of the shipyards of the United States. At the moment, I think the stability of our own American shipyards is vastly more important than aid to foreign yards, many of which are in much better situation than ours.

Accordingly, I am asking the Department of Defense to defer commitments on any of the $58 million worth of contracts still remaining to be placed until opportunity has been afforded to reassess the situation and come to a decision as to where the greater interest of our country lies at the moment—in helping further to stimulate foreign ship construction facilities, or in attempting to save many American shipyards from ruin.

There is no question in my mind as to what the decision should be.

Finally, let me say that prior to the receipt of the President's message on the Randall Commission report, I had prepared some remarks in opposition to the Randall recommendations on the merchant marine, to which the dissenting views of the staff papers of the Commission staff were contrasted.

I ask unanimous consent that that statement be printed in the RECORD at this point.

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

STATEMENT BY SENATOR BUTLER OF MARYLAND

Some weeks ago the Commission on Foreign Economic Policy, following almost 6 months of study and discussion, made its report to the President. That report, which has come to be known generally as the Randall report, out of respect to the distinguished Chairman of the Commission, Mr. Clarence B. Randall, chairman of the board of the Inland Steel Co. of Chicago, made recommendations in various fields affecting or affected by our foreign trade or trade policies. Several of those recommendations contained very serious implications with respect to the American maritime industries.

The Report of the Commission on Foreign Economic Policy has been accorded such wide publicity—and the adverse effect of its recommendations concerning the merchant marine has been of such grave nature—that it seems most urgent that there be brought to the public attention another side of the Commission's study that must be taken into consideration in any final assessment of the worth of the Randall study with respect to the future of American shipping and shipbuilding.

To say that both management and labor in the field of shipping were disappointed and distressed over these recommendations is putting it mildly indeed. They were, in fact, astounded that any such representative group of American leaders of industry and business could have been so unappreciative of conditions in the American merchant marine as to advocate the proposals voiced.

Immediate response from the shipping industry was as expected—completely negative to the Commission's program. Government reaction, in the agencies most directly concerned with shipping problems, was notable only for its utter lack of expressed approval. The one bright spot in the picture was the large proportion of dissent to some or all of the recommendations by Senators and Congressmen serving on the Commission.

Much additional light has been thrown on the matter, moreover, through release recently by the Commission of a compilation entitled "Staff Papers Presented to the Commission on Foreign Economic Policy" which are infinitely more realistic in their approach to shipping problems than were the recommendations of the Commission itself. These staff papers make clear that there was far more expert knowledge on shipping matters, and a decidedly more realistic appreciation of the many current and grave problems in this field, than were indicated in the Commission's recommendations.

For instance: The Commission recommended that "the statutory provisions requiring use of United States vessels for shipments financed by loans or grants of the United States Government and its agencies be repealed."

What does the Commission staff say about this? It states that, of the many forms of aid, direct and indirect, which the Government supplies to the shipping and shipbuilding industries, the indirect aid (including cargo preference, or 50–50 as it is better known) has become the more important. These preferences, by the way, date back to 1904.

"Without cargo preferences," the staff papers say emphatically, "the most obvious possibility would be that very few United States flag tramps could survive. * * * Even with the continuation of the practice of cargo preference by American agencies, the outlook for the American merchant fleet is not too encouraging. * * * In the absence of preferential treatment for United States flag vessels, as extended in our Government programs, the outlook would, of course, be much more bleak."

Yet, with this prediction and probability before them, the Commission members recommended repeal of the cargo preference provisions.

The other Commission recommendation urged, in effect, that foreign bottoms be used in transporting Government-aid cargoes because the nations to be so aided needed the dollar credits.

On this point the staff papers say: "It is fair to conclude that major concessions on our merchant shipping objectives would be required to produce relatively small increases in 'net receipts' of dollars on shipping account by all foreign nations."

Now, let us look for a moment at the shipping situation with respect to United States flag vessels as we know it to be at the present time—and what it is likely to be in the future unless effective remedial steps are taken promptly.

The most vulnerable segment of our merchant fleet are the unsubsidized tramp vessels. Few persons outside shipping circles appreciate just how important these so-called tramp vessels are to the national economy. According to testimony given before our subcommittee last week, considerably more than 50 percent of the total export and import dry cargo commerce of the United States today is carried by vessels of the American tramp fleet.

Since the termination of Korean hostilities, however, approximately 100 tramp vessels have been laid up because of inability to compete in the world market with foreign flag ships operating at one-third or even less than a third of the cost of similar American ship operation.

The representative of the tramp shipowners went so far as to state, in his testimony, that unless half of the vessels still participating in the tramp trade can be transferred to foreign registry, the entire tramp fleet is doomed. They cannot possibly survive under existing conditions, he declared. If approval can be secured for transfer of the vessels desired, this spokesman pointed out, two possibilities for survival offer.

The ships transferred to foreign flags could then compete in the world cargo markets by reason of the greatly reduced operating costs their transfer would make possible.

The vessels that would still be operating under the American flag would then have a chance to keep going because there would be that many vessels less to share these 50–50 cargoes.

Picture then, and it is not difficult to do, the battle for survival American flag vessels would face if the Randall Commission recommendation was carried out, and American flag ships were deprived of the assured cargoes provided by these statutes.

It must be borne in mind that the size of the active American merchant fleet is of the most direct importance to national security. It has been estimated that, from 1948 to 1952, if there had been no cargo preference, no 50–50 assurance of cargoes for United States flag vessels, United States vessels would have had 21 million tons less cargo available, which is more than a fifth of all the export cargoes carried by our ships during that period.

Breaking down those figures, it has been further estimated that the United States

berth ships, the liners plying regular routes, would have lost cargo tonnage totaling 340 full shiploads. The United States tramp vessels would have suffered much more heavily, for a great deal of the foreign-aid cargoes were in bulk, wheat and other grains, coal, etc. On a conservative estimate, it is figured that these tramp vessels of the United States fleet would have lost enough cargo tonnage to keep 60 ships operating over a 5-year period if they had not had the benefit of the 50–50 cargo preference provisions.

After a thorough and well-presented review of many salient facts bearing on the merchant marine situation as it is today, the Staff Papers present the inescapable conclusion that—and I quote—"the prospects of merchant ship construction in the United States are not bright, even with the continuation of existing aid and cargo preference prorgams to vessel operators."

I agree heartily with that. And, I sincerely hope and trust that in view of the facts and views presented in the staff papers, which are so directly in accord with the thinking of all who have any real knowledge of American shipping and shipbuilding conditions, there will be no disposition in the Congress to approve the undoubtedly well-meant but just as undoubtedly ill-advised recommendations of the Randall Commission with respect to the American merchant marine.

The merchant marine is truly the 4th arm of defense, the strategic support without which none of the other 3 military forces could act with full effectiveness. We cannot, we must not, gamble with the future of this industry which even now is in such a depressed state, for any illustory benefits to foreign nations, especially when the shipping economy of most if not all of those nations by and large is vastly superior to ours basically.

Every ship laid up for lack of cargoes, and thus lost to our active commercial fleet, is a ship lost to the Nation's defense potential. Every shipyard inactivated, every skilled shipworker lost through lack of a sustained program of ship construction, lessens by so much our readiness to meet possibly destructive attacks on the M-day of the future which we hope will never dawn.

Don't let us suffer under any delusions. Important as it was to help the war-ravaged nations of Europe and the free world back on their feet, it is of greater importance now to maintain the defense potential of the United States at peak strength and readiness.

To do away with the cargo preference enjoyed by American-flag vessels through the so-called 50–50 statutory provisions, would be, ultimately, to do away with the cargo ships that are an irreplaceable auxiliary to the fighting forces of the country, and to so weaken as to render impotent the shipbuilding facilities on which the fate of another world war could depend.

Instead of repealing the present cargo preferences, we must strengthen and broaden them—we must do for the ailing merchant marine and shipbuilding companies what every other maritime nation is doing—we must build them up to the levels which the defense authorities say are absolutely necessary. And, once they have been brought to this desired state, it must be the duty of Congress never to permit such a debacle as we have witnessed in the maritime field following each world war.

REPEAL OF CERTAIN PROVISIONS OF SUBMERGED LANDS ACT OF 1953

Mr. DOUGLAS. Mr. President, on behalf of myself, the senior Senator from Rhode Island [Mr. GREEN], the Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from West Virginia [Mr. KILGORE], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. LEHMAN], the Senator from Arkansas [Mr. FULBRIGHT], the junior Senator from Rhode Island [Mr. PASTORE], the senior Senator from Montana [Mr. MURRAY], the Senator from Oregon [Mr. MORSE], the Senator from Wisconsin [Mr. WILEY], the junior Senator from Montana [Mr. MANSFIELD], and the Senator from Missouri [Mr. HENNINGS], I introduce for appropriate reference a joint resolution to repeal the provisions of the Submerged Lands Act of 1953 which attempt to give away the vast offshore oil and mineral resources belonging to the people of the United States.

Mr. President, this present bill, if enacted, would instead provide for the Federal development of these great resources, under the Outer Continental Shelf Lands Act, and once more make clear the prior claims of all the people of this Nation to those tremendous assets.

In addition, the bill incorporates into the law those highly desirable and necessary provisions of the oil-for-education amendment proposed by the distinguished senior Senator from Alabama [Mr. HILL] and approved by the Senate last year.

GIVEAWAY OPPONENTS HOPED SUPREME COURT WOULD PROTECT NATIONAL INTERESTS IN OFFSHORE OIL

The recent decision of the Supreme Court on the petitions of the States of Alabama and Rhode Island has served to hasten this action, which I have been considering for some time. It also exposes once again the real giveaway character of the attempted transfer of these great oil and mineral resources. And it highlights once more the prime responsibility of Congress for protecting the fundamental national interests involved. A few comments on that decision, therefore, seem appropriate to a full understanding of this new bill.

It is true that after our failure to reveal the true character of the offshore oil giveaway to a majority in Congress, many of us turned with hope to the Supreme Court when we learned that Alabama and Rhode Island had determined to contest the validity of the attempted quitclaim there. Indeed, as we learn of the petition for a rehearing on those cases and that five other States, Arkansas, West Virginia, Kentucky, Missouri, and Montana are now joining in requesting the Court to consider the issues on the merits, I believe I can say, without being in contempt of Court or trying to influence their decision, that we cling again to the last shred of hope that this highest tribunal may yet prove a barrier to a grievous injury to the people.

BRIEF COURT RULING WAS DISAPPOINTMENT

But it is also true that the per curiam ruling of the Court in denying leave to those two States to file their complaints was a major disappointment. The brief ruling merely denied leave to file the complaints, and cited precedents for the rule that the power of Congress to dispose of property belonging to the United States is unlimited.

It did not rule on the merits of the constitutional and other legal questions which those States sought permission to raise and argue. It did not rule substantively on the present property rights or claims, if any, of the States of Louisiana, Florida, Texas, and California under the Submerged Lands Act of 1953.

The Court merely ruled that under article IV, section 3, clause 2 of the Constitution "The power of Congress to dispose of any kind of property belonging to the United States 'is vested in Congress without limitation'." The very basis of this ruling was that the United States, not the coastal States, had acquired the ownership or proprietary interest in these submerged lands under the marginal sea, and that it was this ownership or proprietary interest of the United States in these public lands which Congress had the power to dispose of.

This 26-line per curiam ruling was disappointing not only because it closed the door in the face of the petitioning States, but also because of the brevity of the Court's opinion, the host of questions it leaves unanswered and actually raises, and the apparent off-hand dealing by the Court with the merits of the issue before it had heard full argument on those merits.

Mr. President, I ask unanimous consent to have printed in the body of the RECORD, at this point in my remarks, a series of editorial comments upon the decision of the Supreme Court.

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

EDITORIAL COMMENTS REFLECT CONCERN OVER UNANSWERED QUESTIONS

Excerpts from three of the editorial comments on this ruling emphasize the serious concern it has aroused. From the editorial in the Louisville Courier-Journal for March 17, 1954:

"Few indeed may say that the Supreme Court's brief and facile decision has touched more than the surface of the profound constitutional questions involved.

"The Court's cavalier treatment of the questions may easily be seen as leading to more disputes. The decision merely quoted the Constitution on the rights of Congress. In doing so, it opened the gates to other demands, other pressures. The mischief lay in the Court's failure to discuss principle or to utter words of proper national policy. The Court merely said that Congress has a right to dispose of public property."

In a Washington Post editorial for March 22, 1954, we find the following paragraph:

"The Court's brief per curiam opinion makes it appear that the only question raised was whether Congress had power to dispose of property belonging to the United States. Indubitably Congress has such power 'without limitation.' But this begs the question whether land under the open ocean can be considered property belonging to the United States. The Court carefully and conspicuously refrained from calling it so in the California case when it ruled explicitly that California had no title to the marginal sea off its shores. It is hard to understand how Congress can either confirm California's title to property which that State never possessed or transfer to California what never belonged to the United States. Difficult questions of international law are cavalierly glossed over."

In the St. Louis Post-Dispatch for March 16, 1954, the editorial expresses the following opinion:

"In this welter of contradictions there is a ray of hope—the still-pending action of Arkansas in a lower Federal court, challenging the right of coastal States to the submerged oil and to impounded funds.

"But if the Court majority stands on the assertion that Congress has power to dispose 'without limitation,' that seems a small hope indeed.

"Will the Supreme Court one day reverse this decision? Will it decide with Justice Black, that whatever the eventual outcome, so 'grave and doubtful' an issue deserves 'a more careful consideration than the Court has afforded.'"

EDITORIALS ALSO CRITICIZE NARROW INTERPRETATION OF FEDERAL RIGHTS

Mr. DOUGLAS. Mr. President, the apparent refusal of the Court to acknowledge the special character of the national interest in the marginal sea, as outlined in the earlier cases involving California, Louisiana, and Texas, has also provoked serious editorial questioning.

From the Pittsburgh Post-Gazette of March 22, 1954, I read the following:

OFFSHORE OIL DECISION

In denying Alabama and Rhode Island permission to file suit challenging the constitutionality of last year's offshore oil law, the United States Supreme Court has in effect gone against its own opinions of 4 years ago.

Last week the Supreme Court upheld the validity of the 1953 act giving coastal States control and ownership of the submerged lands adjacent to their shores—lands ranging out some 10 miles seaward in the case of Florida, Louisiana, and Texas. In its brief, unsigned decision the Court held that Congress had complete and unlimited authority to dispose of property belonging to the United States.

Yet in 1950, in a Texas offshore oil case, the high tribunal said:

"This [the control of offshore lands] is an instance where property interests are so subordinated to the rights of sovereignty as to follow sovereignty."

In a Louisiana offshore oil decision the same year the Supreme Court declared:

"Protection and control of the area [the marginal seas] are indeed functions of national external sovereignty. The marginal sea is a national, not a State concern. National interests, national responsibilities, national concerns are involved. The problems of commerce, national defense, relations with other powers, war, and peace focus there. National rights must therefore be paramount in that area."

Justices Black and Douglas, in dissenting from the new decision, stick to the Court's 1950 view of the issue. Moreover, Justice Black calls attention by implication to the incongruity of Congress deeding to the 3 Gulf States territory beyond the 3-mile limit which has never been claimed by the National Government.

We think the minority view in this case is the wisest one. But the decision must stand as the law of the land, unless Congress becomes convinced by the operation of the law that its own 1953 decision was unwise and should be modified.

The St. Louis Post-Dispatch likewise emphasizes this phase of the Court's ruling, as follows:

AN ASTONISHING REPUDIATION

The Supreme Court's refusal to let Alabama and Rhode Island challenge the tidelands quitclaim law is an astonishing repudiation of the Court's decision of 1947, twice reaffirmed in 1950.

Justice Douglas, who wrote the Louisiana and Texas decisions for the Court 4 years ago, and Justice Black, who spoke for the Court in the California case 7 years ago, are the sole dissenters in the present decision against allowing a hearing.

True, an act of Congress has occurred meanwhile, but the decisions of the last 7 years have said unmistakably that national sovereignty was involved in the tidelands and that sovereignty could not be ceded away, as Congress purported to do last year.

The new opinion rests on a stipulation in the Constitution that Congress may dispose of and make rules and regulations respecting the territory and other property of the United States.

The surrounding seas, therefore, are dealt with, not as international waters over whose nearer reaches the United States asserts control as a buffer for its sovereign shores, but as assets, property, public lands, and public domain.

And, says the Court, "The power over the public land and thus entrusted to Congress is without limitation."

Rhode Island's Attorney General William E. Powers, and the State's counsel, Benjamin V. Cohen and Thomas G. Corcoran, pointed out in their brief that "to rely on precedents dealing with the cession of public lands and other properties in areas clearly within the sovereignty of the States is clearly not enough."

But all this and more had already been said to the same purpose in the prior decisions. Justice Black wrote for the Court in the California decision:

"The United States here asserts rights transcending those of a mere property owner. It asserts the responsibility to exercise domination necessary to protect this country against dangers to the security of its people incident to the fact that the United States is located adjacent to the ocean. The Government also is responsible for conducting United States relations with other nations. It asserts that exercise of these constitutional responsibilities requires that it have power, unencumbered by State commitments, always to determine what agreements will be made concerning the control and use of the marginal sea and the land under it."

In this welter of contradictions there is a ray of hope, the still-pending action of Arkansas in a lower Federal court, challenging the right of coastal States to the submerged oil and to impounded funds.

But if the court majority stands on the assertion that Congress has power to dispose "without limitation," that seems a small hope indeed.

Will the Supreme Court one day reverse this decision? Will it decide with Justice Black, that whatever the eventual outcome, so "grave and doubtful" an issue deserves "a more careful consideration than the Court has afforded"?

Or will the aggrieved States be compelled to wait, for a redress of their grievances—or for so much as a hearing of them—upon a change in the prevailing opinion of Congress?

Mr. DANIEL. Mr. President, will the Senator from Illinois yield for a question?

Mr. DOUGLAS. I shall be glad to yield for a question.

Mr. DANIEL. I should like to ask the Senator if his bill would undertake to repeal that part of the Submerged Lands Act which confirms in the State of Illinois the ownership of nearly a million acres of land beneath the Great Lakes?

Mr. DOUGLAS. No; because the lands are in inland waters. The bill would cover only the submerged lands seaward from the low-water mark.

Mr. DANIEL. I was sure the Senator would make his bill apply only to the coastal States.

Mr. DOUGLAS. Those were really the only matters under dispute.

Mr. MORSE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I shall be glad to yield.

Mr. MORSE. Mr. President, I am very proud to associate myself with the bill introduced by the distinguished Senator from Illinois, and with the statements he has made, as again illustrating that when we are trying on the floor of the Senate to fight to protect the interests of all the people of the country, we must never say die; we must fight on.

Mr. DOUGLAS. I thank the Senator from Oregon.

Mr. MORSE. Mr. President, will the Senator from Illinois yield further?

Mr. DOUGLAS. I yield.

Mr. MORSE. Does the Senator agree with me that the language in the bill to which the Senator from Texas has referred is entirely surplusage in that it has no real legal relevancy to the issues involved, and that it really constituted nothing but political bait by which it was thought some voters could be caught?

Mr. DOUGLAS. That is correct.

Mr. MORSE. We are talking about land beyond the tidelands.

Mr. DOUGLAS. That is correct.

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

Mr. DOUGLAS. I will yield for a question.

Mr. FERGUSON. No; I want the floor.

Mr. DOUGLAS. No; I will not yield; I have the floor.

But whatever our disappointment, and that of many others in the country, at this ruling of the Court, and whatever the Court may do on the petition for rehearing, one central and undeniable fact stands out, even on the basis of that opinion.

The Court in effect ruled again, and even more clearly than before, that these offshore lands below low watermark were the property of the United States, not of the coastal States.

This makes it crystal clear that what was attempted in the offshore oil bill was, in fact, a giveaway of vast Federal resources, as we who were its opponents argued, and its proponents denied.

An editorial writer for the Washington Post has stated the situation succinctly.

Mr. President I ask unanimous consent that the editorial from the Washington Post be printed at this point in my remarks.

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

The clear implication of the Court's conclusion is that the marginal sea was, after all, property of the United States, although foreign governments may think differently. This reduces to its inherent absurdity the claim made by sponsors of the giveaway legislation that they aimed to take nothing from the Nation but merely to give to the coastal States what was rightfully theirs. "Giveaway" was the correct term for this legislation. And this newspaper retains its conviction that, whatever the constitutional merits of the matter, it was a giveaway of

the most profligate sort, endowing a few favored States with a tremendous national asset which should have been conserved and developed for the protection and benefit of the entire American people.

Mr. DOUGLAS. Mr. President, there is one further consequence of this assumption by the Court, however, which makes it clear that Congress, through the bill I am introducing, has a chance to undo the attempted damage and to maintain the rights of all the States in these great resources.

Our joint resolution points out in a short preamble that by an express exception in section 5, the lands below the low-water mark are taken out from the attempted grant or quiclaim to the coastal States. Section 5 of the Submerged Lands Act provides an exception from the attempted transfer in section 3 of the following:

All of lands acquired by the United States by eminent domain proceedings, purchase, cession, gift or otherwise in a proprietary capacity.

I call attention to those last words.

The Court's ruling is that the United States held these lands under the marginal sea in a proprietary capacity. Therefore, section 3 of the act does not apply to the lands under the marginal sea, as our bill points out. And it is now up to Congress to clear away the fog and haze of the attempted conveyance of this Federal property.

I know that the basis of the Court's ruling in its per curiam decision which upholds the original proprietary rights of the Federal Government in these lands must have been a great disappointment to the proponents of the Submerged Lands Act—particularly as they drafted that act so carefully on the theory that the United States had no such rights. But what the proponents did in drafting section 5 of that statute in an attempt to avoid or rebut the argument that this was an attempted giveaway of vast Federal resources—or in what may have been regarded as an astute move to protect those supporting the bill from a charge that they were voting to give away United States property—now is clearly the lifeline by which the interest of all the people of the 48 States in these gigantic oil and mineral resources may yet be saved.

I wish to thank these gentlemen for section 5. It may yet turn out to be our salvation, and the phrase from Hamlet may prove appropriate, that they will be "hoist with their own petard."

This joint resolution, I hope, may be the means of applying the principle of Federal ownership adopted by the Court in its brief per curiam decision, and explicitly excepted by Congress in section 5 of the Submerged Lands Act. It would, therefore, repeal any provisions of that act which might purport, contrary to section 5, to give away those natural resources. It would further permit the rapid Federal development of these resources under the Outer Shelf Act.

I have heard the technical argument made that these great resources have been given away to coastal States and cannot be taken back without giving them "just compensation." In other words, Uncle Sam, having been cajoled and pushed and persuaded into making the grant on the basis of an argument that it was not a gift at all, now—when it develops it is a gift—must whistle, or else pay, for his oil resources under the marginal sea. If the result is inequitable—and is the creation of a great hoax on a lot of people—it is just too bad. The giveaway, we are told, is irrevocable.

As the Senator from Oregon [Mr. MORSE] said, I refuse to accept this defeatist argument. I believe Congress and the people and the States must use every legitimate, legislative, and technical means to defeat any such result, and to give effect to the exception written into the Submerged Lands Act, providing that lands acquired by the United States in a proprietary capacity shall not pass thereunder.

Now that the Court has again made it clear that these submerged lands were property of the Federal Government, surely the proponents of the measure should admit that it is an attempted giveaway and do one of two things; either, first, tell the American people in clear terms why their assets estimated at between 8 to 50 billions of dollars in value should be passed out to three or four coastal States; or second, join us in repealing and revoking those attempted transfer provisions as a wanton gift of national resources. And those who were led into support of the measure by the argument that is merely confirmed to the coastal States what was rightfully theirs now have the true legal status of the submerged lands made clear to them again by the Supreme Court and will know better how to protect the legitimate national interests of all the people.

Ignorance of the law, which was never legally an excuse anyway, can no longer be pleaded in justification or extenuation of the attempted giveaway if this bill should be rejected now.

Perhaps it will require another mandate of the people in an election before the administration and Congress are willing to do their plain duty in this matter. But now at least the Court has made clear that it was a giveaway of Federal property that was attempted, and the people will be able to judge the issues more clearly.

THIS BILL GIVES NOTICE TO ADVERSE CLAIMANTS THAT FEDERAL RIGHTS ARE NOT SURRENDERED

In the meantime, the introduction of this bill may also serve notice on those coastal States and would-be claimants from the States under the Submerged Lands Act, that the fight against this attempted raid on national resources is going to be carried on right here in Congress, and any claims or interests they may acquire are subject to being upset by the action of Congress now that the Court has reiterated and clarified the Federal proprietary right and taken away one of the principal grounds of the proponents for the give-away act.

I hope that action on the measure may be swift and favorable. It cannot come too soon. I note from an article in the Miami Herald for March 19, 1954, that there is grave doubt in the case of one of the coastal States, Florida, that even the people of that State will get the full measure of the value of the attempted giveaway.

It is clearly up to Congress, despite the further steps in the Court, to preserve and defend the rights of the people of the United States. Those of us who join in sponsoring this bill hope it may be the means of accomplishing that result.

Mr. President, I ask unanimous consent that the text of the joint resolution I am introducing, together with several editorial comments on the recent Supreme Court decision be printed in the RECORD at this point.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred, and without objection the joint resolution and editorials will be printed in the RECORD.

The joint resolution (S. J. Res. 145) to subject the submerged lands under the marginal seas to the provisions of the Outer Continental Shelf Lands Act, and to amend such act in order to provide that revenues under its provisions shall be used as grants-in-aid of primary, secondary, and higher education, introduced by Mr. DOUGLAS (for himself and other Senators) was received, read twice by its title, referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

Whereas as a result of the per curiam opinion of the Supreme Court of the United States of March 15, 1954, it is clear that the United States acquired in a proprietary as well as sovereign capacity the submerged lands beyond the ordinary low-water mark extending seaward from the coasts of the United States and outside of the inland waters (hereinafter referred to as "the submerged lands under the marginal seas"); and

Whereas section 5 of the Submerged Lands Act provides that there is excepted from the operation of section 3 thereof "all lands acquired by the United States by eminent domain proceedings, purchase, cession, gift, or otherwise in a proprietary capacity", and in consequence of this exception, the provisions of section 3 of that act are inapplicable to the submerged lands under the marginal seas: Now, therefore, be it

Resolved, etc., That this joint resolution may be cited as the "Submerged Lands Under the Marginal Seas Act".

SEC. 2. The provisions of the Outer Continental Shelf Lands Act are hereby made applicable to the submerged lands under the marginal seas as if such lands were a part of the outer Continental Shelf, as defined in such act, any provision in the Submerged Lands Act to the contrary notwithstanding, and any provisions in the Submerged Lands Act to the contrary are hereby repealed.

SEC. 3. The Outer Continental Shelf Lands Act is amended by deleting section 9 and inserting in lieu thereof the following:

"SEC. 9. Disposition of revenues: (a) All rentals, royalties, and other sums paid to the Secretary or the Secretary of the Navy under any lease on the outer Continental Shelf for the period from June 5, 1950, to date, and thereafter, shall be deposited in the Treasury of the United States and held in a special account and, except for the payment of refunds under the provisions of section 10 of this act, such moneys shall be appropriated exclusively for the purpose of promoting the national defense and national security through grants-in-aid of primary, secondary, and higher education.

"(b) An Advisory Council on Education for National Security is hereby created to be composed of 12 persons to be appointed by the President of the United States with regard to their experience in the relationship of education to national defense and national security, of whom 6 shall be from the fields of education and research in the natural and social sciences. It shall be the function of such Council to recommend to the President of the United States for submission to the Congress not later than January 1, 1955, a plan for the allocation of the grants-in-aid of primary, secondary, and higher education provided in paragraph (a) of this section in such manner as will contribute most effectively to meeting the immediate and long-range requirements of education as it relates to national defense and national security."

The editorials were ordered to be printed in the RECORD, as follows:

[From the Miami Herald of Friday, March 19, 1954]

TIDELAND SEWED UP—1944 GIVEAWAY OIL LEASE COSTS FLORIDA MILLIONS

(By Stephen Trumbull and John Kilgore)

TALLAHASSEE.—Final Supreme Court decision giving the States their tideland oil currently means millions of dollars to Texas, California and Louisiana—and peanuts to Florida.

This is because one oil company—Coastal Petroleum—has the entire gulf coast from Marco Island to Apalachicola sewed up under an old lease given by the State back in 1944.

At the time of the lease, the State's position was that it wanted oil exploration to proceed, and the matter of rent was secondary.

Nearly 4 million acres are thus tied up, more than half of it in offshore lands—and for this offshore land Coastal pays only 1 cent an acre a year. It pays but 2 cents an acre a year for what is known as intracoastal and bay bottoms. For river and lake bottoms, the rate is 3 cents.

This means that for this vast stretch of coastland, plus bay bottoms, river mouths and much upland acreage, Florida is receiving less than $50,000 a year—$49,615.40, to be exact.

Benjamin W. Heath, of Hartford, Conn., is president of the company. Ex-Gov. Millard Caldwell is attorney. Caldwell's law partner, Julius Parker, is on its board of directors.

Barring the short remainder of the Gulf coast westward from Apalachicola, and the southern tip, this is just about all there is of Florida's tideland oil possibilities. The deep waters just off the Atlantic coastline lend themselves not at all to oil exploration.

Since it became apparent that the States would get their offshore oil, the State signed a far smaller offshore oil lease in the Santa Rosa-Pensacola area for $1 an acre a year—but it appears to be stuck forevermore with the 1 cent deal on the lion's share of the State's offshore oil potentialities.

To keep that lease at that bargain counter rate, Coastal needs to drill but 1 well every 5 years in each of the 8 blocks in which the lease is divided. And that well need be but 6,000 feet deep.

Caldwell and Parker, appearing before the Internal Improvement Board here—the custodian of State-owned lands—got a free ride for these offshore acres during the 4½ years in which it appeared that the Federal Government, not the States, would get all offshore oil. They saved the company approximately $140,000 in rentals.

The lawyers were able to do this through a clause in the lease which said that payments would stop if the title was clouded by a California case then in the courts. They argued—and successfully—that since they could not drill they should not pay during those years.

Attorney General Richard Ervin, a member of the II board, voiced the opinion that if they were not playing in the game they should fold their cards, throw in their chips, and let the lease lapse. Fred Elliot, veteran II board secretary, also held to that view—but he isn't a voting member.

Ervin cast the lone "no" vote against a move that gave the company one $31,350 credit on future payments for lease money they had paid in after the California case had started.

The original lease was given to the Arnold Exploration Co. on December 27, 1944. The company was headed by J. Ray Arnold of Groveland. Other officers were members of his family. They were not oilmen, had had no past active connection with oil development. A second lease went to them on March 27, 1946. These are listed in the II board records as leases 224–A and B.

J. Tom Watson, attorney general at that time, attacked them in the courts. The assistant handling the case was the same Ervin who is now Attorney General. The Supreme Court upheld the leases.

The company was reorganized as Coastal Petroleum on February 27, 1947, with the Arnold name dropping out of the picture. William F. Buckley of Sharon, Conn., was the first president. Heath, who now heads it, was vice president. J. E. FitzPatrick, Fort Worth, Tex., oilman, appeared on the board of directors.

Parker's name appears on the director roster since May 25, 1953. Joseph E. Banks and Wendell Roberts, both of Tallahassee, now are officers—vice president and secretary, respectively.

The company holds other leases throughout the State, including an interest in the new well on the north side of the Tamiami Trail near Forty Mile Bend. This is the well the promotors ballyhooed as having a potential of from 400 to 600 barrels a day but which more conservative sources list at nearer 200 barrels a day.

Unless far more imposing wells than that are found in the offshore field—some downright gushers of which there yet have been no indications—Florida will continue to hold a bag on the offshore deal.

An interesting sidelight cropped up here in checking these lease figures Thursday. For all its leased land, plus the tax on all oil produced here over the past 7 years, the State has received but $1,104,051—$861,110 on the leases and $242,941 on the tax on the produced oil.

[From the Washington Post and Times-Herald of March 22, 1954]

TITLE TO THE OCEAN

It is a disappointment, and something of a surprise, that the Supreme Court entered a decision on the merits of the marginal sea controversy after hearing oral argument on only preliminary and procedural aspects of the Rhode Island Alabama complaints. In sweeping terms, the Court upheld the constitutionality of last year's congressional act confirming coastal States' title to and ownership of submerged lands within their historic boundaries. In all probability, as Senator KUCHEL, of California, declared jubilantly, this writes finis to the issue.

The Court's brief per curiam opinion makes it appear that the only question raised was whether Congress had power to dispose of property belonging to the United States. Indubitably Congress has such power without limitation. But this begs the question whether land under the open ocean can be considered property belonging to the United States. The Court carefully and conspicuously refrained from calling it so in the California case when it ruled explicitly that California had no title to the marginal sea off its shores. It is hard to understand how Congress can either confirm California's title to property which that State never possessed or transfer to California what never belonged to the United States. Difficult questions of international law are cavalierly glossed over.

The clear implication of the Court's conclusion is that the marginal sea was, after all, property of the United States, although foreign governments may think differently. This reduces to its inherent absurdity the claim made by sponsors of the giveaway legislation that they aimed to take nothing from the Nation but merely to give to the coastal States what was rightfully theirs. "Giveaway" was the correct term for this legislation. And this newspaper retains its conviction that, whatever the constitutional merits of the matter, it was a giveaway of the most profligate sort, endowing a few favored States with a tremendous national asset which should have been conserved and developed for the protection and benefit of the entire American people.

[From the Louisville Courier-Journal of March 17, 1954]

THE SUPREME COURT DOES A RUSH JOB

The Supreme Court—the present Bench, that is—was its characteristic self in deciding, 6 Justices to 2, that Congress had a right to give offshore oil lands to the coastal States. Members of the majority took their stand on the narrowest legalistic point, unilluminated by thoughts of general welfare or national obligation.

It was as if the Court's majority spokesman thumbed the book, found article IV, section 3, clause 2 of the Constitution, and read therefrom. Nobody had ever doubted the words were there: "The Congress shall have power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States.* * *"

However, are lands beneath the coastal waters just another form of real estate? Are they not rather an element of national sovereignty, extending out to the Continental Shelf, to be defended in disputes of international jurisdiction and freedom of the seas?

Former Solicitor General Perlman gravely questioned the right to cede an area of total responsibility to a single State or a small group of States. Attorney General Brownell was so bold in the first few weeks of his incumbency as to raise likewise a serious constitutional question in the matter, seeing the offshore waters as something more than mere property.

In vesting title to offshore lands in the States, out to the uncertain edges of the Continental Shelf, Congress actually has given to the latter greater rights in the territorial sea than the Nation itself has claimed from other countries under international law. Few indeed may say that the Supreme Court's brief and facile decision has touched more than the surface of the profound constitutional questions involved.

The Court's cavalier treatment of the question may easily be seen as leading to more disputes. The decision merely quoted the Constitution on the rights of Congress. In doing so, it opened the gates to other demands, other pressures. The mischief lay in the Court's failure to discuss principle or to utter words of proper national policy. The Court merely said that Congress has a right to dispose of public property. Here was a virtual invitation for others to move in.

Nobody may be unmindful of the bills which have bobbed up from time to time in Congress. One, introduced in this session, would give to States all mineral rights in the public domain within their borders. Lumbermen and cattlemen notoriously have had their eyes for years on national forests and grazing lands in Government preserves. Former President Hoover is not the only

archetypical member of the party now in power who advocates turning over to private enterprise the power developments of the great dams, built at expense of all the people for the service of all the people at antimonopoly prices.

Is it to be suggested that these consequences of the Court's decision on offshore oil lands are unthinkable? Why? The Court's majority members failed to qualify their action by the faintest word of dictum, warning or doubt. They practically pointed the way to opportunity. Congress, they said in effect, is the agency for you to apply to; your license is in the Constitution.

It was left to the two dissenters, Justices Black and Jackson, to remind the country of the dangers of this narrowly limited decision. There is pertinence in Justice Black's wry comment on the right of Congress to sell the Mississippi River. To be sure, the decision was based on a more or less technical question. It merely refused to the States of Alabama and Rhode Island the right to contest the act of Congress. Perhaps the majority justices deemed it unnecessary to do or to state more. But the questions are still there, and they lie a little deeper than the letter of the law.

[From the Madison (Wis.) Capital Times of March 16, 1954]

THE SUPREME COURT AND TIDELANDS OIL

The United States Supreme Court has ruled, by a 6-to-2 decision, that the States of Alabama and Rhode Island do not have the right to file suits testing the constitutionality of the act by which Congress gave away the oil-rich regions in submerged areas off the coasts of this country.

Arkansas has a similar petition before the Court and until it is disposed of the question will not be finally settled.

Although Justices Black and Douglas, the two remaining liberals on the Court, dissented, there seems little hope that the outrageous giveaway put through by Congress and signed by the President will be changed. The majority of the Court, with Chief Justice Warren disqualifying himself, held that the Constitution clearly provides that Congress has the authority to dispose of public lands and that this authority is unlimited.

This raises the point of whether there is not a basic weakness in our Constitution on this point of failure to provide a check against acts of Congress which so clearly violate the public welfare. In this case vast wealth belonging to all the people of the country was given away to four States, largely because of the enormous political power wielded by the oil lobby which has spent large sums of money in various States to elect friendly Members of Congress.

As the Constitution now stands it seems that the people of the Nation as a whole have no protection against arbitrary and capricious use of authority by Congress in this respect. The responsibility rests with Congress and if Congress fails in that responsibility, as it did in the passage of the tidelands oil bill, the responsibility then passes to the people to do something about amending the Constitution and removing from positions of responsibility those Congressmen who betrayed the public welfare.

[From the Raleigh (N. C.) News and Observer of March 21, 1954]

OIL RIDING HIGH

Oil is riding high. The act of Congress granting the offshore oil lands to the States (which for all practical purposes means to the oil companies, with the four States concerned getting small royalties and exercising little control) is the only one of the important Eisenhower campaign pledges yet redeemed.

Not only that, the Supreme Court has with rare speed upheld the law by a 6-to-2 vote which knocked out the effort of the States of Alabama and Rhode Island to challenge the constitutionality of the law, which no one else is in a position to challenge.

That is not all. The present Secretary of the Treasury is the only one since the late Andrew Mellon who has not sought to reduce the inexcusable high depletion allowance of 27.5 percent which oil companies and individuals owning oil wells enjoy and which reduced their income tax burden to a fraction of the amount paid by other comparable corporations and individuals.

Oil is riding high, wide, and handsome, and seems to have the full support of the present administration and the present Congress.

[From the Washington Evening Star of March 19, 1954]

GIVEAWAY POLICY ENCOURAGED—SATISFACTION FOR ADMINISTRATION IN HIGH COURT DECISION IN THE SUBMERGED OIL LANDS CASE; TWO NOTABLE DISSENTS

(By Lowell Mellett)

If the present administration were not so harassed by the developing moral mess in Washington, by its tax problems, and by the threatening economic situation, it could take unbounded satisfaction in a decision rendered on Monday by the United States Supreme Court. For the High Court granted to the administration, through Congress, the unbounded right to give away anything it may wish to give away. Certainly welcome news to an administration which has revealed a willingness to become known as the giveaway government of all time.

The Court, by a vote of 6 to 2, denied the right of Alabama and Rhode Island to challenge the constitutionality of the Submerged Lands Act of 1953. This is the act under which Texas, Louisiana, and California take title to underwater oil lands estimated to be worth many billions of dollars. The Court held that Congress has the right without limitation to dispose of property belonging to the United States; that it may deal with such lands precisely as a private individual may deal with his farming property.

Any 1 of the 8 judges participating in this matter (Chief Justice Warren did not take part) may properly be presumed to be a better constitutional lawyer than any average layman. And 6 judges may know more law than 2. But there is nothing to prevent any layman from being more impressed by the reasoning of the two dissenters in this case than by that of the majority. After all, some of our great Justices are principally remembered as great dissenters—the most recent, Holmes and Brandeis.

As one United States citizen, I believe my rights would be better protected had the views of the dissenters, Black and Douglas, prevailed. Said Justice Black:

"Ocean waters are the highways of the world. They are no less such because they happen to lap the shores of different nations that border them. Freedom of the seas everywhere is essential to trade, commerce, travel, and communication among the nations. These far-flung international activities have frequently led to conflict and war. * * * In ocean waters bordering our country, if nowhere else, day-to-day national power—complete, undivided, flexible, and immediately available—is an essential attribute of Federal sovereignty.

"The act's language purports to convey 'all right, title, and interest of the United States' to immense ocean areas as though the ocean could be divided up and sold like town lots. If valid, the act grants to States all 'proprietary rights of ownership, or the rights of management, administration, lease, use and development of the lands and natural resources' of the ocean. The result is that some favored States can say how, when, for what purposes, and to what extent other States and their citizens can use the ocean or its resources. This raises serious and difficult questions with respect to the authority of Congress to relinquish elements of national sovereignty over the ocean."

Said Douglas: "* * * we are dealing here with incidents of national sovereignty. The marginal sea is not an oil well; it is more than a mass of water; it is a protective belt for the entire Nation over which the United States must exercise exclusive and paramount authority. The authority over it can no more be abdicated than any of the other great powers of the Federal Government. It is to be exercised for the benefit of the whole."

Yet the act—and the court's decree—will stand unless and until some Congress decides it should be repealed. Senator MORSE, of Oregon, proposes to make it a campaign issue this year and in 1956. This could result in a repetition of the expensive and misleading propaganda that brought about the enactment of the law, but also perhaps a better understanding by the American people of what has happened to one of their basic rights.

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

Mr. DOUGLAS. I yield.

Mr. DANIEL. Does the Senator from Illinois really believe that the proponents of the submerged-lands legislation are disappointed with the Supreme Court decision?

Mr. DOUGLAS. I think they must have been disappointed in the way in which the Court made its decision, because the proponents had been arguing that the lands were not the property of the United States, and were not being given away; whereas the Supreme Court said that they were the property of the United States and were being given away. Yet since the able proponents of the bill had written in section 5 that it did not alienate any land in which the Federal Government had a proprietary interest, and since the decision of the Supreme Court, in effect, said that they have a proprietary interest, I should imagine that the proponents of the measure view the decision of the Court with something less than overwhelming enthusiasm.

Mr. DANIEL. I may say that so far as this proponent of the submerged lands act is concerned, I was so pleased with the opinion of the Supreme Court that I hurried from the Court to the Senate floor, in order to announce the decision and to insert the opinion of the Court in the RECORD. It is certainly in accordance with the position taken by the junior Senator from Texas that, although the States had claimed ownership of this land in good faith under many Supreme Court opinions for more than a hundred years, the Supreme Court opinions of 1950 against three States were to the effect that the proprietary rights were in the United States; but that was for the first time. The 1950 decisions overruled prior decisions which had indicated that the States own the land.

This year's opinion of the Court upholding the submerged lands act is fully in accordance with the contention which has always been maintained by the junior Senator from Texas, namely, that proprietary rights exist in these lands. This is quite to the contrary of the argument made last year by the Senator from Illinois, that only political rights and sovereignty are involved. The junior

Senator from Texas has always argued that proprietary rights are involved, and that the 1950 decisions of the Supreme Court stated for the first time that the Federal Government had those rights, and that Congress could constitutionally restore them to the States which had claimed them in good faith for more than 100 years.

I was pleased with the opinion of the Supreme Court; pleased that, once again, the Court has said that proprietary rights in these lands do exist, and that Congress has the right to confirm them, to give them away, or to do with them whatever it wishes; to give them back to the States which have claimed them in good faith for more than 100 years.

In that way, the coastal States are treated like the State of Illinois and other inland and Great Lakes States. The Senator from Illinois wishes to claim for Illinois the submerged lands of that State and all that is in them.

Mr. DOUGLAS. There has never been any question about that.

Mr. DANIEL. The coastal States, under this bill, are permitted to have their lands within their original boundaries the same as the Senator's great State of Illinois.

At least this proponent of the Submerged Lands Act, and I am certain all the others would say the same, is happy about the opinion of the Supreme Court. We believe the Supreme Court has rendered a proper decision, a good opinion, and I am surprised to hear the Senator from Illinois criticize it. So often last year in the debate he criticized some of us who questioned the 1950 opinions of the Supreme Court. The Senator seemed to think better of court opinions last year.

Mr. DOUGLAS. I may say that I have pointed out that the proponents of this measure have, either wittingly or unwittingly, written into the act section 5, which specifically provided that the Federal Government did not cede title in any submerged land in which it had a proprietary interest.

Mr. DANIEL. That section refers to a proprietary interest acquired from a State or individual. The Senator knows the intention of that section, and for the Senator from Illinois to stand on the floor of the Senate and contend that we wrote that section in the act with any other intent or for any other purpose seems to me almost absurd. The Senator from Illinois knows the purpose of the paragraph as well as does the Senator from Texas.

Mr. DOUGLAS. I like the quotation from Hamlet, "Hoist with his own petard." Our good friends thought that section 5 was merely an indication that the States were merely getting that which was their property, and that the Federal Government was not yielding any proprietary rights, but now since the Supreme Court has said in effect that the bill did give the States proprietary rights, it turns out that, by reason of section 5, section 3 did not give away submerged lands seaward from the low water mark, and this is still the property of the Federal Government, which we are seeking to reclaim. The stone which the builders rejected has become the cornerstone of the temple.

Mr. DANIEL. If the Senator is correct, there is no need for his bill; is that not true?

Mr. DOUGLAS. Oh, no. The bill confirms the principle.

Mr. President, I yield the floor.

DEFENSE PROGRAM

Mr. FERGUSON. Mr. President, recently the junior Senator from Missouri [Mr. SYMINGTON] presented his views on a number of matters affecting the defense programs of the Nation.

Unfortunately, a number of the statements made by Mr. SYMINGTON are apt to cause misunderstanding and confusion in the minds of the American people if they are not clarified and corrected. Let us examine some of the misunderstandings which might result from the figures used by the junior Senator from Missouri.

The first of these is the myth that the Air Force would have had 143 wings by June 30, 1955, if it had not been for decisions made by those whom he described as the "money men", and further that the decisions of the past year delayed our air readiness by two years.

The falsity of this statement was clearly demonstrated last year during hearings and debate on the Air Force budget for the fiscal year ending June 30, 1954. Facts were presented and admitted, by the proponents of more money for the Air Force, proving beyond doubt that the Air Force program had been seriously lagging, out of balance, in that easy-to-get soft goods were piling up, but actual aircraft production was lagging badly, to the extent that the buildup of 143 wings could not possibly be accomplished on the time schedules mentioned.

By concentrating on realistic accomplishment, this administration has accelerated the buildup of real air strength. The record readily demonstrates the difference between the illusionary goals and promises of the past and the realistic acomplishments of the present.

Last spring, Secretary Wilson notified the House Appropriations Committee, that a review of the Department of Defense programs undertaken when the new administration took office "quickly indicated that the provision of equipment, the construction of bases, and the training of personnel were out of phase in some respect. Our review also made it perfectly clear that the military forces and stocks of mobilization reserves which previously had been held out as a goal could not be attained within the time contemplated and within the concept of a reasonable balance between Federal expenditures and revenues."

In testifying before the Senate Appropriations Committee, Secretary Wilson stated that—

> In going over the matter carefully we found some surprising things besides the paper wings. The moneys requested and appropriated, the estimates of expenditures, the production schedule for aircraft and money actually spent for them, as well as personnel in the Air Force, were not coordinated and in balance.

Unrealistic planning and unresolved production problems presented us with an inadequately equipped Air Force. As an illustration, during the 1952 hearings on the fiscal year 1953 Air Force budget, following a statement by the Under Secretary of the Air Force that actual deliveries had slipped 15 percent from the schedules presented by the Air Force a year earlier in justification of the fiscal year 1952 budget, the Secretary of the Air Force stated that the production schedule which he was then presenting, called the A–16 schedule, was one which could achieve the 143 wing force, and was an attainable schedule. Despite this reassuring statement, between January 1952 and April 1953, the Air Force only received 71 percent of the bombers and fighters scheduled for delivery in this period, a 29 percent slippage. The aircraft schedule approved in November 1952, the A–19, was used as the basis for the original fiscal year 1954 budget request. Within 6 months, deliveries of combat planes had fallen 23 percent behind this schedule, a fact possibly not realized by some of those who desired the early achievement of increased air power and who assumed that previously announced goals were being met.

During the past year the overall combat readiness of the Air Force has been vastly improved by concentrating on the manning and equipping of the wings and other units already activated, as well as increasing their number. We are well on our way with the orderly buildup to a revamped Air Force wing program designed to implement the dynamic military programs recently unanimously recommended by the Joint Chiefs of Staff, which give increased emphasis on effective forces for continental defense.

It is important for the American people to realize that it had become obvious to discerning individuals within the Air Force itself that the 143 wing goal would not, and could not, be accomplished on the dates set. Nevertheless, this magic number had become a fetish to those advocating increased funds for the Air Force program, and they refused to recognize the increasing slippages and distortions in the program. The refusal to recognize the slippages in key aspects of the program meant that emphasis was continuing to be placed on building up mountains of "easy to get" items on the original time schedule.

If this had been continued, our warehouses would now be bulging with soft goods and supplies for 143 wings—but they would not be flying; they were not that kind of goods—even though the aircraft, bases, and trained personnel for such a force were obviously not going to be available.

Any belief that our air readiness has been delayed 2 years, or that we could have had 143 wings by June 30, 1955, is based on the dreams of 3 years ago and not on the realities of the situation then, or any time since then. What we have now is a solid program which is making real headway.

CURRENT OBLIGATIONS

The Senator from Missouri [Mr. SYMINGTON] also expresses concern, and I may even say shock, at the fact that only $100 million has been obligated since last July, out of the $5 billion made available for aircraft procurement in the Air Force.

His statement is correct, but it does not represent a full statement of the facts. Let me say, first, that $100 million is a net figure, not a gross figure. Here is one of the major reasons for the size of that figure:

Last fall the chairman of the House Committee on Appropriations requested the General Accounting Office to determine the validity of obligations reported by the Navy and Air Force for aircraft and related procurement. The General Accounting Office survey revealed that between the fiscal years 1948 through 1953, the Department of the Air Force had recorded a total of $31.2 billion in obligations for aircraft and related procurement. It also reported expenditures of $14.6 billion during this period, and a balance of unliquidated obligations, as of June 30, 1953, of $16.6 billion. Mr. President, those amounts were purported to be contract obligations unliquidated, as of June 30, 1953.

After auditing a substantial portion of these $16.6 billion in reported unliquidated obligations, the General Accounting Office concluded that approximately $5 billion, or almost one-third of this total, consists of questionable obligation items.

The General Accounting Office has observed:

> In considering the annual budget which is a compilation of appropriation requests, the Congress before granting an appropriation should know exactly what balances of prior years' appropriations are available for obligation at the beginning of the fiscal year.

The report also stated:

> In order to report obligations as soon as possible, the concept, over a period of years, of when to obligate, and for how much, has been stretched and distorted to cover many questionable types of transactions. * * * Both Departments (Air Force and Navy) resorted to reporting to Congress as obligations amounts which were only administrative reservation of funds.

In other words, both those departments, but particularly the Air Force, had reported those amounts to the Congress as if they were amounts of actual obligations under contracts for the construction of aircraft. However, that was not actually the fact. Actually, those amounts were only for certain administrative reservations of funds.

I read further from the report of the General Accounting Office:

> Thus, only administrative control was maintained over unobligated appropriations which otherwise may have been used by Congress to apply against subsequent years' request for appropriations.

In other words, during past years the anticipation of an obligation was in some cases sufficient basis for the Air Force to record the amounts as if they were actually obligations—in other words, contracted for. During the past months, it has been necessary to delete from the obligation records many of the amounts previously recorded as obligations.

The present policy of the Department of Defense is that new obligations are not to be recorded until they are legitimate obligations, rather than an anticipatory gleam in someone's eye. This, together with the elimination of items found to be not needed now, are the main reasons why only one-tenth of a billion dollars in net obligations have been recorded by the Air Force for aircraft and related procurement since July.

COMPARATIVE JET STRENGTH

The junior Senator from Missouri [Mr. SYMINGTON] observed that the Soviet air force is now more than one-half jet-equipped, and he charged that "under the administration's new air power program, our own air units of the Army, Navy, and Air Force will not be 50 percent jet powered until 1957—3 years from now." This statement also is misleading and incorrect. Our Air Force combat wings today are 80 percent jet-equipped, and will be 94 percent jet-equipped by the end of fiscal year 1955. Similarly, the Navy and Marine Fleet combat units are currently 50 percent jet-equipped, and this proportion will increase materially during the next several years. It is obvious that our total air power may never be fully jet-equipped, since there are large numbers of transports, trainers, and helicopters in the program.

Mr. President, I do not believe helicopters have become jet equipped; and helicopters are included in the program.

The Senator from Missouri in his statement blamed the officials of the Defense Department for a cut of 950 planes out of the program, including 748 combat planes, shortly after Congress approved the Air Force budget last year on the basis that no combat planes would be cut from the program.

Let me give the facts:

First. The cut of 965 planes—instead of 950, as stated by the Senator from Missouri—was made by the Air Staff of the Air Force—I emphasize that the cut was made by the Air Staff of the Air Force—because the planes were found to be excess of the needs of a full 143-wing program. That is what I was discussing before. In short, the program was not properly arranged. Certain things which were not needed were provided for, and certain things which were needed were not provided for; and the Air Staff found the 965 planes to be in excess of the needs of a full 143-wing program.

Second. The cut was made during a normal periodic appraisal of the extensive Air Force procurement program. These revisions were worked out by the Air Staff, approved by the Air Force Council and the Air Force Chief of Staff.

The rest of this story is also interesting:

The bulk of the funds which had been programed for the planes eliminated has been channeled into increased procurement of our latest and finest long-range heavy jet bomber, the Boeing B–52, and the most advanced day fighter that is ready for production, the North American F–100, a faster, more powerful version of the F–86. The balance of these funds will be used for the procurement of even more modern aircraft. Why should not the air staff and those in charge of the program eliminate the 965 planes which were found to be in excess of the requirements for 143 wings, and put the money into the Boeing B–52 and the North American F–100? Whatever cannot be invested in those planes for the time being will be devoted to the procurement of even more modern aircraft.

The new program was largely made possible by a reduction of attrition rates based on better experience as regards loss of aircraft and damage resulting from accidents; reduced fighter combat losses as a result of the end of Korean fighting; shortening of manufacturer's reorder lead time; termination of models of questionable usefulness; and a further change in training procedures involving a shift of responsibility and certain activities from the Training Commander to the Strategic Air Command.

AIRPOWER BELIEFS

I would like to make one final point on this matter. The Senator from Missouri has declared that the present administration is not really pushing the development of airpower and that the build-up of airpower has been impeded by some of the financial decisions that have been made.

Mr. President, appropriations of money alone do not produce airplanes. In my opinion the premise of the Senator from Missouri is wholly false, and I should like to take just a minute more to lay it to a final rest.

This administration has consistently emphasized the importance of airpower and has made the development and maintenance of airpower a primary objective. We must not be misled into thinking that the effort to reduce the overfunding of the Air Force last year by the elimination of $5 billion of unnecessary funds means that any cut was made in effective airpower. I wish to emphasize that on the contrary, the realinement of the Air Force program that was undertaken last year has resulted in substantial increase in the actual strength of the Air Force.

In the spring of 1953, shortly after the present administration took office, the Air Force had a total strength of 103 activated wings. Only 93 of these wings, however, were equipped with aircraft, and only a distressingly low proportion of these wings had modern equipment or were combat ready. They called an activated wing a wing which did not have any airplanes in it.

In addition, the various aspects of the Air Force program were in such serious imbalance as to hinder a real buildup of strength.

Against this background it was decided that it would be necessary to take immediate steps to bring the various aspects of the program into balance, and an interim goal of 120 wings was established pending the review and new recommendations by the Joint Chiefs of Staff as to the composition and size of the desired forces. At no time was this 120-wing

program described as anything but an interim goal—one which would require considerable effort to accomplish.

When this interim goal of 120 wings was established, the administration announced that it planned to have 114 wings by June 30, 1954. The Air Force, however, stated that it would be able to build up to only 110 wings by June 30, 1954, and hoped to have 115 wings in another year which would be by June 1955. That statement refers to the Air Force, which is different from the administration. Actually we now expect to have 115 wings by June 30, 1954, of which at least 110 wings will be operationally ready at that time, with the remaining 4 or 5 wings becoming operationally ready shortly thereafter. This is a full year earlier than the Air Force had previously thought possible.

Despite the $5 billion reduction, the Air Force has had adequate funds to finance its requirements during the 1954 fiscal year.

In this connection, let me read a few paragraphs from a recent speech by Admiral Radford, Chairman of the Joint Chiefs of Staff. Admiral Radford said:

Today's emphasis is actually pointed toward the creation, the maintenance, and the exploitation of modern airpower. Today, there is no argument among military planners as to the importance of airpower. Offensively, defensively, and in support of other forces, it is a primary requirement. Its strength continues to grow, both through increases in combat air units, and through better equipment.

The President of the United States, the Secretary of Defense, and the Joint Chiefs of Staff are of one mind on that matter; this Nation will maintain a national airpower superior to that of any other nation in the world.

In his budget message of this January, President Eisenhower clearly indicated his recognition of the necessity of adequate airpower.

The President said:

Our military planners and those of the other nations of the free world agree as to the importance of airpower. It (the budget) points toward the creation, maintenance, and full exploitation of modern airpower.

In the final analysis, the Senator from Missouri appears to present as his major thesis the view that this Nation is not adequately defended from the standpoint of airpower and that our air program is not adequate to the Nation's needs.

He may be an authority on the subject, but his views are in direct conflict with the publicly expressed views of the President of the United States and the Chairman of the Joint Chiefs of Staff, Admiral Radford. I for one, intend to place reliance on their views.

Mr. President, I have the privilege of being chairman of the subcommittee of the Committee on Appropriations which has charge of the defense program. A short time ago Admiral Radford, the Chairman of the Joint Chiefs of Staff, appeared before the Armed Services Subcommittee of the Senate Appropriations Committee and made a statement. I ask unanimous consent to have that statement printed in the RECORD at this point as part of my remarks.

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

STATEMENT BY ADM. ARTHUR RADFORD, UNITED STATES NAVY, CHAIRMAN, JOINT CHIEFS OF STAFF, BEFORE THE ARMED SERVICES SUBCOMMITTEE OF THE SENATE APPROPRIATIONS COMMITTEE, MARCH 15, 1954

BUDGET HEARINGS, FISCAL 1955

Mr. Chairman and members of the Armed Services Subcommittee of the Senate Appropriations Committee, I appreciate this opportunity, which is my first as Chairman of the Joint Chiefs of Staff, to appear before this committee.

In my statement today I plan to give you as much information as is feasible in an open hearing about our security planning for the future. In this endeavor I hope that I shall be able to clarify some of the misunderstandings which currently exist regarding this military program, which I have termed our "Security Program for the Long Pull."

Before going into details of this program I would like to review with you a little of the historical background of the conditions under which our past planning has taken place. A diagram indicating the state of military preparedness of our Armed Forces for the past 20 years would show many peaks and valleys. This was undoubtedly the result of a series of attempt to follow, in a new and different age, the earlier philosophy of maintaining during peacetime only the smallest nucleus of standing forces and relying on an indefinite period of time after a declaration of war to build up needed forces. Although such a system was originally adequate, it has become increasingly dangerous. As the destructive power of weapons and the range and speed of aircraft increased, the period of time on which we could rely after D-day correspondingly decreased. The earlier system of a tiny nucleus is obviously not an acceptable answer in this day and age. In fact, it is completely antiquated.

In analyzing these peaks and valleys of military preparedness we find that they are most expensive. Waste and inefficiency under such circumstances are the inevitable result. Besides being more expensive, such a system is dangerous. Planning based on such programs can no longer be accepted as a justifiable risk, because never again in a global war will we have the same amount of time which we had in World War II to build up our forces. Another serious disadvantage that adds to the infeasibility of such a system is that these valleys of preparedness constitute an invitation to aggression.

To continue a system of peaks and valleys would be bad enough in this modern world if we faced an orthodox enemy. However, the very nature of the Communist threat makes such planning even more infeasible. We are up against a relentless, powerful and clever adversary. At no time in the history of our country have we faced a more dangerous threat than that posed to us by the leaders of the Soviet Union. Here I would like to consider with you for just a moment the nature of this threat.

The ultimate objective of the leaders of the U. S. S. R. is a Communist world dominated by the Kremlin and controlled from Moscow. In their unrelenting efforts they follow a multi-pronged system of operations, only one of which is military. This system includes, in addition to the military prong, a political prong, an economic prong, and a psychological-propaganda prong. The Soviet leaders are apparently unconcerned as to which particular prong gains for them their goals. When they receive a setback along one prong, they merely push hard along the others. Thus, in our overall plans we had to consider how to best counter all these threats.

Furthermore, they have no urgent timetable for the accomplishment of this objective. In my opinion, for instance, the Soviet leaders would be quite content to await the inevitable were we to embark on a program of maintaining forces in being in such numbers as to insure our eventual economic collapse. In such a case they would then be in a position to attain their objective without firing a shot. It is for just such reasons that we of the military view the economy of this country as a factor of military importance.

Prior to 1950 the United States liquidated the most powerful military machine ever built up in American history, and almost overnight reduced it to such a low level as practically to invite aggression. When the Korean war began, no one knew whether it would be confined to Korea or whether it portended a global war. We had no choice but to generate military strength as quickly as possible. This we did. Again we embarked on our journey from the valley toward the peak. Our Armed Forces were expanded hastily to a strength of 3½ million men and women.

It was now the summer of 1953 and since 1950 we had been building our forces for a particular peak year of crisis. The military armistice in Korea had become effective on July 27, 1953. An important question would have to be answered sooner or later. What was to be the future pattern? What size and deployment of Armed Forces should we have in the light of the Soviet threat, the existence of atomic weapons, United States commitments, the collective-security arrangements of the free world, our limited manpower, and the national economy?

That was the question facing the new Joint Chiefs of Staff when they took office last August. It most assuredly would have faced any set of Chiefs at that time.

It was in recognition of the Communist objective and their methods for attaining it that the President directed that miliary planning no longer be based on the year-of-crisis theory, but on preparations for the long pull.

In formulating our plans we first of all decided that we must be ready for all the essential tasks to be performed in the initial phases of a global war, with emphasis on our ability to launch devastating offensive counter blows; and we must also be ready for lesser military actions short of all-out war.

In view of the nature of the Soviet threat, Secretary Wilson and the Joint Chiefs of Staff agreed that we must fulfill these requirements with due regard for not only military factors, but also a wider range of political and economic factors, as well as the latest technological developments.

Since it is impossible to forecast precisely the year and the amount of maximum military danger, part of the answer was to provide a sturdy military posture which could be maintained indefinitely over an extended period of cold war. Part of it was to take advantage of new weapons and technological developments. Part of it was to enhance and accelerate the program for continental defense. Another part was to improve the readiness of our Reserve forces to meet today's requirements for rapid mobilization. Still another part was to adjust the balance of United States forces so as to fit into the larger system of collective allied forces.

Early last December we unanimously agreed to, and submitted a program for, military forces through fiscal 1957 which will provide for the security of the United States; forces which will deter aggression in consonance with the concept of collective security with our allies in Europe and the Far East; and forces which would provide the basis for winning a war—an all-out war or a limited war—if war is forced upon us. The budget for fiscal year 1955 is based on and is the first step in the attainment of this new program. The ultimate force levels, which we have recommended, and

which we hope to reach by the end of fiscal year 1957 are actually for planning purposes only. They are not inflexible either as to time of achievement or as to ultimate quantity of forces. The only firm plans in attaining these ultimate goals are those represented by the force levels on which the current annual budget is based.

In formulating these plans we took into consideration the modern weapons now available to the United States. President Eisenhower, in an address on the atomic age last December, described the tremendous potential destructive power of our atomic weapons. He said that today's stockpile exceeds by many times the explosive equivalent of the total of all bombs and all shells that came from every plane and every gun in every theater of war through all the years of World War II. The destructive power, presently and prospectively available to each branch of the Armed Forces, dwarfs that ever experienced in the history of warfare.

We took into consideration the preeminence of the United States in modern air and naval power. As I use the term, airpower includes the Air Force, naval aviation, Marine Corps aviation, Army aviation, and the tremendous aircraft industry and civil air transportation systems of the United States. Some people do not fully comprehend the true magnitude of today's United States national airpower, and I would like to state unequivocally that it is superior to that of any other nation. Furthermore, the United States has so developed certain segments of its airpower as to achieve a strategic air force and a naval carrier striking force which are without peer in this world.

We decided that continental defense programing is an increasingly important part of our national security planning. We want to see continental defense programing continue on an orderly basis, with phased increases in forces and facilities to improve our defenses against bombing attacks. However, the Joint Chiefs of Staff feel that it would be a serious mistake to divert all or a disproportionate part of our energies and resources toward setting up a purely defensive system. We must not forget that the greatest single deterrent of a Soviet air attack against the United States is the tremendous counterattack which she knows will immediately follow. We feel that the programing of this project should be achieved in relation to the budgeted support available for other essential commitments.

We also readily accepted the fact that our plans and programs could not be developed by the United States for ourselves alone. They must be worked out in cooperation with our allies and each should furnish forces that constitute its most effective contribution to the whole.

Our security today is inexorably tied with that of the other nations of the free world. We must have allies. We recognize that the safety of the United States cannot be assured by the United States alone, indispensable as that is.

In connection with our collective security arrangements we have spent a great deal of money on our military assistance programs. However, I assure you that great progress has been made since 1950 in the development of increased collective strength amongst our allies. For example, only 1 year ago the Republic of South Korea had 14 divisions, 4 of which had been recently organized. Today they have 20 divisions. Incidentally, from the title of General Van Fleet's article, "25 Divisions for the Cost of 1" you get an idea of the relative expense of maintaining a man in uniform by some of our allied countries as compared to that of the United States.

In order for the United States and her allies to be adequately prepared and at the same time maintain a stable economy for the long pull, we cannot ignore the fact that together these nations of the free world provide a pool of collective strength. It is only natural that each nation should contribute to that pool those forces that it is most efficient in developing.

In view of our vast industrial capacity, technological ability, and limited manpower, we believe that our most effective contribution consists of complex technical weapons and equipment, modern air and naval power, and highly mobile offensive combat forces backed up by ready reserves, not for any one date, but for now and the indefinite future. We feel that the other free nations can most efficiently provide in their own and adjacent countries the bulk of the defensive ground forces and local naval and airpower.

We are doing everything possible to encourage and assist the anti-Communist countries overseas to build up and increase the effectiveness of their ground forces. For example, the United States at the present time is making every effort to get a German contribution to the NATO forces in the form of ground troops.

In the plans for our own standing forces, that is United States forces on active duty for the long pull, we took into consideration, in addition to the collective strength of the Free World, the state of readiness of our own Reserve forces. In our plans we fully recognize the infeasibility of relying in the future on long periods of time in which to mobilize our available manpower. Never again will we have 3 years to get ready. Therefore, an essential part of our security program includes plans for attaining an improved state of readiness of our Reserve forces to meet today's requirements for rapid mobilization. We are fully aware of the necessity for improving the Reserve programs for all of our services in order to make them more realistic and more responsible to current and future needs. The development of this program has been assigned the highest priority by the Department of Defense.

In other words, there is no disagreement as to the importance and necessity of ground forces. However, the Joint Chiefs of Staff feel that the United States standing Army can, by careful planning, be safely reduced to a level that, when combined with other United States forces, the total will constitute an effective and efficient contribution to the collective strength of the free world as a whole, and at the same time, will constitute force levels which the United States can maintain not just 1 year or 10 years but for the duration of the cold war.

In view of certain misunderstandings, I would like to take just a moment here to assure you that: Our planning does not subscribe to the thinking that the ability to deliver massive atomic retaliation is, by itself, adequate to meet all our security needs. It is not correct to say we are relying exclusively on 1 weapon, or 1 service, or that we are anticipating 1 kind of war. I believe that this Nation could be a prisoner of its own military posture if it had no capability, other than one to deliver a massive atomic attack.

We are fully agreed that we must have strong, mobile, combat-ready units capable of being projected wherever required. It certainly should be evident from the forces we intend to maintain that we are not relying solely upon air power. We shall continue to have over a million men in our Army, and we shall continue to have a Navy that is second to none. We have never before attempted to keep forces of this size over an indefinite period of time.

Our program for the long pull is more a matter of emphasis. We are putting emphasis on our advantages * * * our long suits * * * in other words, on modern air and naval power, on new weapons, on a highly mobile and offensively equipped strategic reserve. We are placing emphasis on a high state of combat operational readiness and on a Ready Reserve. We are counting on mobility and flexibility.

In summary, our security program for the long pull consists of a plan for attaining and maintaining indefinitely thereafter, in an improved state of readiness, selected United States forces which give us a sturdy military posture and which constitute the most effective contribution to the balanced collective strength of the free world. It is a military reassessment based on national objectives, the world situation, preparations for the long pull, our improved weapons, the increased strength of our collective forces, an evaluation of the existing threat, and a considered estimate of future trends and developments. It provides for an improved readiness in our Reserve forces to meet today's requirement for rapid mobilization. It involves our allies and the United Nations. It envisages certain military assistance and advice in the development and maintenance of allied forces where needed and requested. It involves military strategy, timing, logistics, and economy. It involves United States policies, commitments, and risks. In other words, it is a searching review of this Nation's military requirements for security.

The Joint Chiefs of Staff have no preconceived ideas as to what our Armed Forces will look like a decade from now. Our present plans are based upon what we see today as being in the best interest of the United States and the free world. They are based on a searching estimate of the world situation and a thorough analysis of the existing threat projected into the foreseeable future. Naturally any changes in the situation on which the present plans are based would necessitate reevaluation and reconsideration.

Mr. FERGUSON. Mr. President, I believe this statement to be a lucid presentation of the position of the military authorities, the President and the Department of Defense as it is today and as it will be in the foreseeable future. It answers many of the questions as to what has been termed the "New Look." It demonstrates that we are laying plans, if attacked, in any kind of war—economic, propaganda, large or small—to insure the safety of the United States and the free world. It will relieve the minds of many people, and I wish to thank him for his fine statement.

REPORT OF THE INDEPENDENT PARTY

Mr. MORSE. Mr. President, I have a very brief report to make this afternoon in behalf of the Independent Party. It will confine itself to two subjects.

The farmers of Oregon, particularly those who operate the family-type farms, which are so essential to a sound economy in our country, have been writing to me in growing numbers telling me of the serious financial problems now confronting them. With typical American frankness they point out that they are being put through an economic wringer by this administration. Some of these letters come from farmers who produce the so-called basic crops, others are from those engaged in stock raising, and many come from dairymen.

Lately, farmers who produce perishable commodities are adding their voices to this long list.

These farm people have begun to suspect that some of the things that were

said about the farm situation by Republican candidates in 1952 were a little less than sincere. In fact, they suspect that they were given an overdose of doubletalk.

For example, what were some of the promises made by Candidate Eisenhower to the producers of perishable farm crops?

As of the present time they are extremely interesting. They bear repetition at this point.

At Kasson, Minn., on September 6, 1952, the Republican candidate said:

> We must find methods of obtaining greater protection for our diversified farms, our producers of perishable foods. They yield the rich variety of meat, milk, eggs, fruits, and vegetables that support our nutritious national diet. As provided in the Republican platform, the nonperishable crops so important to the diversified farmer—crops such as oats, barley, rye, and soybeans—should be given the same protection as available to the major cash crops. The Democrat planners have made the diversified farmer the forgotten man of agriculture. They keep saying, "There is no way of protecting perishable except through the Brannan plan." We can and will find a sound way to do the job without indulging in the moral bankruptcy of the Brannan plan.

From the mail I am receiving from the producers of perishable crops in my State, I judge that they have reached the conclusion that the new Republican President has become lost in his search for a plan, because to date he has not submitted to the producers of perishable crops any program that will give them the protection he promised to them, for example, in the Kasson, Minn., speech and in other speeches, from which I shall now quote briefly.

At Fargo, N. Dak., on October 4, 1952, the great crusader made this promise:

> It is in the record as to what the Republican Party expects to do, proposes to do * * * with all of those things that mean so much to farm life today. And that means perishable products as well as nonperishables.

The promise became more emphatic as the candidate moved westward. It was couched in this language at Spokane, Wash., on October 6:

> In addition to the kind of things that you have heard from the opposition, those supplies that have been called perishables are going to get the same kind of treatment as do the nonperishables, and we are going to do it so that it preserves the independence of the farmer.

Finally, on October 9, in Fresno, Calif., the general-crusader said:

> We insist that reasonable programs must be extended to perishables, other kinds of products other than the six basics that are covered in farm support programs.

Apparently farmers throughout the Nation accepted these glowing promises at face value. But now they have begun to realize that the administration is not delivering on these very tempting vote-getting lures. The other day an Oregon farmer who has long engaged in raising potatoes sent me a copy of a letter that he addressed to Agriculture Secretary Benson on March 23. I ask unanimous consent that this letter be printed at this point in my remarks.

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

MALIN, OREG., *March 23, 1954.*

The Honorable Mr. BENSON,
Secretary of Agriculture,
Washington, D. C.:

I seldom do any writing anymore, but I felt it my duty to let you know what is happening to the potato industry in the Klamath Basin. I am an old resident of Malin, Oreg., as I came here in 1915. My first crop of potatoes was grown in 1916 and ever since I have been in the potato growing business. My two sons have been farming with me in a father and sons partnership since their graduation from Oregon State College. Incidentally, I, too, am a college graduate. I taught school for 6 years, but my heart was in farming, and I couldn't stay away from the soil. I still love to work in the fields and watch the crops grow. My words here are in behalf of the potato industry and, of course, the farmers who grow the potatoes. Well, so much toward introducing myself to you.

During our long years of growing potatoes, we have had tough years, too. In 1932, we got as low as 19 cents for No. 2's and 23 cents for No. 1's. That was a depression year and the cost of production was comparatively low. Of course, we went in the red. There were many other years, too, when the returns were abnormally small. But, never in all our growing history did we get a price such as this year, barring none.

Here is a sample of what happened to us, and it's so good a case that I believe it should be more generally known. Mind you, I feel somewhat humiliated to let the cat out of the bag, for many will say that we who are college graduates should not permit such a thing to happen to us. Well, it just did happen. We consigned two cars of U. S. No. 1 A's, washed and graded by a commercial concern and inspected by a Federal-State inspector, who was at the grading shed and saw the potatoes going over the grader and then tested the grade in the sacks, also. The quality of the potatoes couldn't have been too bad. In fact, our experience in the Klamath Basin this season is that the inspection requirements are tougher than in past years. We shipped these two cars to a San Francisco, Calif., broker on consignment, hoping that we would at least get the price we were selling locally, which at the time was 80 cents to $1 on Army orders. The Army orders were filled at the time, and we wanted to move them. For the first car sold in the San Francisco Bay area we got net returns of 60 cents f. o. b. our cellar. The San Francisco broker diverted the other car to Los Angeles, to another broker, who reported that the car of potatoes just covered the freight and other expenses connected with handling. We received absolutely nothing for the 360 sacks of Klamath Basin spuds. Now, this car of potatoes cost us 30 cents grading and hauling, 20 cents for sacks and 5 cents for twine and inspection—or 55 cents a sack. In other words, besides the cost of growing and placing them in storage, we had to pay 55 cents a sack out of our own pocket in order to give the potatoes away. Can you picture a situation so absurd?

Now, these potatoes cost us $2.30 f. o. b. car in our sacks. The field on which these potatoes were grown yielded 280 sacks per acre, which was over a hundred sacks less than grown on such land in other seasons. They graded out 80 percent United States No. 1 A, which is far above the average for this season. The fact is that the average United States No. 1 A is 50 to 55 percent. Our loss on the car shipped to Los Angeles was $828. Of course, this case is out of this world and I don't want you to conclude that all the potatoes in our valley are a total loss. This, however, may be about right that the production costs play around the $2 mark, but in extreme cases where the production of 1's dropped low the cost is $3 and more.

Those that sold last fall got $1.80 to $2.20 for their potatoes and consider themselves lucky, or some even take the attitude that they were smarter than the rest of the farmers. But, remember this, that all of us cannot sell at one time. We supply the market over a period of 8 months. Granting that the early sales brought $2, the cost of raising potatoes still exceeds that amount in most cases. It is evident that the farmer still had no profit. Now when he is getting around $1, he surely is going deep in the hole.

It seems to me that growing potatoes is going to be more and more a matter for the buyer-grower. In our basin many of the buyers are growers also and they have the advantage of knowing better what the production is and when their spuds should be marketed. Furthermore, they ship their crop when the market is right and after their crop is moved, they start buying from the other growers at any price they wish to pay. You either sell to them or consign to a broker—which can be worse. Of course, you can lock your cellar and go fishing. But, a potato grower, whose crop must be marketed within certain time limits cannot hold his crop beyond those limits, as can growers of grain, cotton, etc. Therefore, he is in a precarious position. Reports of a surplus crop puts fear into the potato grower and he presses his produce on the market desperately. Buyers buy cheap and try to sell with a margin of profit. Other buyers buy cheaper from other growers and undersell the previous buyer. The price of spuds goes down and down. This happens every time fear and surplus, real or calculated, hits the country.

Before the Marketing Agreement came into effect, potato growers could dispose of a limited amount of their B's and 2's to 8 ounces. After that went into effect, these potatoes became cattle feed. Oregon continued that remedy to reduce supplies, but Idaho, a large growing area, reneged on part of their agreement and sold smaller 2's. To us here it seems that our restrictions have helped our neighbor State, but not Klamath farmers. Culls, B's and 2's to 8 ounces are bringing from 10 to 25 cents a hundred, delivered, but there is fear that when the stockmen get their needs supplied they will quit buying. I know one cattle concern that bought four cellars of ungraded potatoes, some 60,000 sacks, for cattle feed, delivered at the silo pit at 25 cents a hundred. Even that is better by far than we got for our No. 1's shipped to Los Angeles.

To date Klamath Basin shipments were 9,121 cars as against 10,015 cars last year, or a decrease of about 900 cars. Acreage planted in 1953 was 24,355 as against 19,961 in 1952. Income from potatoes for 1952 was $16 million and the county agent reports that the income for the 1953 crop will be about $7 million. To grow 24,355 acres of potatoes surely cost the farmers much more than the 19,961 acres in 1952. Everything going into growing potatoes was higher per acre and there were more acres. But, the farmers got $9 million less than the previous year. Last year, with no support, we got from $3 to $4 a sack, which was perhaps near parity.

The farmers of the basin increased the acreage, it is true, but the yield was surely less by a very large percentage. If we had had a normal yield, we surely would have been in a still greater predicament. But as the picture stands, when the balance of our 1953 crop is shipped, the total will be about the same as the 1952 crop. But the fact remains, if Klamath Basin had produced no potatoes at all, the price picture would still be the same.

Yes, we farmers can take a lot of abuse. During the years that the supports were on

potatoes, the consuming public was bitter about reports whether the farmer got paid for potatoes by the Government while pictures showed mountains of potatoes going to waste. The program followed at the time had loopholes and the estimates of yield and needs were in error. Another fault was the fact that the allotments controlled only the growers under the program. Others planted all they wanted to. These growers knew they would sell their crop, perhaps at a few cents less than the support price. Those under support would have been foolish to sell for less. When all the potatoes grown by the out-of-the-program growers were sold, the other growers sold the consuming public the balance they needed, but the remainder had to be taken by the Government. This, indeed, was not fair to the consumer nor to the grower under the program. I don't blame the consumer for being bitter.

But, I am not so sure that we potato farmers will get a fair deal without any program at all. In a great civilization such as ours is today, where labor is organized and wages are protected, where merchants are united and prices controlled, where competition has ceased in public utilities and increased rates have been granted to telephone companies, electric companies, railroad companies, etc., where manufacturing is largely done by great concerns, able to curtail production or increase it as markets demand, we get the feeling that several million farmers competing with each other cannot long survive. Yet, without the farmer the rest of our great economy will fail, too. Everyone is aware of that fact.

The farmer deals with acres, crops, production, and prices. But regardless of what he does, he has no control over prices. The Government reports warn of intended plantings which may cause surpluses, but who is going to cut his acreage of potatoes voluntarily when he knows others will not. The cut in acreage must be made or a surplus is a certainty unless nature comes to the rescue in a big way. Without a control program, we either produce too much or too little. Either extreme is undesirable. Under the present setup the potato farmer is doomed. He will soon be forced to leave his farm and join the multitude in the cities. "Do nothing" on the part of the Government will reduce the farm population sooner than we think.

Now, the farmer is not seeking donations from the Public Treasury—far from it. He wants no dole. He only asks that the disastrous surpluses be prevented. This can be done by the Government agency following the right program. The Department of Agriculture should be able to work out a satisfactory remedy for the No. 1 enemy of the farmer—surplus. To put into effect a workable program should not require much additional personnel on the part of the Department.

Really, there is no sense that we farmers produce more than is needed for consumption. The surplus surely is wasted and the soil is depleted. For this surplus someone has to pay. Potato growers this year are paying dearly. But when the farmers go broke, the rest of society suffers likewise. The farmer no longer buys the products or the services of the consumer.

I offer this plan to you:

1. Establish acreage control on an equitable basis.
2. Forbid plantings outside of acreage allotments.
3. Regulate the grades to be marketed.
4. Set the minimum price at which a farmer could sell.
5. Expense of the administration to be borne by the potato industry on a per-sack basis.
6. If unreasonable surpluses resulted due to excessive allotments, the Government would be required to take care of the surplus at its own expense.

I believe the program would work and it should not cost the Government any money if properly administered.

Instead of the acreage-allotment program, there is what is known as the stamp plan. Each grower would be issued his allotted stamps, entitling him to grow a specific amount of potatoes. If he grew more than he had stamps for, he would be required to purchase additional stamps at perhaps $1.50 each from the post office before he could market any more sacks of potatoes. It would not pay individual farmers to overplant except when the United States crop would be very short. This plan might work satisfactorily, too.

I have just partly brought out the potato farmer's dilemma, but I hope you will give this matter your sincere study. Surely, there must be some sane way to handle our agricultural problems. You men who devote your time to these problems should be able to figure out a plan that would be fair to the farmer, the public, and to the consumer.

I feel that you can give us little relief regarding the 1953 crop. It is too late. But the time is very short if you wish to do something for the potato grower this coming season. In 2 months planting will again be in full swing on the late-crop potatoes and results may again be disastrous. It's up to you and Congress really to get busy at once.

I have been a Demorcat for many years, but I voted for Eisenhower, and I think he is a wonderful man, and a good President. However, I am sure something must be done for the potato farmers if his administration is to be a success.

Very truly yours,

M. M. STASTNY.

P. S.—Just received the final statement from the Los Angeles broker, indicating a deficit of $17.05 with a request for payment.

M. M. S.

Mr. MORSE. Mr. President, the foregoing letter sets forth a situation that is truly astounding. Possibly the facts are exceptional, but, if so, such exception should never be permitted to occur in our country today.

In the 1890's, when farmers had to cope with a laissez faire economy and all the evils attendant under such a system, it was understandable that a farmer might ship a carload of perishable produce to market and later be advised that instead of having money coming to him, he owed some third person money on a transaction which had become an involuntary gift on his part. If the foregoing transaction represents Mr. Benson's program for the farmers, or even the faintest resemblance to the Benson program, I am sure that farmers want no part of it. Despite Republican assurances to the effect that growers of perishable crops had nothing to fear from the Republican farm program, it now develops that they have much to fear from that program.

For months Secretary Benson did nothing to assist the potato growers. Then Congress gave the Secretary an expression of its impatience when it included potatoes in recent legislation covering cotton acreage. This legislative action on potatoes did prompt the Secretary to announce that he would buy limited quantities of potatoes for distribution to eligible institutions and welfare agencies and that payment would be made for diversion of potatoes to starch and flour manufacturers at the rate of 35 cents per hundredweight, but the quantity the Secretary intends to buy is apparently so small that it was not disclosed and the announcement has given potato growers little encouragement.

It is high time that the President of the United States gives some very serious consideration to the plight of small farm owners, including the producers of perishable farm crops. It is evident that relief is not to come through the Secretary of Agriculture, and it is up to the President to make clear to such farmers, by actions, not words, whether he was kidding them in 1952 or really meant what he said.

Mr. President, I am satisfied that he was merely engaging in vote-getting political talk when he made such specific promises in a series of farm speeches. So I must say to the farmers of America there is only one course for them to follow, and that is to proceed in the 1954 election to place a check upon the President by electing a Democratic Congress which will place on the doorstep of the White House an agricultural bill that will give the farmers the protection to which they are clearly entitled. Then we shall see whether the President will sign a bill in keeping with his campaign promises, or face a fight in the Senate on overriding his veto.

Mr. President, I now turn my attention to another subject.

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

THE DISTRICT OF COLUMBIA PUBLIC WORKS BILL

Mr. MORSE. Mr. President, the second topic I wish to take up this evening is a very brief comment with regard to the action taken by the Committee on the District of Columbia today on the public works bill.

The Committee on the District of Columbia voted to report the bill, as amended, by a 5-to-2 vote, with the understanding that all members had a perfect right on the floor of the Senate to urge the adoption of some amendments which were defeated in committee. I wish to speak about a few of the amendments.

Mr. President, I voted against the public works bill in committee, as did the Senator from Montana [Mr. MANSFIELD], because in my judgment it is an unfair bill. It is a bill which discriminates against people of the District of Columbia who do not have any political recourse, because they are truly taxed without representation. It is a bill which, in my judgment, many Members of Congress would not vote for if it were to be applied to their own States. Let me tell you, Mr. President, if Members were to apply the bill to their own States they would find themselves in such political hot water that they would boil in their own political indiscretion.

In my judgment, the bill is dangerous because it may be the forerunner of a national sales tax. What frightens me about the bill is that its application to a jurisdiction over which the Federal Government exercises authority is likely to be used as an argument for going further and adopting various phases of the bill as a national sales tax bill.

My record is one of unalterable opposition to a sales tax, either on the State level or on the national level, because it has no relationship whatever to ability to pay. It is a device for transferring onto the backs of people who are least able to pay the tax burden which ought to be assumed by the people of high income.

There is no escaping the fact that an income tax is the fairest of all taxes so far as taxes upon individuals are concerned. I shall not spoil my record in the Senate by voting to impose in the District of Columbia a tax on the groceries purchased by housewives.

I shall not spoil my record in the Senate of seeking to protect the interests of the American people by voting for a bill which places a tax upon meals in restaurants in the District of Columbia. I think, Mr. President, when we have reached the point where we undertake to place a tax on the very sustenance of life which taxpayers have to take into their stomachs in order to live, we have gone a long way in forgetting our obligation under the Constitution to follow a course of action in the Senate of the United States aimed at promoting the general welfare. In fact, the basic tenet of my philosophy of constitutional liberalism is to find an answer to each question which comes before me in the Senate on each side of an issue based on the general welfare.

In my judgment, Mr. President, a vote for the bill which was reported from the District of Columbia Committee today is not a vote for promoting the general welfare. We tried in committee, but lost by a vote of 4 to 3, to adopt my amendment which sought to strike the provision of the so-called public-works bill which included the so-called sales-tax provision, and to substitute therefor an increase in the Federal appropriation to the District of Columbia budget of $5,225,000 a year.

In my judgment, that is a sound amendment. It is sound for many reasons, but I wish to mention only 1 or 2 of the major reasons tonight, because I intend to discuss the question at greater length when the bill is before the Senate for debate.

The industry of the District of Columbia and the economic business of the District of Columbia are predominantly the industry and the business of Government. This is the Nation's Capital, and, for the most part, the economic life of the District takes the form of carrying on the activities of Government. I care not where we prick the economic life of the community, whether it is at the sewage level or whether it is at the level of maintaining the streets or the buildings or the Fire Department or the Police Department or whatever governmental function may be selected for consideration, the major cost of that function must be attributed to carrying on the business of the Federal Government in the District of Columbia.

Take, for example, the sewerage cost. Taking into account the total cost of the sewer system in the District of Columbia, most of it can be attributed to the carrying on of the functions of Government. In my judgment, any breakdown of the costs of operating the District of Columbia in respect to the sewerage system will show that we have not been and are not now contributing a fair share of the cost out of the Federal Treasury.

With reference to the operation of the streets and the building of a bridge or bridges across the Potomac River, there is talk on the part of politicians in the Congress that the taxpayers of the District of Columbia should pay a substantial portion of the cost of such bridges. I do not share that view. The bridges happen to be essential to the operation of the people's business in carrying on the functions of the Government. In my opinion, most of the cost of the bridges should be paid by the taxpayers of the Nation as a whole, through Federal appropriation, just as we pay most of the cost of carrying on Federal functions outside the District, functions which are vital to the transaction of the Federal business both here and overseas.

I believe that for a long time past we have been imposing upon the residents of the District of Columbia an undue share of the cost of maintaining these governmental services under the guise of saying that they really are municipal services. They are in fact true functions of the Federal Government, without the carrying on of which the Government itself would break down in the District of Columbia. The same statement applies to the maintenance of the Police Department, the Fire Department, and every other District of Columbia government cost.

Therefore, I think we should consider such items as a part of the cost of operating the Federal Government and make a much more substantial contribution to pay for them. That is why in committee I moved to strike the provisions of the bill which seek to raise a large part of the money by the imposition of sales taxes. My effort was to eliminate the proposed new taxes and to substitute in lieu thereof an out-and-out appropriation of $5,225,000. The vote, as I say, was 4 to 3, the motion losing by that close a margin.

The Senator from Montana [Mr. MANSFIELD] took my amendment and broke it up into its integral parts by offering single motions with reference to each one of the proposed increases in taxes in the District of Columbia bill. We lost again on each one of the motions by a vote of 4 to 3. We then lost on the final vote on the bill by a vote of 5 to 2. However, the Senator from West Virginia [Mr. NEELY], who had voted with the minority on all the other motions, made it clear that he reserved the right to support the individual motions on the floor of the Senate when they are raised, as they will be raised.

Then, Mr. President, we considered the tax on beer. The bill which the committee received from the House proposed to increase the tax on beer, the poor man's drink, to $1.75, as I recall. Some members of the committee proposed that it should be cut to $1.50, while the District Commissioners proposed the very high tax of $3 a barrel.

I moved to substitute for the $1.50 tax a provision which would levy the tax at the present rate of $1. I wish to review very quickly the three arguments I used in support of my motion.

First, the evidence is accumulating fast that there is a nationwide tendency to increase taxes on a very politically vulnerable group in the Nation, namely, the manufacturers of intoxicating liquors, which is resulting in a great increase in the illicit manufacture of alcoholic beverages. The evidence is very clear that home brew is on the increase in those jurisdictions in which, in recent times, there has been a substantial increase in the tax on the poor man's drink—beer.

As I said in committee, I can discuss this matter quite objectively, certainly with respect to any question as to whether I am speaking from the standpoint of appetite, because I have never consumed two jiggerfuls of alcoholic liquor in my life. I drink neither hard liquor nor so-called soft liquor—beer. Yet I have always tried to look at this subject from the standpoint of public policy. I have felt that the inhibition or restriction of the consumption of alcoholic liquor should come about through educational processes, through persuasion, and through appeal to the intellect, rather than to use the tax structure as a device for imposing penalties and seeking indirect prohibition.

I have always said, quite good naturedly, that if anyone wishes to insult the divine gift which the Creator gave to us when he endowed us with the wonderful mechanism we call the human body—if anyone wishes to insult it or abuse it by drinking intoxicating liquor, he will have to answer to himself for that, and he will get his answer, as we see from daily observations, and as we notice what the effects of overdoses of alcohol are on associates. He must also answer for his conduct which, in my judgment, really amounts to a form of sacrilege.

But, be that as it may, as a public servant, as the elected representative of a free people, I do not think that I am following a sound public policy when I seek to misuse the tax laws by imposing a penalty upon a group of manufacturers who, by law, are manufacturing a perfectly legal product, although it is a product I do not wish to use.

Neither do I think, Mr. President, that, as a public servant, I am following a very sound public policy when I use the tax device as a means of seeking to impose a form of prohibition, at least, upon those who cannot pay the increased prices which will result from what I believe to be unjust taxes.

I have taken this position before, and I have been criticized for it by various prohibition groups, who sometimes make the mistake too, as do other groups in our citizenry, of yielding to the temptation of following the fallacious argument that the end justifies the means. I do not accept that notion.

In connection with legislation involving the formation of any public policy, I consider the argument that the end justifies the means to be a dangerous one, and I shall never be a party to its use, even though it might be politically wise for me to do so, if I wished to free

myself from misunderstanding on the part of very sincere prohibition groups which think I ought to stay here and, because I am a teetotaler, be of assistance to them in imposing what I consider to be unfair, inequitable, unjust taxes upon an industry which is manufacturing what the Government, at least to date, has determined to be a perfectly legal product. If it is desired to make the product illegal, let us approach the question directly, and not through the indirect back door of inequitable, unfair, unjust tax imposition.

So I said in the committee today that I would not vote for higher taxes on beer, for a second reason, namely, that I thought it was an unfair tax.

Lastly, I think it is a highly discriminatory tax. I think it carries forward, but in an accentuated degree, the kind of discrimination which is to be found in the excise tax bill which has been sent to the White House to be signed by the President, a bill which, in my estimation, has failed to eliminate some of the unfair discrimination against manufacturers of products which now have to assume an excise tax, although manufacturers of other products have been, by the bill, freed from the tax or will have their tax reduced. In the whole field of durable goods, including automobiles, radios, television sets, and similar articles, I think the movement ought to have been toward a reduction of the taxes.

In my judgment, that principle likewise is sound in connection with what amounts, in effect, to an increase in the excise tax, on a local level, on beer.

So I wanted the RECORD to show today, immediately following the action of the Committee on the District of Columbia, that I believe there has been sent to the floor of the Senate a very unfair and very unjust bill; a bill which discriminates against the equitable interests of the residents of the District of Columbia; a bill which, in my judgment, would not have been reported if the people of the District of Columbia were not so politically vulnerable as they are. Would that they had a couple of United States Senators to represent them; or that they were in a position to vote for a couple of United States Senators to represent them; and, similarly, that they had a Representative or two in the House to speak for them.

I think that once the citizens of the District of Columbia were granted the voting privilege, once they were given true home rule, it would be found that the District of Columbia legislation passed by Congress would be greatly modified from the kind of legislation which too frequently passes Congress. After all, there is nothing the people of the District of Columbia can do about the situation, as citizens of the United States, politically speaking, because they are disfranchised citizens.

I shall not be a party to that kind of unfair legislation which is proposed for the District of Columbia.

Therefore, I shall stand on the record I made in the committee today, and upon the argument I have just completed on the floor of the Senate.

ADJOURNMENT TO MONDAY

Mr. FERGUSON. Mr. President, in acordance with the unanimous-consent agreement already entered, I move that the Senate now adjourn until Monday next at 12 o'clock noon.

The motion was agreed to; and (at 6 o'clock and 58 minutes p. m.) the Senate adjourned, the adjournment being under the order previously entered, until Monday, April 5, 1954, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 1 (legislative day of March 1), 1954:

DIPLOMATIC AND FOREIGN SERVICE

Edward B. Lawson, of the District of Columbia, a Foreign Service officer of the class of career minister, now Envoy Extraordinary and Minister Plenipotentiary to Iceland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Israel.

RECONSTRUCTION FINANCE CORPORATION

Laurence Ballard Robbins, of Illinois, to be Administrator of the Reconstruction Finance Corporation.

UNITED STATES DISTRICT JUDGE

Bailey Aldrich, of Massachusetts, to be United States district judge for the district of Massachusetts, to fill a new position.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 1 (legislative day of March 1), 1954:

POSTMASTERS

ALABAMA

Marjorie C. Joyner, Garland.
Frances J. Davis, Repton.
William F. Gregory, Rutledge.

CALIFORNIA

Joseph A. Grabill, Boulder Creek.
Catherine E. Warden, Carlotta.
Ernest L. Layton, Lower Lake.
Willis R. Jones, Olivehurst.
Boyce T. True, Pauma Valley.
Lucile A. Ingraham, Rio Dell.
Ada V. Keener, Rockport.
John F. Phillips, San Clemente.
Elmer H. Dean, Santa Monica.
Leon P. Scammon, Saugus.
William H. Wolf, Sharp Park.

CONNECTICUT

Helen C. Evangelist, Candlewood Isle.
Ruth Y. Lewis, Eastford.

ILLINOIS

Vernon F. Otto, Alhambra.
Alfred G. Waffle, Moline.

IOWA

William E. Boyd, Liscomb.
Fred E. Smith, Marble Rock.

KANSAS

James S. McCormick, Burr Oak.
Frederick H. Boyd, Fowler.
Wesley V. Joy, Narka.
Ivan D. Holland, Olathe.
Edward J. Spineto, Pittsburg.

KENTUCKY

John R. Lawton, Central City.

MASSACHUSETTS

Joseph E. Yelle, Norton.

MICHIGAN

Lawrence J. Brautigan, Grosse Ile.
William A. Munroe, Saginaw.
John A. Dickey, Whittemore.

MINNESOTA

Charles V. Miller, Jr., Darwin.
Bertha S. Bosin, Rapidan.

MONTANA

Gordon G. Garrick, Outlook.

NEW JERSEY

Allan B. Nixon, Moorestown.
Clifford C. Cooper, Navesink.
William L. Kessler, Normandy Beach.

NEW YORK

Ralph Britton, Rensselaerville.

OHIO

Theodore Buehrer, Archbold.
Arthur E. Cornwell, Athens.
Elizabeth S. Donnett, Bidwell.
Edwin W. Kerr, Big Prairie.
Albert F. Bilek, Brecksville.
James W. Overholt, Bucyrus.
Paul F. Ralston, Chillicothe.
Willard Alton Drown, Clyde.
Robert A. Pouttu, Gates Mills.
Olive E. Starkey, Glenford.
Russell W. Carter, Mason.
William K. Wobbecke, Jr., Newark.
John E. Singleman, New Weston.
Albert Russell, Pomeroy.
Dorsel C. Riebel, Reedsville.
Russell L. Lorenzen, Sandusky.
Edwin S. Naus, Upper Sandusky.
Lyle M. Shumaker, Wauseon.
Sherman O. Kreischer, Westerville.
William H. Maxwell, West Lafayette.
Robert E. Hensel, West Manchester.

OREGON

Bill G. Crowther, Banks.
George L. Evans, Central Point.
Walter J. Beumer, Depoe Bay.
John R. Metsger, Sandy.

PENNSYLVANIA

Francis J. Yanes, Brockton.
Edwin J. Carr, Hartsville.
Michael B. Krell, Lansford.
Doyle H. Brewer, Orangeville.
Harry L. Schaefer, Ralston.

SOUTH DAKOTA

Orvis M. Gantvoort, Castlewood.

TENNESSEE

James B. Garner, Alcoa.
Samuel Shelton Crass, Jr., Oliver Springs.
Daniel B. Shofner, Shelbyville.

UTAH

Frances P. Russell, Wendover.

WISCONSIN

Benjamin C. Hoffman, Helenville.
Mac Marshall, Jr., La Farge.
Frank W. Ocain, Redgranite.

HOUSE OF REPRESENTATIVES

THURSDAY, APRIL 1, 1954

The House met at 11 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou who art the God and Father of us all, we thank Thee for the privilege of communing with Thee in the fellowship of prayer.

We pray that Thou wilt come nearer unto us with Thy companionship and counsel than we have ever known.

May we be inspired with a new and greater faith in Thy divine power and wisdom, for we are very conscious of our own limitations as we face hard tasks and heavy burdens.

Wilt Thou bless every effort that the Congress is making to bring more of the

comforts and happiness of home to all the members of the human family.

Grant that at the eventide of this day we may not be ashamed to leave the record of our work in Thy hands.

Hear us in Christ's name. Amen.

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

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Ast, one of its clerks, announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 143. Joint resolution providing for the observance of April 9, the 12th anniversary of the fall of Bataan, as Bataan Day.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

APRIL 1, 1954.

The honorable the SPEAKER,
House of Representatives.

SIR: Desiring to be away from my office for a few days, I hereby designate Mr. J. C. Shanks, an official in my office, to sign any and all papers and do all other acts for me which he would be authorized to do by virtue of this designation and of clause 4, rule III of the House.

Respectfully yours,

LYLE O. SNADER,
Clerk of the House of Representatives.

CALL OF THE HOUSE

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

The SPEAKER. Obviously a quorum is not present.

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

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 44]

Albert	Engle	Powell
Barden	Hale	Reed, Ill.
Barrett	Jensen	Regan
Battle	Jonas, N. C.	Richards
Bender	Kelley, Pa.	Rivers
Bentley	King, Cal.	Roberts
Boykin	Krueger	Roosevelt
Bramblett	Lyle	Seely-Brown
Carlyle	McGregor	Shafer
Carnahan	McIntire	Shelley
Celler	Miller, Calif.	Sieminski
Chatham	Morgan	Staggers
Chelf	Moulder, Mo.	Sutton
Chiperfield	Nelson	Tuck
Clardy	Norblad	Velde
Condon	Osmers	Weichel
Davis, Tenn.	Patten, Ariz.	Wilson, Tex.
Dingell	Pillion	

The SPEAKER. Three hundred and seventy-nine Members have answered to their names. A quorum is present.

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

INTERIOR DEPARTMENT APPROPRIATION BILL, 1955

Mr. FENTON, from the Committee on Appropriations and on behalf of Mr. JENSEN, reported the bill (H. R. 8680) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1955, and for other purposes, which was read a first and second time and, with the accompanying papers, referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. KIRWAN reserved all points of order on the bill.

HOUSING ACT OF 1954

Mr. ELLSWORTH. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 485 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Banking and Currency now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. ELLSWORTH. Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH], and at this time I yield myself such time as I may consume.

Mr. Speaker, the resolution before us is a rule making in order consideration of the bill H. R. 7839, otherwise known as the housing bill, reported to the House by the Committee on Banking and Currency. The rule which makes this bill in order is a wide-open rule in every respect.

The bill, as Members of the House will note, consists of an amendment which strikes out the original bill and inserts language prepared by the committee in the form of a new bill. The rule takes this situation into consideration by providing, first of all, that there can be no point of order made against consideration of the substitute, then that the substitute, or committee amendment, shall be considered under the 5-minute rule as an original bill. So for all practical purposes we are considering not a committee amendment, but an original bill.

In addition to the provision in the rule just mentioned, namely, that the substitute or the committee amendment in the nature of a substitute be considered as an original bill, the Committee on Rules also provided in the resolution that any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee substitute.

As a further protection to all Members of the House, one motion to recommit is provided in the rule, and the motion to recommit may be made with or without instructions.

So, Mr. Speaker, the rule before us gives the House utter freedom to work its will on the bill when this rule is adopted. The rule provides for 3 hours of general debate, the time to be equally divided between the majority and the minority.

The bill as reported deals mostly with the recommendations of the advisory committee which was appointed by the President and has certain objectives.

First. Maintaining a high volume of residential construction, with the assistance of mortgage insurance, secondary market, and other credit facilities of the Federal Government;

Second. Providing a more even flow of home mortgage credit to all areas and assuring flexibility in home mortgage terms to keep pace with general economic conditions;

Third. Placing much greater emphasis on improving and conserving our existing supply of housing through—

(a) FHA insurance programs which will assist repair and rehabilitation work of homeowners, provide mortgage insurance for rehabilitation projects, and bring mortgage terms for existing housing up to those applicable to new housing; and

(b) Financial assistance to help the community attack on a new broad basis its overall problem of urban blight and deterioration through rehabilitation and conservation, as well as slum clearance and urban redevelopment;

Fourth. Providing mortgage insurance to assist in bringing new privately built housing within the financial reach of a larger segment of our increasing population; and

Fifth. Substituting private sources of funds for Government expenditures wherever possible, especially in connection with the provision of a secondary market for home mortgages.

Mr. Speaker, this rule provides opportunity for the House to work its will completely on this legislation, and I urge a favorable vote on the rule.

Mr. SMITH of Virgina. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. MADDEN].

Mr. MADDEN. Mr. Speaker, I am not opposed to the adoption of this rule, but there are some provisions in the bill which I am opposed to.

After debate and during the 5-minute rule, there must be major amendments adopted to provide for a practical method wherein people who are ousted from homes in slum areas can secure suitable housing within a reasonable price range. There is no provision in this bill for public housing. As the bill now stands, it is nothing more than a

piece of political legislation to mislead millions of potential low-income home seekers that this administration is providing a method of aiding them in securing homes at a reasonable cost. As this bill is now written, it is a lenders or investors bill. This bill, for no reason whatsoever, adds an interest rate of 1 percent to the already high-interest rate which veterans and other home seekers are compelled to pay on long-time housing purchases.

We heard a great deal during the 1952 campaign by Candidate Eisenhower and leaders of the Republican Party in speeches delivered in Chicago, New York, Detroit, and other critical housing areas, regarding their endorsement of a program to clear these areas of slums, substandard dwellings and trailer camps. This program, as it was outlined during the campaign, was beautiful, sounded beautiful, but, only yesterday, on the floor of this House, we saw where the Appropriations Committee, by providing a wholly inadequate appropriation, killed any hope that the low-income home purchaser had to secure aid for proper housing during this administration. It was revealed during the hearings of the Banking and Currency Committe that a $7,600 home which includes the lot, could be purchased by a family living in a slum area at monthly payments of $67 a month over a period of 40 years. Considering the increased rate of interest and other carrying charges involved, if the purchaser continued the transaction up to the 40th year, his home would have cost him in the neighborhood of $32,000. In most instances, a home of this type would almost be considered a slum dwelling after 15 or 20 years. I am merely mentioning this fact to substantiate my contention that this bill is a lenders and investors piece of legislation and not a fulfillment of the promises made by this administration during the campaign to aid congested areas in securing low-priced housing.

The increase of 1-percent interest set out in this bill means that eventually this increased interest rate will spread over all debts, city and school district bonds, State debts, national debts, and charge accounts. It is estimated that the total amount of indebtedness for this increased 1-percent interest will cover over $600 billion of public and private indebtedness. One can see where this administration is using indirectly its added tight money policy under the cover of providing homes for families in the low-income bracket.

President Eisenhower stated over a month and a half ago that if unemployment continued beyond the month of March the Government would start an economic program which would bring more purchasing power into the pockets of millions throughout the country so that factories and industries could resume production. This legislation, with it high interest-bearing provision, will work directly in the opposite direction that President Eisenhower planned on using in order to increase purchasing power. In other words, this bill will take added millions out of the pockets of the consumers of America each year, and as the years pass the siphoning of purchasing-power money will become greater. At hearings before the Banking and Currency Committee the financing plan set out in this so-called housing bill was referred to as a fraud and a hoax by one of the housing officials who stated it was absolutely unworkable. Up to this time the President's dynamic program, which included slum clearance and other laudable and necessary legislation, has fallen far short of any practical and affirmative steps toward accomplishing the same. Unless this legislation is completely changed through amendments, either on the floor of this House or in the other body, slum clearance and the elimination of substandard dwellings will fall by the wayside along with so many of the other beautiful promises made by the Republican leadership in the campaign of 1952.

In the Calumet industrial area of northwest Indiana a great number of veterans, steelworkers, and other groups want to move from slum areas and trailer camps, but they must have homes in which to live. Ninety percent of these workers cannot purchase $12,000 or $15,000 homes. The high cost of living prohibits those families from that home market. Thousands of these workers are now working 3 and 4 days a week, which further congests the unemployment problem. This housing legislation could be made into an instrument to provide employment as well as homeowners. This cannot be accomplished by the bankers', builders', and investors' bill which is now under consideration.

Mr. SMITH of Virginia. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. FISHER].

Mr. ELLSWORTH. Mr. Speaker, I yield 5 additional minutes to the gentleman from Texas.

Mr. FISHER. Mr. Speaker, in view of the understanding that an attempt will be made here today to revive and restore the public housing program after it was killed by Congress last year, I desire to address myself to that subject at this time.

The attempt to revive socialized housing, which has been so thoroughly discredited in recent years, brings the House to grips with one of the most important and significant issues that will be acted upon at this session of the Congress. Billions of dollars are involved. Deficit spending, an increased public debt is involved. The resumption of socialism in dealing with a part of America's housing is involved. Big government, centralized government, all the evils of bureaucracy are involved. So let us be sure we understand, as nearly as we can, what this is all about.

Let us take a brief look at the history of this thing. As you might expect, the first public housing began as a depression emergency measure back in 1933. Under the old National Industrial Recovery Act, with a touch of timidity, came the first authorization for socialism in housing in America. It did not look good, here in free enterprise America, but Rexford Tugwell and his contemporaries said it was a depression measure and the emergency justified it. Only a few houses were involved, and little notice was given to the venture.

Then in 1937 the public housing proponents became a bit bolder. There had by that time been some softening of the natural resistance in this country to state socialism of that type. So in that year a more ambitious public housing program was authorized, but limited to only $28 million a year in subsidies. It seems that by having the Federal Government pay part of the rent bills for people each month some political value had been discovered in such a scheme, and so it began to grow. The CIO took it up, and has been one of the chief sponsors, along with the Americans for Democratic Action, since that time.

The next big drive came in 1949. By then resistance had been somewhat neutralized, and the proposal was bold and daring. No longer justified as a depression emergency, it was presented in 1949, with scant apology, in a pretense of respectability. Many false premises had been used in a nationwide scheme to snare endorsements and sell local unsuspecting groups and organizations. Those of you who were here then recall, I am sure, the lobby that was created from coast to coast—described by some as the best organized lobby in legislative history.

Someone in the House had the temerity to suggest that the program was going to cost a lot more money than the sugar-coated package would indicate. I believe it was the gentleman from Michigan [Mr. WOLCOTT], who estimated the cost at $16 billion. That was promptly discounted by the gentleman from Kentucky [Mr. SPENCE], who stated on the floor:

> We hear a great deal of talk about $16 billion being spent over a period of 40 years. Experience has shown that the expenditures will not be anything like $16 billion. I have no doubt that $10 billion or $11 billion will be the limit of expenditures under this bill.

Now we know, based upon experience and upon the assumption that the projects will be occupied by those contemplated in the 1949 act, that the total cost will be $17 billion or more. And this does not include the high Federal administrative cost. It only includes the allowable Federal subsidies and the Federal income-tax losses on public-housing bonds held by investors.

Rushing to the relief of those who raised questions about the cost of the program, even President Truman got into the act, again, and dispatched an urgent letter to the Speaker saying, in part:

> The facts are that the amount of money provided in H. R. 4009 to build 1,050,000 dwelling units will permit an average cost, at the most, of $8,465.

But what are the facts in 1954? According to the statistics branch of the Public Housing Administration, average costs are running as high as $12,107, just for the construction of a single apartment. Thus, the facts show that Mr. Truman was at least 50 percent off in the incorrect estimate he gave the Congress.

Now, Mr. Speaker, that must have been salesmanship at its best. Because it paid off. Some of the dubious Members decided that since the program would not

cost so much, after all, they might as well go along and see how it would work out. And by now they have seen, and since 1949 many of those who originally voted for public housing have, with becoming statesmanship, realized the error and have voted to limit and reduce the evil.

Let me refer a little more to what happened in 1949. Some of you who are here now were not here then. And indeed some who were here then are not here now. The gentleman from Kansas [Mr. REES] offered an amendment to strike the public housing feature from the bill. Battlelines were drawn, and on a record vote taken on that memorable day, June 29, 1949, the Rees amendment was defeated by the narrow margin of 4 votes—205 to 209. If only three Members who voted for socialized housing had voted the other way America would have been saved from this fantastically expensive experiment in socialized housing.

Well, for just whatever interest it may be to you, I will inform you that out of the 205 who resisted the pressures and voted against public housing in 1949, 136 of them are still here. Of the 209 who voted for socialized housing in 1949, 115 of them are still in Congress. I would not suggest, Mr. Speaker, that the one vote caused the reelection or the defeat of any one Member, or certainly comparatively few. But, percentagewise, the record shows that those of us who foresaw the evils and the dangers ahead fared a little better with our constituents than has been true with the proponents.

Now let me trace, very briefly, the legislative history of this program since 1949. Although the public-housing crowd were able to obtain unprecedented authority to bind the Government on mammoth housing projects without the consent of Congress, in the initiation of these projects, it was still necessary for them to come to Congress for some semblance of authority for new starts each year. Except for the initiative of our Appropriations Committee and of this House, taken subsequent to the enactment of the 1949 housing bill, Congress would not have any opportunity whatever to pass on authorizations for starts of new public housing units.

History reveals that it was not long after the enactment of the public housing law of 1949 until the American people began to wake up. People, you know, have a way of finding out things. The New York Times in a recent editorial wisely stated:

> Never underestimate the intelligence of the American people, and never underestimate their knowledge of the facts in a given situation.

Many city councils had become victims of the public housing sales experts who roamed the country spending a million dollars a year in travel expense telling city councils that here was a chance to get something for nothing. Then they woke up, and the local people woke up. The news got around that the cost of these projects would be extremely high. They learned that all that glitters is not necessarily gold. They learned that the local communities had obligated themselves to forego all local taxes for a period of 40 years and that the Federal contribution in lieu of taxes was no more than 25 percent of the loss in what full local taxes would have been. They learned that all the bonds sold to finance such projects were tax free—written that way into the Housing Act of 1949—and that the Federal Government would lose tens of millions of dollars in revenue as a result.

They learned that they had obligated themselves to provide many utilities, such as sewerage, garbage disposal, fire and police protection, schooling facilities, and other services to the favored few who occupied the public housing projects—and all for free for 40 years. Yes; they learned that in order for a few local people to get rent at a third of the cost to other local people living across the street from them a burden was unloaded on the local community for a period of 40 years, and that there was nothing they could do about it—and nothing any future city council could do about it.

So, as evidence of public alarm and enlightenment, once they found out the plain truth, out of 78 local referendums that have been conducted, according to the Public Housing Authority itself, 48 of them were against public housing projects in local communities. And at least 45 city councils have voted against projects.

Speaking of referendums, Mr. Speaker, to talk about referendums is like waving red flags in front of the chronic public housers. They literally despise the word. In 1949 the gentleman from Florida [Mr. SIKES] offered an amendment to require local referendums. It was bitterly fought, believe it or not. It resulted in a tie vote in the Committee of the Whole, and the Chairman cast the deciding vote—against requiring local people to pass on the subject.

The Congress began to feel the public reaction. So, in 1951, my distinguished colleague from Texas, Mr. Gossett, who unfortunately for the country is no longer with us, although succeeded by one of our most able and conscientious Members [Mr. IKARD]—offered an amendment to an independent offices appropriation bill to reduce new housing starts to 5,000 for the following year. On a record vote it was approved by a vote of 181 to 113, with a number of Members who in 1949 voted for the program then realizing their mistake voting against continuing the program.

Then, the following year, in 1952, I offered a similar amendment to the appropriation bill and again on a record vote my amendment was adopted by a vote of 192 to 168. Over in the other body a record vote on the same amendment was taken a few days later, and 37 voted for 45,000 while 31 voted for the 5,000.

COMPROMISE WITH EVIL?

Last year, it will be recalled, the House committee, to its everlasting credit, brought out a bill which denied authorization for any new starts. The committee report stated:

> The original budget estimates, in carrying out the provisions of the Housing Act of 1949 for the fiscal year 1954, proposed 75,000 dwelling units—

That was in the Truman budget—

> This estimate subsequently was reduced in a revised estimate to authorize 35,000 units. The committee is of the opinion that continuation of this program is not justified and is not in accord with the program for economy and for a balanced budget.

And the House overwhelmingly and enthusiastically sustained the committee in that sound and courageous report. Again, on a record vote the House voted 245 to 157 against a motion by the gentleman from Illinois [Mr. YATES] to recommit with instructions to authorize 35,000 units.

The conference report, it will be recalled, settled on 20,000. The able gentleman from California [Mr. PHILLIPS] in presenting the conference report, stated:

> The Government is firmly committed, in the opinion of the subcommittee and the conferees, to contract for 8,189 units. Those are legal and binding contracts and we have no desire to attempt to stop them. In addition to the 8,189 prior units there are 834 which make a total of 9,023 units. In addition to that, there are 33,003 units contracted for which are subject to audit. These have had the contract reopened and have had what we call an escape clause or provision written in which says that they have no legal right, and that they are standing in line, and if and when the Congress at some future date allows more houses they have a priority.

And then the gentleman from California assured the House:

> I believe that these 20,000 houses for this year should end this public housing program, and that in the future we should depend upon private industry with the help of FHA and similar supporting programs to carry on local construction.

The gentleman from California [Mr. PHILLIPS] was strongly supported in that position by the gentleman from Texas [Mr. THOMAS]. He very properly and eloquently reminded the House of the fantastic cost of this program; of the fact that the program would take care of one-tenth of those of comparable need who occupy them; of the further fact that there can be no more justification for paying part of the rent bills for these favored few than there would be to pay part of their medical bills or their grocery bills. And the House approved the action of the conferees, and by doing so spelled out the end of public housing in America unless some future Congress should see fit to reverse that action. And I understand such an attempt will take place here today.

In view of the history of this program, it is difficult to believe that today, after the great achievement of last year, we will march back down the hill. It is difficult for me, at least, to believe, that those who have so often reminded the country of the evil of this socialistic scheme will now faint and falter and fall at the feet of the foe.

If public housing was bad in 1949, as a matter of principle, it is equally as bad in 1954.

If, as a matter of principle, public housing was bad on yesterday, then as a matter of principle it is bad today.

We have involved here a basic principle of government with the implications that are inescapable here in free enterprise America. I realize that political expediency is sometimes a powerful factor in legislation. But surely not when a basic principle is involved, as is true here today.

I have heard it rumored around here that some will compromise their position on the theory that the program will be resumed a little, because a little will not hurt very much. That is remindful of the contention that just a little pregnancy will not hurt—very much. This thing is either bad or it is good, as a matter of principle, and it should be so treated here today. Do you favor home ownership, or do you favor State ownership? Over the long pull the two just do not mix. So we cannot escape our responsibility here today. The great Edmund Burke once said:

For evil to succeed, it is only necessary for good men to do nothing.

The decision today will indeed be a momentous one. An English poet once wrote that—

Vice is a monster of such frightful mien
As, to be hated, needs but to be seen;
But, seen too oft, familiar with its face,
We first endure, then pity, then embrace.

Let us hope, Mr. Speaker, in this day of decision, that the traditional enemies of state socialism have not endured, then pitied, and now found to embrace the most socialistic and indefensible scheme that has ever been undertaken by the American Government.

Mr. ELLSWORTH. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. COLMER. Mr. Speaker, will the gentleman yield for a brief question?

Mr. FISHER. I yield to the gentleman from Mississippi.

Mr. COLMER. I want to compliment the gentleman on the splendid work that he did when he offered the amendment before. I want to ask the gentleman if it is not a fact that if this ambitious program, as originally laid out for 40 years, were put into effect, and when people moved into all of the units, if we required them to take a deed in fee simple, without any obligation whatever, to the property that they took over, would the Federal Government not be better off in excess of $14 billion?

Mr. FISHER. The gentleman is absolutely correct. It is substantiated by the records and facts. It would be much better to give them a deed to these things instead of carrying this load by issuing bonds that are tax free for 40 years to raise the amount of revenue for the United States Treasury. The gentleman is absolutely correct.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks at this point and include two letters from the Comptroller General of the United States to the Administrator of the Housing and Home Finance Agency.

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

There was no objection.

The letters referred to are as follows:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, May 18, 1953.

The ADMINISTRATOR,
Housing and Home Finance Agency.

MY DEAR MR. ADMINISTRATOR: Reference is made to your letter of May 5, 1953, requesting a decision as to whether the second clause of the third proviso under the heading "Public Housing Administration" of the Independent Offices Appropriation Act, 1953 (66 Stat. 393, 403), is being correctly interpreted.

The proviso in its entirety reads:

"*Provided further*, That notwithstanding the provisions of the United States Housing Act of 1937, as amended, the Public Housing Administration shall not, with respect to projects initiated after March 1, 1949, (1) auhorize during the fiscal year 1953 the commencement of construction of in excess of 35,000 dwelling units, or (2) after the date of approval of this act, enter into any agreement, contract, or other arrangement which will bind the Public Housing Administration with respect to loans, annual contributions, or authorizations for commencement of construction, for dwelling units aggregating in excess of 35,000 to be authorized for commencement of construction during any 1 fiscal year subsequent to the fiscal year 1953, unless a greater number of units is hereafter authorized by the Congress."

You state that three possible interpretations may be placed upon the second clause, as follows:

"1. That, from and after the effective date thereof, the PHA may continue to enter into loan and annual contributions contracts up to the entire 810,000 unit maximum authorized by section 10 (e) of the United States Housing Act of 1937, as amended, provided there is included in all such contracts entered into after said effective date provisions which make it clear that, under the terms of such contract, the PHA is in no way obligated to authorize the commencement of the construction of any of the units covered by such contract if such action would result in the commencement of the construction, during any fiscal year, of more than 35,000 units.

"2. That, from and after the effective date thereof, the PHA shall not, in 1 fiscal year, enter into any loan and annual contributions contracts which cover a greater number of units than is necessary for PHA to be in a position to continue to authorize the commencement of the construction at a rate of 35,000 units in succeeding fiscal years, but without increasing the outstanding backlog carried over from 1 fiscal year to the next, provided there is included in all such contracts entered into after said effective date provisions which make it clear that, under the terms of such contract, the PHA is in no way obligated to authorize the commencement of the construction of any of the units covered by such contract if such action would result in the commencement of the construction, during any fiscal year, of more than 35,000 units, or such greater number as thereafter might be authorized by the Congress for any fiscal year.

"3. That, from and after the effective date thereof, the PHA shall not enter into any new contracts for loans and annual contributions which would result in the number of units covered by such contracts and on which construction has not commenced exceeding 35,000 units at any time."

For reasons discussed in a statement dated May 5, 1953, by the Public Housing Commissioner, accompanying your letter, the second of these interpretations is being followed by the Public Housing Administration in administering the low-rent housing program. Among other things, it is pointed out that—

"The PHA has proceeded under the assumption that the objective called for by the proviso was to have 35,000 units ready for construction during the fiscal year 1953 and each subsequent fiscal year; and that its administration of the workload leading up to the point of construction, including entering into annual contributions contracts, preliminary loan contracts and program reservations, should be geared to that goal, making certain that nothing it did would bind it to authorize commencement of construction at faster rate than that provided by the proviso. In brief, the Agency felt that the proviso simply reduced the annual rate of 135,000 units, more or less, in the basic United States Housing Act to 35,000 units, and required it to reduce the rate of operations all along the line accordingly."

The necessity of preparing well in advance for the point at which construction can be authorized is explained as follows:

"It has been the experience of the Agency under the United States Housing Act of 1937, as amended, that in order to create a sufficient workload to result in a certain number of units ready for construction in a particular fiscal year, it was necessary to place many more than that under annual contributions contracts (up to the annual contributions contract a local housing authority cannot even start acquiring sites), a still larger number under preliminary contracts (where preliminary loans for surveys and planning were necessary) and still more under program reservations. This practice is necessary for two obvious reasons: (1) A certain number of projects under program reservations never reach the point of either preliminary loan contracts or annual contributions contracts, and a lesser number drop out between the preliminary loan contract stage and the annual contributions contract stage, (2) some projects progress from the stage of program reservation, preliminary loan contract, or annual contributions contract, to the construction stage in a relatively short time; others, for various reasons such as the size of the project, problems of design, cost, site selection and acquisition, reconciliation of local differences of opinion, relocation of slum-site dwellers, etc., may take years to reach the point of construction."

It is understood from the Commissioner's statements that the Public Housing Administration has considered sound administration to dictate maintenance of a balance between development and final authorization of projects, so that the number of units ready for construction would not be greater than legally could be begun under the statutory limitations and yet would be large enough to result in a sufficient number of units ready for construction as contemplated under the United States Housing Act of 1937, as amended. Also, it is noted that in order to make certain that any underestimation of units becoming ready for construction in a given year would not place the Public Housing Administration in a position of having legally bound itself to authorize construction of a greater number than that permitted by the proviso, there is being inserted in annual contributions contracts (sec. 110 (B)) a clause making applicable the provisions of the Independent Offices Appropriation Act, 1953. Of course, the question as to whether the clause should contain a mere reference to the act or whether the limitation of not to exceed 35,000 units should be spelled out in section 110 (B) is for administrative determination.

Examination of the legislative proceedings discloses nothing indicating an intent inconsistent with the plain meaning of the language employed in the proviso. Construed in its simplest form, such language directs

that the rate of construction under provisions of the United States Housing Act of 1937, as amended, be changed from 135,000 (subject to some adjustment) to a maximum of 35,000 dwelling units during the fiscal year 1953 and each successive fiscal year and that no arrangement be made "which will bind the Public Housing Administration with respect to loans, annual contributions, or authorizations for commencement of construction" to authorize commencement of construction in excess of the rate specified.

The reasons advanced for selecting the second interpretation indicate such an evaluation of the proviso. In view of the Commissioner's explanation of the practical difficulties encountered in initiating projects and bringing them to a point where construction may be authorized, a factor recognized in the legislative discussions, there appears some possibility that any one of the three interpretations, in view of the savings clause utilized with respect to commencement of construction (it is understood informally that such clause limiting construction authorization would be incorporated in agreements under the third interpretation as well as in agreements under the other two interpretations), might be regarded as not contravening the terms of the proviso, although the first, and particularly the third, could be questioned on the ground that they did not adequately adjust preliminary negotiations. However, without passing on that phase of the matter, and recognizing that the mechanics by which the revised rate is to be given effect are primarily within the area of administrative discretion, it is the view of this Office that the specific steps contemplated by the second interpretation to adjust the rate of preliminary negotiations to the new rate of construction authorization are consistent with the statutory direction, which, reasonably construed, appears to require that there be maintained a program of negotiations as well as commitments to accomplish a construction rate of not to exceed 35,000 dwelling units, annually, on a fiscal year basis.

Accordingly, and in answer to your specific question, you are advised that this Office, on the basis presented, perceives no reason why the Public Housing Commissioner's interpretation of the second clause of the proviso is not legally proper.

Sincerely yours,

LINDSAY C. WARREN,
Comptroller General
of the United States.

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, October 19, 1953.

The ADMINISTRATOR,
Housing and Home Finance Agency.

MY DEAR MR. ADMINISTRATOR: Reference is made to your letter of October 6, 1953, requesting a decision concerning the propriety of certain policies proposed by the Public Housing Commissioner to carry out program responsibilities in accordance with the terms of a proviso, appearing under the heading "Public Housing Administration," of the First Independent Offices Appropriation Act, 1954 (67 Stat. 298, 307), as follows:

"*Provided further,* That notwithstanding the provisions of the United States Housing Act of 1937, as amended, the Public Housing Administration shall not, with respect to projects initiated after March 1, 1949, (1) authorize during the fiscal year 1954 the commencement of construction of in excess of 20,000 dwelling units or (2) after the date of approval of this act, enter into any new agreements, contracts, or other arrangements, preliminary or otherwise, which will ultimately bind the Public Housing Administration during fiscal year 1954 or for any future years with respect to loans or annual contributions for any additional dwelling units or projects unless hereafter authorized by the Congress to do so."

If adopted, the proposed policies would—

"1. Limit authorization of commencement of construction to 20,000 units during the fiscal year 1954.

"2. Comply with the obligations under existing annual contributions contracts for units in excess of the 20,000 by advancing funds for planning, site acquisition, and other costs of development prior to authorization of commencement of construction."

The Public Housing Commissioner's program responsibilities, as modified for the fiscal year 1953 by provisions of the Independent Offices Appropriation Act, 1953 (66 Stat. 393, 403), were considered in Office decision of May 18, 1953, B–115087. The original rate of construction under the United States Housing Act of 1937, as amended, was reduced thereby from 135,000 (subject to some adjustment) to a maximum of 35,000 dwelling units each year, with the added direction that no arrangement be made which will bind the Public Housing Administration with respect to loans, annual contributions, or authorizations for commencement of construction to authorize commencement of construction in excess of the rate specified. It was agreed that the statutory direction at such time, reasonably construed, appeared to require that the Public Housing Administration maintain a program of negotiations as well as commitments to accomplish a construction rate of not to exceed 35,000 dwelling units, annually, on a fiscal-year basis.

You now advise that—

"Upon enactment of the lesser rate of 35,000 units per annum on July 5, 1952, the PHA amended as many annual contributions contracts as it could to incorporate such lesser rate of construction (such an amendment required the consent of the other party to the contract, the local housing authority) and incorporated such lesser rate in all new annual contributions contracts executed thereafter. As a result, the PHA now has approximately 47,699 units under annual contributions contracts which incorporate the 35,000-unit rate and approximately 8,255 units under annual contributions contracts which incorporate only the limitations of the basic act."

Any uncertainty in the present matter seems to arise in ascertaining whether commitments under existing annual contributions contracts covering units in excess of the 20,000 authorized to be constructed legally may be honored if it is administratively determined to do so. The problem, therefore, is not so much one of determining the extent of binding obligation assumed under such contracts as it is one of construing the legislative direction for the purpose of establishing whether or not it was intended that the obligations involved be abandoned. The prohibition in the proviso against any new arrangements that may ultimately bind the administration for additional units or projects, reasonably appears to negative any inference that its terms contemplate abandonment, in the absence of explicit direction to do so, of all existing contracts covering units over and above the 20,000 authorized to be constructed. Not only is there absent from the language employed any direction in this respect, but discussions during the legislative proceedings as a whole indicate that the problem of meeting commitments already undertaken was recognized and left for future resolution. In this connection, it is observed that the proviso also ordered a study of the low rent housing program to be made and submitted to the congressional committees for guidance in future legislation and that, in the final conference report (H. Rept. No. 997, 83d Cong., p. 10), it was commented "The conferees realize that one Congress cannot bind any other Congress on this or any other housing program."

Accordingly, if the Public Housing Commissioner should decide to adopt the policies set forth above, this office would not feel required to object thereto.

Sincerely yours,

LINDSAY C. WARREN,
Comptroller General
of the United States.

Mr. ELLSWORTH. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. CANFIELD].

Mr. CANFIELD. Mr. Speaker, I asked the gentleman from Texas [Mr. FISHER] to yield when he had concluded his remarks, but he did not have time, so I have taken this minute to ask him one simple question.

I wonder if he holds with the late Senator Taft and Senator ELLENDER that they were socialistic when they sponsored this very program.

Mr. FISHER. The gentleman asks that question of me?

Mr. CANFIELD. Yes.

Mr. FISHER. I am not going to undertake to appraise the minds of individuals and try to decide what they interpret as being socialism. But I say this, that if there were a condition where the State owned all of the houses in America and rented them to people at one-third of the cost I would say that smacked of socialism to me; it may not to the gentleman.

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Mississippi [Mr. WILLIAMS].

Mr. WILLIAMS of Mississippi—

It comes as no surprise to you who have served with me here when I say that in the past I have opposed Federal public housing; as a matter of good conscience I have opposed it. My stand has been made known here time after time as the matter has been before us.

Mr. Speaker, those are not my words, although I subscribe to the thought. Those are the words of the distinguished majority leader, the gentleman from Indiana [Mr. HALLECK], spoken in this House on April 22, 1953, just 12 months ago, and appearing in the CONGRESSIONAL RECORD, volume 99, part 3, page 3600.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. WILLIAMS of Mississippi. I yield.

Mr. HOFFMAN of Michigan. Does not the gentleman realize that we now have a Republican President?

Mr. WILLIAMS of Mississippi. Well, I am not sure.

Mr. HOFFMAN of Michigan. Will the gentleman let me agree with him in that statement?

Mr. WILLIAMS of Mississippi. I do know that the leadership of the Republican Party has been very active in its opposition to Fair Dealism and New Dealism, for 20 years; and the distinguished gentleman from Indiana, the majority leader [Mr. HALLECK], has a very consistent record of opposing New Deal and Fair Deal measures. That is, from the time that he came to Congress up to and until January 1953; but since that time I daresay he has the best record of any Member in the House in

support of Fair Deal and New Deal measures. It is rather difficult for me to reconcile.

Mr. Speaker, it is my information, if the press is reporting this matter accurately, that the Republican Party—under the leadership of their great President—is supporting a public-housing amendment to this legislation. I was somewhat surprised by that because their position has always been the opposite.

The chairman of the Republican National Committee, Mr. Leonard W. Hall, speaking in opposition to a cooperative housing bill, which is just about half as socialistic as public housing, on March 22, 1950, when he was a distinguished Member of the House, said:

Mr. Chairman, I am opposed to the cooperative-housing features of this bill because it is another long step down the road to socialism. If a cooperative-housing bill like the one now before the House were enacted, it would hasten a day when Americans would be living in Government houses, working for the Government, and paying most of their income to the Government. In short, this kind of bill would speed up the creeping paralysis of socialism.

But that was Democratic socialism in those days.

Then the gentleman from Illinois [Mr. ALLEN], the eminent and courageous chairman of the Rules Committee, on June 22, 1949, in the CONGRESSIONAL RECORD, made this statement:

I would say that the principal reason I am opposed to this bill is it is my unqualified belief that this nor any other Congress has the right—

He was speaking during debate on a public-housing bill—

to tax one group of neighbors to provide some other neighbors selected by some bureaucrat—

He did not say "Democratic bureaucrat." Is it possible he could have intended to distinguish between Democratic and Republican bureaucrats?—

with a ten- or twelve-thousand-dollar home for which the second man will have to pay but a fraction while the first man will pay the remainder for him.

Oh, here comes our beloved Speaker, our very dear Speaker, for whom all of us have the greatest respect. I love him and I know you love him. He is a great party man, he is a great American and a great statesman. But even our venerable Speaker is susceptible to changing his position. Let us see what he had to say.

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

Mr. SMITH of Virginia. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. WILLIAMS of Mississippi. Mr. Speaker, I will reread these words of wisdom into the RECORD. The present Speaker, debating the original public housing bill said this:

We have a national debt of $252 billion.

You see that was back in 1949. It is $274½ billion now, as I understand it. That was $22 billion ago.

He said further:

Our cost of Government is over $42 billion.

Well, the President says it is going to be $65½ billion next year.

Continuing:

We are groaning under heavy taxes of city, State, and Nation. All this at the time of a declining business.

We did not really know anything then about declining business, did we? Business is really hurting now.

There is only one chance for America and free people in every part of the globe. We must keep this country strong and solvent; to do this we must forego some of the things we would like to do.

I cannot read it all, but the Speaker said in closing:

Let us make this Nation one of self-respecting home owners rather than a nation of subsidized tenants in Government projects. Let us remain a free people.

I come now to the gentleman who sent this bill over here, the distinguished Housing Administrator, Mr. Cole, of Kansas. He is the gentleman, you know, whose name will be emblazoned across the pages of history as the only Republican Congressman to hold the distinction of being defeated by a Democrat in the history of the First District of Kansas. Why, he managed to lose even when his own party swept the rest of the country in a landslide. He said this about the so-called low-rent housing plan—this is Mr. Cole speaking, and appears in the CONGRESSIONAL RECORD of June 29, 1949:

For the following reasons I object to the low-rent housing plan:

1. The first objection is that it is privileged and discriminatory housing.
2. It will not clear the slums.
3. The poorer folks will not be housed under this program.
4. It builds a tremendous political machine.
5. It violates the rights of the minorities.
6. It is excessive in cost, and there are no brakes on the excessive cost.
7. It tends to destroy private homes and private business.
8. It tends to destroy our form of government.

And, if you will go back to the CONGRESSIONAL RECORD of that day, you will see that he cited, in support of his position in opposition to the socialized plan of housing, none other than our President, then General Eisenhower.

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

Mr. ELLSWORTH. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

BILL HARMFUL

Mr. PATMAN. Mr. Speaker, this bill as presented by the committee does not contain help for the middle and low income groups. If there is to be a provision for public housing inserted, it will be the only attempt that I have heard of that will really be intended to help the low or the middle income groups. In 5 minutes it is difficult to explain a bill, and I shall not attempt to explain the bill except to say that this bill as presented by the committee has more harm in it than it has good.

ANTIVETERAN BILL

Although I am not impugning the motives of anyone or questioning their patriotism or desire to be helpful to their country—I am sure they have their own conception of things just like I do—but whether intended or not, I am sure it was not intended, this bill is a lenders' bill. It is an investors' bill. It may be called, if you analyze it carefully and evaluate its terms, an antiveterans' bill. Remember, I said "an antiveterans' bill." And, I can convince you that that is the truth.

This is a dangerous bill as it is presented by the committee. I did not vote for it for that reason. Now then, let me tell you just one thing about it. It increases interest rates 1 percent. What does an interest rate of 1 percent mean? We have debts in this country aggregating $640 billion, including the national debt, the debts of the States, counties, cities, political subdivisions, and installment purchases.

HIGH-INTEREST BILL

If we are going to lay down a pattern to be governed by, by voting for this bill and endorsing a 1-percent interest increase, that means $6.4 billion a year at 1 percent when it finally goes clear across the debt board. That is an increase of $40 per capita on 160 million people. On a family of 5, that means $200 a year it will cost that family. That means that this family of five, instead of buying food and clothing and the necessaries of life with that $200, will have to take out of their meager budget the $200 for that purpose, and divert it to the payment of interest. That is what this bill means. This is a high interest bill. It means a per-capita annual increase when it goes clear across the board, of $40. Nothing has been said about that.

This is a dangerous bill. At the very time that interest rates should be going down, this bill does the opposite. Not so long ago the powers that be were persuaded to increase the veterans' interest rate up to 4½ percent, on home loans. It went up from 4 percent on the unanswerable argument, I will say, that Government bonds had gone down and therefore with the interest rate on those bonds of approximately 3 percent in order to give them 1½ percent spread or margin, they were entitled to 4½ percent. They were right about it. But since that time the hard money policy has been changed and Government bonds have gone back to par and the interest rate to 2½ percent. The same argument that caused the veterans' interest rate to go up to 4½ percent would now compel it to go to 4 percent in order to give them a margin of 1½ percent. But they are not putting it back.

This bill not only does not put it back, but it endorses a 1-percent additional increase on top of it.

There is a hidden bomb in this bill against the veteran. Let me invite it to your attention. It is hidden; it is hard to find. But this bill would increase the interest rate on the veterans without saying a word about it—not a word. It does not mention veterans.

The SPEAKER. The time of the gentleman from Texas [Mr. PATMAN] has expired.

Mr. SMITH of Virginia. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, I shall address myself not to the bill as it is now but as some people hope it will be when it leaves the House today. I shall address myself to the so-called public housing, sometimes called socialized housing program which, I understand, it is intended to reinsert in this bill today.

I want to direct attention, and I want to talk particularly to my conservative friends on the Republican side, of whom there are many. I know that some of my Democratic friends over here are liberals. I can respect their views, because they believe in socialized housing. They are honestly for it. So I shall not address myself to them. They are the originators of the program. The others on this side are merely, as I understand, copying what has been done by the liberal group. Last year I want to remind you that when the public housing was a Truman program, this House after long debate and with the aid of the Republicans, with the minor exception of 23 votes on your side when you had a majority of the House, absolutely repealed public housing. You put a stop to it. And you put a stop to it because it was described by leading Members of the Republican side of the House, quite aptly and rightly, as un-American. It was described as monstrous. It was described as uneconomical. It was described as socialistic, by your Members. And it was described as highly political.

Today we have the statement that the majority side, in spite of those statements, and in spite of its action a year ago, proposes now to reinstate and revivify the public housing that they have denounced so loudly over the years.

Mr. Speaker, how highly political can we get? I wonder if my good friends—and I have a great admiration and respect for many Republicans on that side—can stand for this thing.

I was amazed and shocked, and that is the reason I am making this talk this morning, when I read in this morning's paper that the President said that he is confident that the House with Republican leadership support will write into the general housing bill a provision explicitly authorizing the construction of 35,000 houses. You do not think you are going to get away with that. My New Deal friends over here are going to jump it right off. When did you get the notion that you could outdo the New Deal? This is not funny.

In last year's election my good State of Virginia, which is a conservative State, voted Republican, and many of the Southern States voted Republican. They voted Republican because they expected a sound, conservative Government and a balanced budget, and that is what they were promised. That is the reason they voted Republican. They voted Republican because they thought there was a standard to which they could repair that would not be hauled down at the first assault of political expediency.

This is an election year. Do not think you are going to make friends with those who advocated and originated this "monstrous" scheme, as you have heretofore termed it. You cannot do that.

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

Mr. SMITH of Virginia. I yield to the gentleman from Indiana.

Mr. HALLECK. The gentleman has made reference to how the people of his State voted. The other day we had a motion to recommit to raise personal tax exemptions by $100, which the President said was the cornerstone of his program. The gentleman from Virginia now occupying the floor did vote against the motion to recommit, but none of his colleagues from his State on his side of the aisle did.

Mr. SMITH of Virginia. That is entirely aside from the question we are discussing this morning. I am just wondering why my good friend from Indiana raised that question; to divert me from the question that is before the House today, that is, who are the New Dealers in this Congress? I knew who were the New Dealers in the last Congress, but who are the New Dealers in this Congress, as I tried to say a few minutes ago?

Of course this 35,000 is a small number. Yes, it is a small number of houses compared with what my friends on the right over here propose to do. But this thing of virtue—if this was a socialistic program with 75,000, it is just as socialistic with 35,000 and just as socialistic with 1,000. Virtue is not something like a garment, that can be donned and doffed at will. When you once yield it, virtue is gone forever. You cannot get it back.

I want to give a few figures here about this thing. I know the Members of this House do not understand it. It was referred to here a while ago that this would be a cheaper program if you would build the house and make the tenant take a deed in fee simple to the property. I want to demonstrate.

There is $365 million a year authorized for subsidies and the program runs for 40 years, which comes to $14,520,000,000. That is a subsidy. But the total cost of the houses at the maximum cost, which is estimated by the chairman of the Committee on Appropriations at $14,000 per house, would be only $11,440,000,000. I expect to offer an amendment. If you would just give the tenants a deed for these houses when they are completed and stop paying this subsidy which is more than the cost of the houses, you would be doing a real New Deal thing, a really socialistic thing, and you would be doing a wonderful thing for these people, and you would also at the same time be saving the Treasury a good many billions of dollars.

Mr. Speaker, since my time is limited here on the floor, I want to say that I have been here a long time. I have looked to the Republican Party on the other side of the aisle for a conservative form of government. I never expected to see the day when, like today, the great Republican Party would be hitchhiking on the New Deal bandwagon. And I never expected to live to see the time when this unnatural thing would occur, that the great Republican elephant was seeking to ride piggyback on the Democratic donkey.

Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Speaker, I take this minute to invite those gentlemen who have addressed the House and dubbed this public-housing program as socialistic to please stay on the floor during general debate, and when amendments are offered to the bill. At that time, I would like them to give us some statistics. Public housing has been built for 425,000 families since 1937, we have about 40 million families in this country. Someone should be able to point to at least 1 family out of those 425,000 families which has been converted to socialism or communism. I challenge the opponents of public housing to submit some evidence.

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

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

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. WOLCOTT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

The SPEAKER. The question is on the motion offered by the gentleman from Michigan.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 7839, with Mr. REECE of Tennessee in the chair.

The Clerk read the title of the bill.

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

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

Mr. Chairman, the Committee on Banking and Currency has brought to the floor for consideration a most comprehensive housing bill. Without debating the question of liberality as a relative term, I think I can say that about the only criticism which we have heard about this bill is that it was too liberal. The fear all the way through from the original negotiations with respect to the President's program was that we were getting too liberal with respect to housing and the financing of housing. So I think when the Members read the report they will find that there is a degree of controlled liberality in the bill which satisfies the most liberal Members of Congress, but which should not alarm the most conservative Members of Congress.

The program as submitted to us by the President is a well-balanced program. It will make probable the production of up to 1,400,000 units a year of new homes; and it makes probable, through rehabilitation, repair, and modernization of old homes, an estimated number of newly conditioned homes between six hundred and seven hundred thousand. So we can refer to this bill, without fear of successful contradiction, as a bill which will make it possible for the American people to have something over 2

million livable units a year if it is enacted.

There are a great many benefits in the act to the potential home owner, and in consequence to the industry which will build and finance those homes. I should like to briefly state some of them, but before I go into the details of it I shall say that it has been confirmed, and I am at liberty to state that this bill contains 99 percent of the President's housing program. That means that this is an administration measure and that the great President of the United States gives his wholehearted support to 99 percent of its provisions. Any Members who are actuated to support or oppose this bill for the reason that the President might take a different attitude, I hope will have that fact in mind.

The bill liberalizes home construction and the financing of home construction in many respects, as I have said—and I shall enumerate them very briefly, for I assume we will get into the details as we go along with the reading of the bill. In the first place let me call attention to the fact that in the so-called title I provisions which you will recall have to do with modernization and repair of existing homes, we increase the insurance of a loan from $2,500 to $3,000 and increase the period of amortization from 3 to 5 years. That program has been of inestimable value in the repair of existing homes, and it has been used quite generally as ancillary to the slum-clearance programs and the urban redevelopment programs which are called in this bill urban renewal programs. It has been used extensively and because of the fact that we raise the amount which may be insured from $2,500 to $3,000 and increase the period of amortization from 3 to 5 years, we expect that provision will be used more extensively than it ever has been in the past.

Let me also say that the $10,000 maximum limit on the multiple-unit operations repair program has been changed from $10,000 to $1,500 per unit, whichever is the greater, and the term increased from 7 to 10 years. That will do much in the slum-clearance urban redevelopment to make available existing multiple dwellings for those not only who would be replaced by an urban renewal program, a slum-clearance program, but also for all others.

There is a chart in the report which will allow you to follow what I am about to say. It is found on pages 4 and 5. The chart speaks for itself.

Section 203, under which most of the construction is done for residence purposes, has been liberalized in the following respects—and this is probably the most important part of the FHA program: The maximum mortgage can now be 95 percent of the first $8,000 and 75 percent in excess of $8,000, as opposed to existing 80 percent in some cases. I ask you again to refer to the tables on pages 4 and 5 of the report. The maximum maturity of those same loans has been increased in this bill to 30 years. It was formerly graduated from 20 to 30. We moved that up to a maximum of 30 years; it is quite liberal.

Existing houses: Therein we consider that there are probably 600,000 to 700,000 units which may be made available under the rehabilitation program. Existing houses are eligible for the same mortgage-insurance terms as new houses; in other words, they are all in the same category; it does not make any difference whether it is an existing structure, an old house, or a new house, the same liberal insurance terms apply. Throughout the years existing construction has been limited to 80 percent. The mortgage can be insured as high as 95 percent on homes which, after the work has been done, sell for less than $8,000.

There are certain elements I think we should have in mind. There are a good many old structures, so-called old structures which by modernization, repair, alteration, can be made available to low-income people. For example, three-bedroom houses which might be rehabilitated under the terms of this bill may be sold on the market for less than a new two-bedroom house. I think we have really accomplished something in that respect.

The mortgage maximums on 1-, 2-, 3-, or 4-family units have been increased from $16,000 to $20,000, from $20,500 to $27,500, and from $25,000 to $35,000 respectively.

I think I should say in this respect it may be contemplated that temporarily new 1- or 2-family structures may be used for other than housing purposes. We have provided in the bill that these structures may be temporarily used for school purposes. Where we have an area in which there is an impact on facilities, including schools, due to changes caused by an influx of population and we all have that, I believe, in most of our districts, before facilities can be made available, especially schools, we provided that temporarily this housing can be used for school purposes until the localities have caught up with building demands in those respects.

We also amended section 207 which provides for insurance on rented properties. Section 207 under title II of the act has to do with multiple dwellings as opposed to the single-dwelling owner occupied. They are usually built, of course, for rental purposes.

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

Mr. WOLCOTT. Mr. Chairman, I yield myself 5 additional minutes.

Mr. Chairman, throughout the bill, therefore, we have liberalized the provisions to a point where it surely will not be the fault of Government, it surely will not be the fault of the Congress if this bill is adopted, if anyone is denied the privilege of purchasing a home on very reasonable finance terms.

To make this program available and workable the bill will provide for an increase in the next year of almost $3,600,000,000 of new insurance authority. At the present time the authorization is about $22,500,000,000. FHA will have committed and used by the 30th of June this year about $21,400,000,000. We have new authority in this act for about $1,500,000,000 and the President may increase that, if necessity arises, by another $500 million, making $2 billion.

Then there will be the usual annual turnover of properties which come out from under insurance for various reasons, the programs expiring, the mortgages paid up, and so forth, of $1.6 billion, so it will make available for the next year about $3.6 billion. Consequently there will be ample insurance authority with respect to the FHA programs.

Mr. Chairman, I might say in closing that there will be a great deal of debate on the flexible provisions of this bill which give to the President, under very well defined conditions, the opportunity to vary the interest rate to fit the program into the economy generally. Notwithstanding any arguments to the contrary, we do not anticipate, if the economy remains as strong as it is and as strong as we expect it to be in the foreseeable future, any change in interest rates which are set as a maximum now of 4½ percent on FHA and 4½ percent on VA programs. The President is also given authority to vary the downpayment and the terms of amortization for the same purpose.

Now, we have heard during these last few months hours of debate on whether we are in a rolling adjustment or whether we are in a recession likely to go into a depression. Without arguing the point, may I say that it is going to be rather difficult for anyone who sees any danger to our economy resulting from this adjustment which we all agreed we would have to go through when we stopped inflation as a matter of Government policy and before economic stability could be established to argue against the provisions providing for flexibility in this bill. This period was foreseen by every economist in the country. Many politicians who are now decrying the fact that national income is not quite as high as it was last year—foresaw as long ago as 2 years that there would be of necessity a transition period between the stopping of inflation, whenever it was stopped as a matter of Government policy, and stability which we are seeking to accomplish under the policy of the present administration. We are going through that transition period now, and this bill is geared to that transition period. Whether it is inspired for political expediency or whether it is predicated on sincere economic thinking, those who are so fearful that anything is going to happen to our economy by reason of a slowing up of building construction as it applies to homes, better give these tools to the President to stop it.

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

Mr. Chairman, I think the matter that is considered by this bill is one of supreme importance. The strength of our Government is in the independence and in the self-respect of its citizens. For the people to be well housed not only means much for their comfort and convenience, but it is an insurance of the stability of our institutions. I say that because I have seen something of the conditions abroad. I have seen something of the conditions in South America. There is no middle class in some of those countries. In most of the South American countries, there are the very rich and the squalid poor. That is the reason there is very little stability, be-

cause the independent, self-respecting middle class is not there.

I am not afraid of socialism. Every step forward we have taken has been branded as socialism. When we passed the Federal Deposit Insurance Corporation law it was considered socialistic. When we passed the Federal Savings and Loan Insurance Corporation law it was considered socialistic. The insurance of loans to our people in order that they might obtain homes was considered socialistic. Old-age assistance was socialistic, and all the other activities of the Federal Security Agency were socialistic.

If we had been frightened by words we would have made no progress. I am not frightened by words.

The public-housing program has been scuttled, but it was not scuttled by the Committee on Banking and Currency. It was destroyed by the Appropriations Committee who obtained a rule from the Rules Committee waiving all points of order. After we have considered these matters in the Committee on Banking and Currency for weeks, with a stroke of the pen they destroyed it. That is not the orderly process of legislation. That is not what the experience of mankind has taught us is good legislation. Parliamentary law has grown up like the common law, by the experience of mankind, through the years, by trial and error.

It was provided that legislative committees would pass upon legislative subjects and that the Appropriations Committee would appropriate. Yet now they come here and say, after a battle, that they have stricken out all of the public housing. They did not do it with any consultation or cooperation of the Committee on Banking and Currency.

I hope sincerely that this bill will do what it provides in its title, to provide for and to improve housing, to eliminate and prevent slums and to conserve and develop urban communities. I have serious doubts that it will accomplish any of these objectives. Public housing has been eliminated from the bill. The ultimate object of this bill is to clean up the slums and to furnish homes for the people. If this bill does not result in that, then it does not perform any service.

The authors of this bill have devised a fantastic scheme by which a man who now lives in a slum and wants to obtain a home can secure a loan, the maturity of which is 40 years, for a house costing with the land $7,600. The monthly payments, I understand, will be about $67. I do not know the income of people living in the slums who would be given the privilege of purchasing this character of property. But if they find they are unable to take advantage of the provisions of this law the whole program will fall to the ground for there is nothing other than this section that provides for any slum clearance.

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

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

Mr. McCORMACK. Will the gentleman express his opinion as to what kind of house one could build in the city for $7,600, having in mind a young couple with a growing family?

Mr. SPENCE. Unless the house is well taken care of, I imagine that at the end of the maturity period of 40 years they will have the mortgage but not the house.

That is the program they have substituted for public housing. At the end, however, of 20 years, if the mortgage is not in default the lender can ask for debentures which will be made in the sum of accrued interest and principal. He gets a negotiable instrument bearing interest, which he can dispose of; but the borrower still has to continue paying on his mortgage for the following 20 years.

There is another provision. While the majority party constantly criticizes legislation passed by the Democratic Congresses as socialistic, the subject I am about to discuss is cited as an example of how to stimulate private enterprise.

The secondary market for mortgages is the Federal National Mortgage Association. It is provided in the bill that when a lender sells his mortgages to FNMA he must accompany them with 3 percent of the amount of the mortgages so sold, for which he shall get certificates. When the certificates are sufficient to purchase the stock of FNMA, shares of stock will be issued to these persons as their interest may appear.

Of course, this 3 percent will be added to the cost of the mortgage and ultimately the stock now owned by the lender will have been paid for by the borrower. That is the fantastic device by which this corporation is going to be transferred from the Government to the private financial institutions.

These are just camouflage words, "socialism" and "private enterprise." They are used for the purpose of prejudicing and misleading.

I think if interest rates, charges, downpayments, and maturities are authorized to be fixed by an individual, it would be appropriate to give the power to the President. However, this discretion should not be given to any individual but should be incorporated in plain language in the law. As written, the bill gives to the lender no definite information as to what he will receive and to the prospective borrower no definite information as to what he shall pay. The President can change the interest rate as he desires within the limitation prescribed; that is, he can fix the rate anywhere within the periphery of the going interest rate and 2½ percent additional. This is a power which is essentially legislative, and I think the Congress, when it legislates on subjects of this character, should let the people know just what they are up against and what they have to pay, and what they can reasonably expect the loans will cost them. If this legislation fails, we have no substitute for it. If this legislation fails, the housing program fails. They have eliminated public housing entirely. No provision has been made which gives the veteran any benefit. There was no provision in the bill originally for any loan to the farmers. However, the Farm Home Administration provision was offered as an amendment in the committee and adopted. But, after all, the result of legislation depends upon the sympathetic manner in which it is administered, and I do not think the farmer is going to get very much help as a result of this bill.

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

Mr. SPENCE. I yield.

Mr. MADDEN. On a house which costs $7,600, has there been any estimate by members of your committee as to how much that would eventually cost the buyer, if he continued paying over a period of 40 years?

Mr. SPENCE. As I understand it, it would cost him $67 a month for 40 years. At the expiration of 40 years, he would pay considerably over $30,000 for the property.

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

Mr. SPENCE. I yield.

Mr. FOUNTAIN. I have just made a computation on the basis of 480 months at $67 a month. The total paid, including the so-called $7,600 principal, interest and possibly taxes, would amount to $32,160 for a period of 40 years.

Mr. SPENCE. Yes, I think the gentleman is correct. There is no diminution of the amount of the monthly payment. That payment is made straight across the board. The last payment will be the same as the first payment. The first payment is $67 and at the end of 40 years, the last payment will be $67.

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

Mr. SPENCE. I yield.

Mr. McCORMACK. In order to have the record complete at this point, on the $7,600 house to be paid for over a period of 40 years, the total paid would be $32,438.40 and the monthly payment would be $67.58. And under this bill, if it becomes law, the Administrator can give a waiver or authorize the building of an $8,600 house in high-cost construction areas, as I understand it, in which event the cost over a period of 40 years would amount to $36,162.80 and the monthly payments would be $75.36.

Mr. SPENCE. I think that is correct.

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

Mr. SPENCE. I yield.

Mr. TALLE. The gentleman has mentioned the figure of $67 a month. Will the gentleman state the items that are included in the $67? Surely it is not for the house alone?

Mr. SPENCE. No, no; I did not mean to say that. It includes the other services.

Mr. TALLE. Will the gentleman state what the services are?

The CHAIRMAN. The time of the gentleman has expired.

Mr. SPENCE. Mr. Chairman, I yield myself 2 additional minutes. Sixty-seven dollars is the amount that the buyer would have to pay for housing. That is my point.

Mr. Chairman, I must decline to yield further.

Mr. Chairman, the gentleman who preceded me has resorted to poetic quotations to try to bolster his argument. I

have in mind a quotation which I think is applicable to slum clearance:

Ill fares the land, to hastening ills a prey,
Where wealth accumulates, and men decay.
Princes and lords may flourish and may fade—
A breath can make them, as a breath has made;
But a bold middle class, the country's pride,
When once destroyed, can never be supplied.

It is a much more dangerous thing to our country to refuse to assist those who are in need by reasonable legislation than to be deterred by some slogan that says, "This is socialism." Everything we have done that has been progressive has been branded as socialism. That does not strike me at all. I am glad to go back and tell my people that I tried to do what I could. While it is unfortunate, we have to do it. It is truly American. It is truly patriotic and it is truly constitutional. The Constitution is not a straitjacket. I have as much reverence for the Constitution as any man in the world, but it must bend sometimes to meet the public good, and we expect to do what we can to see that that is accomplished. I wish to read this editorial from the Washington Post and Times Herald this morning:

DRAG ON URBAN RENEWAL

While the parliamentary tangle in which the housing program is caught is highly complicated, there is no question as to what the majority of the House was trying to do. They wanted to kill public housing. If they should succeed in this effort, they would strike a critical blow at the hopeful and progressive efforts of dozens of cities to rid themselves of the incubus of slums.

The original fault lies with the House Appropriations Committee, which sought to confine the housing program to the 35,000 units already under contract. It proposed to wind up public housing after permitting 20,000 of those units to be built next year and the other 15,000 units the following year. Since the Rules Committee refused to protect this legislative provision in an appropriation bill with a special rule, it was knocked out on a point of order with the hope that such action would halt all public housing. But the opposite seems to be true. There is now agreement that the elimination of this provision will leave the administration free to build all the 35,000 units now under contract next year.

It should not be supposed, however, that this is equivalent to approval of the President's housing program. After present contracts are carried out public housing would be completely stopped. The deplorable thing about this shortsighted decision is that it clouds the administration's entire housing efforts. The House Banking and Currency Committee has reported out a comprehensive housing bill with emphasis upon urban renewal. Well, urban renewal can go forward only if cities have some means of rehousing the families to be displaced from their worst slums. Experience has conclusively demonstrated that some of these families can be provided for only in public housing.

The law properly forbids cities to move their low-income families into the street in order to sweep away their blighted areas. In other words, a limited amount of public housing is the first essential of any comprehensive slum reclamation effort. It is most discouraging when politicians close their eyes to this established fact and pretend that there is something evil and un-American about this essential part of the antislum campaign. To our way of thinking, urban renewal is one of the most important items in the President's program, and it ought to be supported by funds for at least the 35,000 public housing units a year that the President requested.

The CHAIRMAN. The gentleman from Kentucky [Mr. SPENCE] has consumed 17 minutes.

Mr. GAMBLE. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. MCDONOUGH].

Mr. MCDONOUGH. Mr. Chairman, the Committee on Banking and Currency held hearings for nearly 3 weeks, and spent considerable time in writing this bill, and I believe gave serious consideration to all aspects of housing and to all elements of the Nation that required housing, and to the economic situation that exists in the country, insofar as stimulating the construction of housing is concerned.

In my opinion, this is not only a housing bill for 1954, but it is a revision of the National Housing Act, and provides, among other things, many new features that have not heretofore been in the legislation, which will stimulate housing on various levels that have not heretofore been stimulated.

The question of the experiment, as someone has called it, of building a house for $7,600 to $8,600 for the low-income group in this country was quite thoroughly discussed. The gentleman from Massachusetts [Mr. MCCORMACK] just recently asked the gentleman from Kentucky [Mr. SPENCE] where you could build such a house. During the hearings I had inserted at that point when the discussion was on a survey made by the Housing Administrator where such houses could be built and the cost of them. For the information of the gentleman from Massachusetts, at Boston a suitable house can be built, according to the study made, for $7,464, which could be financed over a period of 40 years, and could be obtained for a downpayment of approximately $200, which will include the cost of materials and labor, subcontractor's insurance, public-liability insurance, unemployment insurance, social-security tax, sales tax, and incidental job costs, general overhead, and profit. This is a five-room house made of material that is suitable, and can be financed according to the program.

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

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

Mr. NICHOLSON. I was going to ask if they could build a house for $7,600, and where? I come from a rural area in Massachusetts, and the houses that are being built there, four-room houses, cost $10,000. The way they get this price, of course, may be through building a great many; it may be that volume gives them a little greater advantage.

Mr. MCDONOUGH. Undoubtedly volume would help, but that information was in the survey by the Housing Administrator. Under the terms of the previous act, he was given an opportunity to make some research in that field, as outlined on pages 327 to 333 of the hearings, including the material that goes into the house, the cost of building, design, and so forth.

Mr. NICHOLSON. Is there any public housing in this bill?

Mr. MCDONOUGH. No; there is no authority for additional public housing in this bill at all. I will discuss that a little later.

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

Mr. MCDONOUGH. I yield.

Mr. YATES. I suppose the low cost of the house can be explained by size, when the Administrator appeared before our Subcommittee on Appropriations and testified about low-cost housing, I asked him what the size of the house would be, and he said it would be approximately 720 square feet, which would mean that the house had dimensions of about 25 by 30 feet.

Mr. MCDONOUGH. True, the house is not large.

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

Mr. MCDONOUGH. I yield.

Mr. BOLLING. The gentleman pointed out what would be included in such a house, and, reading from page 330 of the hearings, I think it should be pointed out what is not included in the estimates of cost. They did not include architectural services, cost of the lot, land development, carrying charges during construction, financing cost, fire insurance, or hazard insurance. One of the great problems that was brought out in this hearing—and I am sure the gentleman will remember it—is that many of these areas where these houses are needed most are very high-cost land areas.

Mr. MCDONOUGH. There is no doubt about the high cost of land in various areas. However, when we consider that the bill is now amended to $8,600 maximum cost for the house, whereas the original bill had a $7,000 limit of cost, more leeway is given. Even under the $7,000 limit, they were able to construct houses. The Administrator said that last year this type of house could be built for $6,127, for instance, in Long Beach, Calif., $6,152 in Los Angeles, Calif., and $7,032 in Richmond, Va. The review all over the Nation shows these houses can be built; and, in my opinion, we should challenge the building-materials industry to produce materials that can be incorporated in these houses and which can be occupied by people looking for low-cost housing who do not want to go into public housing and who can own them eventually over a number of years, a 40-year period, and have some possessive interest.

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

Mr. MCDONOUGH. I yield.

Mr. CRUMPACKER. It has been our experience in South Bend, Ind., that they have been able to build three-bedroom houses for a complete price, including the land and everything, of $6,195, which is a very acceptable house and has ample room for the average family.

Mr. MCDONOUGH. I thank the gentleman for that information.

Mr. MULTER. May we have the name of the place where such houses are built?

Mr. CRUMPACKER. South Bend, Ind., which is not a low-cost area, I would say.

Mr. BYRNE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield.

Mr. BYRNE of Pennsylvania. I understood the gentleman to state that a home could be built in Philadelphia for $7,254. Where in Philadelphia? You cannot buy a lot and house in Philadelphia for that kind of money.

Mr. McDONOUGH. The survey certainly anticipated the labor cost, material cost, in the Philadelphia area. I do not suppose it is downtown in the high-cost-land area.

Mr. BYRNE of Pennsylvania. I would like to know where.

Mr. McDONOUGH. It must be out in suburban Philadelphia; and it certainly is much less than public housing which we have been informed will cost as much as $12,000 to $14,000 a 4-room unit.

Mr. BYRNE of Pennsylvania. I do not know anywhere in Philadelphia where you can buy a house for less than $10,000.

Mr. McDONOUGH. I do not care to belabor the question any further on low-cost housing. I definitely believe it can be done and I think the provision in the bill is sound.

Mr. JONAS of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield to the gentleman from North Carolina.

Mr. JONAS of North Carolina. Last year the record showed that the average FHA insured mortgage was only $7,500 throughout the United States.

Mr. McDONOUGH. The question of how long it takes a person to pay out the mortgage and how much it is going to cost you can figure on any house with a low or no downpayment, he is going to have to pay carrying charges, he is going to have to pay other charges, and it is going to take him a long time if he does not have the means of making a substantial downpayment. However, it will be a stimulus to an individual to own a house, it will be a challenge to him to find the money to pay for it and give him some independence that he will not have if he is living in a public housing project.

Insofar as public housing is concerned, as I said before, this bill provides no public housing. If there is an amendment proposed to it I certainly intend to vote against it and if such an amendment is put in the bill I intend to offer an amendment to provide that any community in the United States that does not want public housing built in their community may by referendum of the people of that State, county, or city, may vote that they do not want that kind of public housing in their community. We have had an experience with it in Los Angeles that attracted nationwide attention. We found that the Public Housing Authority is an autocratic type of bureaucracy that we did not like; it is not American and we should do everything possible to curtail its authority.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

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

Mr. CURTIS of Missouri. Is the gentleman going to discuss the actual monthly payments for this 40-year mortgage on a house costing $7,600? There is a great deal of confusion in my mind so far as the discussion by the minority ranking member of the committee is concerned when he talked about $67 a month. I have computed it at 4½ percent interest and it is $34 a month. Obviously the differential must be for services that have nothing at all to do with buying a particular house and lot.

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

Mr. GAMBLE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. CURTIS of Missouri. I wonder if the gentleman will discuss that point, and also refer to where in the hearings the actual services that that additional $67 must include occur.

Mr. McDONOUGH. I think the $67 was an estimated figure, as I recall in the hearings. I do not know that anyone broke it down. I believe the gentleman from Missouri is correct; it can be much less than $67 per month. The $67 a month is on the assumption that an individual would assume the obligation with no payment down, a 40-year term. If he pays something against the original cost, he is going to reduce his payments.

Mr. CURTIS of Missouri. That is what I have computed. At 4½-percent interest, paying off all the principal in 40 years, it is $34.17 a month and not $67. I would like someone to explain what they mean by their figures or confusing the issue by trying to create the impression that the monthly amount actually being paid for the principal and interest of the building would be anything like $67.

Mr. McDONOUGH. I have some other points I should like to discuss here.

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

Mr. McDONOUGH. I yield to the gentleman from Kentucky.

Mr. SPENCE. I never meant to say that the rent for the house alone would be $67.

Mr. McDONOUGH. The gentleman means the monthly payments.

Mr. SPENCE. The monthly payments include all the services.

Mr. McDONOUGH. In the gentleman's opinion, it would be $67 a month for a $7,000 house. That is an assumed figure that came into the hearings.

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

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

Mr. MULTER. There is no assumption about the figures. It is fact. If you will look at page 94 of the report of the President's Advisory Committee on Housing where they recommended a 40-year term, on a $7,000 house you will find the figure is $62.90 and $70.70 on an $8,000 house.

Mr. McDONOUGH. With no downpayment?

Mr. MULTER. No downpayments; and if you make a computation on that factually and according to the figures—mathematics will not lie—it will be $67.59. It is all right to talk about amortization and interest and stop there, but you cannot live in a house unless you pay your taxes, unless you pay for utility services, and unless you pay for insurance.

Mr. McDONOUGH. The gentleman can discuss that subject later. I do not yield further.

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

Mr. McDONOUGH. I yield to the the gentleman from Connecticut.

Mr. MORANO. I still would like to know what the other services are that are included in the $67. The gentleman from Missouri said it was $34 a month simply for the payment, as he computes it. Now, what are the other services included in the figure of $67.59 is what I would like to know?

Mr. McDONOUGH. That is something that the gentleman from Kentucky will have to explain because he assumed the figure of $67.

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

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

Mr. YOUNGER. I think you will find that that includes taxes and insurance that are required to be paid, but those taxes will vary on a $7,000 house in regard to the city it is built in.

Mr. McDONOUGH. That is correct.

Mr. YOUNGER. You cannot give any exact figure.

Mr. McDONOUGH. That is right.

Mr. YOUNGER. A figure in one city will vary from the next city and it is not the same amount.

Mr. McDONOUGH. I have not had an opportunity to say anything about slum clearance and urban redevelopment and the renewal section.

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

Mr. McDONOUGH. I yield.

Mr. MULTER. The gentleman referred to the fact that he might offer an amendment so as to preclude public housing being forced upon any community that did not want it. I just want to call his attention to the fact that under existing law no community—I know the situation in the gentleman's city—no community that does not want public housing can have it forced upon it under this act either as it is in the law now or as the amendment may be offered.

Mr. McDONOUGH. I think that that legislation was put in the act as a result of the experience we had in Los Angeles.

Mr. MULTER. I think it was the gentleman's own amendment.

Mr. McDONOUGH. At any rate, I am going to take every precaution to see that that is the law from here on if I can help it at all.

On the slum clearance and renewal and redevelopment section, it has been estimated that if we did not have that in the bill, we could build at least 1.2 million additional homes this year. With that in the bill—and we had experienced testimony from those who should know, for instance, Mr. Fritz Burns of Los Angeles, who has had some experience in it—with the urban redevelopment, we can add another million homes if the program is pursued with any vigor at all. The chairman of the committee

said that some 600,000 additional homes may be produced, but I think that is one of the things that we should emphasize in this bill and urge a vigorous program on slum clearance and urban redevelopment and renewal.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. DOLLINGER].

Mr. DOLLINGER. Mr. Chairman, much was expected toward solution of the Nation's housing problem as a result of the President's state of the Union message and his housing recommendations later sent to Congress. In these, he clearly indicated that no American family should have to be ashamed of its home; that the Federal Government would cooperate in providing housing, and that improving conditions under which every American family could obtain good housing was a major objective of national policy. He frankly acknowledged that many members of minority groups have had the least opportunity of all of our citizens to acquire good homes.

All the high hopes aroused by these statements were soon dispelled when the administration's housing bill was introduced. Let me emphasize here, that the housing shortage still exists to a deplorable degree. When mention was first made of the $7,000 house, the impression was created that the house would be available throughout the length and breadth of our country, which meant housing at a price that even the low wage earner could afford. It did not take long to blast that hope when the housing Administrator himself pointed out very clearly that the $7,000 house would not be available to those in the larger cities of our country, and it is now apparent that the $7,000 house could not become a reality in any part of our country.

The proponents of this bill say it is an experimental bill; it is said that if it is not found workable, it can be corrected. The experiment, although supposedly on housing is, in fact, an experiment with people who have not a chance in the world to get housing. However, it is sure to give bankers and builders another bonanza.

The scheduling of the independent offices appropriation bill for action, to be followed by the Housing Act of 1954, both to be disposed of in 1 week, was a smart political maneuver. It was apparent from the start that the independent offices appropriation bill would contain no appropriation for public housing. It was therefore the obvious intent of the leadership to schedule the housing bill after the independent offices appropriation bill so that if public housing were restored to the Housing Act of 1954 it would be an empty victory because there would be no money to carry out the wishes of the membership.

The housing bill before us offers no new, helpful, or substantial solutions for our grave housing problems; we can safely assume that no new private housing available to those in the low or middle income groups would be built as a result of this legislation; we find no proposal to provide public housing for low income families for which no new shelter is possible under any other plan or method yet found.

It is appalling that in this great Nation of ours, with our wealth, tremendous resources of manpower and materials, millions of our people are forced to live in squalor and homes unfit for human habitation. The 1950 census showed that there are 15 million substandard homes in our country.

There is a great demand for medium and low-cost housing. Most new homes are entirely out of reach for those earning up to $5,000 per year. They are not eligible for public housing, their housing needs remain unfulfilled, and no help is given them by the bill before us. It does nothing to correct the imbalance between incomes and housing costs. Figures show that only families with incomes of more than $5,000 could afford to meet monthly housing costs for the average FHA house or apartment.

A fair and sound housing program would permit the average moderate income family to acquire its own home, to make moderate monthly payments resulting from long amortization; it would provide for reasonable interest rates and no extra financing charges. Such homes should be provided on a large-scale basis at prices up to $10,000; they are desperately needed; they would help a large segment of our population who are now unable to procure the dwellings they deserve in a price range they can afford.

There is a great continuing need for public housing. We can afford to provide adequate housing for those who cannot provide decent housing for themselves, and it is our duty to do so.

In 1949, when the Housing Act was passed, the original goal set was 135,000 public housing units per year. While this number was modest, by comparison with the great need, yet it furnished some help. Since then, the number of units per year has been cut and cut by Congress, and the final blow came last year, when Congress provided only enough funds for the Public Housing Program to complete construction of merely 20,000 units and killed the program as of June 30, 1954. Ignoring the crying need for public housing, the Banking and Currency Committee has refused to put into this bill any provision for the continuation of the public housing program. Are we to abandon the millions now living in places unfit for human habitation, those being displaced by slum clearance and public improvements, those forced to live in dangerous firetraps?

The promise that provisions would be made for minority housing has also been conveniently forgotten. The bill before us makes vague reference to minority housing in very broad language but, here again, there is no real help. There is nothing contained in the bill which gives the assurance that an individual in that category will be able to obtain a site of his own choosing and get a builder to build, let alone a bank to assure its financing. Yet the figures show that 70 percent of the persons referred to live in dwellings that are dilapidated, not fit for human occupancy.

Consider other factors involved in the housing shortage which have far-reaching importance. Our population is increasing; it is imperative that a large amount of substandard housing be replaced; new construction has never begun to meet the demand. Many cities eager to go ahead with improvement programs are deterred because adequate housing is unavailable for those who would be forced to move from their homes by slum clearance and public improvements. It is estimated that at least 2 million new homes a year must be built to meet current needs. We must face the fact that if that level is not met, we will never be able to eliminate slums and substandard housing.

The present bill would encourage overuse of existing housing. Practical urban redevelopment necessitates a substantial amount of slum clearance and rebuilding in dilapidated areas. Mere rehabilitation of housing which has long since become useless will not do a satisfactory job in areas which should be rebuilt. I would point out that public housing is a good investment, and is more economical than slums, urban decay, and human misery caused by substandard housing. A progressive housing program would stimulate economic prosperity and would take care of the many millions who now live in substandard dwellings and those who aspire to own or rent decent homes.

I am not advocating the policy of Government intervention in any field. I am just as happy as the next person to have private industry build homes, provided that private industry would be interested in building homes at a price that people who are in dire need of housing can afford to purchase or rent.

There is no denial of the fact that there is much housing in New York, new construction, in certain sections of the city, that is unoccupied because the rents charged are so exorbitant that it is obviously intended for those in the high income brackets. There is no doubt but that by this time there must be an overproduction of apartments for those in the high income brackets because the large number of unrented apartments in brand new developments proves it. Yet, builders continue to build the expensive homes and apartment houses, indicating clearly that there is no intention on their part to cooperate in the building of private low cost housing developments. This is unassailable proof that the Government must continue its public housing program.

I have in previous years stated my position in this matter and have fought for an adequate public housing program. I do not wish to be repetitious, but I must raise my voice and strenuously object to a measure that is as wholly inadequate as the one before us. The housing shortage is too severe, too many people are in dire need of shelter, to allow this administration to go uncriticized when it professes to help and says that all the people in this country should have decent housing, and then dares to bring out a bill which does absolutely nothing for those who must look to the Federal Government for help.

When called upon to answer for this hypocrisy, the Banking and Currency Committee will blame the Appropriations Committee, and that committee will pass the buck to someone else. There is no excuse. The administration has had its way in other things it sought to accomplish. For instance, they found it possible to give assistance to 8 percent of the population to the tune of over $800 million, when they passed the tax bill, but refused to allow the little fellow—the overwhelming majority of the people—a $100 increase in personal exemptions. Now the sad story is being repeated, they are not helping to give housing to the millions who desperately need it, but are giving jobs to builders and more profits to the banks by furthering the higher-priced building program.

Title II permits an increase of interest on veterans and FHA mortgage loans. It would allow a substantial increase of interest rates. The Democrats in committee moved to strike out title II but the motion was defeated. Since power is sought to permit an increase of interest rates on veterans' mortgages, it means that the rates will be increased; another giveaway at the expense of our veterans and others. Economic factors warrant a decrease of interest rates at present and not an increase as is surely contemplated.

I am unalterably opposed to the measure before us; it is a keen disappointment to the American people as a whole; it does not begin to solve their housing problems; it offers no constructive program under which we can proceed for the benefit of those who must look to us for assistance in their grave housing needs.

Mr. DOLLINGER. Mr. Chairman, I ask unanimous consent that the gentleman from New York [Mr. HELLER] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. HELLER. Mr. Chairman, it has been stated time and again—and it merits repetition—that if the Republicans would only support the administration its program would have a reasonable chance of success. A case in point is housing legislation.

Earlier this year President Eisenhower submitted to Congress a request for 35,000 housing units to be constructed during each of the next 4 years, making a total of 140,000 such units. Under the Housing Act of 1949, passed by the 81st Congress, a housing program had been authorized for 810,000 units to be constructed over a period of 6 years. It was one of the first great measures I supported after I came to this House in that year.

Unfortunately, that program has never been completed. In recent years it was continually whittled down to a mere shadow of the original program. When the President submitted his proposal calling for only 35,000 units annually, it was indeed a bitter disappointment to many of us in the large urban areas of the country where millions of people are living in substandard dwellings. Nevertheless, it was felt that inadequate as the President's proposal may be it will still continue the housing program on a smaller scale and in time, it was hoped the administration and Congress would awaken to the dire need for adequate housing for low-income families.

The disappointment, however, became even greater when the House Appropriations Committee voted to slash the funds for public housing, thereby killing the program entirely. Whether anything can still be retrieved in the House is a matter of conjecture, but in the meantime it is quite evident that the Republicans choose to ignore the low-income families who are doomed to continue living indefinitely in slums and depriving them of every opportunity to obtain decent housing. By their action, the Republicans also show that they are discriminating against the large cities and the critical need for housing in those cities.

Mr. Chairman, the people in the large urban centers are fighting a tough battle against slums. At times it appears to be almost a hopeless situation. One would, therefore, expect that the Members of this House, who are closer to the people, would be a little more sympathetic toward those who are struggling to live under more wholesome conditions where they can rear their children in better surroundings. The New York Times stated editorially in its issue yesterday as follows:

> There is a city problem, just as there is a farm problem. One big city problem is the overcrowded, unwholesome slum, and we cannot believe that the Republicans will be so foolish politically, so shortsighted democratically, so lacking in human feeling as to abandon, or virtually destroy, public housing as a policy, this year, next year, or in the foreseeable future. Private enterprise cannot build at a rental these people can pay.

Unfortunately, the public-housing policy is by now virtually abandoned. The hopes of hundreds of thousands of low-income families throughout the country of ever obtaining decent housing are shattered. The effort to eliminate slums and firetraps in order to maintain a higher standard of living and proper standards of health has been dealt a severe blow. The people of the large urban areas will bitterly resent the scuttling of the public-housing program.

Mr. Chairman, we cannot afford to sentence these families to spend the rest of their lives in slums unfit for human habitation. It is not too late to provide for continuation of our public-housing program, even if it is at the very modest and limited scale proposed by the President. We must not fail our people. We must continue to provide adequate housing for them.

Mr. DOLLINGER. Mr. Chairman, I ask unanimous consent that the gentleman from New York [Mr. FINE] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. FINE. Mr. Chairman, the Democratic members of the House Banking and Currency Committee have done an excellent job of pointing out the many serious deficiencies which appear in the proposed administration Housing Act of 1954, H. R. 7839, now being considered by the House. I fully endorse the views of their minority report. While the act does contain a few provisions which may be of some help in alleviating the Nation's serious housing problems, its most serious defect is its absolute failure to make any provision at all for low-rent public housing.

The Democratic Housing Act of 1949 provided for 810,000 low-cost public housing units to be built over a 6-year period, but Republican opponents of public housing successfully prevented full accomplishment of this program by limitations on appropriation bills. President Eisenhower has now requested 140,000 low-cost housing units over a 4-year program. While 35,000 units annually, in my opinion, is insufficient, at least they represent a step in the right direction.

Earlier this week, the Republicans in an appropriation bill ignored the request of their administration and recommended that the entire low-cost housing program be ended immediately. There is a great deal of confusion within the majority party as to just what action was taken with respect to the low-cost housing program but even the most optimistic observers admit that the bill would permit little more than completion of units on which commitments have already been made. Unless some action is taken to add low-cost housing provisions to the legislation being considered today, said program will soon come to a complete halt.

Administration spokesmen claim that H. R. 7839 will be of great aid in rehabilitating slum areas. Certainly, we all know the pressing need for such a program and agree with its objective. However, when slum areas are expensively remodeled the cost will become too great for many of the present occupants to pay. Many of them will have to move to less expensive quarters. And, unless Congress takes some action to revive the low-cost-housing program, decent housing at rents they can afford to pay will simply not exist.

I have always believed that a decent home in which to live and bring up a family is one of the fundamental necessities which every American should have. It is a sad paradox, indeed, that many low-income families are forced to live in substandard dwellings in the large cities of the richest country in the world. There is a specific example of that situation in my own district in New York in what is called the Washington-Claremont area of the Bronx. This area has a population density more than four times as great as the rest of Bronx County. Many of its buildings are old and contain numerous violations of the building code. Some of them have been condemned and later reopened because of increased demand for housing. In many cases, a single room provides housing for a whole family. Because of these crowded conditions, it is inevitable that

disease and delinquency rates should rise far above average.

These conditions are not the fault of the residents of the Washington-Claremont area. They are good people and good citizens. But many of them are in low-income brackets. And the cost of housing is such in New York that they could not afford to pay the high rents that are charged for really livable dwellings even if they were available. Consequently they are forced into inadequate quarters. The fault is not theirs, but they must pay the penalty.

It is bad enough for adults to be forced to live in such substandard accommodations, but it is even worse for children. Our children are America's future—and we simply cannot afford to doom them to an environment where they merely exist from day to day, with little hope for improvement.

I have seen the effects of the deplorable housing situation in my own district, and because of this it is a problem which is very close to my heart. Ever since coming to Congress I have exerted all my efforts in the struggle to secure some assistance for these unfortunate people in their struggle to secure something better in life for their families.

Decent housing is not just a problem for the people who are forced to live in blighted areas—it is a problem for democracy. We cannot afford to ignore this situation and, in effect, tell the rest of the world that we are willing to let some unfortunate people live in squalor in the midst of plenty.

I urge the Congress to take immediate action to provide urgently needed low-cost housing.

Mr. DOLLINGER. Mr. Chairman, I ask unanimous consent that the gentleman from New York [Mr. ROOSEVELT] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. ROOSEVELT. Mr. Chairman, I am in complete agreement with my friend and colleague, the gentleman from New York [Mr. DOLLINGER], and with the position of the distinguished gentleman from New York [Mr. MULTER], both of whom are members of the committee.

The very first time on which I had occasion to address the House, when I came here some 5 years ago, was in support of the National Housing Act of 1949. As I sit here today listening to the arguments on the Housing Act of 1954 it would seem as though I am merely hearing the echoes of the past.

The very same people who rose in June of 1949 to condemn the public housing program and insisted there was no need for public housing for our ill-housed low-income families because private real estate interests would take care of them, are again making the very same argument. The opponents of public housing, it seems, will just not look at the facts; they will not recognize that many of the low-income families who were ill-housed in 1949 are ill-housed today and that many who had adequate housing in 1949 are ill-housed today. The opponents of public housing just will not admit that they were wrong when in 1949 they said there was no need for public housing.

Mr. Chairman, in 1949 it was argued that if we enacted a program for public housing, we would start down the road to socialism. We have had some public housing in the last 5 years, and while I will admit that there has been an unfortunate change in the concept of Government during that period, I wonder whether any of my colleagues on the other side of the aisle would want to claim that the President, by recommending a program for public housing, was furthering the cause of socialism.

Mr. Chairman, the slums of America breed disease, juvenile delinquency, and crime. The slums of America breed malcontents. Why is it that the present administration is willing to recognize that communism feeds and grows on depressed economic circumstances and is willing to foster a program to assist in the building of adequate housing abroad but will not fight for a program of adequate housing at home? I just do not understand why it is that while the President is perfectly willing to make a nationwide television broadcast in support of his tax program for giving tax benefits to those relatively few people who derive substantial income from stock dividends, he has made no similar attempt to persuade the members of his own party to support him in his stated advocacy of at least a minimal program for public housing. In fact the President, at his press conference yesterday, sought to add to public confusion when he suggested that the elimination of appropriations for public housing units not already contracted for was a legislative victory for his position. All of this would suggest either confusion on his part or mere lip-service to the real needs of the people.

The bill before us today instead of representing progress in the field of housing represents serious retrogression. It might well be called "The No Housing Act of 1954." It not only contains no reference to the size of the public housing program that should be undertaken, but it fails to make adequate provision for those who will be forced to vacate the homes to be rehabilitated under the slum clearance, urban redevelopment, and urban renewal programs. Instead of providing housing for low-income families, this bill will make homeless many more thousands of families who are unable to afford these more expensive remodeled homes.

The bill before us today is, in my judgment, a bad bill and I completely agree with the report of the minority on the Banking and Currency Committee in their enumeration of its basic faults.

Ordinarily you would expect that a housing program would be beneficial to those who need homes, and would give encouragement to those who build homes. This bill is designed to protect neither the builders nor the buyers but rather the moneylenders.

This bill, Mr. Chairman, while unfair to most of our prospective homeowners, is particularly unfair to our veterans. It weakens the provisions for veterans preference, it makes it more difficult for veterans to get GI loans, and makes it possible, and I would say probable, that there will be a tremendous increase in interest rates for GI loans.

Last year when the administration decreed its bonanza for the bankers and the moneylenders by raising interest rates, and started the spiral of unemployment, veterans were faced with the necessity of paying 4½ percent interest rates on GI loans instead of 4 percent. The additional expense over the life of most veterans' mortgages created by this ½ percent interest rate increase meant the loss of one bedroom to the average GI with limited resources who wanted to buy a house. Now the Republican Party comes before us with a bill which would authorize increasing interest rates on veterans' loans to 6 percent.

And there is another giveaway in this bill. Under title III, Federal credit will be used to build up a multimillion dollar reserve which will eventually be turned over to the banks and insurance companies, and the Federal National Mortgages Association will be required to liquidiate its old mortgages by selling them to the bankers at a discount.

This bill is also deficient by not requiring a builders' warranty for homes built with Federal assistance. There are many honest builders in our country. In fact, I would say that the unscrupulous builder is the rare exception. But there are unscrupulous builders and we have all seen evidence of how some of our GI's have made a lifetime investment in housing which has fallen apart soon after its construction. If the builder and the lender are to have the advantage of Federal guaranty, the Federal Government should provide the purchaser with adequate protection against the builder who is dishonest. The buyer of a 1- or 2-family house built with Federal assistance should be given a warranty by the builder that the house was constructed according to the plans and specifications on which the Federal assistance was based.

Finally, Mr. Chairman, I want to record my opposition to that section of this bill which authorizes controls on real estate credit. Controls on credit are perfectly proper and, in fact, necessary during periods of emergency when it is important to curb inflation and to discourage the use of scarce materials which may be needed for national security. But, in a time such as this, when unemployment is rising and purchasing power contracting, the continued vigor of the construction industry is of the utmost importance if our economy is to prosper. This bill is supposed to encourage more building, but if credit controls are imposed we know that the people who need housing the most, the people without money available for large down payments, will be unable to purchase housing and consequently more people will be laid off and more people will be ill-housed.

An adequate housing program is essential to the well-being of our national economy and constitutes a vital ingredient of the standard of living of the American people. But this bill does not offer any hopeful or substantial solutions to this vital national problem. It

will not build any new private housing which would not otherwise have been built. If anything, it is restrictive of additional private housing by making it more expensive for our veterans and others to pay the monthly carrying charges for the homes they might otherwise have been able to afford. This bill does not adequately provide for public housing for those low income families who have no other means of finding decent homes. And in those instances in which the bill might provide hope for new housing it negates its own purpose by making carrying charges high and by restricting prices to unrealistic levels.

I sincerely hope, Mr. Chairman, that at such time as amendments to this bill will be in order, it will be possible to revise the bill so as to give some hope to the ill-housed one-third of this Nation. The American people are a lot smarter than many of you may realize. They will not be fooled by your merely telling them you voted for a housing bill if they do not see houses produced as a result of that bill. In the period in which the 83d Congress has been in session, there have been many giveaways to the few. Let us now give a little to the many.

Mr. DOLLINGER. Mr. Chairman, I ask unanimous consent that the gentleman from New Jersey [Mr. ADDONIZIO] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. ADDONIZIO. Mr. Chairman, the bill before us, H. R. 7839, is a blow to those of us who are genuinely concerned about the housing problem. It will not accomplish the things claimed for it. Prior to its introduction this country was subjected to one of the greatest campaigns of political hokum ever witnessed. The public relations boys had a veritable field day waxing eloquent over the wonders of the President's housing program. We were told that the country was to have a brandnew dynamic and progressive housing program. We were told that everyone without regard to either economic status or race, creed, or color, was, for the first time, to have an opportunity to acquire decent, safe, and sanitary housing.

Well, time has passed, and the bright tinsel and ribbon wrapped about the President's housing program by the high-pressure boys has become a bit faded and torn. Upon tearing away the remaining wrapping and examining the contents, H. R. 7839, we find that it is a rather jaded and threadbare piece of merchandise.

The President in his housing message, for example, promised to do something to help minorities secure adequate housing. Now is there anything in this bill that will help minority groups secure adequate housing? Oh, no; quite the contrary. Section 306 repeals the one law, other than the public housing law, which has been of substantial assistance to minority groups in securing housing. That law authorized FNMA to give special assistance to FHA 213 groups. Last year a representative of the National Association for Advancement of Colored People appeared before the House Committee on Banking and Currency and warmly endorsed the extention and liberalization of that act. Nevertheless, the present administration is apparently determined to kill it.

Upon examination, other provisions of H. R. 7839 prove to be equally disappointing. The Congress has always taken the view in regard to both the veteran of World War II and the veteran of the Korean conflict that he is entitled to a preference in the field of Government-aided housing. Congress correctly has recognized that the veteran, having been absent from civilian life for an extended period of time, was at a decided disadvantage in securing adequate housing.

The bill before us will drastically dilute the veteran's housing preference. Under the authority vested in the President by section 201, it will be possible to raise the interest rate on GI mortgages now at 4½ percent to 5½ percent. On a mortgage of $10,000 with a term of 20 years, an increase of 1 percent in the present rate would result in a total increased payment of $1,325 during the life of the mortgage.

Section 201 of the bill would also give the President authority to control real-estate credit. I believe that real-estate credit controls are in reality a rationing mechanism, not a credit control mechanism. They are moreover, a one-way rationing mechanism. The ration housing solely on the basis of the ability of the people who need housing to raise the downpayment. They would be particularly hard on the recently returned Korean veteran who marries, needs a home, is a good risk, but has not had the opportunity to acquire enough money to make a large downpayment. In 1952 I joined with a majority of the members of the Committee on Banking and Currency in voting to terminate real-estate credit controls. The committee report which accompanied the Defense Production Amendments of 1952 stated:

> Evidence was presented to your committee that the inevitable discriminatory aspect of credit controls; namely, that they bear most heavily upon those in the lower-income groups, who have less ready cash, had in the existing situation overshadowed the anti-inflationary aspect.

The major veterans' organizations, including the American Legion, the Veterans of Foreign Wars, and the Disabled American Veterans, have all announced their opposition to section 201. I understand that an amendment will be offered by the gentleman from Texas [Mr. PATMAN] to strike section 201 from the bill. I shall be happy to support the gentleman's proposal.

One of the more delightful goodies in the public relations packaged housing program that we were presented last January was the low-cost house which everyone could buy which as has been said would make every man a king. It was a $7,000 house with no down payment and 40 years to pay. Many hailed it as the answer to a substitute for low-rent public housing. This new animal is to be found in the proposed section 221 of the National Housing Act. But it has a New Look. It no longer costs $7,000. It now costs $7,600 and $8,600 in high-cost areas, and is confined to people displaced by slum clearance or urban renewal projects. I presume most of the large metropolitan areas such as Newark, N. J., may be classified as high-cost areas. The total monthly charge on an $8,600 house amounts to $75.36 per month. Does anyone in this body believe that people living in slums can pay $75 per month for housing? The rents in public housing projects average less than $40 per month. In the course of 40 years this $8,600 house will have cost the purchaser $36,172.80.

There is another feature of this proposal which I find particularly intriguing. At the end of 20 years the lender may sell the mortgage back to the Government for the accrued interest and unpaid principal. At that time the home buyer will still owe aproximately $7,100 of his original $8,600. This is indeed a remarkable proposal.

I was gratified when the President endorsed the present low-rent public housing program. I had hoped that the partisan bitterness that surrounded this subject in the past would be ended and that an objective determination could be made regarding the rate of public housing required by the Nation. I was keenly disappointed, therefore, when the President recommended but 35,000 units for the next 4 years. Even this inadequate proposal, however, is missing from H. R. 7839. Under it not one single unit of public housing is authorized.

Several facts were developed throughout the hearings on H. R. 7839 with reference to the need for congressional action on the size of the low-rent public housing program, even though this issue is not dealt with in the bill.

Emphasis was placed by administration spokesmen and by a large majority of other witnesses on proposals to accomplish slum clearance, urban redevelopment, and urban renewal. Great hope was expressed that new programs under sections 220 and 221 under the Federal Housing Administration would make it possible to rehabilitate old homes and thus provide new housing at low cost and with liberal financing terms for families presently living in substandard housing.

I agree totally with the objectives of these programs. However, if old housing is to be rehabilitated and refinanced, one fact is very clear. A substantial number of families, probably half, presently living in the substandard units will be forced to vacate because their economic status will not permit them to live in the more expensive remodeled and modernized homes. It is also a fact that a program of rehabilitation will reduce, rather than enlarge, the housing supply. In those instances where slum housing is demolished as part of an urban renewal program, at least half of the tenants of the old property will have insufficient incomes to permit home purchases even of the proposed $7,600 house—$8,600 in high-cost areas—if it can be built.

It follows, therefore, that unless provision is made to rehouse low-income families, displaced through either renewal or slum clearance, these programs

cannot be undertaken and the objectives of H. R. 7839 can never be realized.

It is my understanding that amendments are to be offered from both sides of the aisle to correct the many deficiencies, including the ones which I have discussed, contained in H. R. 7839. It is my intention to support all amendments which will make this bill a genuine and workable housing law. In its present form I am firmly convinced that it would not transfer the laudable housing recommendations of the President into concrete statute form.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

WILL MOVE TO STRIKE OUT HIGH INTEREST AND REGULATION X TITLE

Mr. PATMAN. Mr. Chairman, when this bill is read under the 5-minute rule, I expect to offer an amendment to strike out title II. Title II commences at page 146. It includes the proposed increase in interest rates from 1.5 percent, above the long-term interest rate—a rate that has become traditional—to 2.5 percent above the rate for long-term Government bonds. If title II is stricken out, it will also strike out the attempt that is made to reimpose Regulation X. Regulation X had to do, as you remember, with controls over real estate transactions.

The report of the minority members on this bill states:

> In recommending the termination of real estate credit controls on June 16, 1952, your Committee on Banking and Currency stated:
> "Evidence was presented to your committee that the inevitable discriminatory aspect of credit controls; namely, that they bear most heavily upon those in the lower-income groups, who have less ready cash, had in the existing situation overshadowed the anti-inflationary aspect."

Our committee, almost unanimously, did away with credit controls in June 1952. There was only 1 dissenting vote out of 27 members; it was almost unanimous.

This bill we have before us will reimpose credit controls. That could be in the very worst form in which they were ever used. So my motion to strike out title II will, if it is adopted, strike out a provision that would increase interest rates by a full 1 percent. Also it will strike out this attempt to reimpose Regulation X. I hope that the amendment will be adopted.

This interest rate increase is serious. There is a tendency on the part of a lot of people in our country and particularly certain groups to want to raise interest and service charges more and more. As they outline what they have in mind they do not impress you as being too burdensome on the people, but when you analyze what they have proposed and when you carefully evaluate what will be done in the event the proposal is adopted, you discover that it boils down to this simple fact, that they are denying more people the opportunity of spending their money as they would like to spend it, No. 1; and No. 2, that those people must spend less and less for food and clothing and automobiles, electric appliances, and other things for their comfort and for the necessities of life for themselves and their families and pay more and more for interest and service charges.

I do not know of a bill coming before this House where that is pictured and pinpointed more than in this particular bill on housing. When the effort is made to raise this traditional spread or margin of interest from 1½ percent, which is added to the long-term going rate on Government bonds—that is, if the long-term rate on Government bonds is 2½ percent, then the 1½ percent margin should be added; and that is all right. I am not objecting to it. It has become a pattern over the years, for decades. It is very reasonable. It is all right. It is enough. It is not too much. It is all right. But now in this bill, for the first time, an effort is made arbitrarily to increase that 1½ percent, to 2½ percent or an increase of a full 1 percent.

Let us see what that means in dollars and cents to the average person. The total debts in our Nation today are approximately $640 billion. That means a national debt of approximately $275 billion; State, county, city, political subdivisions, school districts, and all other public debts, and then private debts, including charge accounts at stores and installment purchases, aggregating about $640 billion. If you just increase interest rates 1 percent, and that is what this means, 1 percent now, it will gradually go clear across the debt board and apply to the $640 billion, and the debt is going to get greater, not smaller. Our debts cannot become smaller. I know we complain about it, but we cannot make our debt smaller. If we do, we do not have enough money to do business on. It sounds idiotic, but it is true that our money system is based on debt. If everybody paid their debts we would not have any money to do business on. We would be reduced to barter. Therefore, we cannot pay off all these debts. We are going to have $640 billion from now on and more in order to have a dynamic, expanding economy.

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

Mr. PATMAN. I yield to the gentleman from Indiana.

Mr. MERRILL. Does the gentleman mean to imply that this bill if passed will bring about an automatic increase in interest rates?

Mr. PATMAN. Yes, I do.

Mr. MERRILL. Does not the gentleman realize that this bill gives the President the right to set the maximum interest rate, and if conditions warrant he could reduce the interest rate as well as increase it? Therefore, it is not really accurate to say that an automatic increase in interest rates comes as the result of this bill.

Mr. PATMAN. It will automatically come as the result of this bill because it will be there if the President and his board want to do it, and investors will go on a strike as they did a year ago on the veteran home mortgage rate, and say, "We won't let you have the money unless you raise that Federal interest rate, which you have a right to do, from 4 to 4½ percent." They had to raise it on the veterans. But that same board could now reduce it to 4, and the same facts that justified the increase from 4 to 4½ percent would compel the reduction now. But that board is not doing it and will not do it.

I say that whenever any board has the power to increase it 2½ percent they are going to sit right back and say, "We will make the loans when you give us the limit that Congress said, and not before." They have done it before and they will do it again. That means a 1-percent increase across the board. That means that you are telling the families of this country, "Congress has endorsed the proposal of compelling you to spend less and less for food and clothing and the other necessities of life in order that you may be compelled to pay more and more as interest."

Where that is so detrimental to the country is that if you let that family of five keep that $200 and let them spend it, it is buying power. It goes into the bloodstream of business and commerce. It turns over 10, 20, 30, or 40 times during the year, and helps everybody. But if you deny them that privilege of paying that $200 into the bloodstream of business and getting something that will help them buy a new hat or buy more of the comforts and conveniences of life, and require them to pay it into this other channel where it will go into the hands of people who will not spend it that way, since they already have plenty and they will not buy an extra hat or an extra pair of shoes or an extra automobile, it is depressing and discouraging and harmful to the country. I hope you will vote for that amendment.

Mr. WOLCOTT. I yield 10 minutes to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, we were greeted this morning by those who would oppose public housing with a tactic, which I am sure will not take in the Republican side—government by jibe. They know, and we know, that with power there is responsibility and that responsibility must be exercised in the interest of the country, and that when it is recognized, as it is in this situation, it will be exercised by any responsible American majority. In addition to that, history marches on. The country does not stand still and developments in the country do not stand still. Except for those who hold doctrinaire ideas that anything the Government does, whether it is the Federal Reserve System or agricultural price supports or aid for road building or public works such as rivers and harbors and low-rent public housing and, in fact, FHA itself—is creeping or galloping or some kind of socialism—most people feel that low-rent public housing as part of a whole housing program is in accord with American policy and ideas. Well, that is perfectly all right. Our country was made that way.

Taking the more or less middle group, there seems to be a general conviction that urban redevolpment or renewal and slum clearance is extremely desirable, and it now becomes clear, as a fact—not an opinion—that urban renewal and slum clearance, a great social and economic program, with which the great

majority of the American people agree, is simply impossible—unless you are going to be inhuman to a great many American families—if it does not have a component of public housing; and also that you cannot depend on the States and the cities to supply their own public housing.

This the President's Advisory Committee on Government Housing Policies and Programs found as a fact, and I refer to page 200 of the hearings before the committee. After an exploration of all the alternatives which were available to public housing, they came to the conclusion that you could not carry through a reasonable and balanced housing program, which the administration is for unless it had a component of public housing, and they said:

> We are convinced that the program of public housing contained in the Housing Act of 1949 should be continued.

That component the administration has requested at a minimum at 35,000 public-housing units per year for 4 years. So I hope that my Republican colleagues will not be taken in by jibes from the other side because they are now charged with the power which involves the responsibility based upon the facts, and in view of the established condition of urban renewal they are meeting a condition and not a theory.

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

Mr. JAVITS. I yield.

Mr. YATES. I should like to state that there appeared at the hearings of our subcommittee on appropriations a delegation from the city of Akron, and included in that delegation was a member of the Akron Chamber of Commerce. The chamber of commerce for this past year has opposed a public-housing program. But this year they came in and stated they not only had no objections, but it was a necessary part of slum clearance.

Mr. JAVITS. Well, the new Director of Public Housing in this administration said he had applications from 1,100 cities, and that certainly is a representative part of our country involving 500,000 units, to participate in this program. Of course, he could not entertain those applications as the law stands now. The administration's program before us today, which I know will be offered as part of this bill, covers just about the preliminary loan contracts, that is, projects actually in being upon which the preliminary work has been done and which largely are vital and essential elements of the slum clearance and the urban redevelopment program, so much so that I think it is fair to say—and I believe that any Member can say to his constituency whether it likes public housing or not—that this is an integral and essential element of the administration's housing program, and demonstrably so on the facts.

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

Mr. JAVITS. I yield.

Mr. MULTER. Would the gentleman inform the committee if he knows the purport of the amendment which may be offered from his side of the aisle? Can he state what the new number of public housing units may be in that amendment and for how long a time it will apply?

Mr. JAVITS. The gentleman addressing the Committee does not believe it will help to get public housing into any partisan "hassle." The gentleman is now confident that the House will have before it every conceivable kind of proposal for this public-housing program which anyone could ask. It will have before it I understand a continuance of the Taft-Ellender-Wagner bill provision for the balance of 810,000 units of public housing, a bill in which, as the gentleman knows, I took an active part. It will have from the gentleman who is asking the question I understand, the President's program—which I am also quite prepared to offer myself. It will have other proposals along the same line, and of course the House will make its choice.

I must say that my purpose in addressing the Committee is to get a maximum amount of support for the administration's program which though I am for much more, as all know, strikes me as the practical way in which to get the maximum support for the minimum public-housing components within the concept of a balanced housing program, and the objective of 1,500,000 new housing units in the coming fiscal year.

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

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

Mr. YATES. The Speaker says that he favors the construction of 35,000 units in the present backlog and 35,000 units in the present year. Is that the gentleman's proposal?

Mr. JAVITS. I think the gentleman knows what the President's proposal is and I have just stated my position. I am glad to have the support of the Speaker of the House for a program, but the President's program is 35,000 units public housing per year for 4 years, and I am confident that whether offered by someone else or by me, that program will be offered for adoption by the Committee of the Whole.

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

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

Mr. MULTER. My question was directed to determining whether or not there had been any change in the President's program from that contained in his message.

Mr. JAVITS. I know of no change.

Now, we have an effort to have a housing program that will meet the fundamental needs of the three income levels in the community. I think the Members should have in mind how those are divided. Roughly speaking 20 percent of American families come in the brackets each of $2,000 to $3,000 a year, $3,000 to $4,000 a year, and $4,000 to $5,000 a year of income. Essentially, this housing program should be designed to meet those needs, and a vital ingredient of it is public housing.

In addition, I believe that the maximum limits for section 203 housing in this bill do not meet the requests of those who are doing the construction, either for planning or for the amount which they require in order to do the housing job which the country expects of them. I believe the situation is such that we should meet their views and leave them no reason why they are not going to do the housing job which is in the interests of the country.

And the final point which I wish to put before the committee before we are through with the consideration of this bill is the situation of minorities with respect to housing. They are having a rough time of it. The FHA could help the situation if they would adopt a policy not to lend their guaranty to any form of segregation in housing, but that they are going to comply with the spirit and the letter of the Constitution, they have that power and I hasten to add had it in the previous administration which made so much of its civil rights stand and did not use it either. I do not think it is enough, as far as minorities are concerned, to encourage projects which will serve them. I think the FHA should take a foursquare view of that whole program and carry out the Constitution in respect of it.

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

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

Mr. HOFFMAN of Michigan. I understand the gentleman's views, and I have the greatest respect for his ability. I wonder if he heard the gentleman from Mississippi this morning when he was speaking about the socialism in this housing program? Did the gentleman hear that?

Mr. JAVITS. Yes; I did.

Mr. HOFFMAN of Michigan. For my own information and information of the Members of the House, would the gentleman tell us the difference between the socialism in this bill and the one that was in the TVA yesterday?

Mr. JAVITS. Of course, as the gentleman knows, it often depends on whose ox is gored. The fundamental philosophy of the great middle group in our country is, I believe, that when it is demonstrable that to perform an essential social or economic function the help of the Government is needed, the Government should help; and that whether or not we are drifting into a socialist society depends upon the overall quotient which that represents in the whole economic activity and output of the country.

I submit that even if you take the whole Government budget which is not for defense, which comes to something in the area of plus $20 billion and lay it beside a gross national product of $360 billion per annum this country if anything is the greatest fortress of private initiative that was ever known to mankind—and that is after you enact the administration's public housing program and everything in this housing bill.

Mr. HOFFMAN of Michigan. The gentleman still has not said anything about the TVA.

Mr. JAVITS. I believe I have.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Alabama [Mr. RAINS].

Mr. RAINS. Mr. Chairman, this is a long bill; it fills many pages, and I frankly think that if we had written about 3 or 4 lines extending FHA, put some more money in FNMA, we would get just as many houses as we will with all this bill filled with platitudes and fond hopes.

The bill needs amending in many places even to approach the jobs outlined. First of all, in order to get the job of housing done you have got to have credit and money, and this bill will not provide any mortgage credit or mortgage money available for loans in North Carolina, Alabama, Texas, or any other of the places away from the great metropolitan lending centers of the Nation. Unless an amendment is adopted to this uncertain language having to do with what we call "Fannie May" in the committee, there will not be any mortgage money available with which to do the fine things set out in the bill of particulars in the legislation itself.

Under the 5-minute rule I hope to offer just a plain simple amendment to strike out the platitudes and go back to the secondary market provisions that we now have by putting some more money in FNMA where we can get it out in the hinterlands as well as in the great cities.

I did not oppose the fantastic provisions in this bill in the committee having to do with 40 years on a mortgage on about an $8,000 house, but I call your attention to one thing: Does anyone expect a house costing $8,000 to last 40 years?

This bill proposes to guarantee on behalf of the Government the payment of that mortgage. Two years ago as a member of the subcommittee I traveled all over the Nation and looked at houses in many cities. I tell you that many of the houses built under an $8,000 guaranteed mortgage will be fit only for slums in 15 years, yet we are called on in this bill to extend the term to 40 years with no downpayment. I leave that with you. I know it is not meant to implement that proposed program and the fine sounding phrases in this housing bill. I think we might as well be frank with each other. If we were to indulge in a great expansive program of 40 years, no downpayment, $8,000 houses, guaranteed payment by the Federal Government, look out about 15 years from now for a huge deficit, because they will not last.

I do not understand either why we should give to the President the right to bounce the interest rate up and down tied on to some kind of formula that it is 2½ percent above the going rate of the Treasury. I am alarmed about the fluctuating jumping up and down of the situation, because how is a home buyer going to know what rate he can get his mortgage money? How can you operate with any degree of certainty under that type of provision?

I think that part of the bill should be stricken and that there should be a firm, straight, positive interest rate in this bill.

I do not believe a single person, with the exception of my long-time, good friend, Albert Cole, who also has some reservations, came before the committee and said, "I am for this bill wholeheartily." I do not remember it if anyone did. I was not there all the time but I read all of the hearings. The home builders are against the FNMA provision as unworkable. I do not say they are against the whole bill, I do not mean that, but they are against certain provisions of the bill. The lenders do not like FNMA and many other provisions of the bill. Actually, and I am being very kind, this is a poorly written product and it will not do that which it is intended to do.

I tried to get from Mr. Cole when he appeared before our committee what the housing program of the administration was, actually how many houses will this bill build per year? I could not get it. I could not even find out whether the administration had any goal that they hoped to achieve so far as housing was concerned.

I noticed in the press 2 or 3 days ago Mr. Hollyday of FHA apparently disagreeing with some of my good friends on the committee. He thinks we will do well to build 900,000 units a year.

We need an expanded, ever increasing housing program in this country. I am not a gloom or doom boy, but I want to tell you now that the housing industry of this country is one of the major aspects of a well-rounded, well-balanced, up-and-coming economy and if we do not build more than a million housing units next year there is going to be a lag in the economy of this country that will be reflected in the national income for next year.

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

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

Mr. WOLCOTT. I was trying to check on the statement that the gentleman made, which to me is rather amazing, the attitude which the administration takes about this bill, and when the gentleman stated that Mr. Hollyday made the statement he would do well if—what did the gentleman say?

Mr. RAINS. If we built 900,000 units.

Mr. WOLCOTT. That is rather amazing to me. Where was he quoted to that effect?

Mr. RAINS. I read it in a newspaper story. As I remember it was in one of the Washington papers.

Mr. WOLCOTT. Really, I am amazed.

Mr. RAINS. I was amazed, too, when I saw it. Whether he was misquoted or not I do not know.

Mr. WOLCOTT. He was misquoted, or he said the wrong thing before the committee.

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

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

Mr. YATES. As a matter of fact, will not the housing industry have to build closer to 2 million housing units a year to keep up with the advance in our population which it is anticipated by 1970 will be closer to 200 million?

Mr. RAINS. Well, actually just in the usual growth we have we will need to build 1,300,000 units under some bill of this type with aid from the Government. We need and likely will build 600,000 units by private builders alone. That is just the average that we will need. To even approach the total needs of this country we will have to build 3 million units a year, because there are 15 million substandard houses in this Nation right today. Even at the going rate, if we continue year in and year out, with all of the aids, we do not catch up the slack and at the end of 15 years, going as we are, we will still have the same number of substandard houses. So we need truly, and I quote the President or some of his press agents, a "dynamic housing program."

I would like to believe that this is going to do the job, but it will not do the job unless you furnish the mortgage money with which to do it.

One other thing. I am concerned about another needed amendment. That is the amendment having to do with warranties to the man who buys one of these houses.

Last year this House placed in the housing bill an amendment known as the warranty provision, not a guaranty but just a warranty, not that the house was perfect but that it was built in accordance with the plans and specifications. Why not do that? Why not give him at least a reasonable break? I believe if you could have seen all of the jerry-built houses that I and some other Members on both sides of a special committee have seen over this country, you would agree that home purchasers, under these Government programs, should receive a builders' warranty.

Mr. Chairman, throughout the course of the hearings the proponents of this bill, if there are any, were unable to show the committee that an effort was made by the Housing Agency, or by the President's Advisory Committee on Government Housing Policies and Programs, to bring together all official existing data, published and unpublished, available in appropriate Government agencies, on the Nation's housing needs so that we might take a look at the total problem. For the life of me, I do not see how it was possible for the Administration or for the distinguished Presidential Housing Committee to evolve a housing program, dynamic or otherwise, without defining the job they were attempting to tackle.

Everyone is interested in knowing how big is our housing job. Knowing that we can tailor its size, the methods to be used, and time it will take to meet the problem, are we setting forth on a 20-year, 40-year, or a 100-year program?

There are those outside of Government asking the same question. Unlike the administration they dug into the facts. Fortune magazine made a study from the point of view of what's good for business. The National Association of Home Builders made a study relating to the market and the housing industry's capacity, present and potential, to produce. The National Housing Conference made a study as to what are the needs of the people, and what is required to meet them over the next 20-year period.

They all began from the same set of facts dug out of the Census Bureau, the

Bureau of Labor Statistics, and from other official sources. They all indicate that the job is much larger, and our capacity to do it is much greater than the administration would appear to believe.

The Fortune magazine article of last February spelled out the housing market for the next several years as some 1,400,000 additional units a year, divided this way: 1,100,000 new homes, 200,000 conversions. and 100,000 farm homes.

Appearing before our committee, spokesmen for the National Association of Home Builders indicated a market for 2 million homes a year, new and rehabilitated. Of that number the home builders recommend 1,400,000 new homes each year. Their president told our committee that there should be 1 million new, larger, better-designed homes. These presumably would be for upper income families. He recommended 250,000 lower cost homes which he believed could be built under section 221, proposed for FHA, if cost limits were raised from $7,000 as recommended by the administration, to $7,600 in low-cost areas and $8,600 in high-cost areas, as agreed to by the committee. To that he added 150,000 new rental units to be provided under the urban-redevelopment program to replace demolished slum structures. Then they would recondition 600,000 homes a year to round out their 2 million figure.

The National Housing Conference, supported by the American Federation of Labor, the Congress of Industrial Organizations, and others recommended a total of at least 2 million new homes each year over the next 20 years. Their estimate was based on an analysis of need made from official Government data.

All of these groups predicated their estimates on a continued high productivity in this country. May I make my position very clear. I believe that this country is capable of maintaining a full economy and of achieving full employment. I believe that a housing program that is dynamic in fact rather than words alone is essential to the maintenance of a full economy. I believe that some day in the foreseeable future this body is going to face up to the facts of the disintegration of our national housing plant, and that it will have the courage and know-how to meet that problem, not with any grudgingly granted half-way measures that are destined by their very inadequacy to failure.

Let us look right now at some unpleasant facts. The 1950 census reveals that we have 15 million substandard homes. Ten million of them are in our urban centers. Some 10 million of the total must be replaced and approximately 5 million are subject to rehabilitation.

Other housing needs arise from the formation of new families, undoubling of families who now lack separate homes, the migration of 3 million families each year, and the desire of many single persons for separate dwellings. In addition, we must replace homes which are demolished by fire or other disaster or are cleared in highway and other construction programs. Finally, many hundreds of thousands of units reach obsolescence each year. These must be replaced or our housing condition deteriorates.

The sum of these annual requirements may range from 1.3 million to 2.4 million units per year. If we replace the homes which were substandard in 1950 during the next 20 years and at the same time meet our annual new needs, we must build from 2 million to 2.4 million new homes per year. If we do not achieve this level of new construction, we will never be able to clear slums and eliminate substandard housing. Indeed, at present levels of construction our present substandard units will never be replaced, and we will have more substandard housing in 1970 than we had in 1950. Even if we build 2 million units a year and rehabilitate 400,000 additional units each year, 5 million American families will still be using homes which were substandard in 1950 when the year 1970 arrives.

Those are facts, my friends, and believe me, we are only deluding the American people when we tell them through our highly trained advertising experts and public relations specialists that the legislation we are considering here today is going to clean up American slums and provide adequate homes, new or rehabilitated, for our families of greatest need.

Let us look at the record. Since the end of World War II housing construction has reached record levels. During the last 4 years we have built an average of 1.2 million homes a year, an achievement far exceeding previous 4-year construction levels. Yet construction volume for the last 3 years has been 20 percent below the peak of 1.4 million units built in 1950. But we have proven that we clearly have a capacity to build from 1.5 to 2 million new homes each year.

Under present systems of financing and Federal aids we can build and market from one to one and two-tenths million new homes each year. In addition, about 600,000 units of private housing should be produced and financed annually to meet the needs of middle and lower income families who are not now able to afford new homes. At least 200,000 units a year of low-rent public housing are needed to meet the needs of low-income families over the next 5 years. In addition, more than 200,000 units per year are needed by farm families to replace substandard homes. Those, believe me, are minimum figures as to need and what must be accomplished if it is to be met over the next 20 or 30 years.

Oh, I know that this House today is not going to face up to these facts. It will pass a measure that will aid families with incomes of $5,000 or more, and almost totally ignore the needs of the 60 percent of the American families whose incomes fall below that figure.

To be sure, you are told here that under this bill houses costing $7,600 or $8,600 will spring up all over the Nation to care for families displaced by a great, dynamic new program of urban renewal. Let us assume that these houses can be built in great metropolitan areas of greatest need, which most experts on housing deny. William Levitt, of Levitt Town fame, told our committee that the question was almost academic, because in most areas it cannot be done. Let us assume that 40-year mortgages with no downpayment and $200 closing costs will be marketable paper, which most financial interests deny. Even if they can be built at a standard suitable for family living, the total monthly housing costs to live in such houses will be from $63 to $70 a month. That means that at least half of the families displaced through slum clearance, redevelopment, or urban renewal will be unable to afford such housing.

By its own admission the administration is recommending a program that will provide no more, and probably fewer new homes, than has been the record in recent years. That means that we are going backward, that our slum blight will increase. It means that in this great, vital country with the know-how to develop a destructive force to blow mankind off the face of the globe, we lack the ingenuity to build a force to permit men and women to live in dignity and self-respect in decent, safe, and sanitary homes.

We must place human values above interest rates of 5½ or 6 percent. An authority on housing stated recently to me that if this present measure is adopted there will follow the fact that never before have so many owed so much to so few at 5½ or 6 percent.

To me it seems essential that in the field of housing we must recognize the fact that in today's market it is practically impossible to produce a home meeting minimum standards for family living that can sell at less than $10,000 in high-cost areas and $8,000 in low-cost areas. Therefore, our problem is how, through the channels of private enterprise, can we get homes meeting those standards into the hands of families earning less than $5,000 and down to the very low-income families for whom no substitute has been found for public housing. This bill is only a meager answer.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. McVEY].

Mr. McVEY. Mr. Chairman, in the beginning, I should like to compliment the chairman of the Banking and Currency Committee, Congressman WOLCOTT, on the very excellent manner in which he has conducted the hearings before our committee on H. R. 7839. These hearings have consumed about 3 weeks, and the committee was in session both morning and afternoon a part of the time. The executive session, when the consideration of the hearings was before our committee, continued for almost 1 week. The measure, together with the hearings, produced a volume totaling 889 pages. Scores of witnesses were heard, and the committee had a splendid opportunity to evaluate the opinions of many important organizations in this country with regard to this important problem.

It is a pleasure to say that I have not known a chairman of a committee that exercised any more patience, any more tolerance of anyone's opinion, and any greater effort to bring out a good Housing Act than our chairman, Congressman WOLCOTT. I want, too, to express my

feelings toward the members of our committee on both sides. Naturally, we do not agree in every particular, but our discussions have been friendly, and, in the end, I hope that we have arrived at a proper decision.

Our chairman has presented to you many of the important features in connection with this act. Other members of the committee will doubtless discuss certain titles and amendments which appear to them to be of most importance. One of the main purposes of this act is to present certain amendments and other clarifying provisions which will make this legislation more workable and of greater service to the country. I am going to speak of two amendments which I feel are very helpful—however, no more important than any other which you will be privileged to hear about during this discussion.

There are, in certain cities and villages, defunct lands lying along railroad trackage which are suited for industrial development, but which do not offer the best advantages for housing accommodations. These properties can only be acquired by public agency, and the Housing Act of 1954 appeared to us to be an excellent vehicle for providing proper development of such defunct lands. Accordingly, an amendment was offered, and was approved unanimously by the committee, by adding the following phrase "or open land to be developed for commercial and industrial use" to section 110 (C) of tile I, of the Housing Act of 1949. This title as originally written permitted the acquisition of "land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures, or of site improvements, or otherwise substantially impairs or arrests the sound growth of the community, and which is to be developed for predominantly residential uses." By adding to the last sentence the following phrase "or open land to be devedoped for commercial and industrial use," a very simple amendment permits, under the right of eminent domain, the use of these defunct lands for useful purposes which will be of great advantage to cities and villages where such trackage does exist.

Another amendment which seems very simple but which offers great advantage to school districts where difficulty is found in meeting housing accommodations is one to permit builders to construct one-family residences adjacent to school lands and to lease such quarters to boards of education for school purposes. These family dwellings when constructed without partitions will accommodate two classrooms, and will relieve some of the congestion that exists in communities where the permanent construction of a school may need to be postponed because of local financial problems.

I do not need to repeat the figures that have been given with regard to our rapid growth in population in recent years. This rapid increase has created a shortage of 350,000 classrooms, and it is estimated that 3 out of 5 of these classrooms will be crowded. This situation creates tremendous responsibilities upon communities which find themselves hard pressed to construct school-building facilities sufficiently rapid to take care of the incoming enrollments properly.

Our committee has unanimously endorsed this amendment to H. R. 7839, which will be a long step in the right direction of relieving hardships in many cases. Prior to this amendment the law did not permit a builder to receive FHA financing for the construction of a building to be leased to public schools. Any such structures had to be financed entirely by the builder. Such a provision retarded materially the proposition which I have explained, and the law which is now before us will do much to assist in relieving the pressure that now exists in many communities.

There are many other features of this bill which I think will be excellent for the country as a whole. It does not contain a public housing feature. It was believed by the Committee on Banking that this matter was in the hands of the Appropriations Committee, and no action of this character was required in connection with the passage of H. R. 7839.

This bill does provide means by which slum-clearance projects may be carried forward under Government insurance, which should assist materially in improving slum conditions in many of our cities and villages. There are many on this floor who are in full accord with slum-clearance programs but who do hesitate to vote for public housing. This act separates those two problems and make it possible for Members of this body who favor slum clearance and not public housing to vote for this measure. I am not going into this problem, because it will doubtless be discussed by others, but in my own mind I am glad that the two issues are not confused, and that we may go forward with a good slum-clearing project without the weight that might be caused by attaching to this measure a public housing program.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. GRANAHAN].

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

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

There was no objection.

ADDING LUXURY TAXES ON DECENT HOUSING

Mr. GRANAHAN. Mr. Chairman, the Congress on Tuesday enacted and the President on Wednesday signed a bill to reduce nearly all of the excise taxes—the so-called luxury taxes—and it has now become law.

The administration, as everyone knows, fought that bill strenuously. It put pressure to work all along the line. Now that it has passed, however, and it includes many provisions inserted by the Senate which we Democrats in the House were unable even to get considered on this side of the Capitol, the administration acknowledges that the bill will have a good effect on the economy by reviving business activity in many of the so-called luxury classifications—furs, jewelry, cosmetics, luggage, along with such things as admissions, telephone tolls, freezers, refrigerators, other appliances, and so on. Unfortunately, the bill does not reduce the present 10-percent tax on automobiles and parts.

But is it not strange, Mr. Chairman, that so soon after the Congress enacts a bill to reduce the so-called luxury taxes—and a lot of things covered are not luxuries at all, of course—it should now turn its attention to a bill which has the effect of establishing luxury taxes on decent homes for the American people?

Yet that is exactly what I am afraid we are doing in this housing bill, which is put forward by the Republican majority as a measure to stimulate housing construction.

What it does, however, as I see it, is to pave the way to making housing more expensive. Particularly is this true in regard to interest rates on FHA and GI mortgages. Instead of having clear-cut restrictions on interest rates on these mortgages—a matter on which the Congress should certainly maintain constant and continuing surveillance—we are told to just give the President blanket authority to up those rates as high as even 7 percent on FHA or whenever the situation in his opinion warrants that step.

Interest represents one of the major costs of purchasing a home. By the time you pay off the average mortgage, you have paid it twice—once in the amount of the principal and then perhaps the same amount or even more in interest. So a raise in interest rates on FHA or GI mortgages means a heavy additional burden on the home buyer. That is part of the story.

HAS THE PRESIDENT DEMONSTRATED GOOD JUDGMENT ON INTEREST RATES?

But let me ask, has the President demonstrated such good judgment, such clear insight and vision, on interest rates in the past that he should be given this blanket authority to raise at will or by whim the cost of a veteran's or anyone else's mortgage.

It was about a year ago, almost immediately after the Eisenhower administration took office, that the Government abruptly raised interest rates on Government obligations. This was one of the greatest handouts to the bankers we have seen in this country since the Mellon days. The Government's cost of financing the national debt shot up tremendously—costing us all more in higher taxes and in a higher national debt—while at the same time all we got out of it was a hard-money or tight-money policy which is at the root of our present economic difficulties. It caused a lot of small businesses to go to the wall, because they could not get credit except on prohibitively high interest rate terms. That is because the bankers were encouraged by the administration to raise interest rates.

The administration also proposed, and this Congress approved—over the vigorous objections of most of us on the Democratic side—a boost in veterans' housing interest rates. That was supposed to bring a flood of investment money into the mortgage market for GI-housing

loans. But did it? All it did was raise the cost of the veteran's home then being built.

The housing industry is down—not up—as a result of those actions of this administration. The Housing and Home Finance Agency told the Appropriations Committee in connection with the independent offices appropriation bill, which we passed here on Wednesday, that its budget was based on estimates of only 900,000 new housing units in the coming fiscal year. Yet in the past 5 years we have never gone below 1 million units a year. So we have a recession in the housing-construction field, and I think it can be blamed on this high-interest-rate policy instituted by the administration last year which not only made housing more expensive but which led to an industrial downturn which boosted unemployment and thus eliminated a lot of people as prospects for new homes.

So let us not repeat that mistake—let us not make it even worse—by putting interest rates on FHA and GI homes on a rollercoaster so that we never know from one month to the next what the rate will be. We will have housing by whim of the bankers.

HOUSING FOR THE LOWER INCOME GROUPS

We are also being asked to write a luxury tax on housing into this bill by making no provision whatsoever for a continuation of the public-housing program. Republican votes in this Congress have already killed off public housing in the sense that no new projects can be started. We have about 35,000 units for which the Government has entered into binding contracts and for which provision will have to be made, but as it now stands not a single additional project can be undertaken.

The President has asked for very little in this respect—35,000 units a year for 4 years. That is a drop in the bucket compared to the need, and compared to the authorizations the previous Democratic Congresses provided for 135,000 a year. But the President's own party in the Congress has refused to go along with him even on that extremely modest request, and now we see the spectacle of an overall housing bill, presumably representing the President's housing program, which does not contain any provision at all for a single new public housing project.

Instead, we are told to support a plan to get the families which are eligible for public housing by reason of low income and slum housing conditions and by eviction for redevelopment to buy—I repeat—buy homes for themselves. What kind of a home could a family eligible for public housing afford to buy? If it had that kind of income, it would not be eligible for public housing to begin with.

Providing 40-year loans to these people on an $8,600 house would not solve the problem either, because, for one thing, you cannot build much of a house for $8,600 in Philadelphia with any reasonable expectancy that it would remain standing for 40 years and not be a slum itself at that point, and second, the carrying charges or shelter rent on such a mortgage, I am told, would run over $75 a month, when you count in taxes, utilities, and so on.

I would like to suggest to the Republican leaders who put this plan forward as a substitute for public housing that they give us the magic formula by which low-income families eligible for public housing could afford $75 a month to live in one of these $8,600 houses, assuming the house could even be built for that.

No, Mr. Chairman; what we are saying to the slum dweller is that if you do not like the slum you live in—and if it is torn down to make way for a redevelopment project—go find another slum, probably an even worse one. Because the Federal Government as it is now run does not have any plan for meeting your need for a decent place to live at a price you can afford.

And to the veteran, we are saying in this bill: Pay, boy, pay, because the mortgage bankers want higher interest rates and the Republican Party believes in giving the bankers whatever they ask for.

Mr. SPENCE. Mr. Chairman, I yield 8 minutes to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Chairman, I am not satisfied that H. R. 7839 fully answers this Nation's housing needs. Neither do I feel that it is adequate to insure that the construction industry will continue to make the major contribution to our national economy as has been the case since the end of World War II.

H. R. 7839 contains, I am sorry to say, several major deficiencies. These include: First, failure to maintain the traditional policy of Congress that veterans are entitled to a preference in housing legislation; second, failure to provide a realistic, workable secondary mortgage market; third, delegation to the President of authority to set maximum interest rates on FHA and VA mortgages; and, fourth, surrender by the Banking and Currency Committee of its jurisdiction in the field of low-rent housing. I shall elaborate more fully on each of these in a few minutes.

Mr. Chairman, I certainly hope that this committee will see fit to approve amendments which will be offered to correct these deficiencies.

There is, it is true, many excellent and necessary provisions in this bill. They should receive the support of us all. Section 121 authorizes a much needed increase in FHA insurance authorization of 1.5 billion dollars, the President being authorized to make available an additional $500 million if needed. The FHA was set up under authority of the National Housing Act, a bipartisan measure, enacted in 1934. The FHA has done a truly outstanding job. While I appreciate that no system, however carefully planned, can always operate with perfect efficiency because it cannot eliminate the factor of mistakes in human judgment, in the overall the FHA record has been truly an enviable one. The FHA has always enjoyed widespread approval in all sections of the country. It is a program which has been devoid of partisanship. Its record is such that it warrants the wholehearted and enthusiastic endorsement of every last Member of this body.

Section 101 would amend title I of the National Housing Act to assist in the improvement and conservation of existing houses by increasing the maximum insured loan for modernization and repair from $2,500 to $3,000 and the maximum maturity from 3 to 5 years. The latter provision would reduce the monthly charges required to carry such loans by about 35 percent. For example, the monthly charge required to carry a $1,000 loan having a 5-year maturity would be about $21, as compared with about $32 in the case of a 3-year maturity.

Certain changes would also be made with respect to title I loans to finance the improvement or conversions of existing structures used or to be used as dwellings for two or more families. The present maximum of $10,000 for this type of loan would be changed to $1,500 per family unit or $10,000, whichever is the greater, and the maximum maturity would be increased from 7 to 10 years.

Section 128 extends the military rental housing program under the Wherry Act for 1 year. This is most desirable. The Wherry Act has contributed more to the stability and welfare of the armed services personnel than any other measure pertaining to housing that has ever been adopted by the Congress. Rents in many locations are still beyond the financial capability of service personnel and impose a hardship on the serviceman who is transferred into an area of high costs. We must, therefore, do our best to provide the serviceman with housing where he will not be subject to rentals beyond his ability or substandard housing conditions. The extension of the Wherry Act is the best way to do this.

Section 904 was added to the bill by an amendment offered by the gentleman from North Carolina [Mr. DEANE]. It would provide additional authorization for the farm-housing assistance under title V of the Housing Act of 1949. It is administered by the Farmers' Home Administration of the Department of Agriculture and authorizes the Secretary of that Department to extend financial assistance in the form of loans and grants to farm owners to enable them to construct, improve, or repair farm housing. Loans of up to 33 years' maturity which bear 4-percent interest may be made to farmers having adequate farms who are nevertheless unable to obtain private credit on terms which they can reasonably fulfill. Similar loans, supplemented by modest contributions during a 5-year period are also authorized where the farmer is unable to undertake to repay the loan in full. This form of aid is authorized only if the farm is potentially adequate—that is, capable of being improved to a point where it is self-sustaining—and if the necessary improvement program is actually undertaken. Finally, title V authorizes modest loans and grants to help farm families on very poor farms to undertake minor improvements or minimum repairs to

farm dwellings where necessary to remove hazards to the health or safety of the occupants.

The authority granted by the present law to obtain loan funds from the Treasury was limited to $25 million on and after July 1, 1949, an additional $50 million on and after July 1, 1950, an additional $75 million on and after July 1, 1951, an additional $100 million on and after July 1, 1952, and an additional $100 million on or after July 1, 1953. H. R. 7839 would provide authorization for an additional $100 million on or after July 1, 1954.

Annual contribution commitments for housing on potentially adequate farms were authorized to be entered into on and after July 1, 1949, in sums aggregating not more than $500,000 per year—for 5 years—and additional commitments were authorized on and after July 1 of each of the years 1950, 1951, 1952, and 1953, respectively, which would require additional contributions of up to $1 million, $1.5 million, $2 million, and $2 million per annum, respectively. H. R. 7839 would provide a similar additional authorization of $2 million on and after July 1, 1954.

Appropriations were also authorized for the loans and grants for improvements and repairs. Appropriations of $2 million were authorized on and after July 1, 1949, and further amounts of $5 million, $8 million, $10 million, and $10 million on July 1 of each of the years 1950, 1951, 1952, 1953, respectively. The bill would provide an additional authorization of $10 million on or after July 1, 1954. I could give my wholehearted support to these provisions of H. R. 7839.

Unfortunately, Mr. Chairman, as I have said before, there are a number of provisions of this measure which I feel are most unwise.

Under the authority vested in the President by title II of the bill to adjust interest rates, fees and service charges, maximum financing charges on federally aided home-mortgage loans may go as high as 7 percent on the lowest-priced housing—the new FHA section 221 program—6½ percent on the other FHA-insured and 5½ percent on VA-guaranteed home-mortgage loans. In this connection I wish to point out that under section 203 of the National Housing Act, the FHA Commissioner already has authority to raise interest rates on most mortgages as high as 6 percent. On the other hand, under present law the maximum rate on GI home loans cannot be higher than 4½ percent. Consequently, it appears that the net effect of the new authority proposed under section 201 of the bill is to enable increases in interest rates to be made on GI home loans. All veterans' organizations are opposed to this provision and so testified before our committee.

Provision for a 2½-percent spread over the yield on long-term marketable Government bonds under title II of the bill represents a rise of 1 percentage point in the spread that investors were willing to accept prior to the inauguration of the hard-money policy. In view of the considerable easing of the money and credit supply since mid-1953, I do not believe it is necessary to provide for an increase in the traditional spread of 1½ percent between the maximum rate on federally aided home mortgages and the yield on long-term Government bonds, unless it is intended to reimpose restrictive tight money conditions on the economy.

Amendments to title II of the National Housing Act contained in title I of the bill would have immeasurable effect on the GI home-loan program. The proposed increase in loan to value ratios and the reduction in cash downpayments, together with the increase in the permissible term of the loan which will make lower monthly carrying charges possible, will make considerably more liberal financing terms possible for home purchasers under the FHA program. This, of course, would tend to dilute the preference which has been available to veterans obtaining GI financing, since the amendments would place nonveterans in virtually an equal position with respect to housing credit terms.

On the other hand, it is noted that the only action which the President could take in respect to VA-guaranteed home loans would be to make GI loan terms more restrictive. All eligible veterans, including recent veterans of the Korean conflict will be deprived to a considerable degree of the preferred position they heretofore enjoyed in respect to housing credit.

Mr. Chairman, an adequate and readily available supply of mortgage financing is a prime requirement for a high and sustained volume of home building. Yet, according to the consensus of testimony before our committee, title III in its present form imposes unduly restrictive requirements upon FNMA and may actually have the effect of deterring mortgage lending instead of sustaining it. Specifically, it was pointed out that the 3-percent nonrefundable contribution to the Federal National Mortgage Association, to be borne by the lender upon mortgage sales to FNMA, will unduly restrict use of the facility. I should like to point out, in passing, that it is unlikely lenders will assume the burden of the 3-percent contribution; rather, the home builder or, more likely, the home buyer will ultimately pay it. Consequently, under the bill Federal credit—and equity capital provided by home purchasers—will be used to build up a multimillion-dollar secondary market reserve facility which will then be turned over to banks and insurance companies who sold mortgages to FNMA but otherwise contributed little to acquire ownership share.

Under title III—the FNMA requirement to purchase at market price—the 3-percent contribution and the service fee may result in a discount of home mortgages of 6½ to 7 percent under today's market condition.

Indeed, the president of the National Association of Home Builders testified:

> On a $12,000 loan, for example, this formula would result in a cost for permanent mortgage financing of $750 to $850. This equals, and probably exceeds, the extremely high discounts which characterized the mortgage market during last summer's unusual credit stringency.

Preference heretofore accorded GI mortgage loans in the secondary market operations of the FNMA is not continued under the bill; neither are GI loans specifically included in the category of home-mortgage loans for which FNMA is authorized to provide special assistance.

Mr. Chairman, the Banking and Currency Committee has always had jurisdiction in the public-housing program. I think the integrity of the committee should be protected. It is not a question of whether you are for or against public housing. The point is that it is not the function of the Appropriations Committee to legislate in this field.

Mr. Chairman, I believe these deficiencies are serious and I shall certainly give my wholehearted support to amendments to correct them.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. GWINN].

Mr. GWINN. Mr. Chairman, I want to speak for a few minutes to the question of the removal of slums and the building of new houses and the putting in of new kitchen sinks and new electric stoves and other modern gadgets as a political device for improving the morals of people. We got into this particular additional socialistic experiment in 1933, because it was alleged over and over again that if you improve the housing conditions of the people, you will improve their morals. It sounds well like many other sounding phrases, but on examination the substance of it disappears with the sound. There has never been presented to this House, or to any other group that I can find, any scientific data to show that by moving people into a new house at public expense under political compulsion at half-rent, free from taxes, that you have improved the morals of the people. But when the Government says so, and high authorities say so generally, after a while the people begin to say, "Why, it is true, the Government says it is true that when you improve the physical surroundings of people, and when you give them the modern gadgets of life, they turn around and become good people." Since there is no evidence of it, why should we continue to follow the illusion? The fact of it is that public housing, TVA, subsidies generally, follow an unmoral rule. That is, the taking of private property without consent by political compulsion to make it public property for the benefit of special groups is antisocial and morally wrong. Moral qualities which reside in the individual alone certainly cannot be conveyed by force of government to another. So when government attempts to separate a man's house or property rights from him by force so as to convey it to another, nothing of moral value whatever can be conveyed. Violence against property rights of the one brings more degradation to the other who takes the proceeds. Besides, it corrupts the government that acts as a go-between.

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

Mr. GWINN. I will yield a little later.

Politically we know Government tenants lose their freedom. They are told how to vote. They are political dependents. They lose their moral choices, too.

Let me quote statistics to prove it. A judge is quoted in the Providence Journal of March 20, 1954, as follows:

> Slums do not make delinquency. Delinquent people make slums.

That is Judge Francis J. McCabe, of the Rhode Island Juvenile Court, speaking. He continues:

> Public housing projects don't wipe out juvenile and adult delinquency by eliminating slums. Delinquents are more plentiful in the projects because they move into the projects from scattered areas and thereby become more concentrated.

In Los Angeles the chief of police has stated that calls for police cars are higher from public housing projects than from privately owned projects across the street. Police calls per thousand population in a privately owned project were 0.08 percent. In 4 big housing projects the calls per thousand were 13.75 percent.

The chief of police has stated on the basis of a study that on the average there was 96 percent more crime in permanent public-housing projects in Los Angeles than in the slums themselves, and more than 1,000 percent more crime in public-housing projects than in the privately owned, low-rent housing projects in the same city.

In Houston, Tex., it is the same story. Wherever you go it must be the same. The concept that a new kitchen stove improves the morals of the person who operates it is a pagan concept.

Certainly one excuse for taking 35,000 new houses from some people and giving them to others to improve their morals fails.

The people do not like such houses. They feel like they are living in rows of prison cells with political bosses and guards over them.

Listen to the vacancy rates:

By States: Little Rock, Ark., in 400 public-housing units, 101 are vacant.

Tuscaloosa, Ala.: In 340 housing units, 76 are vacant.

In Chicago, Ill.: In 1,027 units, 108 are vacant.

In Peoria, Ill.: Of 846 units, 151 are vacant.

In Gary, out of 317, 23 were vacant. That is a fairly good record.

In South Carolina, of 58, 17 are vacant.

In Tennessee, Pulaski, out of 80, 24 are vacant.

In San Antonio, out of 500, 172 are vacant.

Mr. BYRNE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. GWINN. I yield.

Mr. BYRNE of Pennsylvania. What about the large cities? What about Philadelphia? How many are vacant in this city?

Mr. GWINN. I just read Chicago. I do not see Philadelphia for the moment. Chicago out of 1,027 had 108 vacant; that is more than 10 percent, in these times when the need is so great.

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

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

Mr. MULTER. First, with reference to what the gentleman is talking about now, the vacancy rate, I think the statistics before you have a note indicating that the vacancy rate includes people being moved out because they no longer come within the maximum earning rate; it includes vacancies while the premises are being prepared for new tenants. Very few are vacant because there are no tenants available. They are vacant while being prepared for new tenants, while new tenants are being investigated to see whether they fall within the terms of the law on such apartments, and while the apartments are being processed for new tenants.

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman——

Mr. CELLER. Mr. Chairman, will the gentleman from Illinois yield?

Mr. O'HARA of Illinois. I yield to the gentleman from New York.

Mr. CELLER. May I take 1 minute?

Mr. O'HARA of Illinois. I am glad to yield the gentleman 1 minute of my time, Mr. Chairman.

Mr. CELLER. Mr. Chairman, I ask unanimous consent to speak out of order for 1 minute.

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

There was no objection.

Mr. CELLER. Mr. Chairman, Leo Rover, United States attorney for the District of Columbia, is guilty of a great indiscretion. He induced a call of the municipal court judges of the District and criticized the judges for the low rate of convictions for homosexual offenses. He expressed disappointment and dismay that convictions result in only 38 percent of the cases tried. No appointed official dare tell any judge how to conduct a trial, much less indirectly induce a judge or judges so to conduct trials as to increase the batting average of convictions for any United States attorney.

The answer is for the United States attorney to bring in better and more substantial evidence.

Mr. Rover had better not be guilty of any such improper conduct again.

I thank the gentleman.

Mr. O'HARA of Illinois. Mr. Chairman, as far as I have been able to ascertain, no one is very happy about the proposed Housing Act of 1954. It is the unwanted offspring of a shotgun marriage. The shotgun is the administration's realization that we are in a recession and that there is a real danger of a depression.

The result has been a housing program which is not calculated to bring decent housing within the financial means of a large segment of our population in the low- and middle-income brackets, where the need is greatest. The sole purpose of the program is to ward off an immediate depression by furnishing Government financing and guaranties to the continuing building of homes in a price range beyond the reach of a majority of our people.

The unfortunate part is that many who temporarily find solution to their housing problems by acquiring homes on the easy terms provided must eventually lose them with any material increase in unemployment and diminution of family income. No matter how low the initial payment and how extended the mortgage period, the controlling factors are the purchase price and the rate of interest. Moreover, most of the new constructions in the large urban centers are in the suburban areas, far from places of employment, and usually requiring the use of private automobiles in going to and from work. The factor of transportation under normal conditions is entirely overlooked.

ESCAPE TO THE SUBURBS

If our large urban centers are to be saved, decent housing within financial means and in wholesome environments must be made available reasonably near the site of employment and of interest. The escape to the suburbs is attended among other things with, first, a great and unwarranted increase in transportation costs; second, a lengthening of the workday if the hours of going to and from work are taken into account; and, third, a serious congestion of local transportation facilities during the peak hours, for which our transportation engineers can find no solution under present conditions. The proposed housing bill will contribute to the suburban migration. It will make available more homes within an impractical price range, not in urban centers but miles away in the suburbs, and the necessities of an acute housing shortage in the urban area itself will compel their use and occupancy even though with present inconvenience and the certainty of ultimate disaster.

DEBATE TOO LIMITED

I regret that we have but 3 hours of general debate on what well may prove to be the most important measure to come before the 83d Congress. Most of the heat and passion that have entered into our housing debates have resulted from misunderstanding. More time for debate might help to clear up some of the misunderstanding.

Beginning on March 2 our committee, Banking and Currency, held many days of public hearings. These are contained in a volume of 889 pages, which came from the printers far too late for any Member of this body to examine with any particularity. I doubt if any member of the committee has had time to refresh his memory by reading the full transcript as it appears in the printed form.

In the time allotted me it, of course, will be impossible to review the testimony of the many witnesses.

Able, experienced, and well-informed as is our distinguished chairman it is plain that in the limited time he allotted

to himself, having in mind that there was only an hour and a half for all the debate on his side, he could not hope entirely to cover the testimony in a book of 889 pages. At best he could skim over the high spots.

Suffice to say that not one of the many witnesses appearing before our committee showed any burning desire to take unto himself the credit of being the father of this legislative child of a shotgun marriage. Even Mr. Cole frankly said he was experimenting and hoped for the best. Others went along with some features, had grave doubts about others.

THAT UGLY WORD DEPRESSION

Henry DuLaurence, chairman of the legislative committee of the National Apartment Owners Association, brought in the ugly and in some quarters the forbidden word of depression. He said—page 782 of the printed hearings—that the bill unless substantially modified offered a sure method for creating a financial depression. Those are Mr. DuLaurence's words, Mr. Chairman, not mine. Again on page 772 of the hearings he said that an ill-conceived plan could throw us into a serious depression. Again, Mr. Chairman, Mr. DuLaurence's words, not mine. Mr. DuLaurence continued:

Every serious depression in this country has occurred when there was a recession in industry coupled with a recession in real estate. The depressions of the 1840's, 1870's, 1890's, and 1930's are examples of this economic phenomenon. In each case the real estate recession has followed an excessive building of houses. * * *

Recently we have had some questionable repercussions in business, plus a large housing construction program and I think that we should recognize the fact that we may be in a vulnerable spot if we espouse and permit a forced increase in the construction of housing.

MR. SHANKS TALKS FRANKLY

Certainly one of the most interesting and intelligently outspoken witnesses supporting in the main the ideas of the bill was Carrol M. Shanks, president of the Prudential Insurance Co. of America. While I did not necessarily agree in some of his conclusions I felt that his personal presence made a valuable contribution to the public hearings on the pending bill. He presented the thinking not only of his own company, the second largest I believe in the life insurance field, but also that of an association of 243 companies holding approximately 98 percent of all life insurance company assets in the United States.

A grand total of about $17 billion of life insurance money is invested in real estate securities. In the 7 years from 1947 to 1953 the life companies of the Nation increased holdings of mortgages on 1 to 4 family residences from $2.6 billion to $13.1 billion, a net increase of $10.5 billion. At the end of 1953 they hold 20.1 percent of the total outstanding mortgage debt on 1 to 4 family residences. They are the largest and most important investors in Government insured and guaranteed mortgages. They hold $6 billion of FHA mortgages, $3.6 billion of VA mortgages. In addition they hold close to $3.4 in mortgages on multifamily units.

SIMILARITY TO DEPRESSION ERA

Mr. Chairman, I should emphasize at this point the significance of the $17 billion figure. That is the figure representing the total investment at this time of the life insurance companies in real estate securities. When I heard Mr. Shanks give the figure I instantly recalled that the same $17 billion figure had bobbed up tragically in the real estate washout in the early thirties.

It was the approximate total of the investments of the American people in the real estate bonds that covered my own city of Chicago and other urban centers with magnificent hotels, sky-piercing office buildings and palatial apartment houses, erected at a time of high construction costs, most of them after a reasonable tenant demand in that high-priced bracket had been exceeded, and all of them dependent on the permanent continuance of inflation to insure the meeting of maintenance costs and mortgage commitments.

When the time of accounting came the $17-billion investment of the savings of the American people was washed down the drain. Most of the original purchasers of those real estate bonds went brokenhearted to the graves of paupers. I know only too well the sufferings of these good men and women for it was given to me to lead them in a long, hard and at times seemingly hopeless fight to salvage for them from bankruptcy reorganizations some mite of comfort, some crumbs at least for their sustenance. To that labor of love I gave several years of the prime of my life, striving without pay or material interest of any nature and without regret entwining myself with debts which the remainder of my life has been given to liquidating.

I make mention of this personal background merely to explain why I am so concerned when I see signs so similar, trends so identical, as those that were apparent in the late twenties.

Since the washout of the bondholders in the era I have mentioned there has been no financing by the sale of real estate bonds. The largest source of financing has come from insurance funds.

WHY MR. SHANKS IS APPREHENSIVE

Mr. Shanks did not go as far as Mr. DuLaurence did later in the hearings. He did say on page 473 of the hearings:

We are apprehensive about some of the broad philosophy that runs through the bill. We would like to see in the bill a recognition that regardless of a desire to stabilize the housing industry at a high level the number of housing starts each year must bear a relationship to such basic forces as the rate of family formation, the need for replacement of clearly substandard housing, and the willingness to buy.

In my questioning of Mr. Shanks he enlarged on this phase. Beginning on page 495 of the hearings:

Mr. O'HARA. I may not agree with you in all of your suggestions but I do agree with you in this—the necessity of giving a stability to real estate, having in mind our experiences in the late twenties and the early thirties.

Mr. SHANKS. Right.

Mr. O'HARA. Where there was a boom, and the bankers wanted to put out their money and sell real estate bonds and everybody wanted to make money, they overbuilt.

Mr. SHANKS. They sure did.

Mr. O'HARA. At a time of excessive prices, and then the equities were all washed out. Everybody was washed out. Now, of course, you want to avoid a repetition of that, do you not?

Mr. SHANKS. We do, indeed.

Mr. O'HARA. And you can see a definite danger, if our construction goes on motivated by a desire on the part of builders to make money, or even on the part of politicians to contribute to warding off a recession. It can have its repercussions, which can be bad. Is that your thought?

Mr. SHANKS. That is correct. I don't object to people making money, but if you go right on regardless of the market demand, then you get a situation where eventually it is not taken up, and the sad thing is that the price and the market value of all the existing housing is destroyed in the process.

WHAT IF DEPRESSION COMES

Mr. Chairman, I have emphasized the fact that there is a similarity in many respects to the building situation at the present time to that prevailing in the pre-depression period. I also have pointed out that the investment of the bondholders in the twenties and thirties reached about the same total as the present investment of the life insurance companies in real estate securities. The bondholders unfortunately did not have the benefits of Government guaranties. The insurance investments are better protected. Nevertheless it is a large amount of money that is involved.

What will happen if the recession deepens into a depression? The answer to that question is of interest to us here in the Congress, certainly of tremendous concern to the American people. Therefore, I think it is proper that I should give the answer of the president of the Prudential Insurance Co., the representative of an association of 243 life insurance companies.

I am reading from page 497 of the printed hearings:

Mr. O'HARA. * * * what are you doing to protect yourselves if the real estate market should drop badly, and the people who are renting are unable to pay the rentals, and therefore the equity holders can't hold on because the rents coming in do not meet the mortgage commitments, and we get a bad situation? What precautions are you taking for your protection?

Mr. SHANKS. We are in so much more sound shape with regard to those—I am speaking now of the insurance companies generally, not of my company only—than they were at the beginning of the 1930's, that there is no comparison.

In those days you had short, 5-year mortgages, and you had a second mortgage, and a third mortgage top of it. And those things were falling due. And when they came due, sometimes they wouldn't be renewed, and when they were, it was at a big cost to the borrower. A lot of them were put out at inflated valuations, which shouldn't have gone that high, and as a consequence

the whole thing went down like a house of cards.

Today they are all long mortgages, all amortized each month, and all a person has to do to stay in his house is to continue his monthly payments. A second mortgage is almost nonexistent. It is practically out of the picture.

The valuation situation is much more carefully watched by the companies than it was, and I would say that while, of course, if you have a depression—anything approaching an economic depression—sure you will have a lot of foreclosures, but we would do just as we did then, we would work out the loan with the borrower, and keep him in the house and try to work it out, and generally it works out.

Furthermore, we hold more Government securities, and more readily salable securities than at that time, and generally I think the companies are on a more conservative reserve basis than at that time.

I can assure you that the life-insurance companies of the United States are in very fine shape and we would have to have a depression or a recession, or whatever you call it, away over and above and beyond anything we have ever known, including the thirties, before we would get into too much trouble.

Mr. Chairman, I hope I have made it plain that the sole purpose of the pending legislation is to ward off a depression. If my colleagues who are not members of the committee will take the time to read with studious attention the 889 pages of the printed report that fact will be as plain to them as daylight itself.

If the measure could accomplish that objective, it would merit support. The danger is that the program proposed in the bill actually may contribute to bringing on the depression. At least that is the fear outspokenly voiced by Mr. DuLaurence. Mr. Shank's apprehension is that real estate stability will be toppled over if we build merely for temporary stimulation and not to meet legitimate and existing demands. Other witnesses testified along the same line.

LOWER PRICED HOMES NEEDED

Rt. Rev. Msgr. John O'Grady, secretary of the National Conference of Catholic Charities, says that we have already overbuilt in the high-priced field. Monsignor O'Grady knows the housing situation in the large cities of the United States as well as any man living. He has been in the fight for decent housing for all the American people since 1932. I am reading from his testimony on page 642 of the printed hearings:

I have always, of course, liked to regard housing as a part of an allover dynamic economy, and I, of course, was surprised when I got in the outskirts of Cincinnati yesterday. I find a considerable vacancy in this high-income, high-priced housing, and, of course, I find that the supply of houses in the downtown area is gradually contracting and population of the downtown area declined, and this is characteristic of many other American cities, I am quite sure—contracted until about 1950, and it has been growing ever since, and the housing supply is being reduced downtown all the time.

ACTUAL HOUSING NEEDS

It has been pointed out that recent housing production serves primarily families in the upper income groups. The urgent need is for homes for low- and middle-income groups. Here are the actual figures of what is needed annually:

Five hundred and twenty thousand homes for people who can afford monthly rentals of not to exceed $30 a month;

Three hundred and eighty thousand homes for families able to pay from $30 to $50 a month;

Three hundred thousand homes for those in the group able to pay from $50 to $75 a month.

Construction volume for the last 3 years is 20 percent below the peak of 1.4 million units built in 1950. The 1950 census showed 15 million substandard homes. At the present time 10 million homes must be replaced, 4.6 million homes must be rehabilitated. By 1955 we will need 2.05 million units a year, by 1965 an annual total requirements of 2.4 million units.

These are homes, Mr. Chairman, that must be produced within the financial means of the people who are to occupy them. It is nonsense to pretend that we are meeting the demand by concentrating on homes which are available only to those in the higher income groups.

HOUSING ACT OF 1949

It is unfortunate that in the first session of the 83d Congress the Appropriations Committee invaded the jurisdiction of the Banking and Currency Committee. It is the province of the Appropriations Committee to provide for the appropriation of money, not to legislate as to the manner of its use.

The Housing Act of 1949 laid the foundation of a sound well-rounded program. The provisions for public housing and for research were among its strongest features. Both have been wrecked, the research part in its entirety.

Of the present members of the House Banking and Currency Committee, 14 served on the committee in the 81st Congress when under the chairmanship of the brilliant and beloved gentleman from Kentucky [Mr. SPENCE] the Housing Act of 1949 was written. Three of the members of that committee have since died, one has been elevated to the other body as the junior Senator from Oklahoma, some have gone to other committees, others have left the Congress. The late distinguished gentleman from Pennsylvania [Mr. BUCHANAN] was one of the stellar figures in winning the historic battle for the enactment of this constructive housing legislation, marking one of the outstanding achievements of the 81st Congress. I was moved, as were others who had worked with and who loved Frank Buchanan, when yesterday his widow, now the distinguished gentlewoman from Pennsylvania, in an address to the House carried on the fight as Frank would have done.

WRECK OF RESEARCH PROVISION

It was my privilege to serve on the committee when the Housing Act of 1949 was being drafted and in humble measure to participate in the debate when the measure reached the floor of the House. I was especially thrilled by the promise held forth by the provision in the act for a research division aimed at finding the ultimate answer to the perplexing question of how to bring decent housing within the financial means of everyone. This envisioned long-range study and planning. It would explore every possibility of new types of construction, use of new materials, methods of financing, all of the factors entering into the problem.

The responsibility for wrecking the work of research, which is absolutely necessary if any real and lasting progress is to be made in bringing homes within everyone's reach, lies with the Appropriations Committee.

I am reading from the hearings of our committee on March 3, 1954, when the Honorable Albert M. Cole, Housing and Home Finance Administrator, was on the stand, commencing on page 131:

Mr. O'HARA. * * * I thought one of the strongest features of our Housing Act of the 81st Congress was that providing for the Research Department. That is that from that laboratory of study, we might look forward, perhaps, to new plans of construction, new plans of financing, that would bring the American home within the reasonable financial means of all of our people.

Now, as I understand it, not through your desires, certainly not through the desires of this committee, but through the Appropriations Committee, that has been killed.

Mr. COLE. That is right, we are liquidating it.

Mr. O'HARA. Now, are you using your influence with the President, and with the Administration, to have the efficiency of the Research Department restored?

Mr. COLE. Mr. O'HARA——

Mr. O'HARA. Don't answer if I am embarrassing you, because I do not wish to do that.

PROPER SPHERE FOR PROGRAM

Mr. COLE. That isn't it at all. I think there is a proper sphere for a program of research in the Government, particularly housing. I want to say to you that I recommended the continuation of the research program last year, when I appeared before the House Appropriations Committee, and the other committees; in the wisdom of Congress it was eliminated, and we are liquidating, and it will be completely liquidated, so far as that program is concerned, this year.

I cannot say to you that we have not proposed in this bill new authorization, because the authorization is there. I do not think there is more than this committee can do.

Now, I do not believe that Congress intends for us to close our eyes, and not attempt to do what we can toward a proper program toward the investigation and research in housing. Therefore, it seems that we can do certain things to accomplish those objectives.

There is a great deal of controversy about research in the Housing and Home Finance Agency. I am not now ready to recommend that anything further be done about it unless I see that there is some possibility of a desire on the part of Congress and the people involved in it to get behind it. I am just sort of left in that position.

Mr. O'HARA. But you are frank in telling us that you are reaching out for the answer, that you, yourself, are studying the problem, and I suppose you would welcome any help that could be given you in your study?

Mr. COLE. Yes, sir.

Let me say this: As I view the great objection on the part of those who have objected to research in the Housing and Home Finance Agency, it is divided into two phases. Statistical research, perhaps, most people agree that it is right and proper for the agency to conduct. Some people, however, had considerable doubt about the Housing and Home Finance Agency, as such, conducting experimental research into laboratory programs. They felt that it could be done more efficiently and better through the Bureau of Standards and through other means.

This has not been resolved, and our Advisory Committee did nothing about it, and unless we would find some strength behind such a drive, or such a program, we are just sitting, for the present, except to continue our study and examination to determine what might be done.

Mr. O'HARA. Well, you are somewhat in a quandary, then, are you not? Because no provision is made for research, and yet you are required to pursue research?

Mr. COLE. Having been in Congress, I realize what happens sometimes with the authorizations which we have approved here in this committee, and then find, to our utter amazement, that the people who hold the purse strings do not agree.

You are right, we are in a quandary. We have authorization for a research director, and no research.

Mr. O'HARA. You will recall, Mr. Cole, that in the first session, when the Appropriations Committee had in its gracious generosity taken our jurisdiction away from us—and, I might say, of course, with the aid of the Rules Committee—you were quoted by your former Republican colleagues on the floor as being against public housing. We, on our side, believe you meant exactly what you said, and the President meant exactly what he said, and we voted our faith in you and in the President, and we were a little surprised and disappointed that some of our Republican colleagues didn't put the same faith in you and in the President that we did, and we are glad that you did prove up, and that the President did, too.

AGE CLOSES THE DOOR

Mr. Chairman, I think this is an appropriate place to mention that we have a growing population of oldsters in our United States of America. They reach 62 if they are Chicago policemen, 65 if school teachers, usually around 65 if in industry, then they are let go more or less to drift for themselves on pensions inadequate to meet rising cost of living, sort of orphans in the storms of age.

I am sure that if the high priests of appropriations had not strangled the research work this department would have come up with at least some hope for the housing of this numerous and worthy group. As it is, there is difficulty in a man of 50 getting favorable consideration for a home loan because the consideration in making the mortgage is not the value of the property but the number of years of employment expectancy of the mortgage. The man of 65 is a dead duck.

I am now reading from page 767 of the printed hearings on the day we had on the stand Alexander Summer, past president of the National Association of Real Estate Boards and member of the President's Advisory Board on Housing:

Mr. DEANE. You don't take into consideration the age of the borrower in the loans that you recommend?

Mr. SUMMER. Naturally if it is a man who is 65 years old, and he is the sole earner in the family, I don't think FHA is justified in its underwriting department to recommend guaranteeing that loan. I agree with him.

Mr. O'HARA. Will the gentleman yield for one question? What will you do with a man over 65? Take him out and shoot him? Answer the question please.

Mr. SUMMER. I will answer your question. * * * That is why we have recommended the enforcement of codes, sir.

MOBILE HOMES RESIDENTS

Late at the public hearings of our committee came witnesses to advocate the inclusion of mobile homes in the housing program. In executive session I voted to do just that because here was a start in doing something for a very considerable segment of our people who are overlooked entirely in our housing legislation.

I was interested to learn that mobile homes furnish the housing source for over 2 million American families, that it is the most satisfactory low-cost housing which private enterprise has been able to produce, that the cost of a completely furnished 2-bedroom unit with all modern conveniences is from $4 to $5 thousand, and the average rental of moorage space in a mobile home park is $25 a month. Many oldsters, as well as others, live comfortably in mobile homes and within the means of their pensions.

I am satisfied that there are many other practical innovations in housing that could be expected from a research laboratory such as was provided in the Housing Act of 1949 and which the Appropriations Committee chopped into bits. The challenge to private industry is to produce homes within the means of people who cannot afford the present product, which is selling only because there is no other place to turn. Wrecking the research department was not a smart move.

PUBLIC HOUSING

Unfortunately, public housing has become highly controversial. I am sure that much of the opposition, and all of the bitterness, would disappear if there were greater familiarity with the actual conditions and perhaps a little more tolerance on both sides.

These factors—among others perhaps more important but so often mentioned—should be considered: First, a great strain has been put upon the large urban centers by in-migration occasioned by the diminution of agricultural employment and the need for industrial workers; second, the deterioration of residential properties which unless replaced rapidly extend present slum areas; and, third, the complete inability to tear down old dilapidated and even dangerous buildings unless public housing is available to help take care of displaced families while reconstructions are under way.

The Housing Act of 1949 made wise and proper provision for a public-housing program calculated to fit into the overall picture. I have never had occasion to regret the small part I was privileged as a member of the committee to contribute to its enactment.

VIEWS OF THE ADMINISTRATOR

I trust that when we are voting on an amendment to add a public housing provision to this bill the Republican Members will not run away even from their own President. In order that they cannot plead ignorance of the expressed desires of the administration I am now reading from Mr. Cole's testimony, beginning on page 134 of the printed hearings:

Mr. O'HARA. Mr. Cole, what is your own attitude with regard to public housing?

Mr. COLE. My own attitude toward public housing is expressed in the statement. I think, Mr. O'HARA, that when the Federal Government proposes a plan to eliminate slums, either by slum-clearance programs or by rehabilitation, or the enforcement of occupancy codes—the overcrowding code, for instance, where we go into an area and through the use of the tools of the Federal Government we set up such a program, it is my judgment that the Federal Government has a responsibility to help those people in those areas who are not able to help themselves.

I think it is a social problem that we must face, frankly. You can either face it or walk away from it. I do not think we can walk away from it. There are people in those slums who cannot find a place to live by reason of their low income, and I mean low income. Those people, then, are removed from their homes by action implemented by the Federal Government. Therefore, it is my judgment that in those areas we have a responsibility to help them obtain homes.

I do not see, in the present law, sufficient assistance for those people. I do not recognize that the only way in which you can rehouse people cleared by slums is through public housing, and I have felt in the past that many people who supported public housing said that that was the only way that you could rehouse people in the slum areas. I do not agree with that. I think many people living in the slum areas—my judgment is half the people living in the slum areas can find decent housing if they can pay for it, in low-priced housing. But there are a great number of those people who cannot do so.

Therefore, I am recommending that while we are testing this program, while we are attempting to do it through other means, I am not willing to say that we just walk away from the problem and forget it.

SLUM REHABILITATION PROGRAM

Mr. Chairman, I cannot take the time of the committee to discuss the content of title IV. I hope that if the bill should be enacted the slum rehabilitation program will work out as well as the planners expect. I do call attention to section 101 (a) appearing on page 180 of the bill. I am sure our States' rights zealots will find in this a mouthful. As I read section 101 (a) a Federal Administrator could dictate to a mayor and the city council of any city in the United States desiring to get into the program. He could tell the mayor and the city council the exact kind of housing, zoning, building, and other local laws, codes, and regulations he demanded. I wonder if the Congress wishes to go that far in placing municipal government under the Federal power.

SECTION 201 OBJECTIONABLE

Mr. Chairman, I have spoken at great length and I must hurry on. It is so difficult in short time to say all that one

should on the mass of testimony in an 889-page book. I cannot close, however, without reference to section 201. I think the arguments of the spokesmen for the veterans' organizations are unanswerable. I read from them as follows:

Wilbur C. Daniel, chairman, national economic commission, American Legion:

The American Legion is unalterably opposed to section 201 because it would unquestionably result in an increase in the interest rate.

A. M. Downer, assistant legislative officer, Veterans of Foreign Wars of the United States:

If the Congress is to delegate authority as contemplated by section 201, it will establish in some person or group of persons an authority that will be a contant lure to investors who continually seek to increase the earnings on their invested capital. It seems certain that a person or group of persons with such broad authority would be subjected to more pressure by such forces than would the Congress of the United States.

Charles E. Foster, assistant national director of legislation, Disabled American Veterans:

We have the utmost confidence in the elected representatives of the people serving in the Congress of the United States and deplore the delegation of authority by Congress to officials in the executive branch of the Government to tamper with the interest rate on GI home loans.

Bernard Weitzer, national legislative director, Jewish War Veterans of the United States of America:

In accordance with the convention-approved resolution on housing, I respectfully request that you modify the President's authority to adjust interest rates on FHA- and VA-insured mortgages, and to fix in the bill the rate for VA mortgages at a maximum of 4 percent, and the maximum for FHA mortgages at 4½ percent.

I must similarly request that the Veterans' Administration retain its power to establish the limits on fees and charges for VA-aided residential-mortgage loans. Likewise, the weakening of the veterans' preference provisions for admission to low-rent housing as provided in section 501 should be changed.

AMENDMENTS SHOULD CARRY

My position as regards H. R. 7839 is well stated in the minority report of which I am one of 13 signers. It is my deep hope that the amendments to be offered in conformance with the views of the minority will find favor and adoption.

PUERTO RICO DIGNIFIED

I now address myself to a part of the bill of which I am in entire agreement. H. R. 7839 is the first major bill that has accorded Puerto Rico the dignity of specific designation as a commonwealth. In the bill "State" is defined to include the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

I am reading from the statement of the Honorable A. FERNÓS-ISERN, Resident Commissioner of Puerto Rico, commencing on page 849 of the hearings:

Mr. FERNÓS-ISERN. Mr. Chairman, in the first place I thank the committee for this opportunity to present my views on this bill, really only on one particular aspect of it.

In general, of course, I would say that Puerto Rico is one of the areas where laws like this have shown their worth. The work done in Puerto Rico has been splendid. But I am addressing myself this morning to just one particular aspect of the bill. I refer to H. R. 7839, page 87, where the word "State" is defined, to include the several States, the District of Columbia, and the Territories and possessions of the United States.

Since the 25th of July 1952, Puerto Rico has been organized as a commonwealth, and there has been a question raised as to whether laws that make reference to Territories and possessions apply or do not apply to Puerto Rico, since the commonwealth status is recognized as something by itself.

As to laws that were in effect in Puerto Rico before July 25, 1952, I think there would be little question that unless they are inconsistent with the law that created the commonwealth they would continue to apply. However, that matter has not been solved as yet, and is under study.

As to laws passed after July 25, 1952, the question seems to be much more important. The implication would seem to be that unless the Commonwealth was also included the idea that Territories and possessions only were mentioned might be interpreted as meaning that Puerto Rico was excluded.

This matter also is being studied as to some laws that have been passed, and which carry the language in the way it is in this bill.

Therefore, since we are so anxious to make sure that the law would apply to Puerto Rico, I wish to express our interest in having Puerto Rico expressly included.

It has been suggested that, by making some statement in the report, this question could be taken care of. But this would lead into another matter. The implication then might be that Commonwealth is no different from Territory and possession. This would have, I think, a bad effect in many ways—psychologically, it would have a bad effect in Puerto Rico, and it might have in other directions.

I wish to state to the committee that last fall I was honored by being appointed as alternate delegate to the U. N. to take up the question of the change of status in Puerto Rico, and we had some debates there in the various bodies of the U. N., until the matter came up to the General Assembly, and as a result of our efforts there the General Assembly passed a very complimentary resolution to the United States for the good work done in Puerto Rico, full recognition of the fact that Puerto Rico is a Commonwealth and has self-government, so that it is not included any more in the Territories and possessions, which are subject to report to the U. N. by the United States under the charter.

So I believe that it is in the public interest that this recognition of the Commonwealth of Puerto Rico could be made whenever possible, so that we may give full credit to the United States for the good deeds that it has always done for Puerto Rico.

I would also state that there are some that still find fault with the present status of Puerto Rico, and one of their arguments is that the Commonwealth status is nothing else but a disguised status of colonialism.

I want also to add a few words of thanks to the distinguished member of this committee who brought this matter to my attention, and who has given a great deal of thought and time to this matter, Mr. O'HARA.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. GAMBLE. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. SCOTT].

Mr. SCOTT. Mr. Chairman, I rise particularly to call attention to the considerable misapprehension which exists in my city of Philadelphia regarding the present state of the housing program. Yesterday's papers contained statements by the city council president, James A. Finnegan, to the effect that House action threatens total loss of Philadelphia housing projects—pending, completed, and not started.

Mr. Finnegan makes a thoroughly political presentation, I am sorry to say, and represents that certain projects now under completion cannot be completed.

Among other statements he makes are some to the effect that the North Allen development, bounded by Harper, Percy, Poplar, and 12th Streets, adjacent to the 1,000-unit Richard Allen homes, cannot be proceeded with and that, though firm contracts have been entered into, the time, money, and effort spent on this project will be a total loss.

So said Mr. Finnegan.

The same statements are made with reference to the Wilson Park and Raymond Rosen projects.

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

Mr. SCOTT. I yield to the gentleman from Pennsylvania.

Mr. CHUDOFF. I read the Philadelphia papers of yesterday and carefully read the statement by the president of the city council, Mr. Finnegan, to the effect that the North Allen project could not be completed. I think that is correct. I did not see anything at all about the Raymond Rosen Apartments or the Wilson Park project. The Raymond Rosen Apartments are in my district. The people are going to move into them in May. In what paper did the gentleman see this statement concerning the Raymond Rosen Apartments?

Mr. SCOTT. I would refer the gentleman to the Philadelphia Inquirer of Wednesday, March 31, and the Philadelphia Bulletin of Wednesday, March 31, and the statements by the city council president contained therein. Particular reference is made to this remark:

In an attack on the House Republican leadership, Finnegan said the Philadelphia Housing Authority already has spent considerable time and money in preparing plans for the 10-acre development bounded by Harper, Percy, Poplar, and 12th Streets.

Mr. CHUDOFF. That is the North Allen project.

Mr. SCOTT. Then Mr. Finnegan went on to say that the House or its committees not only sounded the death knell for all future public housing but also put the Federal Government in the position of unilaterally nullifying firm contracts already entered into with local housing authorities.

Therefore, he has made a blanket statement that all pending and future contracts are imperiled by the House action.

I would like to make the point that Mr. Finnegan is totally, completely, utterly, absolutely, and comprehensively in error.

Mr. CHUDOFF. What the gentleman is doing is making an interpretation of a statement that does not say anything like that. It is true we will not be able to complete the North Allen homes. We have spent thousands of dollars through the redevelopment authority clearing the ground, and under this bill we will not be able to complete this project. There is not a word in that statement about either the Raymond Rosen or the Wilson Park homes, and I do not think Mr. Finnegan intended to mean that.

Mr. SCOTT. If the gentleman will permit me to proceed, I will be glad to point out that the specific reference, and I want to be quite accurate about it, to Raymond Rosen and the Wilson Park projects occurs in a statement following the inclusive statement of Mr. Finnegan that all of these projects are imperiled. Then the specific statement is made by Mr. Alessandroni, the executive director of the Philadelphia Housing Authority, that among those projects which will be affected are the Wilson Park project and the Raymond Rosen apartments and he added that it is "conceivable that the housing authority may find itself with an open tract ready for development and no funds," referring to certain other tracts.

Mr. CHUDOFF. That is the statement of Mr. Alessandroni, not Mr. Finnegan.

Mr. SCOTT. But it follows Mr. Finnegan's inclusive statement that the action of the House refers to pending and future projects and that it nullifies both. As to the Allen project, we will be able to complete it under the action taken yesterday on the appropriation bill.

Mr. CHUDOFF. I think the gentleman is making a wrong interpretation of the statement, and is reading something into the record that is not there.

Mr. SCOTT. The gentleman and I are both in favor of the public-housing program for Philadelphia. If he does not mind, I would like to go on with that theme.

Mr. BYRNE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. I yield.

Mr. BYRNE of Pennsylvania. The gentleman knows I represent the third district, in which the Allen project is located, also the one at 12th, Poplar, Percy, and Harper Streets. Does the gentleman also know that 2 years ago they demolished the properties from Spring Garden Street to Poplar Street, and all they did was put fences up? What is going to happen to them? The gentleman knows that in this section of the city we are badly in need of public housing from Vine Street north.

Mr. SCOTT. I agree with the gentleman that we are in need of public housing and that the gentleman's opinion and mine, I know, are the same. The point which I wish to make here is that the ruling of the Comptroller General, which is also referred to in the press account details that the Government can still proceed with 35,000 units already contracted for during the next fiscal year, and permitted by our action on the appropriation bill yesterday. Therefore, the present project in Philadelphia is not imperiled and, furthermore, should not be imperiled because I agree with the mayor of Philadelphia in his telegram to the various officials here of March 5, 1954, in which he says:

> A survey of incomes of families living in blighted areas in Philadelphia clearly reveals that large scale low-rent housing is the only real solution.

But, I want to make this point, that it is my understanding that an amendment or amendments will be offered here in addition to the action of yesterday, which amendment will authorize at least 35,000 new units for fiscal 1955. Amendments will be offered here which will continue the program, as recommended by the President, on a year-to-year basis. One such amendment will at least assure, if adopted, the authorization for 35,000 additional housing units during the fiscal year 1955. The minority of the committee in its dissenting opinion states that it wishes to support the President's program "because it would make it possible for him to carry out the program he proposes, and to meet the needs of families of low income displaced by the slum clearance and urban renewal program he recommends."

The amendment which will be introduced from the administration side will accomplish that purpose. Therefore, I hope that such an amendment, when offered, will be adopted by the committee.

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

Mr. SCOTT. I yield.

Mr. YATES. What will the proposal be—to incorporate the President's recommendation of 140,000 units to be constructed over a 4-year period?

Mr. SCOTT. I imagine that the people who plan to offer the amendment would like to reserve the exact wording of it, until after the bill has been read for amendment. I would not want to undertake to say how some Member's amendment may read. It may be changed between now and the time that it is offered. But it will carry out the President's program for the fiscal year 1955 so I am informed.

Mr. YATES. Will not the gentleman agree that the President's proposal, as stated both by the President in January and by former Congressman Cole, the Present Housing and Home Finance Administrator, is for the construction of 140,000 units over a period of 4 years?

Mr. SCOTT. At the rate of, I understand, 35,000 units per year.

Mr. YATES. That is for 4 years.

Mr. SCOTT. It may be offered on a year-to-year basis or it may be offered on some other basis. But I do not want to anticipate what some other gentleman will do in detail.

Mr. Chairman, I would like to make, what seems to me, an important point, if I may. The Philadelphia housing authority has every reason to be proud of the fact that juvenile delinquency in its area is only one-half of that in surrounding areas, and that the projects are a financial asset to the city. For example, the three tracts on which the Allen, Johnson, and Tasker homes were built had been delinquent $140,000 in taxes. One site was a slum; one was a deteriorated cemetery; the third was a dump.

Today, although the housing authority pays the city only 10 percent of the rentals, the income from these sites to the city is one-third greater than in preproject times. Meanwhile, of course, the fire risk and police coverage and crime rate of the former slum areas dropped sharply.

Mr. BYRNE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. I yield.

Mr. BYRNE of Pennsylvania. I am glad the gentleman brought that point out because about an hour ago the gentleman from New York [Mr. GWINN] started to read a list of vacancies in public-housing projects and ignored the juvenile delinquency problem. You have proved by your last statement that in Philadelphia at least, there are no public-housing vacancies, and, in fact, we have a long waiting list of applicants.

Mr. SCOTT. I want to say that the program is essential in my city of Philadelphia. It improves our economy. It sustains and supports the declared need for those projects, and it certainly lowers the cost of policing and fire protection. It greatly decreases crime. As a former assistant district attorney for 15 years, I know these areas and I know whereof I speak, and I do not have to rely on guesses.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. DEANE].

Mr. DEANE. Mr. Chairman, I signed the minority report, not in any partisan sense, but because I sincerely felt that the bill failed to include certain provisions that are earnestly desired by certain groups in the country. I am thinking of the veterans groups and the provisions of the bill eliminating veterans' preferences, and the plan to increase interest rates.

Mr. Chairman, a minority report, I think, promotes good legislation. When individuals differ with their colleagues in order to point up the essential needs of housing, or any other type of legislation, it is progress.

RURAL HOUSING PROGRAM

I join with my colleagues on both sides in commending our chairman the gentleman from Michigan [Mr. WOLCOTT] for his liberality and patience during our long hearings.

To him as well as other members of the committee, I want to express my personal appreciation for the acceptance of an amendment which I offered, which restored to the bill the rural housing program.

On page 30 of the report and page 225 of the bill you will see where that legislation is described and explained.

Mr. Chairman, under permission previously granted, I insert at this point a table which summarizes by States statistical data on this rural housing program administered by the Farmers Home Administration:

STATISTICAL TABLE SUMMARIZING RURAL HOUSING LOANS BY STATES

U. S. Department of Agriculture, Farmers' Home Administration—Farm housing program data, from inception of program through Dec. 31, 1953

State	Number loans made		Amount loaned		Average amount loaned		Number of borrowers in arrears on Jan. 31, 1953	Applications on hand Dec. 31, 1953			
								Veteran and nonveteran		Veteran only	
	Veteran and nonveteran	Veteran only	Veteran and nonveteran	Veteran only	Veteran and nonveteran	Veteran only		Number	Estimated amount	Number	Estimated amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
United States total	18,401	7,675	$93,992,181	$39,819,108	$5,108	$5,188	761	5,097	$25,916,845	2,042	$10,701,349
Alabama	1,022	502	5,509,475	2,802,396	5,391	5,582	8	560	3,018,960	228	1,272,696
Arizona	100	33	722,462	251,015	7,225	7,607	5	13	93,925	2	15,214
Arkansas	971	438	3,209,342	1,419,134	3,305	3,240	14	425	1,407,930	156	505,440
California	449	198	2,734,762	1,173,054	6,091	5,925	20	100	609,100	40	237,000
Colorado	212	101	1,232,162	602,578	5,812	5,966	14	45	261,540	21	125,286
Connecticut	34	15	142,082	64,417	4,179	4,294	1	4	16,716	2	8,588
Delaware	5	1	26,290	5,100	5,258	5,100	0	0	0	0	0
Florida	357	203	2,100,878	1,196,646	5,885	5,895	7	104	612,040	58	341,910
Georgia	1,164	546	5,716,975	2,752,180	4,911	5,041	27	482	2,367,102	166	836,806
Idaho	338	121	2,095,506	750,456	6,200	6,202	37	71	440,200	24	148,848
Illinois	336	122	1,328,605	433,169	3,954	3,551	1	60	237,240	23	81,673
Indiana	302	113	1,539,997	613,875	5,099	5,433	1	77	392,623	45	244,485
Iowa	355	95	1,667,289	488,405	4,697	5,141	1	60	281,820	15	77,115
Kansas	267	103	1,419,791	531,248	5,318	5,158	27	57	303,126	20	103,160
Kentucky	424	192	2,227,883	1,055,420	5,254	5,497	8	56	294,224	31	170,407
Louisiana	640	265	3,322,580	1,403,117	5,192	5,295	13	238	1,235,696	100	529,500
Maine	263	109	1,049,715	399,057	3,991	3,661	7	37	147,667	16	58,576
Maryland	137	51	736,046	287,165	5,373	5,631	7	42	225,666	15	84,465
Massachusetts	20	6	97,043	31,300	4,852	5,217	1	3	15,651	3	15,651
Michigan	414	171	2,002,630	866,094	4,837	5,065	8	69	333,753	29	146,885
Minnesota	304	96	1,262,580	361,770	4,153	3,768	11	65	269,945	19	71,592
Mississippi	1,145	564	4,860,853	2,406,339	4,245	4,267	30	383	1,625,835	155	661,385
Missouri	883	381	3,218,484	1,398,627	3,645	3,671	22	189	688,905	72	264,312
Montana	189	77	1,140,615	462,725	6,035	6,009	24	42	253,470	19	114,171
Nebraska	362	142	1,653,595	705,858	4,568	4,971	28	21	95,928	14	69,594
Nevada	25	9	180,807	62,750	7,232	6,972	3	3	21,696	0	0
New Hampshire	15	10	57,420	42,045	3,828	4,204	0	10	38,280	6	25,224
New Jersey	145	43	740,953	240,943	5,110	5,603	2	17	86,870	5	28,015
New Mexico	238	100	1,357,541	570,475	5,704	5,705	20	39	222,456	23	131,215
New York	165	53	908,547	320,290	5,506	6,043	13	34	187,204	14	84,602
North Carolina	739	309	4,229,947	1,780,397	5,724	5,762	7	152	870,048	101	581,962
North Dakota	196	67	1,239,038	426,387	6,322	6,364	22	162	1,024,164	41	260,924
Ohio	190	88	873,480	369,458	4,597	4,198	7	43	197,671	17	71,366
Oklahoma	960	367	4,847,383	1,833,676	5,049	4,996	77	216	1,090,584	74	369,704
Oregon	204	76	1,332,914	453,866	6,534	5,972	9	47	307,098	14	83,608
Pennsylvania	353	182	1,495,857	782,419	4,238	4,299	12	61	258,518	25	107,475
Rhode Island	2	1	5,570	3,140	2,785	3,140	0	1	3,140	1	3,140
South Carolina	613	319	3,597,104	2,064,680	5,868	6,472	8	206	1,208,808	86	556,592
South Dakota	216	66	1,139,024	367,273	5,273	5,565	28	64	337,472	27	150,255
Tennessee	585	259	3,040,455	1,394,213	5,197	5,383	12	117	608,049	62	333,746
Texas	1,158	415	6,673,353	2,425,767	5,763	5,845	121	215	1,239,045	81	473,445
Utah	264	80	1,654,674	537,207	6,268	6,715	14	51	319,668	26	174,590
Vermont	18	4	71,375	15,365	3,965	3,841	1	7	27,755	1	3,841
Virginia	326	167	2,122,887	1,124,077	6,512	6,731	22	92	599,104	45	302,895
Washington	207	98	1,412,972	681,734	6,826	6,956	8	56	382,256	33	229,548
West Virginia	246	114	1,575,047	790,436	6,403	6,934	3	114	729,942	53	367,502
Wisconsin	289	87	1,328,991	418,855	4,599	4,814	8	51	234,549	9	43,326
Wyoming	141	54	817,672	332,790	5,799	6,163	16	17	98,583	9	55,467
Alaska	1	1	1,000	1,000	1,000	1,000	0	0	0	0	0
Hawaii	101	22	825,950	145,135	8,178	6,597	3	13	106,314	3	19,791
Puerto Rico	296	38	1,369,450	170,585	4,627	4,489	17	98	453,446	13	58,357
Virgin Islands	15	1	75,130	3,000	5,009	3,000	6	7	35,063	0	0

It is significant that over $94 million has been loaned under this rural housing program, and less than 5 percent are in arrears. This rural housing program is frankly the only live housing program open to our rural people. For example, the Veterans' Administration in 1953 made a total number of loans of 322,160, but only 1,455 were farm loans.

RURAL HOUSING NEEDS

Let me give you a few facts, the latest available on the need for rural housing and improvements. We fight to eliminate slums in the great cities. We must not do less for the rural citizenship of this country.

STATEMENT OF RAYMOND C. SMITH, ASSISTANT CHIEF, BUREAU OF AGRICULTURE ECONOMICS, DEPARTMENT OF AGRICULTURE, FEBRUARY 1949

The deficiency of farm housing compared with urban housing, though not so marked as in earlier years, still is much in evidence. In April 1947, for example, 67.3 percent of rural farm dwellings lacked running water, while only 4.5 percent of urban dwellings lacked this facility; only 20 percent of farm dwellings had private bath and flush toilet, while about 84 percent of urban dwellings were so equipped; about 60 percent of farm dwellings and 98 percent of urban dwellings had electric lights; about 10 percent of occupied rural farm dwellings and less than half of this percent of urban dwellings were overcrowded; whereas 83 percent of the urban housing units possessed all designated modern facilities, such as lights, running water, bath, and flush toilet, only 19 percent of farm dwellings were as well provided.

THE URBAN RENEWAL PROGRAM

I come now to a discussion of the new bold slum-clearance program, under a new designation, "The Urban Redevelopment Program." If you will refer to page 126 of the bill, you will see that the Commissioner can guarantee loans up to $50 million. It is a bold program and I challenge the owners, builders, and mortgage bankers of this country to come to grips with it realistically. I am not arguing against guaranteeing loans for 40 years on the basis of $7,600, but I wonder if our mortgage bankers are going to accept those loans.

I call to the attention of the committee the testimony given by Mr. John A. Searles, chairman, redevelopment section, District of Columbia Redevelopment Land Agency, on page 337 of the hearings. At this point in the hearings I developed from his testimony that the area in Southwest Washington lying from the railroad tracks out to Fort McNair and from South Capitol Street over to the waterfront and 14th Street, the area now contains 22,000 people, or almost 6,000 families. I asked Mr. Searles what is the approximate rental that is

being paid? The testimony reveals that the rent is as low as $25 a month on an average by block. The average for the entire area runs around $40 a month. This area, Mr. Chairman, has been included an urban renewal area.

From the testimony of Mr. Searles it appears clear to me that the lower 40 percent of the occupants in this Southwest Washington area have a priority for low-rent public housing.

Now, Mr. Chairman, what is going to happen if this area is developed as an urban renewal area? Will the displaced families be able to pay the rent on the $7,600 home as recommended in the committee? For the information of the committee I submit the following exhibit appearing on page 94 of the Report of the President's Advisory Committee on Housing giving the estimated monthly mortgage payment and housing expenses on typical mortgages insured under the proposed new section of the housing bill. A study of this exhibit reveals the impossibility, in my opinion, for the great majority of the people living in this Southwest Washington area or any other similar blighted area to pay the estimated monthly mortgage payments and housing expenses which as shown by the table on a $7,000 house would run $62.92.

Estimated monthly mortgage payment and housing expense on typical mortgages insured under proposed sec. 221

	Mortgage amount		
Mortgage term: 40 years ratio of loan to value: 100 percent	$6,000.00	$7,000.00	$8,000.00
Payment to principal and interest of 4½ percent on reducing balances	27.00	31.50	36.00
Payment to FHA mortgage insurance premium of ½ of 1 percent on reducing balances [1]	2.47	2.88	3.29
Payment to service charge of ½ of 1 percent on reducing balances [1]	2.47	2.88	3.29
Estimated payments to hazard insurance premiums, taxes, and any miscellaneous items	7.64	8.91	10.19
Total monthly mortgage payment	39.58	46.17	52.77
Estimated monthly costs of maintenance and regular operating expense items (water, gas, electricity, and fuel) [2]	15.77	16.75	17.93
Estimated total monthly housing expenses	55.35	62.92	70.70

[1] One-twelfth of the second annual premium or service charge. These amounts decline over the life of the mortgage, paralleling the decline in the outstanding balance.

[2] Maintenance accounts for approximately ⅓ of this item.

Source: Federal Housing Administration.

Mr. Chairman, I refer you to the testimony of Mr. J. A. Reilly, a Washington banker, who appeared before our committee in behalf of the American Bankers Association. As a part of my remarks I insert here the series of questions that I directed to Mr. Reilly on how to take care of these displaced persons in an urban rural development:

Mr. DEANE. What would you recommend for, say, the people in the Southwest Washington area, where a witness yesterday said the average rental was around $40 to $44 a month? What type of housing do you recommend for those people when they are displaced?

Mr. REILLY. I think they have got to be taken care of, but I think——

Mr. DEANE. What would your organization recommend?

Mr. REILLY. I don't know, but certainly a person living in a slum area now paying a low rental is no kind of a risk to build a house for and sell it to him for $7,000, and take his note and give him 40 years to pay it back. There has got to be some Government subsidy in that, as I see it.

It is a social-welfare problem that has to be solved by the Government, and not by lending money to them.

Mr. DEANE. You understand I am not trying to put you on the spot.

Mr. REILLY. I understand.

Mr. DEANE. We must do something for these people.

Mr. REILLY. We surely do. I think it is a Government welfare program and should be considered by the Congress as such. And not toss it off into the loan field.

Mr. DEANE. Is that the viewpoint of the American Bankers Association?

Mr. REILLY. It certainly is.

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

Mr. DEANE. I yield.

Mr. CANFIELD. The gentleman is exactly right. I want to compliment the gentleman from North Carolina for making that statement at this stage of the debate.

Mr. DEANE. I thank the gentleman from New Jersey. I know his long and faithful interest in providing decent housing for all groups. I appreciate the contribution of the gentleman from New Jersey [Mr. CANFIELD].

TINY NO. 2, WASHINGTON'S WICKEDEST PRECINCT

Some days ago most of the Members read, as I did, the series of articles appearing in the Washington Post written by Mr. S. L. Fishbein on Tiny No. 2, the City's Wickedest Precinct. The Post did, in my opinion, make a significant contribution in bringing to the attention of the Capital City and the Congress what can and is taking place within a comparatively small area of what is supposed to be a beautiful city.

I had a personal talk with Mr. Fishbein and pointed out this fact: It is easy to state and describe a problem. It is quite difficult to provide an answer.

It is my personal conviction that the owners of property in the second precinct or any other similar precinct in any city of the country must be held personally responsible for what is wrong. The key leadership, not only in the area involved, but the city officials and church leaders, must begin at once to assume personal responsibility for what is wrong. Until that takes place, the second precinct and other similar slum areas throughout the country will continue to fester and become an ever-increasing problem to the entire country.

At this point, Mr. Chairman, I include, under request previously granted, the series of articles written by Mr. Fishbein and again commend him and the Washington Post for this enlightening series of articles. Yet it makes one hang his head in shame to think that such an area exists in the shadow of the Capitol of the greatest nation in the world.

[From the Washington Post of March 14, 1954]

"THE WICKEDEST PRECINCT"

Washingtonians living in neat residential streets and comfortable suburbs have a vague knowledge of what poverty, vice, filth, and wretchedness prevail in some other parts of the city. But to most of them this degradation seems remote. Seldom do they realize that the crime and tragedy, the vice and disease that center in the city's slums tend to fan out and taint the entire community. Yet that is an inescapable fact which influences nearly every municipal policy.

The Washington Post's series on "the wickedest precinct" is an attempt to acquaint the city, by means of candid pictures and hard facts, with the worst aspects of its community life. The people have a right to know about the consequences that flow from the dens of iniquity, the rat-infested slums, the garbage-strewn alleys and beer joints of the wickedest precinct. Only by knowing the extent of the crime and misery that are generated here can they hope to move toward remedies. What is the relation between overcrowded shelters unfit to be called houses and the excessive delinquency rate among children who live there? Can the city root out excessive crime from this area so long as poverty and frustration prevail? What does it cost the community to leave open cesspools of vice and violence overflowing in its midst? What is necessary to lift this segment of the community up to the standards of its average or even its best neighborhoods?

"The wickedest precinct" is a challenge to every local resident whether or not he realizes it. Putting it out of mind will afford him no protection against a possible knifing by a second precinct thug some dark night. Nor will it save his family from the spread of tuberculosis from the back alleys. Washington has too long turned its gaze away from the sordid truth about its worst depressed areas. So long as it does so the hope of cleaning up this shameful aspect of our community life will be nil. The Post is offering these stark and unlovely facts in the hope that increased awareness of our community failings will force officials and civic groups—and encourage the people of the precinct itself—to move more resolutely against the evils thus exposed.

[From the Washington Post of March 14, 1954]

THE WICKEDEST PRECINCT—NO. 2 LEADS CITY IN VICE AND VIOLENCE

(EDITOR'S NOTE.—The second precinct is the wickedest of all Washington police precincts. The Washington Post is putting this poison spot of crime under the microscope to see why it is so filled with evil and to find out what can be done about it. The good people of the second precinct—and there are thousands of the most law-abiding residents of the city living here—need help in cleaning out the vice, destitution, and disease that threaten their well-being. The residents of other areas need to be awakened to conditions that threaten to spread this infection to other neighborhoods. It is a crisis too big for police alone. It will never be solved until all Washington knows and understands the menace of the veritable sink of iniquity that has developed in this precinct. This article is the first in a series of daily and Sunday pieces in which the facts of life in the wickedest precinct will be examined. The series will be followed by subsequent articles, appearing regularly each Sunday and occasionally during the week. Washington Post reporters will keep the light on the second precinct throughout the year. They are going to devote intensive coverage to it throughout 1954 and in subsequent months.

It is hoped that when this task is completed, the second no longer will be the wickedest precinct. Citizens will be shocked, as the editors of the Washington Post have been shocked, by the picture of what life is like in the second precinct. We hope they will be shocked. We hope they will be shocked enough to do something about a situation that has cried aloud for remedy for half a century.)

(First of a series)

(By S. L. Fishbein)

Rats and wretches, prostitutes and panderers, slayers and slashers, hopheads and "winos" mingle and fight and die in the second precinct—Washington's wickedest.

The cauldron of violence known as the second precinct is the biggest single reason why the National Capital annually ranks at or near the top of all cities in the number of aggravated assaults.

Second precinct murders bulge out the citywide figures to the point where Washington frequently ranks higher than larger cities in the number of felonious homicides recorded.

Through the ebb and flow of crime waves and the varying intensity of the police drive one fact stands out perennially: The second precinct leads all the rest in vice and violence.

The second trails the other 13 in size, covering a mile-and-a-quarter area in the heart of Washington.

And crime is not its only industry. Its teeming streets hold the largest number of licensed businesses in the city.

Among these 4,900 enterprises, smart hotels on the southwestern fringes contrast with the broken down rooming houses in the middle reaches which are often nothing more than sweatshops for the streetwalkers.

Streetwalkers—some 200 of them—patrol the precinct, mostly along Seventh Street and Ninth Street and in the 600 block of O Street.

Curbside whisky peddlers offer their illegal services with prices to match in the 400 block of Neal Place, at the corners of Fifth Street and Neal Place, Fifth and O Streets, 14th and T Streets, and 14th and Corcoran Streets.

Harried dope addicts keep drifting back to their old haunts on Ninth Street and Seventh Street.

Knife wielders and muggers may be found almost anywhere in the precinct except in the southwest where the K Street complex of office buildings, hotels, and apartment houses form a wedge of respectability.

Crime and misery breed most abundantly in the 30 inhabited alleys where human vileness and degradation of the basest sort has reproduced itself for over half a century. It remains largely unnoticed by the middle-class commuters who zip through the precinct on express buses and streetcars.

These decayed alleys harbor children who know no fathers. Here garbage-fattened rats occasionally make bold forays against children in bed.

Here the passions stoked by poverty, frustration and cheap wine send the knife blades slashing against cheek and bone and back.

Here the lessons taught in school must be studied and absorbed by kerosene lamp amidst the atmosphere of the stinking chamber pot and the outside toilet and the sight of strange men living with mothers and sisters.

The second precinct is not the exclusive hunting ground of Washington's human scum.

Nor is it a particularly happy hunting ground. In the new and fresher atmosphere of Police Chief Robert V. Murray's administration, second precinct police under Capt. John E. Winters have settled into a war of attrition that continues day in and day out.

With the manpower available, it is the only type of war that seems feasible.

The second precinct is the entrenched crime capital of the Nation's Capital.

Crime figures for the fiscal year 1953 are interesting. In the second precinct, which covers about one-sixtieth of the city's area and contains one-fourteenth of the city's population, there were more murders, robberies, aggravated assaults, housebreakings, concealed-weapons cases, prostitution cases, liquor violations, and drug violations than in any of the other 13 precincts.

It tied for first place in rape cases and ranked second in gambling offenses reported.

By the numbers: In fiscal 1953 the city's smallest precinct was the scene of 19 out of a citywide total of 69 murders reported; 1,503 out of a total of 4,598 aggravated assaults; 269 out of a total of 1,325 robberies; 23 out of a total of 148 rape cases; 714 out of a total of 5,040 housebreakings; 134 out of a total of 466 concealed weapons cases; 344 out of a total of 655 prostitution cases; 562 out of a total of 1,040 narcotics cases; and 581 out of a total of 1,731 illegal whisky cases.

The same pattern of lawlessness holds true for 1952, 1951, 1950, and as many years back as veteran policemen can remember. The second is always the worst.

As of 1950 the precinct was home for 14,876 white and 43,974 Negro residents. In addition its streets have been swelled for years by Negroes drawn from outside the precinct by the jazzy taverns, blood and thunder movie houses, pawn shops, second hand stores, "take out" lunch rooms, and billiard parlors.

The second precinct, in other words, is "town" for Negro residents from all over the city, as well as a retail depot for dope, women, bootleg corn, and legal whisky sold illegally after hours.

It is not surprising, therefore, that in the 1953 fiscal year, 16 out of every 17 persons arrested in the precinct for major crimes were Negroes, or that 4 out of every 5 persons arrested for all crimes were Negro.

And among the crimes, which involved bloodshed, the slashings or murders growing out of the eruption of rotgut whisky, dice games and love triangles, the victims were also overwhelmingly Negro.

The appeal of the second precinct, however, is not strictly along racial lines.

The statistics don't show it but veteran prostitutes report that a huge proportion of their clientele is white, including servicemen on liberty in Washington.

Prostitutes lie easily but a beat policeman, hardened by more than a decade in the vortex of vice operations, is still perplexed when he recalls catching family men from "real good neighborhoods in bed with the filthiest women you ever saw."

The second is the precinct from which the slum women fan out into the city to become charwomen, day workers, and maids; and the precinct which supplies most of the venereal disease patients at the Polk Health Center at Seventh and P Streets NW.

The second precinct is the only one in the city in which all beats are patrolled by two policemen together when the men are available. When they are not, the footmen are concentrated in the middle and spread thin at the east and west borders.

It is the precinct in which a shocked Catholic priest reported to police that a drunk staggered into the church confessional and relieved himself.

It is the precinct whose captain, John E. Winters, responded to a report of a natural death and found two children sleeping beside the dead man. "They were tired and I didn't have a place to put them," the woman of the house reported.

The precinct covers about 130 squares from which Captain Winters' vice detail has culled a file of 250 addresses of known or suspected vice dens. Some are cold leads due to raids and the system of monthly visits by senior precinct officials instituted by Chief Murray.

But the known facility of vice operators to jackknife back into action keeps the file at about 250.

Brawling, butchery, bordellos, drinking joints and gaming have been and to some extent still are hallmarks of life on Six and One-half Place, which runs from M to N street.

This is the story of one of the quieter families which, according to police memories, is not troublesome:

A penciled announcement on a window of the two-story row house invites one and all to a Saturday night dance.

The sponsor of the dance is a plump 13-year-old, who had to leave school to have a baby, which duly arrived 4 months ago at Gallinger Hospital.

She has 2 sisters, the eldest 18. They also have one baby each. Head of the household is their 40-year-old mother. Neither the mother nor any of the three daughters has ever had a husband.

Two of the young mothers don't exactly know who the fathers of their children are.

The house has five rooms. It is heated by a wood- and coal-burning stove, also used for cooking; its toilet facilities include a leanto outside in the back yard, and chamber pots for the children at night.

The family tried to combat the rats by wedging pop bottles in the corner rat holes but the rats kept chewing new holes around the bottles. Flat irons on the holes in the middle of the floor were more effective. One recent Saturday night, a rat bit one of the 19-month-old children on both feet while she was asleep upstairs. Since then the landlord has had the rat holes covered with sheet metal.

"The rats around here don't run from you, they walk from you," explains the head of the household.

Three blocks north of Six and One-half Place is Marion Court, inclosed by Marion and Seventh Streets, P and Q Streets.

John (Bull) Leach is in prison and his notorious Marion Court dope pad is empty, but next door life pulses on with renewed vigor.

One family has occupied the 4-room hovel for the past 13 years. The family consists of grandfather, mother, and stepfather, and six children. And a brand-new baby, born within the past 2 months to the oldest child, an 18-year-old girl.

Ill in childhood, the new mother just finished junior high school last year and fully intended to go to high school but, she says, "I was spreading with child and couldn't go on."

She knows the father of the child and had intended to make him help support the offspring but just before she brought the blessed event home from Gallinger, the father got into some kind of trouble and was locked up.

Another of the six children, a teen-age boy, is also being detained at the National Training School for Boys for getting into some kind of trouble.

The baby is bundled in a portable wicker basket on the front-room sofa. The upstairs front room is reserved for grandfather. The new mother and two sisters share the back room, a litter of wrinkled bedclothes and the inevitable bucket for night use.

The regular toilet is out back in the alley, behind four bulging lines of clothes. These are washed by the mother of the house before she leaves in the morning to pursue her career of daywork.

Mother and father, a garage worker, and two boys, sleep on a combination sofa-bed in the downstairs front room. Lighting is by

kerosene lamp, heating by coal and wood stove.

In the alleys the dim glare of the infrequent street lights reflects from the fixed bloodshot stares of the cheap drunks in stocking caps and surplus Army khakis, one step or perhaps only a gust of wind removed from those stretched out on the ground, oblivious.

A drunk staggers along Logan Court NW., between L and Pierce, North Capitol and First Streets.

How did he get staggering?

"Had a little wine today."

Ever been locked up?

"Have I ever been locked up?"

Yes, ever been locked up?

"Yeah, I been locked up once."

Only once?

"Once, twice, three times, four times" (with a deep throaty chuckle).

Each time the charge was intoxication except once. Once he was caught cooking chicken at a bonfire. It is against the law to build a bonfire in the District. Once he did 10 days for drunkenness. The other times he dried out at the second precinct station.

Ever been cut up? He turns his head and displays a 4-inch vertical scar, straight enough but probably a little too thick to be a surgeon's work.

Once he had some excess hair growth out of a bump on his chin. "I gave my wife my own knife and put my head down on her lap for her to pluck out the hair," he says. "She started crying about me running around with another woman and put that blade to my neck."

"I sure had no business putting my head in her lap," he concludes, letting out that deep whisky chuckle as he stumbles on. He is fortyish, dirty, a part-time construction worker, a long-time drunkard, a common sight in the second precinct.

Complacency about conditions of life in the second precinct is not limited to those in blissful ignorance of these conditions. There is evidence indicating some of those who live in the atmosphere of filth and violence are satisfied with it.

One of these is a 59-year-old coal, wood, and ice dealer who recently moved into the precinct from Shott's Alley SW., that photogenic residential neighborhood which forms a background for the frequent investigators who deplore the slums in the shadow of the Capitol.

The coal, wood, and ice dealer, together with his wife and 5 children born in the last 6 years, now lives in a 6-unit apartment building in Fenton Court NW., with 2 outside toilets for the 6 families.

The walls of the 3 rooms are a dark green, almost black. Gases from the coal stove and kerosene light lamps mingle thickly with cooking smells. Three youngsters sleep in a single bed, in a closet-like bedroom, with the foul night bucket at the head of the bed.

An 8-month-old baby sleeps in a carriage next to the big stove in the crowded kitchen. The other two children sleep with the parents in the big bedroom.

The coal, wood, and ice dealer looks on the march of progress with something less than ecstasy. "These refrigerators are killin' me," he says.

"Next year, they're gonna close all these alleys down and nobody'll want any more coal or wood," he says, referring to the Alley Dwelling Act which bans alley dwelling after July 1, 1955.

Although he sometimes thinks about looking for more liveable accommodations, he is well satisfied with the present state of affairs. The children are healthy, he says, and "I got no complaints."

There is another side to the coin. Precinct officials relate moving stories of tough moral fiber asserting itself against the perpetuation of the community pattern.

Lt. Joseph Shimon recalls the story of the tough young delinquent who was known to have secreted about $100 garnered in a series of purse snatchings. The boy adamantly refused to reveal the location of his cache.

The boy's father called at the precinct, heard the police evidence, and asked to take his son outside for a few minutes. Shimon noticed the father's belt being unbuckled as they walked down the station corridor.

When they returned, the subdued youngster spewed out his secrets, under the insistent frown of his father.

An old charwoman recently called on Precinct Captain Winters to ask for advice about her children who were getting into trouble. Tearfully she displayed her calloused hands and asked how she could provide a living for her children and keep them under supervision at the same time.

Captain Winters has much sympathy for the woman. There is not much else available.

In the years before the Civil War reaction brought thousands of Negroes streaming into the alleys, portions of what is now the second precinct were places of elegant living.

The three-story Victorian eclectic mansion at Sixth and M Streets NW., which stands out in sharp contrast to the squalor of the alleys behind it, was once the home of banker William Stickney, who served as president of Washington's city council in 1871–74.

Today, with a still-fresh exterior, the mansion houses the church of Bishop C. M. "Daddy" Grace.

With the quick decay of the alley dwellings came the recurrent movement to improve or outlaw them. In 1892 their disease- and crime-producing potential brought forth a law banning new construction of alley dwellings without plumbing or lighting facilities.

As long ago as 1907, a report on alley dwellings to President Theodore Roosevelt quoted an old woman alley dweller as saying, "Why, my old Marsa wouldn' ha' kep' his horses stabled in such a place."

In 1909 Charles F. Weller, a social worker who lived in an alley for a time to gather material for his book, Neglected Neighbors, wrote, "Certainly the fundamental basis of home life, proper marital relations, is not characteristic of Washington's alleys. Perhaps 'immoral' is too strong a word, for many of these delinquents appear to know no better."

And in the first decade of this century, President Theodore Roosevelt's Homes Commission submitted a voluminous report. A caption for a diagram of an alley in what is now the second precinct stated: "The problem is how the policeman on the corner outside can know about and reach men who are fighting or committing any other iniquity inside. It is not yet solved." Monday—assaults and murders.

CRIME-RIDDEN SECOND PRECINCT CROWDS IN 58,000 PERSONS

Key facts about the second precinct—Washington's wickedest

Shape: It is a crude rectangle with a panhandle at the east end.

Area: Washington's tenderloin covers about one-sixtieth of the city's area, 1.25 out of 68.25 square miles.

Boundaries: K Street NW. is on the south, 15th Street NW. on the west, S Street NW. and Florida Avenue on the north, and Second Street NE., and the Washington Terminal rail yards on the east.

Population: The 1950 census takers found 14,876 whites and 43,974 Negroes living in the precinct.

Schools: Precinct children attend some of the newest schools in the city as well as some of the oldest. Thirteen public schools for Negroes, 1 public school for whites, and 3 parochial schools.

Playgrounds: The children play on nine public recreation areas—six for Negroes, one for whites, and two for all youngsters.

Businesses: A total of 4,900 business licenses were issued in fiscal 1953 within the precinct, more than in any other precinct. Its legitimate businesses include old established furniture merchants, large modern auto agencies, blood and thunder movies, second-hand stores, variety stores, billiard rooms, taverns, and restaurants.

A night's lodging: Hotels within the precinct range from the handsome Hamilton Hotel on K Street, through the big rooming house which used to house dope peddlers and where the manager now keeps a taped billiard cue to maintain order in the dingy rooming houses where anything goes.

Churches: Its churches include the prominent National City Christian and Mount Vernon Place Methodist Churches, Bishop C. M. (Daddy) Grace's church, the huge Immaculate Conception Church and dozens of store-front churches of varying demoninations.

Landmarks: It houses the Central Public Library where New York and Massachusetts Avenues converge, and two of the city's largest markets, the Center City Market at Fifth and K Streets and the O Street Market at Seventh and O Streets.

Alleys: A recent police census recorded the presence of 30 inhabited alleys with approximately 3,700 persons living therein.

History: The precinct received its present boundaries in the late 1930's, after a 1931 consolidation of precincts was found to be unworkable. Under the consolidation, the Second and Eighth were combined and were known as the Second. When the precincts were split up again, the Second was divided into what are now the Second and Thirteenth Precincts.

Crimes reported by precincts from July 1, 1952, to June 30, 1953

	Total	1	2	3	4	5	6	7	8	9	10	11	12	13	14
PART 1 CLASSES															
1. Homicide:															
(a) Murder	68	6	19	2	7	5	1	1	-------	6	7	-------	1	9	4
(b) Manslaughter	6	1	1	-------	-------	-------	-------	-------	-------	1	-------	1	1	1	-------
(c) Negligent homicide [1]	11	1	2	-------	1	1	2	-------	1	1	-------	1	-------	-------	1
2. Rape	148	5	23	10	13	7	2	2	2	23	22	9	1	10	19
(a) Attempt rape	50	5	4	8	2	4	1	1	-------	1	2	3	2	10	7
3. Robbery	1,325	110	269	99	60	104	17	15	22	190	121	43	32	166	77
(a) Attempt robbery	133	11	28	12	2	14	2	1	2	22	16	5	4	9	5

[1] Misdemeanors.

Crimes reported by precincts from July 1, 1952, to June 30, 1953—Continued

	Total	1	2	3	4	5	6	7	8	9	10	11	12	13	14
PART 1 CLASSES—continued															
4. Aggravated assault	4,598	441	1,503	214	529	317	15	22	19	514	248	69	61	495	151
5. Housebreaking	5,040	378	714	335	365	335	147	184	202	559	492	301	248	387	391
(a) Attempt housebreaking [1]	203	20	21	9	17	8	19	9	33	14	10	11	9	16	7
6. Larceny—Theft:															
(a) $50 and over	1,860	390	220	191	90	91	45	65	59	197	112	61	101	155	69
(b) Under $50 [1]	8,453	1,487	1,076	984	350	343	188	236	442	987	559	297	321	879	298
7. Auto theft	2,023	257	230	170	85	168	67	70	72	293	108	105	113	151	134
Total, part 1 classes	23,918	3,112	4,110	2,034	1,521	1,397	506	606	854	2,808	1,697	906	894	2,288	1,163
PART 2 CLASSES															
8. Other assaults	3	1												2	
(a) Other assaults [1]	2,480	225	408	155	156	237	31	33	29	432	181	110	64	261	157
9. Forgery and counterfeiting	491	266	30	48	9	9	12	9	15	26	10	25	11	20	1
10. Embezzlement and fraud	393	142	43	36	12	12	10	11	12	45	20	11	17	21	1
(a) Embezzlement and fraud [1]	415	125	25	29	20	18	11	14	23	56	34	17	14	28	1
11. Stolen property (received, etc.)	47	9	8	4	1	10		1		4	2	4	1	2	1
12. Weapons (carrying and possession) [1]	466	47	134	12	32	23	17	12	4	55	28	18	4	57	23
13. Prostitution	33	15	15								1			2	
(a) Prostitution [1]	622	117	329	153	5	1	1		1	2	3			10	
14. Sex offenses (excluding 2 and 13)	145	12	17	13	15	15	7	5		12	6	12	3	17	11
(a) Sex offenses [1]	274	94	10	91	1	8	11	2	10	7	8	11	11	5	5
15. Offenses against family [1]	28	1	5	1	3	2		1		2	3	4	1	3	2
16. Drug laws	1,030	96	553	35	19	35			3	26	78	2	56	127	
(a) Drug laws [1]	19	2	9	3	3					1		1			
17. Liquor laws	2									2					
(a) Liquor laws [1]	1,729	230	581	89	131	101		4		164	89	26		286	28
20. Vagrancy [1]	115	26	40	10	7	3	6	2		4			3	13	1
21. Gambling	321	76	76	11	12	17	2	2		14	40	4	9	46	12
(a) Gambling [1]	260	66	56	11	11	17		1		21	25	4	8	33	7
26. All other offenses	133	18	24	9	4	8	1	6		14	6	23	1	11	8
(a) All other offenses [1]	2,826	237	348	132	224	263	67	42	104	377	178	187	127	264	276
27. Fugitives from justice [2]	806														
Total, part 2 classes	12,638	1,805	2,711	842	665	779	176	145	201	1,264	712	459	330	1,208	534
Total both classes	36,556	4,917	6,821	2,876	2,186	2,176	682	751	1,055	4,072	2,409	1,365	1,224	3,496	1,697

[1] Misdemeanors.
[2] Detective Bureau cases.

NOTE.—Categories 22 through 25 are traffic offenses.

[From the Washington Post of March 15, 1954]

THE WICKEDEST PRECINCT—SECOND PRECINCT KILLINGS ROOTED IN SQUALOR

(Second of a series)

(By S. L. Fishbein)

When one human being kills another, the act ordinarily spreads ripples of interest into the farthest corner of the community.

There are more killings and fewer ripples in the second precinct than anywhere else in the city.

Most of the murders committed in the second precinct do not stir the community into an avid thirst for details and a continuing interest in the subsequent manhunt.

The usual second precinct killing is an eruption of passion rooted in squalor and nurtured by alcohol, gambling, or the possession of a woman.

In fiscal 1953, this type of killing constituted a heavy majority of the 19 murders committed within the precinct.

This was more than one-fourth of the citywide total of 68 murders.

Occasionally, a second precinct murder will have a shock effect on the community.

Such typical examples are the unsolved murders of former Marine William Joseph Lindstedt last December; of soda fountain girl Florence Soriano in November 1952, and of liquor dealer Samuel Cooperman in August 1951.

And the more usual second precinct-style killings are not confined to the precinct boundaries.

Such circumstances make it hazardous for a citizen to walk some of the streets and most of the 30 inhabited alleys of the second precinct on a weekend night.

Such circumstances were present not only in a majority of precinct murders, but in most of the 1,503 aggravated assaults that occurred in the precinct in fiscal 1953. The precinct chalked up one-fourth of the city's total of 4,598 aggravated assaults.

From the throbbing streets and the dim, garbage-strewn, rat-infested alleys comes the orgy of violence, powered by the knife, the fist, and the gun.

The act performed, the victim is duly removed to the hospital or the morgue and the police move in. The case, as a rule, is quickly solved, and nobody pays much attention until the annual statistical report is compiled. Then Washington is shocked to discover so much murder and aggravated assault committed within its boundaries.

There were 10 homicides in the precinct from July 1 to September 17, last year, a bulky contribution to the statistical report that will set the city buzzing at the conclusion of the current fiscal year.

One of these, ironically, was committed unintentionally and with reluctance by a man who says he has been striving to cleanse some of the vice and cool the passions that loom so large behind the annual statistics.

He is the Reverend Genora Augustus Taylor, 44, a Baptist minister who until recently preached to a small congregation in a one-time pawnshop in the 1200 block of Sixth Street.

Ever since building inspectors closed his church because it had only one restroom, Mr. Taylor says, he has been preaching wherever he can. He says he has also tried to spread his message informally at an all-night restaurant at 1213 Seventh Street NW., which he partly owns.

FIGHT WITH GIRL FRIEND

In the late night hours, the 1200 block of Seventh Street, is a gathering place of streetwalkers, dope addicts, sidewalk drunks, and brawlers. On the Second Precinct wall map the block has a thick cluster of green tacks, which stand for aggravated assaults.

"I hoped to be able to convert a lot of these people," Mr. Taylor said recently, "but I haven't been able to do much—seems like the people around here are too far gone."

He has got some "rough drinkers, 2 or 3 hustlers, and 1 dope addict to go to church," but, he added, "I never have got any of them turned completely around."

Last September, Mr. Taylor killed one of his best prospects. The victim was one Romeo McKinney, a brawler of some repute and a known police character.

"I made him promise to go to church and it was said that I could do more with him than anybody else," Mr. Taylor said.

On the night of the incident, McKinney got into a fracas with his girl at Mr. Taylor's restaurant. McKinney stabbed her, threw a seat at her and continued to beat her when the minister intervened.

"I tried to quiet him, but that was one time he wouldn't listen to me," said Mr. Taylor.

Finally, the minister drew a .32-caliber pistol from under the counter and fired.

"I intended to hit him in the fleshy part of the leg," said Mr. Taylor. The bullet hit much higher than that—in the left side of the chest, killing McKinney.

DICE GAME MURDER

The following morning, a coroner's jury declared it a case of justifiable homicide and Mr. Taylor was back at his restaurant the same night.

Other attempts at conversion have him thoroughly disillusioned, he said.

Street women, wine drinkers, and dope addicts have told him they would like to live decently if they could find regular work.

A few of them have actually taken jobs at the restaurant. In each case, he says, "the first few dollars they'd take in, they'd put in their pockets and go out looking for wine or dope."

Here is another second precinct-style killing, this time a dice-game blowup over a bottle of liquor:

Last July 7, bootlegger, numbers man, Jesse Battles, 41, got into an argument over a bottle during a dice game operated by Wilbert L. Jackson, 46, in an alley near Battles' home at 441 Neal Place NW.

Battles drew a gun and started shooting.

Jackson took a fatal wound in the abdomen and a 7-year-old girl was wounded in the head. Jackson was trying to stop the fight, police said. Battles' opponent ran off unscathed. Battles was sentenced to 5 to 15 years for manslaughter.

On July 18, another bottle of whisky made another statistic.

Viola Dobson, 40, tried to separate her boyfriend and Rayfield Carter, 51, who were feuding over a bottle at their residence at 468 N Street NW. Carter wielded a butcher knife. The knife slashed through the woman's neck and lung. Carter was sentenced to 5 to 15 years for manslaughter.

And on January 5 of this year, a man was fatally wounded in the second precinct in an argument over four eggs.

James Mondine, 48, listed on police records as living at 6 Wiley Court NW., said he and his nextdoor neighbor, Lonzo Dancy, 45, were fellow pushcart peddlers and good friends. They shared meals together.

On January 5, Mondine said, he took six eggs, and a fifth of wine over to his friend's place. They had some wine. Mondine left and returned shortly to find four eggs missing.

Mondine told police he called his friend to answer for the eggs. They scrapped.

Dancy was stabbed by a pair of scissors. He died February 8. Mondine was held for the action of the grand jury.

Who remembers Jackson, Dobson, or Dancy?

The annual police statistics will.

CITY DRIVES TO CONDEMN 150 SLUM DWELLINGS—OFFICIALS FOCUS CLEANUP CAMPAIGN ON 1-BLOCK AREA IN SECOND PRECINCT

(By Don Olesen)

The District, through its Board for Condemnation of Insanitary Buildings, has launched a crackdown on slum housing in a one-block area in northeast Washington.

The board put its spotlight on an area bounded by North Capitol, L, K, and First Streets NE., which is bisected by Fenton Place, according to Assistant Engineer Commissioner Giles L. Evans, Jr.

This is in the second police precinct, the city's so-called wickedest precinct.

Colonel Evans, acting director of licenses and inspections, said notices already have been sent to about 100 property owners to show cause why their buildings should not be condemned.

Fifty more notices remain to be sent out before the concentrated campaign ends in several weeks, Evans declared.

The move marks the first time the District has used this block approach to poor housing since officials sparked a new slum rehabilitation drive here last fall.

For the past several months, 2 additional inspectors have been assigned to work on board condemnation cases, making a total of 5 inspectors, Evans pointed out.

This, plus the fact that inspectors gave first priority to the block instead of making as many scattered inspections throughout the city, brought about the crackdown.

Houses within the block were "so insanitary as to constitute a menace" to health, Evans said. "The problem couldn't be handled by cleaning them up—floors and joists were rotted, walls were cracked."

After getting notices, dwelling owners must either agree to rehabilitate the buildings to satisfy inspectors or have them vacated. Owners are entitled to a board hearing if they ask it.

Evans said officials already have picked out another "key block," this one in Northwest Washington, in which to enforce all ordinances relating to housing. He declined to name it until details are completed.

The block-by-block enforcement technique has been advocated by G. Yates Cook, National Home Builders Association rehabilitation director. He's in town this month to urge citizens to do something about slums.

Evans' office now is hard at work on a uniform city housing code as another approach to the problem. Cook also has advocated this step.

[From the Washington Post of March 16, 1954]

THE WICKEDEST PRECINCT—NO. 2 IS CITY'S WORST FOR OPEN PROSTITUTION

(Third of a series)

(By S. L. Fishbein)

The world's oldest profession has its Washington headquarters in the second precinct.

No rows of gaudy bawdy houses fitted out for elaborate revelries adorn the city's redlight district.

The traffic consists of a flock of women eddying through the streets, working in their homes or in rooming houses throughout the neighborhood.

One second precinct vice detective recalls being offered a prostitute's favors in an alley.

Lt. Joseph Shimon, the precinct's chief of detectives, says recent police crackdowns have cut down by half the practicing prostitutes in the precinct. This still leaves about 200, Shimon says. Almost all of them are Negro women, precinct officials report.

The precinct prostitutes during the last fiscal year accounted for more than half the 655 prostitution violations reported throughout the city.

This was only one of the distinctions achieved by the precinct—Washington's wickedest—in the annual police report. The second precinct also led in murders, aggravated assaults, robberies, housebreakings, and liquor and drug cases.

Their pitch keyed to the phrase, "Sportin', honey?", women for hire mill about in the night glare of the store fronts of the 1200 block of 7th Street, and in the 600 block of O Street NW.

The 600 block of O Street borders the square which contains the venereal disease clinic at the Polk Health Center and the site for the new Shaw Junior High School.

In the 1500 block of Seventh Street, they hawk their wares in the taverns and restaurants and consummate the contracts in big rooming houses nearby.

The streetwalkers, when the deal is made, adjourn to their own rooms or, when the heat is on, retreat to previously prepared hideouts rented by the prostitutes.

In the 1100 block of Seventh Street, a veteran of 7 years "in the life" lives and operates in a 2-room coldwater flat above a store. The littered entrance stairway provided ample hints about the activities upstairs one recent afternoon.

She is 24 years old and has 5 daughters, the middle 3 being the fruits of her profession. The oldest, a 10-year-old, and the youngest, a year-old infant, were the results of "running around."

Two of the older girls are farmed out with friends. Of the three remaining, the infant has a crib in the kitchen, the other 2 sleep on a hallway cot within a few feet of the bedroom.

She receives the going rate—"5 and 2"—$5 for the prostitute and $2 for the room. Since she operates in her own home, she gets to keep the $2 also. She will "turn 5 or 6 tricks" on an average working night.

She ran away from home in her early teens, was sent to the National Training School, and started in the life immediately upon leaving the school.

Her path was well-trodden, she insists. "For a lot of girls, their first stop out of the training school is the street"—the 1200 block of Seventh Street.

She has worked on 7th Street, 8th Street, 9th Street, 10th Street, and 11th Street. She has been "busted" (arrested) six times for soliciting and has served sentences ranging from 3 to 6 months. She is currently awaiting trial again.

Why does she continue in the life? She answers with two questions: Who would look after the kids? Where could she make enough money to support five children?

The economic trend of the past year may make an honest woman out of another denizen of "the street."

Now 22, she has been at it for a year. During her brief career she has paid a $25 fine for soliciting and been charged with dope peddling. Trial is pending on the dope charge.

Since the dope case came up, she had to find a legitimate job because her bondsman wouldn't supply bond if she continued "hustling." So she's currently a sandwich-and-salad girl at a restaurant in the daytime.

Another condition of her bond was to quit living with her boy friend and return to her parents' home in northeast Washington.

Her boy friend used to act as her protector—"sometimes a man gets nasty and wants his money back."

Her parents do not definitely know of her nightly activities. "But when I stay out all night and come home in the morning just to change my clothes and go to work, mother knows something's going on," she says.

She has earned as much as $190 in one night and her biggest single fee was $75, for an all-night "trick," she told a reporter recently.

She visits her doctor weekly and is particular about her customers. "I don't go with just any man," she says.

She estimates that about half her customers are white men, including a good sprinkling of servicemen.

The current economic situation, however, is giving her serious second thoughts about her profession. "Everybody's complaining about the prices nowadays," she reports. "They say they just can't afford to pay. I think I'm going to get out of this life."

There is nothing to prevent the prices from dropping and one prostitute's economic misgivings provide small solace for a community beset by a vice which breeds disease and moral degradation, unwanted children and the progressive decay of its practitioners.

Continuous baiting by both precinct and headquarters undercover men, combined with stiffer jail sentences at court, have put a fear into the prostitutes which was unknown until recently.

Major police efforts against dope and illegal whisky rings have inevitably depleted the ranks of the streetwalkers who, like many a shrewd business entrepreneur, often diversify their interests.

But it is still true in the second precinct that women are available in greater profusion than anywhere else in the city.

SECOND PRECINCT SERIES CITED BY SENATOR—PAYNE SAYS SLUM SITUATION HERE IS A DISGRACE

Senator FREDRICK G. PAYNE, Republican, Maine, said yesterday that second precinct slum conditions depicted in the opening article of the Washington Post's series on the Wickedest Precinct, were about as bad as could possibly exist anywhere.

PAYNE'S remarks were made during a Banking and Currency Committee hearing on the administration housing bill.

He asked that the article which appeared in Sunday's Post, be made a part of the hearing record.

The Senator said the article "has to do with an area of this very community, the Capital of the Nation—with regard to the type of housing situation that is confronting a great many people who, apparently from an economic standpoint, live in what I would call about as bad a slum situation as could possibly exist anywhere."

"Now my question is," he said, "what are we going to do about that sort of situation?

"They are human * * * they have to be taken care of and it is a disgrace, I think,

for that sort of thing to be right in the shadow of the Nation's Capitol."

When the committee witness, Norman B. Mason, of the United States Chamber of Commerce, said it was up to local authorities here to clear slums, PAYNE said:

"Well, the Congress of the United States happens to have the only authority because the people in this community have no vote in their own right.

"They have no right or method by which they can even set forth their own thoughts except through their Board of Commissioners who are responsible to the Congress."

DONOHUE CITES HOUSING EVIL IN SECOND PRECINCT

F. Joseph Donohue, former District Commissioner, last night cited slum housing conditions as a major factor in making the second precinct the wickedest in Washington.

In his weekly District affairs commentary over station WWDC, Donohue praised Reporter S. L. Fishbein's current stories on the wickedest precinct in the Washington Post.

"The Post story on the wickedest precinct in the city will be a revelation to a lot of people," Donohue declared. "How much worse will it get before an aroused community does something about it?"

Weeks of fact-gathering went into preparation of the series, disclosing the extent of vice, destitution, and disease in the area comprising 1¼ miles near the heart of Washington.

Donohue blamed bad housing as the chief factor responsible for crime in the Second Precinct. "The tenants obviously can't or won't do anything about the conditions of the houses in which they live," he said. "Maybe they can be condemned by the District. But I often wonder why the owners don't do something about them."

SIX ARRESTED IN SECOND PRECINCT LIQUOR RAIDS

Corn whisky, quality bourbon, in the second precinct Sunday and cheap wine were on sale detectives reported yesterday.

Working with 2 undercover men, Detectives L. V. Denny and C. L. Eilert arrested 6 persons on charges of keeping and selling liquor without a license.

Denny said the largest haul was made in Logan Court where police confiscated half a gallon of corn whisky, 24 half pints of whisky, and a quantity of wine.

Denny said an undercover man made a purchase from Mrs. Rose M. Simms, 33, at 42 Logan Court NW.

A man identified as William A. Simms, 42 of 1 Logan Court, then went to the home of his mother, Mrs. Florence Brooks, 58, at 78 Logan Court, and returned with a half gallon of corn whisky, according to Denny.

The detective said 15 other persons were arrested at the Logan Court addresses but were cleared of any connection with the liquor sales.

Denny said keeping and selling charges were placed against James E. Johnson, 37, and Mrs. Frances Fryer, 33, after an undercover man bought a fifth of wine for 75 cents from Johnson at 469 M Street NW. Marked money was recovered from Mrs. Fryer, Denny reported.

Another undercover man, police said, bought a half pint of quality bourbon from Miss Josephine Bryant, 36, at 1109 N Street NW.

She was charged with keeping and selling and with possession of numbers slips which, police said, were found in her purse.

Also in the second precinct a 39-year-old woman was knocked to the ground and robbed of $140 by 3 teenage youths last night.

Police said Mrs. Ida Ehrlich, of 760 Princeton Place NW., owner of the L Street Supermarket, 95 L Street NW., told them she was grabbed from behind while walking on L Street near the store. She described them as young Negroes and said they fled in an alley beside 201 L Street.

[From the Washington Post of March 17, 1954]

THE WICKEDEST PRECINCT—ILLEGAL LIQUOR SALES AN INDUSTRY IN NO. 2

(Fourth of a series)

(By S. L. Fishbein)

What'll you have?

Wine, beer, whisky?

You can get one or all of your favorite beverages at one of the 206 licensed establishments spotted around the second precinct.

Or you can get the "taste," as the precinct characters call it, from a furtive curbside bootlegger after legal selling hours in the 400 block of Neal place, at 5th and O Streets, at 14th and T Streets, or 14th and Corcoran Streets.

Corn whisky, "smoke"?

You can buy denatured alcohol and cut it with water and you'll have "smoke" and end up in an alley with glazed eyeballs. In the second precinct you'll have lots of company.

Or you can visit one of the number of "gill joints" in the precinct and buy bootleg corn whisky by the drink and see it poured from bottles with labels of distinction.

In the second precinct you can quench your thirst just as you can get a woman or get your throat cut, easier than in any other precinct in the city. More than a third of the 1,729 liquor-law violations reported in Washington in fiscal 1953 were listed as second precinct cases.

These are cases that often provide the active ingredient in a witches' brew from which are distilled some of the other statistics that give the precinct its notorious reputation.

It's not unusual to find a gill joint equipped with prostitutes in the drinking room downstairs and rooms for assignation upstairs. The second precinct is the leading habitat for prostitutes in the city.

There were 7,031 drunks rounded up in the precinct in fiscal 1953, placing it second only to the first precinct.

It's impossible to state exactly what part corn, "smoke," or "sneaky pete" will play in the bloody melees that occur more frequently in the second precinct than in any other. Police officials unanimously agree that they play very important roles.

In Glicks Alley, the drunks gather day and night. Their bonfire glows so often, beat policemen jokingly refer to it as the "eternal flame."

School children see the sights as they go through the alley to Shaw Junior High School at Seventh Street and Rhode Island Avenue NW., despite continued efforts by school officials to steer the youngsters to other routes.

In Glicks Alley a floating gill joint operates 16 hours a day in 2 houses that look like any other from the street.

At 2 p. m. the joint begins jumping in one of the dingy hovels near the south end of the alley located between Sixth and Seventh Streets, Rhode Island Avenue, and S Street.

On a recent weekday evening, just about dinnertime, 15 Negroes and 1 white man were packed into the 2 downstairs rooms, "socializing" and swilling corn whisky.

They paid 15 cents for a small glass, 25 cents for a large glass. Both sizes had thick bottoms. The spares were neatly arrayed on a kitchen table, next to a pot of water used to wash the glasses.

Kerosene lamps provided light, a coal-and-wood stove provided warmth, and the restrooms were in the backyard. The patrons drank, smoked, chatted quietly, or lay crumpled in the dark extremities of the room.

FLOATING OPERATION

The barmaid in charge, age 23, said she didn't know the details of the operation, because she stayed drunk most of the time.

Others close to the "house" volunteered bits of information. Every other day a man drives up in a car and delivers a case of 12 half-gallon mason jars of bootleg corn whisky. The price to the house is $5 a jar.

At 10 p. m., the operation folds at this place and floats to another house up the alley. There it continues until about 6 a. m. The floating feature is to protect the operation from police raids.

If the police move in, they don't catch the woman backer of the joint. Customarily, she remains in a house away from the action.

The barmaid's sister sat dreamy-eyed during the interview. Did she take dope, a reporter asked. She replied with an emphatic no. "Drinking's bad enough," she said.

The house is quite meticulous about that. There is a strict ban against anyone "on the stuff."

"FOOD FOR SALE"

In another house in the 600 block of S Street NW., a big commercial jukebox added color and rhythm to the bare walls and shabby parlor furnishings.

Eleven women milled about in an animated cluster. A visiting second precinct vice detective said that all 11 were available for a trip upstairs at a price.

The place is a known gill joint and hive for prostitutes. In the back room, the maitre d' relaxed, exuding an air of prosperity with his good-looking gabardine trenchcoat and jeweled wristwatch. A sign on the wall offered fried chicken and potato salad for $1, chitterlings for 80 cents, and chili con carne for 50 cents.

Curbstone peddlers find things a little more risky, but it doesn't stop them.

It is a cold Friday night in February. In the 400 block of Neal Place NW., a cab slows down and a man sticks his head into the cab.

The man takes one look and says, "I don't have a thing, mister," and walks off.

"I arrested him once—he recognized me," the undercover detective in the cab says dejectedly.

The cab grinds slowly toward the corner of Fifth Street and Neal Place, the hub of curbstone whisky peddling in Washington.

A young man in a bebop cap approaches. "How many you want?" he asks.

"Give me a half pint," replies the undercover man. The policeman clutches two dollar bills whose numbers were carefully recorded at the station to mark them as evidence.

The bills will barely pay for a half pint of whisky in a market where cheap wine goes for 50 cents a pint, beer for as high as 40 cents a can and 100-proof whisky for as high as $2.50 a half-pint. The half pint would cost about a dollar less in a licensed store during legal selling hours.

The peddler hurries off to fill the order and the officers sits tensely waiting.

From down the street the once-bitten peddler lets out a warning whistle, making the youth in the bebop cap shy.

No sale. No arrest. The cab drives off. It's business as usual on Neal place again.

SERIES ON PRECINCT 2 APPLAUDED BY CITIZENS

The Central Northwest Citizens Association last night commended the Washington Post for the current series on the crime-ridden second precinct, "The Wickedest Precinct."

Members, many of whom live in the precinct, welcomed this newspaper's efforts to spotlight and eradicate crime conditions and deplorable housing. They offered their cooperation to city officials in future clean-up efforts.

The group recommended that United States Attorney Leo A. Rover be permitted to appeal to the chief judge of appeal the Municipal Court of Appeals in any dispute with Juvenile Court Judge Edith H. Cockrill over turning over a juvenile to an adult court. Addition of a second juvenile court judge also was urged.

The East Central Civic Association last night praised the second precinct series and declared the publicity should help stamp out crime in the area.

"We've been fighting this for a long time," Frank D. McKinney, association president declared, "but it has been like fighting a four-alarm fire with a hand-extinguisher. We hope, with an aroused citizenry and an enlightened Congress, we may get the relief which we have sought."

FIVE SAVED IN GLICK'S ALLEY FIRE

Firemen rescued five persons from a blaze that wrecked the rear of 1719½ Marion Court NW., commonly known as Glick's Alley in the second precinct last night.

The occupants escaped from a second-floor window down a fire department ladder.

O. J. C. Barnes, 33, occupant of the building and one of those rescued, told police the building is owned by Bishop "Daddy" Grace.

Treated for burns at Freedmens Hospital and released were Lucile Brown, 38, of 1801 Wiltberger Street NW.; Rose Marie Merkerson, 33, of 16 Adams Street NW.; Marie Brown, 44 of 1723 5th Street NW.; and Rachael Berry, 50, address unknown.

A sixth person, Ernest Harris, 47, of no fixed address, was found by police wandering nearby with burns on his hands and arms. He was also treated and released at Freedmens.

Firemen were unable to determine the cause of the fire.

TWO HOUSEBREAKINGS REPORTED IN NO. 2

Two housebreakings—one yielding 15 dozen eggs from a church cafeteria—were reported in the second precinct last night by police.

Police said the study of the Hope Baptist Church, at 1217 5th Street NW., was apparently entered with a duplicate key. Thieves got nothing after ransacking the study and forcing open 12 lockers, but they went next door to the church cafeteria and carted off the eggs.

Lucille L. Johnson, of 1438 S Street NW., told police she surprised 2 men on the first floor of her home about 4:30 p. m. yesterday. They ran out the back door after taking $35 from a table in the front hall.

[From the Washington Post and Times-Herald of March 18, 1954]

THE WICKEDEST PRECINCT—IN SECOND PRECINCT, IT'S NEVER QUIET ON SATURDAY NIGHTS

(Fifth of a series)

(By S. L. Fishbein)

There was a late burst of theater traffic like the last toss of a restless baby and the city slowly settled down to sleep off Saturday night.

Washington was very cold and in the second precinct it was unusually quiet—for the second precinct.

The temperature was 32 and it drove the hipsters off the streets into the all-night restaurants where their shadows were fuzzy against the steamy windows.

On this Saturday night it was almost too cold for the hesitant stroll and the cautious stare that marks the women of the evening.

A few of the hardiest—or the hungriest—were out. A few drunks fell in love with lamp poles. But on the whole it was a dull night for the precinct that is the city's bellwether of crime.

Dull only in the precinct where Saturday night cuttings and yoke jobs are routine, and where homicides, assaults, and robberies bulge the city's crime incidence out of all proportion to its population.

Scout 21, one of the two precinct radio patrol cars, heard its call some 25 times between 4 p. m. and midnight, but it was all small stuff.

Small but unmistakably second precinct stuff.

"Scout 21, they're fighting."

"Transport a drunk."

"Investigate the need of an ambulance."

"Take a pocketbook snatching."

At 10: 17 p. m., just after a reporter joined the scout car, it was disorderly men in the 1100 block of 4th Street.

The old wooden house was quiet when Pvts. Henry J. Perkoski and William B. Corcoran pulled up. Eight men and women in one room, two men on a tattered mattress covering most of the floor space; everyone obviously simmered down in anticipation of the official visit.

Five stumbled out into the dark, smelly hall as the police emptied the room of everyone but the people who lived there.

At 10:25 someone wanted an ambulance in the 700 block of Rhode Island Avenue NW. There was none available. Perkoski and Corcoran had to find out how badly one was needed. Not badly. An old woman with stomach cramps.

At 10:38 there was a gas leak in a basement in the 1400 block of 10th Street. At 10:56 a patrol through Fenton Court and Logan Court at the east end of the precinct found the inhabitants going down the alleys with firm steps. It was early.

At 11:08 a fast-moving gang of hoodlums heaved a rock through a ground-floor window in the 1400 block of Columbia Street. By the time scout 21 arrived, a few minutes later, the culprits were swallowed up in the alleys. The complainants were a party of 16 shoehorned into 1 room, sprawled over 2 beds and entertained by a stack of records about 8 inches wide.

At 11:20 p. m., the beat men at 7th and L NW., turned over a drunk and his penknife for conveyance to the precinct cell block. The drunk flopped in and the cheap wine smell made the freezing outside air welcome.

The drunk had 27 cellmates propped vertically, horizontally, and cater-corner in the 10 small cells. They wanted cigarettes. They wanted water. They wanted out.

At midnight, two clean-cut young men piled into scout 22, assigned to patrol the west side of the precinct from 7th Street to 15th Street, and be ready to answer any call from the dispatcher.

They were Pvts. William Trussell, 5 years on the force, and Daniel Klein, 2 years on the force. Veterans of the Navy, they talked Navy talk and compared the growing pains of their wisdom teeth as the dilapidated machine began its first go-round.

Four minutes after their tour started, they were in business. A haggard cab driver flagged them down at Ninth and P Streets NW. He couldn't shake his cab free of an abusive woman passenger.

The transfer from cab to scout car was accomplished in due time and the air in scout 22 took on an alcoholic tinge. The drunk babbled about the gift of God and mother's milk. She was deposited at the Women's Bureau.

At 12:40 a. m. there was a fight in the 800 block of L Street. The complainant had been dragged over a banister by a neighbor. "That's simple assault," Trussell said. "Go down to Municipal Court Monday and swear out a warrant."

At 1:25 there was another fight in the 1500 block of 12th Street. A 1-punch affair. The lady of the house was wearing a gigantic mouse over her left eye.

Her estranged husband had dropped around earlier in the evening and took a slow burn when he found his wife and baby out. He stayed around until they returned. The baby relaxed with a bottle as mother and father fought for the sympathy of the law. Mother won. Father was ordered out and told to sober up.

Family argument, was the report back to the radio dispatcher.

At about 2 a. m., the scout car was marking time at Massachusetts Avenue when a big black sedan broke from a cluster of autos on 13th Street, ran a red light at Massachusetts, another at M Street, turned east on N and south on 12th Street, which is a one-way street heading north. The scout caught up in an alley near 13th Street.

At the precinct station the driver was identified as Albert V. Black, 42, of Luray, Va. He had read in the Washington papers Saturday that a friend of his, William W. Hill, was charged with stabbing a woman 33 times. He thought he might be of some service to his friend. And here he was.

There were now some 35 drunks sleeping, moaning, smoking it off in the cell block. At the front counter a powerfully built construction worker wanted to make a complaint against his wife and stripped down to his waist to show why.

Shiny red ribbons in parallel lines crisscrossed his back and chest. His wife had taken a fork to him during a family quarrel, he complained.

This was a quiet Saturday night in the second precinct.

[From the Washington Post and Times-Herald of March 19, 1954]

THE WICKEDEST PRECINCT—DOPE SOLD ON STREET IN SECOND PRECINCT

(Sixth of a series)

(By S. L. Fishbein)

The one-time wide open dope and gambling franchies in the second precinct are underground again.

Police and dope racketeers both report that the old style dope pad or "take off point" or "shooting gallery" is for the most part passe.

And ranking precinct officials boldly challenge anyone to find a big-time numbers headquarters in what is still admittedly a remunerative lottery territory.

More than half the 1,049 drug law violations reported in Washington in the fiscal year ending June 30, 1953, were second precinct cases.

Since then, according to the police narcotics squad, the peddlers have been drifting to other areas under the insistent hounding by narcotics men.

The narcotics squad has fought its way back into public confidence after a sensational scandal in 1952 brought about the indictment of its two top officials on charges of protecting the dope racket here.

The hopeless wretches, whose addiction to heroin makes them vitally interested in every deviation of the market, agree that the old traffic is using new avenues.

One of those who agree is the 38-year-old grandmother whose flabby limbs are pockmarked, wrist to shoulder and calf to thigh, with the gruesome lesions acquired in 18 years of "shooting up."

She uses 25 to 30 capsules of heroin mixture a day. It no longer gives her a thrill. "I shoot to keep from being sick," she said.

In the past 3 years she has worked legitimately for a year: 3 months as a hospital cleaner, 9 months in general housework.

The rest of her working time has been occupied as department store shoplifter, dope peddler, and prostitute on 7th Street, O Street, and 11th Street in the 2d precinct. She lives just north of the precinct and it was there early this month that she was arrested on dope-peddling charges.

THE CURE DIDN'T TAKE

She took the cure at the Federal hospital at Lexington in 1945 but she explains, "When you once been on the stuff and come off it, it leaves you nervous—you try whiskey and you get sick of it and you go back to drugs." She went back to drugs a month after leaving the hospital.

She has two grandchildren. Her daughter is a dope addict currently in jail for dope pedding and her son-in-law also is an addict.

Although it was unseasonably warm the day she spoke to a reporter she wore a heavy coat. The hot and cold spells, cramps, and leg pains were starting, she explained.

The old dope pads where the addicts gathered and took the needle and lazed about in their drowsy reveries together are gone, she says.

Now "it's pick up and run" on the street, she says. The street changes and she keeps in touch with the sources of supply by telephone and the addict grapevine. "The law's tightened down," she says.

Although tests have revealed that the heroin mixtures seized recently by police are stronger, prices have been steady for the past 5 years: $1.25 to $1.75 a capsule retail. A sucker or square may pay as high as $2.50.

THE TRAFFIC SHIFTS

Early in 1953, after the dismemberment of the gigantic Catfish Turner syndicate, which concentrated in the vicinity of Seventh and T Streets NW., the focal point of the dope traffic moved to Ninth Street, for years a favorite parade ground for the addict hordes.

A concentrated police effort last year, according to Narcotics Squad Sgt. Joseph Gabrys, closed down a half-dozen pads in the vicinity of Ninth and M Streets, as well as other nests in two famous second precinct trouble zones, 6½ Place and Freedmans Court.

Then the street-hopping started, southwest to the fourth precinct, north to the thirteenth and tenth precincts.

Recently there have been rumbles again about activity in the second precinct, at Ninth and M Streets, and Seventh and N Streets, according to Narcotics Squad Capt. Howard F. Mowry.

The activity largely involves street sales to "go-fers," addicts who will "go for" some dope for a buyer for the privilege of keeping some of what they go for.

Captain Mowry says the second precinct will remain active as a dope market as long as prostitutes work its streets, since many prostitutes are addicts.

But in the current fiscal year, Mowry predicts that the drug violations statistics will be more evenly distributed among the second, thirteenth, tenth, and fourth precincts.

The gambling picture in the second precinct has also changed in the last few years.

The precinct was spotlighted as a major gaming territory by two sensational exposes in 1948–49 and 1952, both accompanied by violent police department shakeups.

The first was United States Attorney George Morris Fay's 18-month grand jury investigation of gambling.

It revealed Thomas Circle as a nerve center of gambling and whisky peddling, the domain of one Attilio Acalotti.

Newsvender, numbers-writing associate of William (Snags) Lewis, and tough guy, Acalotti called himself the mayor of Thomas Circle.

He was cooled off by jail sentences for running a lottery and for threatening to bash in the face of his former girl, Bernice Franklin, a red-haired waitress who told all to the Government.

The grand jury probe was followed on New Year's Day, 1950, by one of the largest shakeups in the history of the Metropolitan Police, the most violent occurring in the second precinct which saw its captain and 30 men transferred.

In 1952 the Senate District Crime Subcommittee delved into the mysterious 1948 shooting at the old Brass Rail Grill, Seventh and S Streets NW. The subcommittee heard a witness testify that the shooting was the culmination of a gang war involving numbers territories.

A retired detective also told the subcommittee that he heard "Big Shot Numbers Man" Roger (Whitetop) Simkins bragging at the Brass Rail about his free-wheeling numbers operations.

The 8-month Senate probe was accompanied by a change in the top command of the Police Department.

Acalotti and Snags Lewis have been in and out of jail.

And, according to Lt. Joseph Shimon, the second precinct no longer harbors gaming headquarters, establishments with telephones, adding machines, tote boards, coin wrappers, and other paraphernalia.

[From the Washington Post and Times-Herald of March 20, 1954]

THE WICKEDEST PRECINCT—POLICE WORK TOUGH IN SECOND PRECINCT

(Seventh of a series)

(By S. L. Fishbein)

There are no green pastures for policemen in the second precinct, the most crime-ridden in Washington.

"When you come here to police, you police 8 hours a day," says Capt. John E. Winters, who has spent the last 2½ of his 23 years on the force fighting the grueling battle against crime in the second precinct.

"We're not 100 percent perfect," says Winters of himself and his 141 policemen assigned to cover the 1¼-mile area in which more murders, robberies, assaults, liquor and prostitution violations occur annually than anywhere else in Washington.

"But I know one thing," adds the captain, "we try."

"The men don't complain about extra duty," he said recently. "Often they'll volunteer to work extra time to stay with a case. They know there's a job to do and they go out and do it."

Winters was referring to his uniformed men. The 16 plainclothesmen assigned to the precinct are expected to work on a case as long as they're needed.

Winters strongly believes in the law enforcement axiom which holds that the foot patrolman is the greatest deterrent to crime there is.

In line with this axiom the second precinct is authorized to post 2 patrolmen on each of its 10 beats during all 3 8-hour shifts in an effort to cope with the vast amount of crime which may be expected there each year.

Some beats in the precinct are considered unsafe for a uniformed policemen walking alone.

Posting a double patrol requires 20 men for each 8-hour shift. Captain Winters is able to muster an average of 12 men, so the more peaceful borderline beats get only one man each.

This is still a great improvement. "When I first came here 2½ years ago, there were some days when we couldn't find more than 4 or 5 men to put on the streets," says Winters. To achieve the optimum number of 20 would require an additional 40 patrolmen.

The city's crime jungle multiplies police problems in various ways.

How much time shall the patrolman spend following known prostitutes or rounding up alley drunks or stopping alley knife fights?

And how much time shall he spend making his presence felt on the streets protecting the lives of honest merchants and citizens? Captain Winters feels his prime target is the thug who preys primarily on the innocent victim.

"Sure, those 1,500 aggravated assaults we had in the last fiscal year look bad in the statistics—and they are bad," he says. "But so many of those assaults are committed during an argument in the heat of passion with maybe a little sneaky pete thrown in—there's nothing in the world a policeman can do to prevent those."

Captain Winters said he'd like it made clear that the second precinct situation is what it is not simply because of the fact that the precinct population is largely Negro.

"Anytime you have a concentration of people you're bound to have trouble—no matter who they are," he says.

He has found decent, hard-working, respectable people in the very worst of the alley slums as well as in the more habitable sections of the precinct.

He has found them shackled to their misery by lack of education and skill and family situations over which they have no control.

And he has found others who frankly don't care to improve their lives even when the means are available.

Like the street loafers who coagulate in pestiferous knots on street corners day and night throughout the precinct.

Before the employment situation tightened here, Winters says, there were long lists of jobs for unskilled workers available at the United States Employment Service at Fifth and K Streets NW.

"When we asked these guys standing around outside why they didn't go in and apply," he adds, "we found they didn't want steady work.

"They waited around for trucks that would drive by looking for men for a few hours' work and they made sure no social security or withholding tax would be deducted."

Winters sees no hope for these people and, indeed, sees no hope for their offspring "unless we can get the kids out of these alleys and slums and that atmosphere."

A police captain can't control the atmosphere in his precinct, but where he can act, Winters says, he will act.

"There's not a dope pad in this precinct and I defy anyone to find a numbers headquarters here," he said recently, adding: "Show me one and I'll break the door down myself and let the district attorney worry about the law later."

Winters is cautiously optimistic about other areas of crime in which his precinct is the annual leader. The increased police availability made possible last July by the law providing extra appropriations to pay policemen for a sixth day's work each week has made crime somewhat more hazardous in the second precinct as it has throughout the city generally.

Captain Winters said he's sure the improved statistical picture already noticeable in citywide statistics for the current fiscal year will hold true in his precinct as well when the full year's figures are in.

"It's a tough one," says the captain of his precinct, "but we try to train a man to stay cool, use tact, and get used to the pace."

"Once in awhile we get a hothead but that stuff doesn't go around here and when we find out about it, we act fast," he adds.

For the most part, Winters is satisfied that the training sinks in.

PAYNE URGES SECOND PRECINCT REDEVELOPMENT

Senator FREDERICK G. PAYNE, Republican, of Maine, Friday pressed for housing redevelopment in the second precinct to improve conditions in "the wickedest precinct."

The Senator, referring to the series currently appearing in the Washington Post and Times-Herald, quizzed John R. Searles, Jr.,

executive director of the District of Columbia Redevelopment Land Agency, for about 10 minutes on improving the precinct.

The questioning occurred during Searles' testimony before the Senate Banking and Currency Committee on the administration's housing bill of 1954.

PAYNE asked Searles if the precinct did include the worst area in the District and if so what action was under way by the RLA to reclaim it from the slums.

Searles responded that it was the worst in the city, but said RLA rehabilitation is being concentrated in the southwest sector of the city.

Another witness was Oliver C. Winston, of Baltimore, president of the Housing Officials Association. Winston said the bill "is not broad enough to encompass all the major facets of the housing problem."

SECOND PRECINCT CLEANUP ASKED BY CAMALIER

District Commissioner Renah F. Camalier Saturday night called for a ruthless crackdown on crime and slums in the second precinct.

"The police, Health Department and Department of Inspections must take hold of their responsibility and clean these things out," he said on the weekly radio "Report to the People" over station WWDC.

"And you've got to be ruthless about it because you're dealing with ruthless people who flaunt the law and flaunt society," he added.

The Commissioner commended the series of articles appearing in the Washington Post and Times-Herald on conditions in the second precinct—the wickedest in the city.

Pointing out that he once lived in the precinct, Camalier said conditions there now "are the outgrowth of many years of inaction and downgrading of living and housing standards."

"People who live by devious means are not relieved of the obligation of trying to bring themselves up to a higher level," he declared.

However, he went on, officials have the responsibility of ridding the city of dope addicts and other "such crime breeders."

Elimination of slums would be an important step forward, he said.

Camalier urged Washington residents to "yell and yell and keep on yelling" for the proposed $305 million public works program "so that our good friends on Capitol Hill will realize they are doing something which will be appreciated by all of us."

"Every day we delay the starting of this program the more dramatic becomes the truth of such stories" as those on the second precinct, he said.

In reply to another question, Camalier said the Commissioners also are impressed with the $500 million Zeckendorf plan for redevelopment of southwest Washington.

[From the Washington Post and Times-Herald of March 21, 1954]

THE WICKEDEST PRECINCT—EIGHTEEN SCHOOLS BATTLE POVERTY, CRIME IN SECOND PRECINCT

(Eighth and last of a series)

(By S. L. Fishbein)

Second precinct schools are ramparts of decency on a battlefield of crime.

New and beautiful, old and shabby, the schools daily exert a powerful tug against the mire of poverty and lawlessness that sucks at youth in Washington's bloodiest 1¼ square miles.

The schools draw to them the offspring of the precinct which also spawns more murders, brawls, robberies, housebreakings, prostitution, and liquor violators than any other in the city.

Within the precinct boundaries lie 8 Negro elementary schools, 1 white elementary school, 2 Negro junior high schools, 3 Negro high schools, and 4 parochial schools.

The total public-school enrollment in recent weeks stood at 9,670 Negro pupils and 286 white pupils. Many of the youngsters, especially in the high schools, live outside the precinct.

Considering the surroundings, school principals in the precinct are uniformly amazed at the cleanliness and general behavior of the children who pour out of the slums and alley houses.

"We're really astounded to see them come out of those places looking as clean as they look," says Mrs. Angela B. Bishop, principal for the past 23 years of the Simmons School at First and Pierce Streets NW.

There are several ways, however, in which the second precinct imprints its sordid stamp upon its schools.

At M. M. Washington Vocational, First and O Streets NW., which draws most of its students from outside the precinct, parents are immediately notified when a girl leaves classes during school hours.

Because of the neighborhood, says the principal, Mrs. D. I. Miller, "we want to make sure the girl has reached home safely."

Police were planted in the school early this semester to drive out gangs of teen-age boys who prowled the building during the lunch hour.

Mrs. Miller has had occasion to visit the alley on the school's east side to remonstrate with the drunks who guzzle there and leave a litter of empty bottles.

"I told them, 'Drinking near a school like that is like drinking on the steps of a church'." she says.

"I haven't got my head knocked off—yet," she adds.

In that same alley 2 years ago a powerful stench arose from one of the sheds. Students thought there were dead rats inside.

When police looked into the matter they found the remains of a drunk dead 4 months.

Through its citizenship classes the school last semester put on a campaign to enlist students in the junior civic associations of their home communities.

Only one girl who lives in the second precinct volunteered for the nearby civic association whose territory covers a part of the precinct. She later turned out to be a shoplifter.

There were no recruits from the nearby area this semester, officials report.

Another school principal reports that an average of a dozen girls in the 13-to-15-age category become pregnant each year. Most of these are second precinct residents.

L. Roscoe Evans, principal of Shaw Junior High School, Seventh Street and Rhode Island Avenue NW., says his school has tried to counteract one problem by setting up special classes "to teach the children what social dancing is."

"Some children seem to think dancing is a sex activity instead of an art," he says.

The problem became clear when pupils were discovered frequenting nearby "jukebox dives" during the recess periods.

About a year ago, Evans says one such place was found to have rooms upstairs.

Evans says more than half his discipline cases involve children with backgrounds of illegitimacy or broken homes.

Evans calls it a great problem: the problem of educating unwanted, "knocked around" children who live with no privacy and see everything going on."

Bundy School at 429 O Street NW., sits in uncomfortable proximity to the prostitutes in the 600 block of O Street and the curbstone whisky peddlers at Fifth Street and Neal Place.

In addition to its regular classes, Bundy draws Negro pupils from all over the city who have reached the age of 13 and are still in elementary school.

The majority of the 192 over-age pupils, says Benjamin Henley, the principal, are from the immediate neighborhood.

Since the current school year started, Bundy has lost 17 pupils to the Industrial Home School because of truancy or delinquency.

Henley sees the two charges as part of the same problem. "A child in the streets gets into trouble," he says.

Behind these problem cases and behind many of the well-scrubbed, well-behaved youngsters in the second precinct schools, poverty is a potent factor.

Several principals interviewed saw surprisingly few overt reflections in their youngsters of the atmosphere of violence in the precinct.

None denied the signs of poverty, however.

At Bundy, for instance, Henley estimated that more than half of his 192 over-age pupils needed some help from school in the form of clothing or shoes.

About one-third of the Bundy children are what is known in school circles as "door-key children." Their parents work and they carry their house keys, often on a string around the neck, to get into their homes after school.

One principal recently received the following note from the parent of a truant pupil:

"This is from —— ——'s mother * * *. I asking if you seed if I can get any help frome the well fair as you say if I ever kneed help it is now * * *. I haven even got food for my children to eat to day so please see if you can get for me a little help for my people don't have a job and I got to go to the hosptile and got to have $200 so you see what I up against."

"So that explains the attendance problem," says the principal. "She wants that boy to come to school but what's her mind occupied with?"

At the Walker-Jones School, First and L Streets NW., Mrs. Wilhelmina Thomas, the principal, has noticed a definite upsurge in recent months in requests for shoes.

There was a debate at Walker-Jones over whether some school PTA funds should be spent on Christmas and Easter decorating or whether the money should be used for the relief of hardship cases.

The decorations won. "I say these children need beauty and this is the only place they can get it," says Mrs. Thomas, explaining her position.

She believes the comparatively low truancy rate at Walker-Jones is due in part to the contrast between the attractive school atmosphere and the homes of the children.

During her 23 years as principal of Simmons, Mrs. Bishop has seen a tremendous change, all to the good.

Logan Court, which sends its youngsters to her school, is not nearly as rough as it used to be, Mrs. Bishop contends.

Teaching elite areas is easy, says Mrs. Bishop. There, children come to school with some background. Here, we have to build it—things like correct language and, in some cases, morals, and cleanliness."

Most principals interviewed are satisfied with the degree of cooperation shown by second precinct parents.

Two principals used almost identical language on this point. "Even when a father comes in here half loaded, he'll cooperate with us in trying to straighten his child out."

Walker-Jones, Terrell Junior High School at First and Pierce Streets NW., and Montgomery School at Fifth and P Streets NW., are among the newest schools in the city.

Shaw is outdated, shabby and on the list for abandonment. Dunbar High School at First and N Streets NW., is considered one of the finest high schools in any city of more than 500,000 population.

It has a higher percentage of graduates in college than any other high school in the city. Its capacity is well above its enrollment.

Armstrong Technical High School at First and O Streets NW., on the other hand, is in a bad way. Its buildings are old, its facili-

ties obsolete to the point where students trained in some Armstrong shops are not equipped to work with modern industrial tools. For some time, Negro parents have been urging the transfer of McKinley Tech to Negro use.

Overcrowding is not a serious problem although Washington Vocational, Montgomery, Terrell Junior High, Walker-Jones, Cook School at North Capitol and P Streets, Garrison School at 12th and R Streets NW., and Langston School at First and P Streets NE., are operating above capacity.

The one white school, Thomson, at 12th and L Streets NW., has an enrollment of 286 and a capacity of 648.

RAT-INFESTED SLUMS FOUND IN SECOND PRECINCT

The residents in Washington's second precinct live side-by-side with rats.

"Sometimes they wake me up at night," one person living in this area said.

"The cat takes care of most of them but she's afraid of the big ones," said another.

Fully one-third of the houses in the precinct are substandard, the 1950 census report showed. Crime and slums coexist in the precinct.

Reporter S. L. Fishbein of the Washington Post and Times-Herald turns the spotlight on slum housing in the "wickedest precinct," the second precinct which annually reports more crimes than any other police precinct in the city.

[From the Washington Post and Times-Herald of March 28, 1954]

SLUM HOUSING PACES CRIME IN WASHINGTON'S WICKEDEST PRECINCT—1 OUT OF 8 DWELLINGS LISTED AS BELOW STANDARD

(By S. L. Fishbein)

The Pied Piper of Hamelin would make a pile in the second precinct.

The pitter-patter of rats is heard almost everywhere around the rusted tin fences and the rotted slats and the broken plaster which decorate so many homes in the city's wickedest precinct.

They are homes in which huge families crowd in between the flaking walls and learn how to do it yourself or do without.

This is the second precinct, which reports more major crimes each year than any other.

The question, "Are there any rats here?" was asked in several slum houses picked at random in the precinct last week. Here are some answers:

"Plenty."

"Sure."

"Haw—you kidding?"

"We get rat poison and they go. Then they come back."

"Sometimes they wake me in the middle of the night and I have to get up and clap my hands around the room to scare them off."

"The cat takes care of most of them, but she's afraid of the big ones."

During the 1950 census, a house-to-house survey of housing facilities in Washington was made.

Out of 14,189 houses reporting in the second precinct, there were 4,917 listed in the census report as either dilapidated, without a private bath, or without running water.

This is a ratio of more than 1 in 3. The citywide ratio is 1 in 8.

Since the census, the Board for the Condemnation of Insanitary Dwellings has condemned 179 houses within the precinct and is in the process of taking action on another 150 so far this year.

Condemning a filthy, leaky, rat-infested hovel solves only part of the problem and often complicates it.

Under current laws, the owner who doesn't care to renovate such an eyesore can leave it vacant, a tempting castle for the wind-nipped drunk, the dice-shooting drifter, and the teenage vandal.

There are 84 such buildings in the Second Precinct, condemned and vacant and without any indication by the owners of intentions to fix up.

Public health inspectors must take time badly needed for new inspections to backtrack regularly and make sure these buildings remain vacant and boarded up.

But many don't stay boarded up long, according to James Bramhall, supervisor of Public Health Engineering at the Polk Health Center.

"We'll get these boarded up on a Friday," said Bramhall last week, pointing to a long-vacant row in Brooks Court, "and they'll be broken in by Monday."

Public health officials are pressing hard for a pending bill which would put a time limit on a landlord's decision: Either fix it up within 6 months after condemnation or tear it down.

"We need that law badly," says William H. Cary, director of Public Health Engineering.

Condemnation is the fate of only the most drastic cases and of selected blocks of houses taken as project areas.

Cary's inspectors routinely check individual complaints and conduct house-to-house surveys of trouble areas to check compliance with the health laws.

One of the blocks surveyed last year includes the houses on the north side of the unit block of L Street NW.

Less than a year later, Cary was shocked at the condition of one of those houses, a two-story row dwelling at 25 L Street NW.

"It's one of the worst I've seen in a long time," he said.

When asked if the house could have decayed to such an extent within a year, Cary replied: "There must have been some things there we didn't catch in the survey."

"Also," he added, "there are a lot of defects in that building which the health inspector couldn't do much about under present regulations, but which he might be able to tackle if we had a housing code."

"I don't see how the people in that house got through the winter," said Supervisor Bramhall.

The people in the house include Henry and Juanita House and their niece, 4.

They pay $40 a month for a six-room house. They use one small coal stove in the house for heat. The wall around the stovepipe was black, indicating a leak. This was the root of Bramhall's concern.

There were black wedges around the baseboards upstairs, evidence that the smoke was wandering around between lower ceiling and upper floor.

Mrs. House said the toilet, in a shed next to the kitchen, had been stopped up for the past 3 months.

"We tell the man every time he comes for rent," she said a week ago. "He says he'll come back to fix it, but we don't see him again until the rent's due."

When the rickety back door is shut firmly, plaster crumbles off another part of the back wall.

The water pipe in the kitchen leaks. "Many times on cold mornings I have to get up and scrape ice off the floor," said Mrs. House.

The house is listed in the District Assessor's Office as the property of Marshall and Lucinda Glover. Marshall Glover used to live in the house himself and now lives in Philadelphia.

The rent is collected by his brother, Asbie Glover, a trucker of 1674 Montello Avenue NE., who says he merely picks up the rent and applies it to a note on the building.

Asbie Glover denies the family repeatedly complained to him about the stopped toilet.

He admits the house isn't fit to live in and says he's warned Marshall Glover that it stood in danger of being condemned, but, Asbie adds, "my brother has never been one to tend to business." Condemnation action is under way.

Bramhall considers Glicks Court between Sixth, Seventh, Rhode Island Avenue, and S Streets one of the worst in his territory.

"If you can't get something illegal in Glicks Court it doesn't exist," he says.

The house at 1719 Glicks Court is the home of a 37-year-old woman and her seven children. She says she's never been married.

She says the family lives on $160 a month in public assistance funds. Fifteen dollars of that goes for rent for a four-room house with cracked, dirty walls, a littered back yard, no inside toilet or running water, and no electricity.

She says she pays her rent to a Mr. Rice of the United House of Prayer, one of Bishop C. M. (Daddy) Grace's establishments. The Assessor's Office lists the owners of the house as C. M. Grace and Johnny Hero, trustees of the Church on the Rock of the Apostolic Faith.

The United House of Prayer is in the rear of the Glicks Court house and faces Seventh Street.

Last week Edward Rice told interviewers he was superintendent of Sunday schools at the United House of Prayer, a Government Printing Office employee, and the man who collects the rent on the Glicks Court house.

After taxes and water bills are paid, he said, the church makes no profit on the house and doesn't intend to repair it because the church plans to expand on the property.

Asked what he thought about the church renting property in such condition, he said he hadn't examined the house recently. At one point he said, "I didn't ask them to move in there."

He said he would consult the business board of the church and give the family a notice to move.

When he learned the two interviewers were reporters, Rice became indignant and accused them of posing as Health Department men.

Mrs. Mesia T. Robinson, 56, of 14 Paterson Street NE., is the mother of 17 children, 5 of whom died in infancy.

She lives in the 4-room house with 2 of her sons, a daughter and a granddaughter. Bottles are stuffed in holes in the house to assist the cat in combating the rat problem. Rent is $33.

At 4 Paterson Street NE., McAdo Shuler, a Navy Yard employee, his wife and 6 children enjoy an inside bath, a porcelain stove, refrigerator and hot water heater. The rent is $40 a month.

Mrs. Shuler says the stove, refrigerator and hot water heater were supplied by the family.

The Shulers are in much better shape than some of their neighbors, but they're house-hunting.

"This street is terrible," says Mrs. Shuler. "Every Friday, Saturday and Sunday night there's drinking and fighting—a week ago they carried out a woman knocked in the head."

In summer the roughhousing moves outdoors and Mrs. Shuler is afraid to let her children out to play.

At 454 O Street NW., Johnnie B. Carr, a cabbie and part-time preacher lives with his wife and 7 children.

They pay $41 a month for a 5-room house with an inside bath. Carr says rain leaks through the ceiling in the bathroom and one of the bedrooms leaks.

He says some of the light fixtures are unused because the wiring is bad.

Downstairs in the kitchen there is a cavernous hole in the ceiling which also lets the rain in. Carr says it has been there for some months.

Next door, at 456 O Street NW., Mrs. Daisy Norvell, 65, has lived in the same house for more than 40 years.

When she moved in rent was $14.50 a month. Now it's $37.50. Twenty years ago a kitchen and inside bath were installed.

Mrs. Norvell said if she didn't like the accommodations she wouldn't have lived there so long. But she too complains of a leaky ceiling.

Raymond R. Ruppert, whose real estate office is at 1017 7th Street NW., collects the rent on the houses at 4 and 14 Paterson Street NE. He is listed in the Assessor's Office as the owner of the dwellings at 454 and 456 O Street NW.

Asked how many other such houses he owns or manages, Ruppert said he preferred not to give an exact number. He said "many" would be a fair description. He describes the properties as "low-rent housing."

The hole in the kitchen at 454 O Street was brought to his attention a week ago and is in process of being repaired, Ruppert said. He was not aware of the other complaints.

Ruppert pointed out that the tenants may lodge complaints at any time with health inspectors.

Ruppert has several thoughts on improvement of slum conditions.

The activities of the Board for the Condemnation of Insanitary Buildings, he says, "amount to confiscation of property" and are "leading toward radical socialism."

As an example of what he calls hardships worked on owners, Ruppert points to a board project on Fenton Place NE., in which condemnation action has been started on some 100 houses.

"We have 27 of those Fenton Place properties," Ruppert says.

Some years ago, Ruppert said, he noted the drive toward the elimination of outside water closets and began voluntarily to install inside baths, making additional repairs where necessary.

He said he was working toward the June 1955 legal deadline for removal of outside water closets, but is discouraged by the operations of the Condemnation Board.

Twenty of the 27 Fenton Place houses have been fitted with bathrooms and repaired at a cost of about $1,500 each, he said.

Under the board's standards, Ruppert said, all the houses will require additional thousands in repairs and only about $600 of the $1,500 spent on each house will be salvagable.

"The board's standards are so high that when they get finished, each house will be fit for the President to live in," Ruppert said.

"We're trying to cooperate with the elimination of slum conditions, but find it's impractical as long as the board requires excessively high standards," he added.

Ruppert said he can't rent a house brought up to board standards at a rate high enough to pay for the cost of repairs.

Speaking generally, board officials say their aim in condemning houses is first of all to remove all health hazards, and secondly, to make a livable home out of a blighted house in such a way that the building will remain livable for some time.

In the same way, the aim in a block project is to make a decent community out of a slum.

The board prefers to work on blocks rather than on individual houses, to encourage owners who might be reluctant to invest in repairing a house in what would remain essentially a slum neighborhood.

In the preliminary stages of a block project, the board works in secrecy. Col. Giles Evans, chairman of the board, says one reason for the secrecy is a habit owners have of quickly obtaining a building permit when they hear the board is planning action on their properties.

"When we see that," says Evans, "we may think this is a step in the right direction, and with all the work we have to do, we may skip that building.

"Then the owner'll do a slap-dash job—not nearly up to the standards we'd demand if we condemned the house."

Another approach in the second precinct, enjoying mixed success so far, is the voluntary rehabilitation project jointly undertaken by the Central Northwest Citizens Association and the Washington Housing Association.

The target is the renovation of 11 blighted buildings in a triangle bounded by Vermont Avenue, 11th and R Streets NW.

One owner of four houses is cooperating and is prepared to pay several thousand dollars for repairs.

A steering committee with members from both sponsoring groups still has to decide whether the current tenants will have to move during repairs.

The committee feels it has a moral obligation to find suitable housing for any displaced tenants.

This problem has not yet arisen with respect to the other houses. None of the other six owners is cooperating.

A spokesman for members of a family which owns four of the houses has told the committee, "It's nobody's business but our own what we do with our property."

The other two owners have sent word through their agents that they're willing to join any voluntary rehabilitation plan.

"We're still hoping we won't have to call in the Bureau of Public Health Engineering," said Mrs. Hilda Cloud, executive director of the housing association. The other owners may come around when they see what's being done to the four houses.

In other houses (not the ones mentioned in this article) crime and slum conditions have been shown to coexist. Health Inspection Supervisor Bramhall reports that 29 out of 30 second precinct addresses which figured in recent narcotics raids were cited by his office for some sanitary violation.

Mr. Chairman, I would join with my distinguished friend from Pennsylvania [Mr. SCOTT], who just preceded me, to say that within my congressional district there is no particular interest in public housing. Yet I have come to the conclusion that, in the great metropolitan areas of this country, it is an absolute necessity. Also, it is the conclusion of the President's Advisory Committee on Housing. The President himself cannot reach any other conclusion than to recommend it to the Congress and I commend the majority leadership for the proposed amendment which I understand will be offered on tomorrow to include 35,000 public-housing units in the present bill.

Mr. Chairman, I make this prediction, that, if the urban renewal program is carried out as intended by this bill, there is no other answer it seems to me than to provide the necessary public-housing units to take care of the low-income group, the displaced persons who will be forced from these blighted areas.

THE WHERRY HOUSING PROGRAM

The bill before the Committee extends the Wherry housing program for another year. This program is strongly supported by the Defense Establishment. The program however, is limited to permanent defense installations. The bill drops the so-called defense housing program. It is my feeling, Mr. Chairman, that the Congress must enlarge the housing program for those camps and areas that are not looked upon as permanent. In many cases our military will continue to use these nonpermanent camps for many years. The houses in these places are very, very poor and the morale of the serviceman is at a low ebb.

For several months I have been studying the military needs for housing and it does seem to me, that when this Congress will during this session appropriate over $1 billion for family allowance for the military, that some kind of a program could be developed that would not be a strain upon the Government and at the same time provide urgently needed housing for those military installations that are not now considered of a permanent nature.

INTEREST RATES

At the start I pointed out that one reason why I signed the minority report, I was concerned about the proposed plan to control interest rates. I think the housing industry, the mortgage lenders, and all those concerned in rental housing, including the Federal Government and especially the defense agency and the homeowner will be best served to stabilize the interest rate.

I call your attention to the testimony of Colonel McCord of the Air Force who, when I questioned him on the interest rate made this statement.

I asked Colonel McCord this question, appearing on page 260 of the hearing:

Have you studied the bill to the point of analyzing the interest factor, so far as the rental costs for Wherry housing units?

Colonel McCord replied:

Yes, sir; for every quarter percent increase in the interest rate the rents would be adjusted upward, if the interest rates were increased, $2 per unit per month.

For the information of the Committee, I place in the RECORD at this point a table showing the effect of increased interest rates on average Wherry housing mortgage of $8,100.

Percent rate	Rate per $1,000 amortization and interest	Per $8,100 mortgage	Cumulative increase	Vacancy (rent increase)		Installment
				3 percent	7 percent	
						Months
4		$37.13				391
4¼	4.791667	38.81	$1.68	$1.92	$2.01	381
4½	5.0	40.50	3.37	3.86	4.03	371
4¾	5.20833	42.19	5.06	5.80	6.05	362
5	5.41667	43.88	6.75	7.73	8.06	353
5¼	5.625	45.56	8.43	9.65	10.07	345
5½	5.8333	47.25	10.12	11.59	12.09	337
5¾	6.041667	48.94	11.81	13.52	14.11	330
6	6.25	50.63	13.50	15.46	16.13	323
6¼	6.45833	52.31	15.18	17.39	18.14	317
6½	6.66666	54.00	16.87	19.32	20.15	310

Mr. Chairman, I call the attention of the Committee to the testimony of Mr. Shanks, president of the Prudential Life Insurance Co., appearing on page 473 of the hearing. I feel he is giving us a solemn warning when he makes this statement:

We are apprehensive about some of the broad philosophy which runs through the bill. This takes the form of a general liberalization of insured and guaranteed mortgage terms to a point which we think raises a serious question of conflict with the tenets

of sound financing. Likewise, we believe that the bill leans too far in the direction of accepting the objective that the volume of housing starts must be kept going at a peak level at all costs, and that the Government should use its proposed control over insured and guaranteed mortgage terms to accomplish this objective. We would like to see in the bill a recognition that regardless of a desire to stabilize the housing industry at a high level the number of housing starts each year must bear a relationship to such basic forces as the rate of family formation, the need for replacement of clearly substandard housing, and the willingness to buy.

On the other side, however, we have various groups, the A. F. of L., Fortune magazine, and others, indicating that for the period 1955–60 the annual housing construction needed totals from 1,400,000 to 2 million housing starts.

I hope that as we proceed with the amendments to the bill we can objectively reach decisions that will be in the best interest of all America and of the groups in America who urgently need housing.

Mr. KARSTEN of Missouri. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and three Members are present, a quorum.

Mr. SPENCE. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, expressing my own view in relation to debate, this is a very important bill and there should be ample opportunity to discuss it, and I mean by that unlimited opportunity for all Members to have an opportunity of expressing themselves. I hope there will be no effort to shorten debate, because this is a bill of far-reaching importance. Many Members are interested. We cannot get time in general debate and it is only under the 5-minute rule that that can be obtained. In expressing my own views for whatever value they might be to the leadership on the other side, I shall fight any effort to shorten debate unnecessarily.

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

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

Mr. WOLCOTT. I may say to the gentleman—I know he will understand that I am doing this in kindness to him—that I have been importuned all day long from the gentleman's side to rush this thing through as fast as we can. If the gentleman can control the votes on the other side in that respect, I assure the gentleman there will be plenty of time. I can stay here all evening and all day tomorrow; however, the membership here has been pressuring all of us to get out of here as early as possible. I am glad that the gentleman raises the point.

Mr. McCORMACK. The gentleman's information is very interesting but it does not change the views I have expressed one iota.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. HAYS].

Mr. HAYS of Ohio. Mr. Chairman, someone said here that they did not believe that with the exception of Mr. Cole anyone who testified on this bill was wholeheartedly in favor of it. As I recall it, Mr. Cole himself was not completely satisfied with this bill. So I think the committee has a unique record that not one witness who appeared before it is for the bill as it is written.

I certainly was not for the bill in committee and I am not for the bill as it comes before us today because it has a lot of defects. For instance, the veterans' preference is wiped out. You probably have received telegrams from your American Legions in your various States to that effect. Also the President is permitted to up the interest rate. I suppose that is in the interest of flexibility which this administration seems to be sold on, but I cannot understand why they want flexibility to put the interest rates up and a flexibility to put farm prices down. It is a one-way flexibility in each case.

Mr. Chairman, I am becoming of the opinion more and more that I shall be more satisfied with this bill as we go along than I was formerly because I understand that from the Republican side is going to come an amendment providing for 35,000 units of public housing. I think that will be a fine thing. It shows how you can progress and how your thinking can change. I do not know who is going to offer the amendment. I suppose my good friend the gentleman from Indiana [Mr. HALLECK], the majority leader, will see that it is offered at the correct time and will endeavor to push it through. That has now become the policy of the party. But I am wondering how he is going to coincide that with what he has said here several other times. Going back to June 29 of 1949, he said:

> Mr. HALLECK. It has been said here, and I think with complete truth and veracity, that this is but the beginning.

That is, talking about public housing.

> Once the policy is adopted, what are you going to say when the pressures go on to provide this same sort of housing at the taxpayers' expense, in part, at least, to other millions of people who stand in exactly the same position as do the people who will occupy these first units that are built?

Well, I thought we ought to go on and build some more. He further said:

> Where will be the resistance to say no?

I hope the gentleman from Indiana, [Mr. HALLECK], will let enough of the people on his side know even that he has changed his position, and he has changed it rather recently, because last year he said this, 83d Congress, 1st session:

> Mr. Chairman, reference has been made to certain campaign statements that the President made in the last campaign. Why, certainly he has said, as we all have said, on numerous occasions, that we seek better housing. But, I do not think you can find—I know you cannot find—by any logical interpretation of any of those statements, a declaration in favor of Federal public housing.

Now, that is what the majority leader said. I do not know where he is. I told him I wanted to quote him a little bit, and I hoped he would be around; but that is what he said as little ago as the first session of this Congress.

Now, it will be interesting to see if this bill is perfected any. It will be interesting to see if we do put in some public housing, say 35,000 units. It will be interesting to see whether or not we can keep the interest rate at a reasonable figure. It will be interesting to see whether or not we can retain the veterans' preference. Later I want to speak for a few minutes about an amendment that I want to offer to double the amount of money that is contained in this bill for public housing, because if we are going to have any sort of an adequate set of plans in the event that we have to put them into effect, certainly the amount of money that is contained in the bill at the present time is inadequate.

Mr. GAMBLE. Mr. Chairman, I yield 7 minutes to the gentleman from New York [Mr. KEATING].

Mr. KEATING. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and include the text of an amendment.

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

There was no objection.

Mr. KEATING. Mr. Chairman, I have asked for this time in general debate for the purpose of calling the attention of the membership to an amendment which I propose to offer on page 184 just before section 405 when we reach the amendment stage. It is quite possible that our distinguished chairman, who will rule on the law and the law only, after consultation with the Parliamentarian, may be forced to rule this out of order as dealing with a subject which is properly within the province of another committee, the Committee on Ways and Means. I do feel, however, that it is deserving of serious consideration by the House. Since my time later may be limited in discussion, I have asked for this time now in order that I may alert the membership to the subsequent offer of the amendment and have a full opportunity to present it. It will come as no surprise to the Members of this body who are acquainted with the municipality in question to say that the city of Rochester, N. Y., has been a leader in the field of providing housing for low-income and middle-income families. They have done it to date without any Federal public housing project. They do have a couple of State projects in that city. They have done it largely because of unique plans which have been entered into by the public-spirited citizens and businessmen of that city to provide housing for modest-income families outside the framework of public housing as we know it.

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

Mr. KEATING. I should be glad to yield, briefly.

Mr. HAND. As one who has been very much interested in housing for low-income groups, I might say to the gentleman that I know something about the Rochester experiment. I have watched

it with considerable interest and I might add with considerable enthusiasm. I think it is a grand project.

Mr. KEATING. I thank the gentleman. At the appropriate point in this debate I seek to offer an amendment which will provide that the obligations of these nonprofit redevelopment corporations, dealing in slum or blighted areas, shall be exempt from Federal taxation, provided they comply with certain requirements. First, that the nonprofit corporation shall have as its purpose the housing of families of low income who otherwise would have difficulty in finding decent housing.

Second, eligibility for admission to the housing facility shall be in accordance with standards adopted by the governing body of the municipality.

Third, such nonprofit corporations shall be subject to and restricted by State laws or other State regulations as to rents, charges and capital structure.

And finally, that where the nonprofit corporation has stock, the same shall be stock upon which no dividends will be declared and which shall have no liquidation value for any private stockholder in excess of the face value of his investment; and that any increment shall escheat to the State or be distributed to the municipalities.

Mr. McDONOUGH. Mr. Chairman, with the gentleman yield?

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

Mr. McDONOUGH. This would not provide a means for a very wealthy person to build such a project as this in order to avoid paying income taxes?

Mr. KEATING. No; it definitely would not under those restrictions.

Mr. McDONOUGH. Would it give the person who occupies one of these houses the impression that he was being charitably contributing to?

Mr. KEATING. I do not think the people do have that feeling. They pay a rent, but they pay a lower rent than they would normally have to pay if this were a profit-making enterprise.

Mr. McDONOUGH. These are operating institutions now?

Mr. KEATING. Yes; that is right.

Mr. McDONOUGH. Does the gentleman have an idea that if we must have socialism it is well to confine it to the State line or the county line rather than to have it Federal?

Mr. KEATING. I do not like to bandy about loosely the word socialism. I am opposed to true socialism at any level. I do not hold, however, with those who contend that the intervention of government at any stage to improve conditions is socialism. This Rochester plan could under no stretch of the imagination be called a socialistic experiment.

We are all aware of the ever-present and ever-increasing need for the rehabilitation and redevelopment of substandard areas in our cities so as to eliminate such blighted areas and provide clean, decent, and economical housing. This situation of necessity becomes worse as time goes on in the absence of corrective measures being taken by the Federal Government, the State governments, the municipalities themselves, and the commendable and selfless efforts on the part of private enterprise. There can be no doubt that the problem, which in many, many cases is a chronic problem, can best be met through the united efforts of both Government and private enterprise.

Indeed, this was recognized by our President in his message to the Congress and further has been amplified by the Administrator of the Housing and Home Finance Agency, whose chief concern is the elimination of unhealthy living conditions and the provision of decent housing for those to whom this has, up to now, been denied. Proof of this can be found in the fact that it is the apparent intention of the Government to decrease the amount of money to be expended for public housing financed by the Federal Government and to encourage the entry into this field of private investment.

May I quote from the report to the President of his Advisory Committee on Government housing policies and programs:

> Slum clearance and slum prevention are local problems which require local solutions.

Encouragement of the entry on the part of private enterprise into this field is bound to result in an incalculable saving to the Federal Government in that it would not be required to expend the great amounts of money for the construction and maintenance of housing projects as it has in the past under our present laws.

In order to offer an incentive to private enterprise to participate in this whole program, it seems to be only appropriate that some sort of tax exemption be extended to prospective private investors.

I am, therefore, offering this amendment which is designed to afford low-rent nonprofit redevelopment corporations Federal tax exemption on their obligations, including interest. Under the present law, the bonds and notes of municipalities and public-housing authorities have this exemption throughout the country.

The amendment which I am proposing, it would appear, is little enough to extend to the tremendous forces of private capital which might come into the very worthwhile program of slum clearance and redevelopment. With the enactment of such a provision as this private capital would in part be permitted to stand on equal footing with the municipalities which it is serving without profit to the investors. The provisions of this measure are such that such corporations or organizations would be under the surveillance of Federal, State, and municipal governments so as to assure that the housing facilities constructed meet the public need. Provision is also made that no profit will ever be realized by stockholders or other members of the redevelopment company or organization either during its life or at the time of its liquidation or dissolution.

This provision is worded so that it could not be subject to abuse by anyone whereby any profit could be realized or the intended public service would not have been met.

Accompanying the submission of this amendment is no implication that private enterprise alone can meet the tremendous problem involved, nor that Government has failed in its efforts in this regard. However, as I have stated, in adopting this approach, we would be doing illimitable service to the people who are in need of relief from present housing conditions and to the Federal Government itself by assisting it in its expressed desire to decrease the amount of money which it must expend to provide new housing as well as by interesting private enterprise in helping to solve the problem and return a great amount of the responsibility for it to local communities.

This legislative suggestion, I believe, represents a very significant step forward in meeting the nationwide problem: proper housing would be provided for, eligibility for admission and rents to be charged still would be controlled and, at the same time, great savings would be realized by the Federal Government. I urge adoption of the amendment.

Under leave granted, there follows the text of my proposed amendment:

SEC. 804. Section 102 of the Housing Act of 1949, as amended, is hereby amended by inserting the following new subsection (h) at the end thereof:

"(h) Obligations, including interest thereon, issued by nonprofit redevelopment corporations or other nonprofit corporations or organizations, authorized by law to provide low-rent housing and to assist in the redevelopment of real property in areas designated by the governing bodies of the municipalities or other political subdivisions in which the housing is to be located, as being slum or blighted areas and income derived by such nonprofit corporations or organizations from such housing in such areas, shall be exempt from all taxation now or hereafter imposed by the United States, provided that

"(a) such nonprofit corporation or organization shall have as its purpose the housing of families of low income who otherwise would have difficulty in finding decent housing;

"(b) eligibility for admission to the housing facilities involved shall be in accordance with standards adopted by the governing body of the municipality or other political subdivision in which the housing is located;

"(c) such nonprofit corporation or organization is subject to and restricted by State laws or those of political subdivisions or regulations of State bank or insurance departments as to rents, charges, and capital structure or methods of operation; and

"(d) where such nonprofit corporation or organization has stock, the same shall be stock upon which no dividends will be declared, and which shall have no liquidation value for any private stockholder in excess of the face value of his investment, any increment of such corporation or organization instead to escheat to a State, or be distributed to municipalities, or a combination of both. Regardless of the capital structure of such corporations or organizations, no profit shall be realized from the operations contemplated by this section by the owners or members thereof, either during the life of such corporations or organizations, or at or after their liquidation or dissolution."

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. BARRETT].

Mr. BARRETT. Mr. Chairman, the Eisenhower administration, the Housing and Home Finance Agency, and the House Committee on Banking and Currency had before them a great opportunity in connection with the housing

legislation now here on the House floor, H. R. 7839. They had the opportunity to come forward with a housing program which would outdo the work of the Roosevelt and Truman administrations in assuring decent homes for the American people, while at the same time giving us a huge assist in expanding the prosperity of the American economy.

The housing industry is a basic part of our economy. Money spent in building new homes for our millions of families living in less-than-adequate dwellings stimulates not only the building trades, the materials dealers, the raw materials producers, the investment business, and so on, but has a tremendous impact on practically every business and industry in the country.

So a good housing bill accomplishes two great things: Better housing for more people, and more prosperity for everyone in the United States.

With the opportunity before it to come forward with a real and effective housing program, the Eisenhower administration and the Housing and Home Finance Agency took a rather timid look at the problem and came up with timid solutions—halfway measures. In other words, it swung and missed. Then, when the administration's half-measures housing bill came before us on the Banking and Currency Committee, the decision on the part of the majority members of that committee was to provide even less. For instance, there is no provision whatsoever in this bill for any public housing. None at all.

Redevelopment? Yes. Redevelopment is not only good for our cities in attacking blight and in improving the community, but it also does a lot for property values in the surrounding areas.

But what this bill proposes to do is to continue the highly successful redevelopment program but make no provision whatsoever—no really effective or really practical provision—for those who are dispossessed and evicted from their substandard dwellings in those developed areas. In south Philadelphia a number of temporary housing projects, such as the shipyard homes, are being demolished and there are no low-income housing projects in the area to absorb them.

The Republican members of the committee would probably disagree with me on that. They insist that the idea inserted in the bill to encourage private builders to build homes for these evicted families will do the trick.

WHAT FAMILIES COULD BENEFIT FROM THE $8,600 HOME PROPOSAL?

Just stop for a moment and consider that idea from a practical standpoint. People living in slum areas, in substandard, inadequate accommodations, who have to move to make room for a redevelopment program or a new street or highway plan, or some other public improvement of that kind, could then buy—I repeat, buy—a home of their own under this plan, and buy it on what are said to be attractive terms.

What are those terms? A $200 closing-cost charge—which many, if not most of these families would not have and would not be able to raise. Then the house itself could not cost more than $7,600, except in so-called high-cost areas like Philadelphia where the top would be $8,600.

Can you tell me what kind of housing can be built in Philadelphia for $8,600? How big? Big enough for the average lower-income family presently eligible for public housing?

But assuming, Mr. Chairman, that such housing could be built, and that the prospective purchasers could scrape together the necessary $200 down payment—which is what that fee amounts to. Could families now living in slums and eligible for public-housing afford to purchase a house with an $8,600 mortgage, even one spread over 40 years?

On an $8,600 house, it would cost the purchaser $76.36 a month for shelter rent. Imagine that. Imagine rehousing lower-income families from the slums in units costing $76 a month to own and operate.

This is the most ridiculous slum-clearance suggestion I have ever heard, when you apply it to actual conditions in a city like Philadelphia.

Let me point out another aspect of this: Assume some families in rundown, blighted areas where a redevelopment program was to be undertaken could afford $200 downpayments and could also squeeze together the $76 a month to own and live in such a house. Do you know how much that house would cost to purchase and operate over the life of the mortgage? The figure I have is $36,172.88. That is the cost to a family to buy one of these $8,600 houses on a 40-year mortgage as provided under this proposal.

WHAT ABOUT THOSE WHO DON'T QUALIFY FOR THE MORTGAGE PROGRAM?

Now I have pointed out only a few of the hopes in this proposal. But what about those families which live in substandard units which are not actually in the direct path of a redevelopment program? Under this bill, they could not qualify at all for the program. We would sentence them to continue living in slums.

For this bill provides nothing for public housing. It opposes public housing. It is built on the theory that public housing is bad. This theory is contrary to the President's recommendations on public housing. The President has favored a 35,000-unit program for this fiscal year. However, I firmly believe that we should have a minimum program of 50,000 units for this fiscal year in order to fill the vacuum created by the small number of units provided last year and to provide for the families that will be unhoused by redevelopment. I also believe that the over-all program should provide for 200,000 units over the next 4-year period, and that this figure is an essential minimum.

It was interesting to note from the testimony given to the House Banking and Currency Committee that prominent persons in Government today who were previously opposed to public housing now realize the absolute necessity of an adequate public-housing program.

Mr. Chairman, this housing bill has some good features—I do not want to imply that there is nothing in it that is any good. By the lights of some of our Republican colleagues, it is an excellent bill, because it provides so many new advantages for the investment bankers in getting into the housing field.

But it is not the kind of housing bill which is needed today to help rehouse families living in un-American squalor, in real slums. It is not the kind of housing bill which is needed to stimulate our economy in a way which it must be stimulated if we are to bring back the full employment prosperity which we had when the Republican administration took office.

H. R. 8739 is, in short, a less-than-adequate bill for a less-than-full employment economy. We have the opportunity here to improve the bill and fulfill our obligation to our low-income families by authorizing a 200,000 housing unit program at the rate of 50,000 per year.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, I have sat here all through the debate on the rule, practically all of which was devoted to the merits or lack of merits of this housing bill, and I have sat through all of the debate on the bill itself. I have patiently waited for someone to come forward and tell us why this is a good housing bill.

I have in mind the very beautiful language that appears in the statement of the President of the United States in the message on the housing program which he sent to this House and the other body on January 25, 1954, in which he pointed out how necessary it is that we have a good, sound housing program; how he pointed out that housing for some 19 million families now living in nonfarm houses is more than 30 years old and fast deteriorating; how he pointed out that we need new housing for all groups of our economy; how he pointed out that millions of our people still live in slums, that millions more live in rundown, declining neighborhoods, and so on with more beautiful words, and then he gave his program as to what should be in a housing bill.

I have in mind the very lengthy document sent to the Congress by the President's Advisory Committee on Government Housing Policies and Programs and the very fine recommendations contained within that 377-page document.

I have in mind the hearings before our committee, running well over 800 pages, almost 900 pages.

I have not heard or read anything on the subject either in those documents or anywhere else indicating that anyone has come forward and said, "This is a good housing bill." It is not a good housing bill because it is a sham and a fraud upon the American people. I repeat, it is a sham and a fraud upon the American people.

The bankers who came before our committee, and the representatives of the insurance companies who lend billions of dollars for housing every year came before our committee, and they all told us this program, as set forth in this bill, will not produce any more housing.

I have in mind, too, some of the witnesses who came forth and said that the modernization and rehabilitation program that they advocate, and which is supposed to be provided for in this bill, is going to produce some 600,000 habitable units. Well, what are you going to do with the people in those units now while you are trying to modernize those homes? Where are you going to house them while you rebuild those houses for them? You are not going to do it, and you are not going to produce any 600,000 new houses for them under this program. You have already heard about how this bill is going to permit the President to raise the interest rate on mortgages in his discretion. What interest rate can he raise under this bill? You have a limitation in the law. As the law exists today, and there is no change sought to be made in this bill, the interest rate is limited to 6 percent on nonveterans' mortgages. Is the President going to raise that 6-percent interest rate under the authority you seek to give him in this bill? He can, but I doubt whether he will do it.

Under existing law, the veterans' mortgages are limited as to interest rate at the present time to 4½ percent. I stood on this floor last week and offered an amendment to cut that, and was told by the very distinguished gentlewoman from Massachusetts who chairs the Committee on Veterans' Affairs that her committee was convinced that the veterans' interest rate must be reduced, and that her committee was about to consider a bill and bring it in very shortly. The very next day the gentleman who chairs the subcommittee in charge of this subject reported that the committee will not consider reducing interest rates below the 4½ percent on veterans' mortgages. This bill is going to permit the President to increase interest rates. Now, what rates is he going to increase? If he is not going to raise it over 6 percent on the nonveterans' mortgages, the only sphere of activity where he can raise the interest is the already too high interest rate of 4½ percent on veterans' mortgages.

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

Mr. MULTER. I yield to the gentleman, since I referred to him.

Mr. AYRES. I think the gentleman from New York is familiar with the fact that when the interest rate was 4 percent there were very few GI loans available of that kind.

Mr. MULTER. I do not agree with the gentleman. There was ample money available.

Mr. AYRES. Evidently the gentleman from New York has not bothered to check with the records of the Veterans' Administration.

Mr. MULTER. Let us see. Let us not quibble. You say the money was not available. I say the money was available. What you mean, I think, is that the lenders would not lend the money. I agree with you. They went on strike. They would not let the veteran have the mortgage money at 4 percent. You are right. They had the money in the banks.

Mr. AYRES. It was not that they were discriminating against the veterans.

Mr. MULTER. Oh, yes, they were. Yes, they were. They were striking against the veterans. They said if you give us 5 percent or 4½ percent we will give you the money. When you raised it to 4½ percent and guaranteed them against any loss, and you gave them a guaranty which is just as good as a United States bond, they let the veteran have some money—not very much, but some.

Mr. AYRES. Today with the 4½ percent interest rate, the month of March will be the biggest month in the past 2 years on GI guaranteed loans. As long as the program is working as satisfactorily as it is, we certainly should let them alone.

Mr. MULTER. And I tell you they will lend the money at 4 percent on a guaranteed mortgage. There is no reason why they should not lend the money. The point I am making now is that the only reason for putting discretionary authority in the President to raise the interest rate is to give him the right to raise the rates on veterans' mortgages unless he wants to raise the other mortgages beyond 6 percent.

Here is another gimmick in this bill. Never yet have we had anything in a housing program which permitted a service charge to be made. This will let them charge a premium of one-half of 1 percent or more on top of the interest rate. You let them charge a service charge on top of the insurance, and there is no limitation—1 percent, if they can get it. He will probably charge a half percent. It will only cost $429 million a year to the homeowners of the country who will sign these mortgages and who cannot buy homes without mortgages.

Then we have some other things in this bill, and many fine things that are not in the bill.

I have before me a letter from one of the largest security dealers in the country. Most of its business is devoted to buying and selling mortgages throughout the country. I want to quote just this short sentence from this letter on the subject of interest rates:

> The provision for flexibility in interest rates as provided here is extremely dangerous. Increasing the maximum to 6 percent is an invitation to raise rates. The 5 percent maximum was satisfactory and FHA has always exercised flexibility. To attach the rate to bonds would be a serious mistake. The recent swings in the bond market prove the point and a cyclic change in mortgage rates would demoralize the industry. FHA and VA rates should be on parity and should move with long term swings in the mortgage rate and in consonance with Government policy and by action through the Housing Administrator.

Then you have another item. The Federal National Mortgage Association, they are going to convert it into a private industry now. You have built up a surplus in that organization of over $1 million.

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

Mr. SPENCE. Mr. Chairman, I yield 4 minutes to the Delegate from Alaska [Mr. BARTLETT].

Mr. BARTLETT. Mr. Chairman, I requested this time in furtherance of a search for information as to why the Housing and Home Finance Agency desires to repeal a part of the Alaska Housing Act, Public Law 52 of the 81st Congress.

On page 178, section 305, subsection (b) of section (2) of the Alaska Housing Act is proposed to be repealed. I have made reasonably diligent inquiry and I cannot find why this is desired. The hearings before the committee are silent on the subject. This is a very special provision incorporated in the Alaska Housing Act which has been of considerable benefit there. I will say to the Committee that as a consequence of the enactment of the Alaska Housing Act the housing needs, in the main, have been met in the Territory of Alaska. Six thousand units were originally required when this bill became law, and slightly over that number have been built.

I want to suggest that the use of the powers conferred upon the Federal National Mortgage Association in subsection (b) of section (2) of the Alaska Housing Act, which is sought to be repealed, are permissive and would not need to be employed. I think it would be very well if that provision were retained in the law, so it could be used if later needed.

I would like to ask some member of the committee if other provisions in the bill now under consideration are available to replace the section to which I have referred. Could any member of the committee enlighten me as to that?

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

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

Mr. McDONOUGH. Is the gentleman referring to the lack of any provision in the bill to provide for the selling of secondary mortgages?

Mr. BARTLETT. Specifically, I would like to ask the gentleman from California if the special assistance operations detailed on page 20 of the report would take care of the situation to which I have just referred?

Mr. McDONOUGH. Yes, at the pleasure of the President of the United States.

Mr. BARTLETT. And could be used in the Alaska field.

Mr. McDONOUGH. That is right.

Mr. BARTLETT. Could the gentleman inform me if he knows why the repealer is sought at this time?

Mr. McDONOUGH. No; I cannot answer that question. As a matter of fact, I may say to the gentleman from Alaska that I am sympathetic with his problem in Alaska, and I believe every provision should be made for ample financing of homes in Alaska and Guam.

Mr. BARTLETT. As I see it, this language is permissive and no harm would be done if it were allowed to remain in the law. If it does not need to be used, it will not be used. I hope the Committee will be agreeable to retaining that language which section 305 on page 178 seeks to repeal, so that if any great housing need should arise as it may in the booming and expanding territory, the law would be there to take care of it without further legislation being enacted.

Mr. GAMBLE. Mr. Chairman, I yield 8 minutes to the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON].

Mrs. FRANCES P. BOLTON. Mr. Chairman, it had not been my intention to speak again on the housing matter, but it seems to me we need to go into some of the heart of the matter about which we are legislating, as well as into the various problems of mortgages and things of that kind.

We in the United States are very short of housing. Our babies are coming in very fast, and they grow amazingly rapidly, and in many of our large cities we have the unfortunate situation of exceedingly bad living conditions.

In my own city of Cleveland we have long had an area which we call the "central area" in which there are thousands of families living in truly shocking conditions. This is an area which has been used by one group, then by another, and then by another, so that, bit by bit, it has deteriorated to the extent that there is little plaster on the walls, little water in the pipes, and the resulting condition is exceedingly dangerous to health and morals.

We in Cleveland are very grateful to the Committee on Banking and Currency, which under the able guidance of its distinguished chairman, the gentleman from Michigan [Mr. WOLCOTT], has brought this bill to the floor. We feel that he should have the strongest commendation from this committee for the thoroughness and the farsightedness with which H. R. 7839, which we are now considering, has been drafted.

It is exactly the program that will make it possible for the private citizens of Cleveland to go forward with a slum-clearance program which without some modest public housing, low-cost housing, could not be carried forward.

Eager to see a constructive program undertaken, a group of men and women have come forward, who are giving their services; with whom the city is cooperating. We now have opportunity to do away with a slum area which would be a disgrace to any city.

The project which is getting underway, which will take advantage of a $7-million bond issue recently overwhelmingly voted, is a $25 million project planned by the leaders of the community involved. This is a Negro community. Members of the community are pledging $500,000, of which one man alone is giving $100,000. When I talked with the group here he told me with a very radiant face: "Mrs. BOLTON, it is very different in our community now. A Negro can earn good money, he is respected in the community, and we want to fulfill our responsibility to the city of Cleveland, to our own group, and urge upon all of our community this project."

We are very proud that this development has taken place, for not a single dwelling has been built in that area in 34 years. You can perhaps imagine what the need is.

Among the outstanding leaders of the Negro and white communities are Mr. Alonzo G. Wright, a real estate investor and a hotel man; Wendell A. Falsgraf, attorney; H. J. Raymond, partner in Ernst & Ernst, accountants, and Guy C. Larcom, Jr., architect.

They are planning to utilize the 104 slum acres for apartment houses, for dwellings, for a proper center for the whole community, including a shopping center and a theater. They hope to make it the best center, the best locality in Cleveland.

By taking advantage of the FHA section 220 of this bill they expect they will need $2 million for equity capital, so they are raising that $2 million.

Mr. Chairman, this is one example of the advances that can be derived under President Eisenhower's housing program. His is a plan which will take us forward towards that dream of America which we all have: That children shall be born with healthy bodies and sound minds, that they shall be born into homes that are decent, into localities where there is room to breathe, to play and to laugh, where they will receive an education that fits them for the lives they will lead, that they may have work which will suit their capacities. Then at some time during their lives a little time to sit in the sun, a little time to meditate, and praise their God.

I am earnestly hoping, Mr. Chairman, that this bill will be passed pretty much as it is written, although I should welcome an amendment providing for 35,000 public housing units.

The CHAIRMAN. The time of the gentlewoman from Ohio has expired.

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

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

There was no objection.

Mrs. KELLY of New York. Mr. Chairman, today in the House of Representatives we are considering the Housing Act of 1954, a bill to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities. This bill, as reported, provides no public housing program, although an amendment will be offered to include a new public housing program.

It is evident from the confusion of the last few days that an attempt was made to scuttle the public housing program. If we are successful in adding a public housing program for 35,000 units of construction this year, it is to be remembered that this is a carryover authorization of the Democratic administration's program.

I want to pay tribute to my colleagues on both sides of the aisle who have endeavored to save and to continue a Federal housing program.

I feel compelled to raise my voice to deplore the action of the majority on the Independent Offices Appropriations Committee and those members of the Rules Committee who seek to destroy and to put an end to the very worthy Federal housing program. Both of these committees are controlled by a Republican majority.

I do not comprehend their lack of understanding of the need for decent housing for the low-income group, let alone their moral obligation to comply with previous authorizations to continue that which has already been planned.

The most important problems facing every metropolitan community in the country are those of housing and slum clearance. Large cities, especially New York City, have particular housing problems.

A recent study of all slums and blighted areas in the country showed they comprise one-fifth of our metropolitan areas. And into this one-fifth of our cities are packed one-third of the urban population, a good third or 35 percent of the fires, approximately 45 percent of the major crimes, about 55 percent of the juvenile delinquency, and 60 percent of the tuberculosis rate. In other words, slums account for 45 percent of city service costs, but they pay only 6 percent of its real-estate taxes.

I would support wholeheartedly any effort on the part of private industry to provide housing and slum clearance for the people of our Nation if private industry were willing and able to supply these needs. But since this cannot be achieved, the Federal Government must be permitted to continue its past authorization and provide for at least the new units in line with the recommendations of our President and the President's Advisory Committee on Government Housing Policies and Programs.

In a speech on the floor of the House, the ranking member of the Banking and Currency Committee, the gentleman from Kentucky [Mr. SPENCE], stated:

> How are you going to get rid of the slums except by Federal contribution? There is no way in the world to do it. It is said that we should put the slum-clearance matter back on the cities. But the cities cannot do it. I have represented 3 or 4 cities in my time. I know the limitations of the cities. They are creatures of the State. They are organized by the State, their charters are granted by the State, and they are limited in their activities under the State constitution.

The gentleman from Kentucky [Mr. SPENCE] said that on June 24, 1949. His words are as true today as they were on that date. His statement certainly applies to New York City and to every city in the United States.

In the report of the President's Advisory Committee on Housing there is included a digest of the replies to a questionnaire sent out by one of its subcommittees. Credited with answering this questionnaire are Mr. Robert Moses, chairman, office of committee on slum clearance, New York City, and Mr. Charles S. Archer, of New York City.

In answering question 1 on the size of the slum elimination and slum-prevention problem, here is the reply given:

> New York City: 1950 census rated more than 285,000 apartments, over 12 percent of the total, as badly substandard. Included in this figure were more than 100,000 apartments with no modern conveniences. The city-planning commission has designated 9,000 acres throughout the city as slum-clearance areas which would be proper for clearance and rehabilitation.

In answer to question 2 on slum elimination of urban development, the answer from New York City points out that urban redevelopment is a sound application of city-planning principles to slum elimination. In my own opinion, this plan, an experimental approach to

low-income houses, would not help the people of Manhattan, the Bronx, or Brooklyn. Home ownership is too costly. Where, in the city, could one build a house for $7,600? I do hope that this section of the bill will be so successful to encourage private home ownership as the next step for proper environment for future and present Americans.

I feel these illustrations are sound evidence of the need for a continued Federal housing program. We spend more than 10 times as much in subsidy for highways, nearly 6 times as much for rivers and harbor work, more than twice as much to help out on the school-lunch program, and more than 1½ times as much for our few Indians.

I commend my colleagues, the gentlemen from New York [Mr. MULTER and Mr. DOLLINGER], members of the Banking and Currency Committee, for their efforts to save the Federal housing program. In a minority report is listed the disagreements with the majority on major aspects of the Housing Act of 1954. These include failure to authorize any units of low-rent public housing; failure to maintain traditional veterans' housing preferences; failure to provide a realistic workable secondary-mortgage market; delegation to the President of authority to set maximum interest rates on FHA and VA mortgages; delegation to the President of authority to control real-estate credit; failure to establish safeguards against "mortgaging-out" under the various FHA rental-housing programs; and failure to require builders of FHA and VA houses to give the home buyers a warranty against defective construction.

How has the past program affected the city of New York? It has been helpful but actually has only scratched the surface. On March 30, 1954, I received the following facts from the New York City Housing Authority:

Sixty-nine thousand nine hundred and seventy-one is number of units now occupied, of which 23,261 were contributed to by the Federal Government.

One hundred and three thousand seven hundred and fifty-three is total approved program—built, or in construction, or approved.

Completed construction, prewar, 12,971.

Federal Government contribution, postwar, 6,709.

Eight thousand six hundred and thirteen under construction and partially occupied.

Five thousand nine hundred and sixty-seven under construction but not yet occupied.

Four thousand eight hundred and twenty-six awaiting construction.

For all the above, the property has been acquired by the city of New York.

Nine hundred forty-four million two hundred ninety-six thousand three hundred and seventy-four dollars is cost of projects built or under construction.

Three hundred fifty-five million eight hundred sixty-two thousand four hundred and twenty dollars represents the total development costs of projects in which the Federal Government is interested. New York City sells bonds on which the Federal Government guarantees to pay subsidies not exceeding 4½ percent annually.

One million nine hundred fifty-nine thousand five hundred dollars and sixty-two cents is the amount paid by the Federal Government—during the last accounting year—in subsidies on projects in New York.

At this point, I think it of interest to note—and I do so at the risk of being classed overbearing—New York City alone contributed over $10 billion in internal revenue. This is twice the amount contributed in internal revenue by any State in the Union.

How much will slum clearance cost? There is no idea of the complete problem. Two hundred twenty-seven million nine hundred fifty-seven thousand dollars is the estimated cost of projects in the planning stage on which $61,382,000 worth of bonds will be guaranteed by the Federal Government. Nine hundred forty-four million two hundred ninety-six thousand three hundred and seventy-four dollars represents the cost of projects built or under construction since the inception of the Federal housing program.

The city of New York contributes directly without any Federal contribution, all of the parks, street improvements, tax waivers, and so forth, that are necessary to complete these projects.

What has actually been accomplished in New York City is small in comparison to the overall need. It must be a long-range plan. For the Federal Government to falter or to bring an end to the Federal housing program will certainly not strengthen our democracy.

I urge all Members to reconsider this vast city problem and to assume their responsibility to help not only this great metropolis but all other areas where public housing is needed.

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

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

There was no objection.

Mrs. SULLIVAN. Mr. Chairman, when the appropriations bill section, which had as its effect the killing of public housing after those projects in the contract stage are constructed, came up on Tuesday, I think I made it clear to the House how I felt about the needs of our people for decent homes at prices they can afford. The complacency of the Republican majority in the House in connection with that provision has also made it clear that we cannot expect any sympathy here for the people eligible for public housing, regardless of what a Republican President may propose as a half-hearted attempt at a solution of their problem.

There is probably little to be gained in extensive discussion here on the House floor with so many minds completely closed to the issue—with so many powerful leaders of the majority party clearly presenting themselves as foes of public housing. We can only hope that the Senate may again come to the rescue and provide at least some semblance of a continued public housing program.

I shall, of course, support the Democratic members of the Banking and Currency Committee in their amendments to restore a public housing program in this bill and to improve, in other ways, the unduly restrictive features of other parts of this measure. But it is indeed disappointing and, as I said Tuesday, heartbreaking, to see such little concern as the House has been demonstrating in the plight of the average and lower-income families in getting into housing where they can raise children who can have a fair chance at life, whose lives are not scarred by the deplorable conditions of slum environments, whose outlook is not made cynical by the family's hard and difficult struggle in finding and affording a real home.

WE ARE DEALING WITH PEOPLE, NOT STATISTICS

The President said some time ago that when it came to economics he was on the conservative side, but when it came to people he liked to be on the liberal side. That sounds well and good and no doubt represents his opinion of his own views.

This housing bill, however, represents to me an excessive attention to the economics of mortgage banking, whereas in truth and in fact a successful housing program should be and must be one which is geared to human values—to people. Interest rate statistics may make fascinating reading to bankers, but we have to look behind the figures to see their effect on the people who are precluded by high carrying charges from buying a home. We have to look at the effect on families which cannot afford decent rental housing because of the high rents which in turn may reflect high interest rates on mortgages.

I am amazed, Mr. Chairman, at the idea which has been proposed here as a solution to the lower income housing problem of $7,600 or $8,600 homes to be sold to families now living in slums. Whether the houses could be built in a place like St. Louis is very doubtful to begin with. But what families presently eligible for public housing could afford even that housing, even on a 40-year mortgage with no downpayment? And where would they ever get the $200 in cash required for settlement costs?

This idea is a will-o'-the-wisp solution to slums. It may work in some communities where building costs are very low. It would be a good investment perhaps for the mortgageholders who could cash in their mortgage after 20 years and thus be sure of not losing on the deal. But for the average city where slums are widespread and the need for decent housing for low-income groups is acute, this is a paper idea which can build only paper houses.

IS THIS THE BEST OUR BEST BRAINS CAN CONCEIVE?

What is needed in solving the housing problems of our citizens, Mr. Chairman, is not some piecemeal patches on the present housing laws—which have generally worked well up to now—but some bold and imaginative thinking designed to speed up the slow but steady progress we have made in the past 20 years to eradicate slums and improve housing conditions.

The Housing and Home Finance Agency has closed out completely its

housing research program, so we can look for nothing there as a step toward reducing housing costs and getting the public more housing per dollar. The administration, which promised in the 1952 campaign to enlist the best brains in America into government, appointed a part-time study commission which recommended very little of value to anyone except the lenders. The home building industry is not at all pleased with this bill. Who is?

I think the bill is a confession of complacency and futility. I say once more, we need some boldness and imagination in solving our housing problems.

The CHAIRMAN. All time has expired. Under the rule, the Clerk will report the committee substitute amendment as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Housing Act of 1954."

TITLE I—FEDERAL HOUSING ADMINISTRATION

Amendments of title I of National Housing Act

SEC. 101. Section (b) of the National Housing Act as amended, is hereby amended—

(1) by striking out clause numbered (1) and inserting the following: "(1) if the amount of such loan, advance of credit, or purchase exceeds $3,000";

(2) by striking out of clause numbered (2) the words "3 years" and inserting "5 years"; and

(3) by striking out of the first proviso "$10,000 and having a maturity not in excess of 7 years" and inserting "$10,000 or $1,500 per family unit, whichever is the greater, and having a maturity not in excess of 10 years."

SEC. 102. Section 2 (f) of said act, as amended, is hereby amended by adding the following at the end thereof: "The account heretofore established in connection with insurance operations under this section and identified in the accounting records of the Federal Housing Administration as the title I claims account shall be terminated as of June 30, 1954, at which time all of the remaining assets of such account, together with deposits therein for the account of obligors, shall be transferred to and merged with the account established pursuant to this subsection. Moneys in the account established pursuant to this subsection not needed for the current operations of the Federal Housing Administration may be invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States."

SEC. 103. Section 8 of the said act, as amended, is hereby amended by striking the period at the end of subsection (a) and inserting a colon and the following: *"And provided further,* That no mortgage shall be insured under this section after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date."

Amendments of title II of National Housing Act

SEC. 104. Section 203 (b) (2) of said act, as amended, is hereby amended to read as follows:

"(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed $20,000 in the case of property upon which there is located a dwelling designed principally (whether or not it may be intended to be rented temporarily for school purposes) for a 1- or 2-family residence; or $27,500 in the case of a 3-family residence; or $35,000 in the case of a 4-family residence; and not to exceed an amount equal to the sum of (i) 95 percent of $8,000 of the appraised value (as of the date the mortgage is acceptable for insurance), and (ii) 75 percent of such value in excess of $8,000: *Provided,* That the mortgagor shall have paid on account of the property at least 5 percent (or such larger amount as the Commissioner may determine) of the Commissioner's estimate of the cost of acquisition in cash or its equivalent: *And provided further,* That such mortgage shall not involve a principal obligation exceeding the maximum amount prescribed by the provisions of this section 203 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954 has authorized a greater maximum amount, in which event such principal obligation shall not exceed such greater maximum amount."

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

The Clerk read as follows:

Amendment offered by Mr. BROWNSON:

On page 109, line 20, after "per centum of", strike out "$8,000" and insert "$10,000."

On page 125, line 15, after "per centum of", strike out "$8,000" and insert "$10,000."

On page 125, line 17, after "in excess of", strike out "$8,000" and insert "$10,000."

Mr. BROWNSON. Mr. Chairman, the effect of this amendment is to place in the bill a more realistic schedule of required downpayments on houses sold with the aid of an FHA-insured loan.

Throughout the country it is increasingly evident that prospective home buyers, well able to afford new homes on their monthly income, simply do not have the downpayments now required or even that which would be required under this bill. I can think of one particular case in my district that typifies this situation. A man with four children who has been an outstanding newscaster and radio announcer, was in a position where he had to move from a rented home that he had lived in for years and found himself unable to raise the downpayment necessary in order to house his family adequately. This is despite his employment at a fairly high level in a well-paid profession. I have been informed, for example, that 90 percent of all new housing in the Washington area is sold under VA financing rather than FHA because it affords a lower downpayment. I think it is amazingly common throughout our country that people do not have the downpayment required, although experience under the GI loans has shown that they do have the income required to keep up their payments.

My purpose in offering this amendment is to bring the downpayment schedule under section 203 of the National Housing Act in line with the value of today's dollar. The present statutory limits have not been substantially amended in 10 years. Although values and consumer incomes have doubled, the downpayment now required on a $12,000 house is 4 to 5 times the dollar amount required on the same or equivalent house of 10 years ago. Then a $6,000 house could be purchased with a downpayment of $600; today the same house would sell for somewhere between $12,000 and $15,000, and would require a downpayment of from $2,400 to $3,000.

With the inflation of home prices, the average man with 2 or 3 children must pay at least $10,000, and often as much as $12,000 to $15,000, for suitable housing for his family. The experience of the building industry has been that the average family man cannot raise more than $1,000 to meet his downpayment and settlement charges combined.

The bill before the Committee adjusts the schedule down somewhat but not enough to solve the problems caused by the inflated home prices. The Housing and Home Finance Administrator, Albert M. Cole, is quoted, on page 41 of the hearings, as follows:

> I want to emphasize that these, as well as the similar adjustments in the maximum amounts for other FHA programs, would represent the statutory maxima which would not automatically go into effect upon the enactment of the bill. The authority to establish the actual terms under which the FHA would operate would be vested in the President. It is contemplated that, if the Congress enacts these proposals, the President would, when he approves the legislation, put into effect a new scale of maximum mortgage-loan amounts employing the new simplified formula, but establishing the amounts below the various maxima permitted by the bill.

It then follows that, if any real liberalization of downpayments is to be realized, the amounts must be lifted in the bill to allow a sufficient increase in the President's area of discretion to provide for some substantial decrease in the downpayments required by the new schedules. Certainly the discretionary powers in the bill should be broad enough to meet the needs of the people. This amendment will do that.

Another cogent reason for lower downpayments is that it would make it possible for veterans to make use of their equities to trade in their houses for new and larger quarters so badly needed by many of them. I think it is only fair to point out that many of our veterans of World War II have utilized their GI bill of rights, have bought their original home and now find themselves with one or two more children in the family. They are now at a point where they need new quarters. They can trade in their old home in which the average equity is about $1,500 as a downpayment on a new and larger house; this will not only provide a stimulus for our building industry, but it will, I believe, provide better housing for those veterans in whom we are all interested.

The average World War II veteran, with his equity of about $1,500 in a postwar home, could, if his payment schedule in the bill were set at 95 percent of $10,000 rather than 95 percent of $8,000, buy a $14,000 new home on the basis of the equity in the house he already owns under the GI bill of rights. This he cannot do if the schedule is set at 95 percent of $8,000.

It is also interesting to note that this new bill in some specific cases actually raises the downpayments required by

eliminating section 203 (b) (2) (D) of the present law. Under the present law, in certain circumstances, the downpayment provisions under that section provides a downpayment of $500 for a $10,000 home of 4-bedroom size. The bill would raise the downpayment of all $10,000 homes to $900, thereby increasing by 80 percent the downpayment of these special category homes. My amendment seeks to establish a $500 downpayment for all $10,000 homes without restriction.

The maximum effect of my amendment would come on houses in the $10,000 class where it results in a reduction of $400 in the downpayment below the figure required in the bill now before us. I will ask permission of the House to insert at this point a table showing the downpayment schedules in the law, the bill, and my amendment.

Downpayment schedules, 1–2 family, new, and existing

FHA appraised value	Under present law			In H. R. 7839 [1]	Under this amendment [2]
	203 (b) (2) (D)	203 (b) (2) (C)	203 (b) (2) (A)		
$4,000	$200	$200	$800	$200	$200
$5,000	250	250	1,000	250	250
$6,000	300	300	1,200	300	300
$7,000	350	350	1,400	350	350
$8,000	[3] 400	650	1,600	400	400
$9,000	[4] 450	950	1,800	650	450
$10,000	[5] 500	1,250	2,000	900	500
$11,000			2,200	1,150	750
$12,000			2,400	1,400	1,000
$13,000			2,600	1,650	1,250
$14,000			2,800	1,900	1,500
$15,000			3,000	2,150	1,750
$16,000			3,200	2,400	2,000
$17,000			3,400	2,650	2,250
$18,000			3,600	2,900	2,500
$19,000			3,800	3,150	2,750
$20,000			4,000	3,400	3,000
$21,000			5,000	3,650	3,250
$22,000			6,000	3,900	3,500
$23,000			7,000	4,150	3,750
$24,000			8,000	4,400	4,000

[1] On basis of 95 percent of $8,000 plus 75 percent of excess.
[2] On basis of 95 percent of $10,000 plus 75 percent of excess.
[3] Minimum of 3 bedrooms per family unit.
[4] Minimum of 4 bedrooms per family unit, or minimum of 3 bedrooms per family unit in geographic area where Commissioner finds cost levels so require.
[5] Minimum of 4 bedrooms per family unit in geographic area where Commissioner finds cost levels so require.

I can appreciate the many hours of hard work the Banking and Currency Committee has spent perfecting the many improvements this bill seeks to write into law, but I submit that we must be realistic about the price of real estate today in considering this legislation.

I cannot help but feel that the goal of this is to put the greatest number of people possible into the best housing possible.

The adoption of this amendment, concerning which most of you have received telegrams from your local home builders, will mean the difference between the factory worker and the lower-paid white-collar worker owning his own home or paying rent for the rest of his life.

Mr. JAVITS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I had the same amendment to propose to the committee and I am very glad that my colleague has proposed it and has already made an explanation of it. I think, if my colleague will agree, there are a few things which should be added in order to buttress the case for this amendment, which I think is a very strong one.

We are relying upon the home building industry to build very much more than it did before. I call the attention of the committee to the statement of the witness, R. G. Hughes, president of the National Association of Home Builders, at page 597 of the record where he says:

Given the assistance which this bill provides with the amendments outlined in principle on the following pages, etc., we believe the home building industry can provide an average of 2 million new or new conditioned homes each year through a combination of increased production of new homes and the rehabilitation of structurally sound existing homes.

Mr. Chairman, I submit that it is our desire to hold the home builders to this assurance and we should give them what they have asked of the legislative committee so that they can do the job which we and the country want them to do.

It seems to me that we would be arguing about very little—a $400 reduction in downpayments for houses worth over $8,000—if we offered them a reason why they could claim they could not meet the goal of new housing starts which we are very anxious that they should meet.

One other point upon this particular amendment. Mr. Chairman, it is a fact that home buying today is very heavily in the hands of veterans who, in the main, need to make no downpayments at all under the Federal mortgage guaranty system. Yet, it is very much outside the hands of those who are not veterans. For example, in the Levitt organization, to which Mr. BROWNSON referred and from which I have ascertained these figures, 99 percent of all their sales—and theirs is considered a very representative buy in housing—99 percent of their sales are to veterans. There are 20 million veterans in the country, but there are over 60 million citizens who are gainfully employed. We are shutting out the market, very substantially then to two-thirds of our people, unless we bring these downpayments down. Certainly we want to do whatever we can to encourage home ownership.

Finally, Mr. Chairman, the optimum house in our country now is the $12,000 house. Ten years ago the optimum house was the $6,000 house. But the downpayments do not bear the same relationship to the new price of the same house as—in view of the rate of increase in the consumers' income—they did 10 years ago. Consumer incomes have doubled over 10 years ago and what they are now. Yet the downpayment on an FHA-mortgaged house under the law today and as it will be when we pass this bill, unless the discretion to set mortgage amount limits now in the bill is eliminated, is 4 or 5 times what it was 10 years ago.

Under the amendment offered by my colleague from Indiana we will bring the downpayment in focus, because we will make it double what it was 10 years ago, which is just exactly the right relationship to the incomes of the people who are buying the homes.

I think this is an extremely desirable amendment. It will help us accomplish our purpose, to put this enormous assistance into the economy and hold the home builders to their assurance that they can build the homes if we give them the tools. This is certainly a very modest kind of amendment to make upon their representation that this will give them a tool which they urgently need.

Mr. Chairman, I hope the committee will vote the amendment into the bill.

Mr. HAYS of Ohio. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, because of the rush to get this bill passed and because the amendment I propose comes at the end of the bill I want to explain my amendment at this time.

Mr. Chairman, the provision in this bill for public-works planning is so puny and undernourished it is pitiful.

I apologize for even entertaining the thought and I am sure it is unfair to voice it out loud because it cannot possibly be true, but I keep thinking in the face of a proposal like the present one in this bill for advance planning—and in the face of a lot of other things going on in this administration—that the President's advisers are acting as if they expected a couple of hydrogen bombs to wipe out the world any day now. If we are all going to be atomized or hydrogenated and the planet is going to disappear, why it does not make any sense to be worrying abount unemployment or the people's housing needs, or businesses going broke or people going jobless and hungry. In that case we should all be in church and stay there. But of course we are not planning on having the world end this week or next, or even in the 1955 fiscal year, and so we should pay some attention to what is going on in this country in our economy. For instance, we have this mounting unemployment which gets worse by the day—and nothing is done about it. Nothing.

WHICH MARCH DID THE PRESIDENT MEAN—THIS YEAR OR SOME OTHER?

March was to be the key month in the administration's planning—the month to tell whether we get serious about fighting recession or keep on playing tiddlywinks. But virtually every one of the

149 major labor-market areas in the country—virtually every one—had adversely affected employment conditions between mid-January and mid-March, according to the Government's own Bureau of Employment Security. We now have 34 major labor-market areas in the distress category, with substantial labor surpluses—that is fancy language for big unemployment—with 14 of them added in recent weeks. Let me repeat some of the areas newly added to this distress list: Charleston, W. Va.; Portland, Oreg.; Chattanooga, Tenn.; the Duluth, Minn.-Superior, Wis., area; the Huntington, W. Va.-Ashland, Ky., area; Paterson, N. J.; Racine, Wis.; San Antonio, Tex.; the Wheeling, W. Va.-Steubenville, Ohio, area, part of it in my congressional district; Detroit, Mich.; Battle Creek, Mich.; Toledo, Ohio; South Bend, Ind.; and the farm-equipment center of Davenport-Rock Island-Moline in Iowa and Illinois. In addition, 12 smaller labor-market areas were added to the list. Hartford, Conn., which had been the only area of tight labor supply in the country, is no longer that tight—it has a balanced labor supply. And moving from balanced to a moderate surplus classification were such places as Akron, Cincinnati, Cleveland, Columbus, Youngstown, and the Lorain-Elyria area of Ohio; San Diego; Bridgeport, Stamford, Norwalk, and Waterbury, Conn.; Miami; Macon, Ga.; Aurora and Rockford, Ill.; Lansing and Saginaw, Mich.; Omaha; Buffalo and Syracuse, N. Y.; Charlotte, N. C.; Allentown and Bethlehem, Pa.; Aiken, S. C., and Augusta, Ga.; and Houston, Tex.

In the face of that situation, the administration comes in here with a pitiful proposal for $10 million in advances to local and State agencies for public works advance planning—and then, to boot, makes Federal agencies also eligible to draw on this measly fund. The committee majority says this could finance the planning of construction to a total value of $660 million which is a drop in the bucket to what would be needed in the way of ready projects if we really went in for public works.

My amendment doubles this figure. It also provides $10 million instead of the $5 million proposed for technical aid to the smaller communities under 25,000 population in drafting their plans.

I say this, Mr. Chairman: If we are serious about having the weapons to fight recession, then let us provide them. Let us be ready rather than sorry. We are offering to spend pennies, that is all, to do a monumentally big job. Let us stop kidding ourselves.

BUSINESS FAILURES SOARING

In this connection, I have some more gloomy but not necessarily doomy statistics to give the House, Mr. Chairman. I have over a period of time taken it upon myself to keep the House advised of the mounting mortality rate for small businesses as reflected in the weekly reports on business failures.

The last figure, for the week ended last Thursday, was a hefty 277—the highest weekly figure in years, up about 14 percent from the previous week's 243. A year ago it was 188. So it is running 47 percent ahead of last year.

Now let us not call this a depression, because it is not. It is just a bad kick-in-the-teeth economically to a lot of people in this country who had the good American get-up-and-go to go into business for themselves, and now they are losing their shirts and are right in the wringer with their shirts. But it is not a depression.

When we talk about depressions, we mean not 277 business failures a week but more like 650 or 700, which was the average back in 1932. So we still have some heavy going-broke statistics to compile before we can call it a depression. We all hope to high heaven, and I say this sincerely, that we do not see another national calamity like that in the United States, but believe me, unless we take some prompt and decisive action, we are headed right down that catastrophic path.

WORST MONTH IN 12 YEARS

The figures on business failures for the entire month of March are not in yet—they will probably be out in a day or so—but I think I can safely predict on the basis of reports made so far that the March total will go over 1,000 for the first time since March 1942, and for only the second time since May 1941. Never in the worst months of the 1949–50 downturn did any month show as many as 900 business failures. But we exceeded 900 in February of this year and March, as I said, will probably go over 1,000.

So far during March, the Dun & Bradstreet reports week by week have shown a total of 972, taking it only to March 25. So at the rate we have been going, it is almost certain to exceed 1,000. Let me point out that if we experience a business mortality rate like that for 12 months, we will be matching, or coming close to matching, the top yearly figures all the way back to 1934.

But that is still not a depression—in the Hoover regime businesses were going broke and bankrupt at a rate of 28,000 and 30,000 or more a year, and then they were not even counting in all of the types of business failures that have been included in the statistics since 1939—that is, voluntary discontinuances with loss to creditors.

The March 1942 figure I mentioned—which was the last time before this month that we had as many as 1,000 in 1 month—a lot of businesses had to quit overnight either because of materials shortages, limitation orders, or the drafting or enlistment of their owners.

None of those factors enter into the record for March 1954.

One last word, Mr. Chairman. The President said, at his news conference last week, that we are not in serious enough economic trouble to warrant the use of slambang measures to combat it. I do not know exactly what he means by "slambang," but I take it he means any real action.

Well, Mr. Chairman, if we are not deep enough yet in the hot water to have slambang, how about at least some "pitty-patty" to fight recession? How about something?

Let us start with doubling this pitiful little figure of $10 million for public-works planning, as I propose in this amendment. Let us provide funds to plan not just for $600 million worth of public works but for a more realistic figure of $1,500,000,000. The gentleman from Pennsylvania [Mr. KELLEY] has introduced a popular bill on which a number of other Members are cosponsors for a $6½ billion Federal-local public-works program. Pending action on that, let us at least start the wheels moving on some up-to-date engineering designs on needed projects, so that they can be thrown into construction immediately whenever any funds for that purpose should become available.

This is not slambang. But it is not, either, snooze and snore. We have had too much snooze and snore in the administration and Congress over the unemployment problem. And the payoff came Wednesday when the House voted to cut the President's Council of Economic Advisers—the agency which is supposed to keep its pulse on the economy and suggest measures to assure full employment.

What we are getting is full unemployment. And every day it gets fuller.

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

Mr. HAYS of Ohio. I yield.

Mr. MERRILL. Does not the gentleman realize that the school program similar to the defense impacted area program is a matter for local planning, and right now so far as the school program is concerned, the local governments have plans ready for that program. Does not the gentleman realize that this is not the exclusive planning agency for the public-works program, and that engineers would be planning many of the major public-works programs and that the highways would not be planned under this section. This is not an exclusive program.

Mr. HAYS of Ohio. I realize that, but I would like to point out to the gentleman that in many instances and in many States under State law, let us take the schools first specifically, you cannot draw up your blueprints and hire your architects and get your design ready until you have the money. In many cases, you cannot have the money until your bond issue is voted. But, under this very program, and it has happened many times in the past, a school district is unable to get its plans ready so that if there is a public-works program inaugurated in which the Federal government would participate, they can go to the polls and pass their bond issue and be ready to go the minute the bond issue is passed. That is exactly what I am endeavoring to do by increasing this amount in the amendment I will offer.

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

Mr. Chairman, I want to direct the attention of the committee to section 904, which provides for the continuation of the rural housing provision as contained in the act of 1949. The general provisions of that section, I think, are well known. Certainly, they have been well received by the farm people throughout

the country. In my own State every year the funds allocated for the rural housing program have been pledged or exhausted within 60 days. It has been a remarkable program, Mr. Chairman, and I am sure that every Member who participated in the support of the rural housing provisions applauds the accomplishments made under the terms of that act. There have been 19,082 farm families to obtain loans for the improvement of their rural homes and appurtenances belonging to the farm. When the Congress established a rural housing program we took into account that we already had an existing agency, the Farmers Home Administration. We did not create a new agency to administer the program. The Farmers Home Administration operates in every county in the United States and each county FHA has a group of local farmers on their committee who determine whether the individual applicant for a farm housing loan could qualify. They took into account the farmers ability to repay and his ability to carry out sound farming practices.

The administration of this program on the local level has insured its success. In view of the fact that the housing act expires this year, I was apprehensive for a while since the budget failed to make a request for funds for rural housing. There has been no statement forthcoming from the administration as to whether it intended to pursue the rural housing program, but I was somewhat consoled by the statement of the Secretary of Agriculture in an address at Tuskegee, Ala., where he stated that this program would be continued. I am delighted to see that there will not be any neglect.

I understand there has been some slowdown in making these loans available. As I recall, we have on hand now approximately $3 million. I hope that those funds that are now being held will be put to use to carry out the rural housing program. It has been a wise policy for the Government to continue to give farm people the same opportunities as urban families to have better homes, to create a better way of life, and to increase their economic standards.

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

Mr. JONES of Alabama. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection?

Mr. WOLCOTT. Mr. Chairman, reserving the right to object, we have been importuned to finish this bill today. Although I do not feel constrained to object to a continuance, after all the gentleman is talking out of order, and I think I shall have to object to it later on.

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

There was no objection.

Mr. JONES of Alabama. Mr. Chairman, the original act authorized appropriations of $275 million for farm housing purposes. Only about a third of this amount was actually made available. The general curtailment of nondefense Government expenditures associated with the Korean campaign, as well as certain building-material shortages that existed in past years, are the principal reasons why the farm housing program did not reach its anticipated volume. The amount available for the 1954 fiscal year was $19 million. The demand for these loans was so great that almost all of the funds were committed within 6 months. The Farmers' Home Administration has received thousands of applications that now are unsatisfied because the farm housing funds were exhausted at such an early date.

Nearly 19,082 farm families as I pointed out earlier, have benefited from the $94,356,000 of farm housing funds that have been made available. With these funds they built or repaired over 16,000 farm homes, almost 14,000 farm service buildings, and 7,200 water systems. In my home State of Alabama, 724 families have received farm housing loans to build new and modern homes and 208 additional families repaired and modernized their homes. In addition, 368 farm service buildings and 623 water systems have been financed with farm housing funds. Through December 31, 1953, $5,509,475 had been loaned to Alabama farmers for these purposes.

This is a mere beginning in solving the problems of substandard housing on our Alabama farms but it does demonstrate the effectiveness of the farm housing loan authorities in meeting a critical need of farm families for construction credit.

That Alabama farmers want better housing is shown by the fact that the demand for these loans was so great during the past year that 80 percent of the funds allotted to Alabama were obligated within 2 months.

The cost of these new homes has been exceptionally low. To a person accustomed to the price of city homes, it seems almost unbelievable that farm families should be able to build good, substantial homes at an average cash outlay of less than $6,500. While these homes are modest in design, they do meet all the generally accepted requirements of decent, safe, and sanitary living.

Low cash cost, when compared with similar urban homes, results from a number of reasons. One is the fact that there is no land cost involved. Another is that the borrower and his family ordinarily are able to contribute a substantial amount of labor, and a third is that in many cases borrowers have been able to utilize such materials as timber, sand, gravel, or stone from their own farms or else obtain such materials from local sources at a low cost.

Low cost, however, does not mean low quality. Each of these homes is required to meet the construction standards of the Farmers' Home Administration. These standards protect the borrower against faulty construction and the Government against an unsound investment. The standards are flexible enough to permit a farmer to use his skills and ingenuity to build at minimum cost the kind of a home of which he and his family are justifiably proud.

In addition to providing financing for farm homes the farm housing program offers farm families an opportunity to build or improve service buildings needed to put their farms on a paying basis and to operate them more efficiently.

A fourth of the farm housing funds have been used for purposes such as building dairy barns and milking parlors, general purpose barns, poultry houses, and for installing water systems. While this has not been the largest field of activity of the housing program, it has been a highly significant one. Through it some farmers have been able to put their units on a paying basis; others have been able to make necessary changes in their farm buildings to meet the changing requirements of our present-day agriculture; and others have needed to change their building facilities to use more efficiently their family labor and their land.

The nature of the farming business—one in which the family home and income-producing activities are inseparably joined makes this authority an important phase of our farm-housing program.

The level of living of farm families depends upon the productivity of their farm. When through the addition or modernization of farm-service buildings farm families of moderate means, such as the ones to whom farm-housing loans are made, are able to increase their income, they are better able to pay the cost of a decent home.

These housing loans to farm families who are unable to obtain their credit from the usual sources are sound investments. During the 4 years that the farm-housing program has been in operation, borrowers have established a commendable repayment record. As of January 31 of this year, less than 5 percent of the borrowers had not paid in full the amounts that had become due on their loans. Approximately one-third had paid more than was due.

I am particularly proud of the repayment record established by the borrowers in Alabama. Of the almost 1,000 farm-housing borrowers who had payments due at the end of 1953, less than 1 percent had not paid the full amount due on their loan by January 31, 1953. These few are the families who did not have sufficient resources to meet the credit requirements of conventional lenders for a construction loan. However, as soon as they make sufficient financial progress to qualify for a loan from another source they will be required to refinance their Government loans with private or cooperative lending institutions. They only need adequate credit on reasonable terms and an opportunity to prove that they are good credit risks. When the construction work is finished and the loans become seasoned, private credit agencies can and will carry the remaining debt.

The farm housing program is not in competition with private and cooperative credit, but rather it is an integral part of our total credit system that will enable farm families to have homes comparable to those enjoyed by city residents. I think we will all agree that a high percentage of our city families are well housed today because they have been aided in their home purchase or improvement through Government fi-

nanced, insured, or guaranteed programs.

I take considerable pride in the fact that it was an Alabama World War II veteran who received the first farm housing loan made under the Housing Act of 1949. I wish all of you could have seen the transformation that took place on his farm when the ramshackle and dilapidated house that was too worn out to repair was replaced by a modern six-room home complete with running water, bath, and up-to-date kitchen.

Both the appearance of the farmstead and the efficiency of the farming operations were further improved by the addition of a new barn and the installation of a pressure water system.

All this was done with a $4,300 farm housing loan coupled with careful planning to use most advantageously the materials that could be salvaged from the wornout buildings that were replaced.

I mention this first farm housing loan because it is both a typical example of the shocking condition of many of our farm homes and a dramatic demonstration of how such a condition can be remedied by a soundly conceived and efficiently administered farm housing program.

Although the inadequacy of farm homes has been less conspicuous and perhaps less publicized than the slums in the cities, a far greater percentage of our farm families are living in substandard houses than is true of urban families. Nationwide 1 out of every 5 farm families is living in a house that is so dilapidated that it either needs to be replaced or else needs major repairs. In Alabama only 1 farm family out of 12 has the commonly accepted convenience of a private toilet, bath and hot running water. One out of 4 families live in homes having less than 4 rooms. A high percentage of Alabama farm homes are not only inadequate, but 1 out of every 3 needs major repairs or needs to be replaced.

The economic and social problems associated with inadequate housing on a fifth of our Nation's farms are too great to be brushed aside. The idea that privation and hardship necessarily are a part of farm life was commonly accepted during the years when our country was being settled, but today farm families want, and I believe they are entitled to it, the same conveniences that city people enjoy.

Farm families for one reason or another frequently have deferred home improvements until they had paid for their farms. The idea has prevailed among both farmers and lenders that the house was something to be improved out of savings and that it wasn't prudent for the farmer to borrow to give his family a decent home. This postponement of home improvements frequently entended beyond the years of greatest family need—the years when the children were at home. Particularly during these years, the household duties of farm wives meant hard labor and drudgery without such commonly accepted conveniences as electricity, running water, and efficiently designed and equipped kitchens.

This postponement of home improvements was largely because of economic necessity and not by choice. All too frequently farm families never did accumulate enough money to build a decent home. The possibilities of obtaining a long-time amortized loan to build a new home were exceedingly scarce; consequently, many of these families were forced to patch and continue to live in rundown and inadequate homes.

Today, farm families no longer accept the notion that because they chose farming as a way of life they need to live in homes that are inconvenient and inadequate. To the extent that private and cooperative credit sources can meet the building credit needs of farm families they should be encouraged to do so. Government loan guaranties and insurance have encouraged private capital to finance improved housing for our city families on a substantial scale. When private credit was not available direct Government loans have been provided. What farm families want and need is a like opportunity to finance farm building improvements.

The farm housing section of the Housing Act of 1949 gives this opportunity to the farm families who cannot obtain their financing from private or cooperative sources. The limited funds that have have been made available under this act have proved its effectiveness in helping farm families in modest means improve their homes. We need to extend these authorities. They are an essential part of our national housing program which has as its objective the progressive improvements of our housing standards with the eventual realization of a decent home and suitable living environment for every American family.

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

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

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

There was no objection.

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

Mr. Chairman, a reference to the schedules on page 4 of the report will indicate what would happen should we increase this 95 percent insurance formula from an $8,000 maximum to a $10,000 maximum. It will mean that we will have to be governed accordingly in the scale all the way from $8,000 up to $24,000. We do not know where that would bring us because we have not had a chance to figure it out.

Let me comment upon the fact that the President's Advisory Committee on Government Housing Policies and Programs, set up last year, worked days on this problem of creating a well-adjusted program safe for the Government and, of course, there is a contingent liability in all of this insurance which they tried to reconcile with the desire to do the very best that could be done for the home purchaser.

At the present time it would make this difference: Under existing law—and I might say that under existing law and it has been traditional for a good many years—10 percent downpayment was considered the fair and equitable safe equity which the person who purchased a home should have in the home. With this equity he had an interest in it, he had an investment in that home. So, under existing law, on one of these $10,000 units the homeowner would have to put up a downpayment of $1,250. We have reduced that in this bill by over $300 to $900. So if this amendment is adopted as written, the purchaser of a $10,000 home would have to put up only $500.

I think we should be very reasonable in these respects but we should not provide that the Government take virtually all the risk. The Government cannot afford to create unnecessarily a burdensome and inequitable contingent liability.

The language of the bill as opposed to the amendment is in compliance with the recommendation made to the President by this Advisory Committee. It is the program which is submitted to us by the President himself. It is the program which the Banking and Currency Committee after 3 weeks of debate agreed upon as being the correct one.

The amendment should be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. BROWNSON].

The question was taken; and on a division (demanded by Mr. JAVITS) there were—ayes 62, noes 64.

Mr. JAVITS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. WOLCOTT and Mr. BROWNSON.

The Committee again divided; and the tellers reported that there were—ayes 102, noes 93.

So the amendment was agreed to.

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

Mr. Chairman, this was the first amendment to this housing bill. When I say "housing," I quote it, and have some reservation as to whether or not it is a housing bill, containing some 226 pages of which 119 pages are new matter, about which we are about to offer some amendments.

Mr. Chairman, this housing bill can very easily be made a housing bill that will produce housing. We know that the building industry in this country can be the backbone of our economy, as it has been. When the building industry of the country is flourishing, all of the trades of the country flourish; skilled and unskilled labor is working; the material and supply men are preparing materials and selling them, appliances are manufactured and sold. So, I say that this housing bill can very easily do a very good job for the economy of the country and continue its prosperity, provided the bill is improved so as to accelerate the housing program, to provide more money for the homeowner so he can buy the house and to produce the home that he can afford to buy or rent as the case may be. As the bill is presented to us now, it will do none of those

things, and I do trust that as the amendments are offered from time to time they will have the consideration of the House and we will eventually get a good housing bill from this House that will produce some housing.

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

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

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 110, strike out lines 1 to 9, inclusive, the words beginning with "And provided further" to and including "maximum amount."

Mr. MULTER. Mr. Chairman, the language I seek to strike out on page 110 is part of section 104 of the act and appears in somewhat identical language in six other places in the bill.

May I ask unanimous consent that we consider the amendments at all of those places either now or at a later time when those pages are read, whichever would be the proper procedure? If the language is the same, the arguments necessarily would be the same and they should be considered together.

The CHAIRMAN. If the gentleman submits a unanimous-consent request to that effect the Chair, of course, will put it.

Mr. MULTER. Mr. Chairman, I ask unanimous consent that we may now consider this amendment, together with similar amendments, which I shall send to the desk, addressed to pages 117, 120, 125, 127, and 150. I ask that they all be considered together.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. MULTER]?

Mr. WOLCOTT. Mr. Chairman, I should be constrained to object, because we have not learned yet what this is about and we do not want to complicate the situation any further.

The CHAIRMAN. Objection is heard. The gentleman from New York [Mr. MULTER] is recognized.

Mr. MULTER. Mr. Chairman, the language that is sought to be stricken from the bill by this amendment reads as follows. It is at page 110, section 104. It is an amendment to title II of the National Housing Act. It appears at lines 1 to 9 and reads as follows:

And provided further, That such mortgage shall not involve a principal obligation exceeding the maximum amount prescribed by the provisions of this section 203 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954 has authorized a greater maximum amount, in which event such principal obligation shall not exceed such greater maximum amount.

If any of you ladies or gentleman who are not members of the Committee on Banking and Currency are wondering what that language means, let me assure you that we, on the committee, also had much difficulty trying to unravel it. I think it took some of us 3 weeks to find out what that complicated language meant

You have been told that this bill is going to increase the maximum amount of mortgages; it is going to increase interest rates; it is going to increase maturity dates; and it is going to do a lot of other things. But nobody has taken the time or the trouble to tell you that this complicated language that I just read, which appears in seven different places in this bill, means just this: That from here on, if you pass this bill, the President is to have full control of all the credit involving real estate. I doubt whether that is a good thing to do. I do not impugn the motives or the good faith of our President. I think he intends to do as good a job as he is capable of performing and that he is going to do it in the best interest of the country as he sees it.

Let us see what this does. But do not take it from me. Take it from a gentleman whom I highly respect and I am sure you highly respect as a man who knows finances, who knows banking and currency and banking and currency committee work. And he knows about credits.

I read from the CONGRESSIONAL RECORD, volume 96, part 9, page 11761:

During the Second World War no one was given authority to control real estate credit. It was not considered necessary, because through allocations and priorities, through the fact that it was impossible to set ceilings on presently existing real estate, no one could suggest language which would do the job which it was wanted to have done.

This complicated language apparently is being used or sought to be used to do it now. I continue to read from the same page:

What it does—referring to real estate credit—is to confine the control of credit to new construction, and the substantial remodeling of existing property or the repair of existing properties.

Then again in the debate on the same bill, a little later, on August 9, 1950, at page 12131 I quote the same gentleman:

Mr. Chairman, to me this is the third attempt which has been made in 15 years to control the life blood of the American economy, to control all credit. It is traditional that when anyone seeks to control the life blood of the American economy—credit—we repudiate it, that we not give it to those who seek it. During World War II we confined ourselves to the control of consumer credit. The authority to control consumer credit should remain in this bill—

Meaning the bill they were then talking about.

Then he says:

Now, for the preservation of the American system, for the preservation of the free American enterprise system, for the preservation of the American way of life, this amendment should be adopted.

That was the amendment to eliminate control of credits.

Every word the very distinguished gentleman from Michigan [Mr. WOLCOTT], the chairman of the Committee on Banking and Currency, said in 1950 applies with equal force to any attempt today to give anyone in Government control over credits. I seek by this amendment to strike out of the bill any attempt to give the President control over real estate credit. I think it is wrong. It should not be done. We can set standards in this bill, good standards, proper standards within which to keep our real estate credit. Let us not give away the right to legislate for all time on credit controls to any one person in Government. Do not let them tell you that this is like the bill we tried to pass in 1953. That was to give the President standby controls during an emergency. The President said he did not want them during an emergency. You agreed with him then. He should not ask for it in this permanent legislation.

Mr. WOLCOTT. Mr. Chairman, I believe this is perhaps as good a place as any to bring this to an issue, to find out what we might do in respect to the other similar provisions of the bill.

It is true that there is a certain amount of flexibility in this program, but there is, nothing to the contrary notwithstanding, no regulation X in this program. I am not going to take the time to answer the charges made in the minority views in that respect because it is not important enough, but I want to point out that this bill is designed to fit housing into the American economy. If we had had this flexibility in the veterans' program last year or the year before that, there would not have been any stymieing of the veterans' program. We all recall that for a year previous to the exercise of judgment by the Secretary of the Treasury and the Veterans' Administrator last year the Veterans' Administration program of housing guaranty was at a standstill and veterans could not get financing of homes under the GI bill of rights.

This amendment directed at removing flexibility is likely to draft into this bill the same conditions which could cause a similar stymieing not only of the GI program in respect to housing but the FHA program in respect to housing, nothing to the contrary notwithstanding.

It is amazing to me that some of those who in recent weeks have decried the fact that we are having a recession, not a rolling adjustment, that they contend might lead to a depression, would deny the President of the United States the facilities to prevent this. I cannot understand them. But we, who have some responsibility for the economic stability of the country as well as the housing program, can see the desirability of tying all of these programs into the economic situation, so whether it comes 1 month from now or whether it comes a year or 5 years from now the tools will be available not only to prevent a recession but to prevent new inflationary trends should they occur.

This program is designed to do that. That part of it was commented upon favorably by the Council of Economic Advisers, and approved by the President. It was in substance approved by the Joint Committee on the Economic Report as part of the machinery which could be put in motion to meet these situations. That is why it is in this bill. If the time ever comes when home construction is slowing down and a recession is being influenced by the slowing down of home construction, the President then could use these powers to prevent that situation from getting out of control. It would probably result—it could well result—in hundreds of thou-

sands of homes being built that would not be built otherwise.

HARD-MONEY, HIGH-INTEREST POLICY

Mr. PATMAN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the gentleman from Michigan has made some very strong arguments in the past in opposition to the very authority which is now attempted to be given to the President. If I felt that the President himself would exercise this power and authority, I would not oppose it. But I know as well as every other Member in the House knows, the President cannot exercise these powers personally and he must delegate the power and the authority, which we give to him, to others. In this case it refers to credit. Everyone knows that Dr. Randolph Burgess was brought into the administration even prior to the time that the President took the oath of office on January 20, 1953, to be the architect of the money policy of this administration. A special place has been created in the Treasury Department for Dr. Burgess. He has a place which is second to the Secretary of the Treasury. The unusual situation is that Dr. Burgess has power and authority—administrative power and authority—over everyone immediately below the Secretary of the Treasury, and at least 4 of the people under him, and possibly 5, but at least 4, must be confirmed by the United States Senate. But Dr. Burgess was brought into the administration in a way so that he is not confirmed by the United States Senate. So he is the unconfirmed Deputy Secretary of the Treasury, and being the unconfirmed Deputy Secretary of the Treasury, he is the one who will exercise this power and authority, which would be given to the President under the terms of this housing act. It is for that reason that I shall oppose it. In other words, there are certain things that the Congress should write into a law itself. One thing is the interest rate. There is no reason why that should not be specific, positive, and definite, as we have done in the past on interest rates on mortgage loans for veterans. It was 4 percent. That could be raised to 4½ percent under certain circumstances and conditions. By reason of those circumstances appearing, the interest rate was actually raised to 4½ percent. That is all right; it is within the law. It is true that it should be reduced now for the same reason that the rate was raised to 4½ percent then. But it has not been reduced. We should have government by law and not by men. We should not put these elastic phrases in a law where we can be more definite and positive in the writing of that law. The interest rate should be written in in a positive and definite way and other terms and conditions concerning credits should be definite and positive. For that reason this provision should be stricken out. Dr. Burgess is the man who caused Government bonds last year to go down and down and down to 89 and the interest rates went up in proportion, almost 3 percent on 2½ percent bonds.

It was by reason of that hard-money, high-interest policy that the administration was forced to reverse itself and take an about-face in order to cure and correct the philosophy of Dr. Burgess. Dr. Burgess was all right as a college professor or as an adviser to some president of a bank, but in running the monetary policy of the Government he has proven to be an absolute failure. An outstanding boner by Mr. Burgess is the 3.4 percent interest rate. Those bonds are now selling at a premium of $9 per hundred. That is an outstanding boner of Mr. Burgess. Therefore, we should not give more power and authority to a person who has demonstrated his ability and desire—I do not say intentionally, but by his actions in effect to absolutely ruin our country.

DEMOCRATS AGAINST HARD-MONEY POLICY

The Democratic Members of Congress denounced the hard-money policy from its beginning, in the early part of 1953, and offered a resolution—which I introduced—to change the hard-money, high-interest policy back to monetary stability and to right the wrong that was being perpetrated on the holders of Government bonds, who were being offered 89 cents on the dollar for them.

The administration's hard-money, high-interest policy, which was so aggressively and effectively enforced the first 6 months of 1953, is still with us, and will remain with us for the next 20 years. This is causing more money to go into the hands of a few people who do not need it and will not use it. It causes less money to go into the hands of those who need it as purchasing power and who would use it to consume available goods and services that would make our economy stronger.

WING CLIPPING ONLY INTENDED

Hard money was intended only to clip the wings of the goose that lays the golden eggs, but nearly killed the bird instead. If we Democrats had not been effective in opposing this terrible policy, they would have killed the bird.

Immediately after the present administration took office, the unconfirmed Deputy Secretary of the Treasury commenced the administration's hard-money, high-interest policy.

Interest rates were raised on the Government debt by three-quarters of 1 percent by the issuance and sale of 30-year Government bonds at a rate of 3¼ percent. When this pattern is put into effect on the entire debt, it will raise the cost to the taxpayers by $2 billion annually.

This issue is now selling at a premium of more than $9 on $100, or a capital gain at present prices of $108 million for a favored few, on a short-time investment. It is properly referred to as the "Humphrey-Burgess boner."

This action resulted in an increase in all other interest rates from home loans to installment purchases, which will cause devastating effects on our economy for years to come.

The golden eggs laid by the production goose are ineffective, unless there are sufficient golden eggs laid by the purchasing-power goose to permit the consumption of the production.

It is not difficult to restrict business by tight-money measures, but once business has been restricted, it is difficult to expand it by easy money.

They curbed the boom, but found they had not substituted price stability, but rather had started a recession. The dollar is worth less today than a year ago and there are fewer dollars.

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

Mr. WICKERSHAM. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to revise and extend my remarks at this point.

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

There was no objection.

Mr. WICKERSHAM. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Alabama [Mr. RAINS]. The views of the American Legion of Oklahoma and the Home Builders Association of Oklahoma have been made known, as follows:

LAWTON, OKLA., *March 29, 1954.*

Congressman VICTOR WICKERSHAM,
Washington, D. C.:

Housing bill goes to House floor for action Wednesday. First, House committee approved 3-percent FNMA investment requirement. We strongly advocate 2 percent to prevent excessive discount for use of new facility. Second, existing 1-for-1 plan ended by bill. A new 1-for-1 authorized based on new FNMA portfolio which may take a year or more to be effective. To bridge gap we advocate continuation of existing 1-for-1 based on present portfolio. Third, limitation on new FNMA purchases to those loans of type generally bought by private investors would destroy effectiveness of FNMA as secondary market support. Fourth, downpayments based on 95 percent of $8,000 are inadequate and should be changed to 95 percent of $10,000. Imposition of administrative discretion over downpayments, amortization terms, and mortgage amounts will seriously interfere with sound, long range planning and should be stricken. Possible committee floor amendments will be agreed upon next 2 days. Urge you contact the chairman and members of the House Banking Committee immediately and sell these points. We are depending upon you. Thanks a million.

W. H. HOUSE,
President, Lawton Home Builders Association.

My reply is:

WASHINGTON, D. C., *March 30, 1954.*

Mr. W. H. HOUSE,
President, Lawton Home Builders Association, Lawton, Okla.:

Reurtel am in accord with your recommendations. Have contacted chairman and members of committee. Will be uphill fight but am doing my best. Regards.

VICTOR WICKERSHAM,
Member of Congress.

THE AMERICAN LEGION,
NATIONAL LEGISLATIVE COMMISSION,
Washington, D. C., March 29, 1954.

Re H. R. 7839, Housing Act of 1954

Hon. VICTOR WICKERSHAM,
House Office Building,
Washington, D. C.

DEAR CONGRESSMAN WICKERSHAM: As you know, the bill H. R. 7839, commonly referred to as the Housing Act of 1954, was reported out by the House Banking and Currency Committee on March 28, 1954, and is scheduled to come up for debate on the floor of the House on March 31, 1954.

The American Legion strongly opposes certain provisions of this bill, namely, sections 201 and 201 (1) having to do with fixing

interest rates on Veterans' Administration mortgages, and section 901, which has to do with veterans' preference in obtaining war housing.

Under sections 201 and 201 (1) the President would be given power to fix interest rates from time to time, but not in excess of 2½ percent above the annual yield of marketable obligations of the United States having a maturity date of 15 years or more.

Attached please find a memorandum showing the American Legion's objections to this method of fixing the interest rates on veterans' mortgages.

The American Legion also objects to the provisions of section 901 of the bill on the ground they fail to give veterans the same preferences in the purchase of war housing as are contained in the present laws. I attach a separate statement giving our objections in further detail.

Appreciating your interest in the protection of qualified veterans, I know these objections will receive your serious consideration. I respectfully request that when H. R. 7839 comes up for consideration in the House you will vote to strike sections 201, 201 (1), and 901 from the bill.

Thanking you for your favorable consideration of this request, and with kindest personal regards, I am

Sincerely yours,

MILES D. KENNEDY,
Director.

WHY THE AMERICAN LEGION OPPOSES SECTIONS 201 AND 201 (1) OF H. R. 7839 (INTEREST RATES ON VA MORTGAGES)

1. We believe in the maintenance of a separate housing program for veterans under the sole jurisdiction of the VA; we want the present policy continued.

2. The power to regulate interest rates should remain in Congress.

3. We submit that the phrase contained in section 201 "the President is hereby authorized, without regard to any oher provision of law" is too broad and that only specific authority should be granted, not only to the President, but to any other Government official who may be concerned.

4. These sections are bound to result in an increase in the interest rate, now fixed at 4½ percent in keeping with the provisions of Public Law 101 of the 83d Congress.

5. The proposed method of fixing interest rates would result in discrimination between veteran home purchasers, due to the fact the rates would vary from time to time, during the same year, depending on the average yield of marketable obligations of the United States.

6. This method of fixing interest is not practical from the standpoint of the veteran-mortgagor or the builder.

7. There is nothing to stop the rate from being increased to 6 percent any time the yield on Government obligations goes to 3½ percent.

8. The big-money interests will not be satisfied until they get the rate on veterans' mortgages up to 6 percent. They are not interested in the veteran as such.

9. The VA advises that the average loan to a veteran in 1953 was $9,480, with a typical maturity of 20 years, and that had the interest rate in 1953 been 5¼ percent rather than 4 and 4½ percent (as it actually was), the veteran would have had to pay an increase in interest of $70.72 for the first year, and $932.83 additional interest over the period of his mortgage. At 5½ percent, 5¾ percent, or 6 percent the amount of interest will, of course, increase accordingly.

10. When the original Servicemen's Readjustment Act (Public Law 346, 78th Cong.) was written, a ceiling was placed on the interest rate on these mortgages in order that there might not be a prohibitive rate charged those who had served in the Armed Forces and for whom the legislation was intended to give some assistance in reestablishing themselves on a sound economic basis. Sections 201 and 201 (1) violate this principle in every respect.

11. Sections 201 and 201 (1) abridge the principle of veterans' preference, and should be stricken from the bill.

WHY THE AMERICAN LEGION OPPOSES SECTION 901 OF H. R. 7839 (DISPOSAL OF PERMANENT WAR HOUSING WITHOUT REGARD TO VETERANS' PREFERENCE HOUSING LAWS)

1. Under the provisions of section 901 (g) (new), the Administrator would be authorized to dispose of any permanent war housing without regard to the preferences contained in subsections (b) and (c) of the present law (Public Law 475 of the 81st Cong., p. 26).

2. Said subsection (b) of the present law states that preferences in the purchase of any dwelling designed for occupancy by not more than four families and offered for separate sale shall be granted to veterans over other purchasers for such period as the Administrator may determine and in the following order:

"(1) A veteran who occupies a unit in the dwelling structure to be sold and who intends to continue to occupy such unit;

"(2) A nonveteran who occupies a unit in the dwelling structure to be sold and who intends to continue to occupy such unit;

"(3) A veteran who intends to occupy a unit in the dwelling structure to be sold."

Subsection (c) of the present law grants first preference to groups of veterans organized on a mutual ownership or cooperative basis, etc., where a housing project is to be disposed of.

3. No such preferences are contained in section 901.

4. Section 901 would open wide the door for the elimination of veterans' preference in the disposal of permanent war housing.

5. It has been the experience of American Legion representatives that many officials of the Housing and Home Finance Agency have absolutely no regard for veterans.

6. While we have confidence in the present Administrator of the Housing and Home Finance Agency, there are too many employed in that Agency who feel that preference in the sale of surplus housing to veterans should be eliminated, and we fear those who would actually be responsible for the administration of the law would use this authority to gain their personal desire to deprive veterans of their rights to purchase surplus war housing.

7. We contend that veterans' preference has never hindered the sale of these properties or worked a hardship on the Housing Agency.

8. Stripped of its legal phraseology, section 901 is nothing more or less than a bold attempt to knock out veterans' preference in the purchase of defense housing.

9. Current economic conditions do not warrant a weakening of the preference laws granted veterans in the field of housing.

10. Section 901 abridges the principle of veterans' preference and should be stricken from the bill H. R. 7839.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The question was taken; and on a division (demanded by Mr. MULTER) there were—ayes 104, noes 112.

Mr. MULTER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. MULTER and Mr. WOLCOTT.

The Committee again divided; and the tellers reported that there were—ayes 140, noes 142.

So the amendment was rejected.

The Clerk read as follows:

SEC. 105. Section 203 (b) (3) of said act, as amended, is hereby amended to read as follows:

"(3) Have a maturity satisfactory to the Commissioner, but not to exceed, in any event, 30 years from the date of the insurance of the mortgage: *Provided,* That the maturity of any such mortgage shall not exceed the maximum maturity prescribed therefor by the provisions of this section 203 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954, has authorized a greater maturity, in which event the maturity of such mortgage shall not exceed such greater maturity."

SEC. 106. Section 203 (b) (5) of said act, as amended, is hereby amended to read as follows:

"(5) Bear interest (exclusive of premium charges for insurance, and service charges if any) at not to exceed 5 percent per annum on the amount of the principal obligation outstanding at any time, or not to exceed such percent per annum not in excess of 6 percent as the Commissioner finds necessary to meet the mortgage market."

SEC. 107. Section 203 (c) of said act, as amended, is amended by striking out of the second sentence the word *"Provided"* and inserting: *"Provided,* That debentures presented in payment of premium charges shall represent obligations of the particular insurance fund to which such premium charges are to be credited: *Provided further."*

SEC. 108. Section 203 (d) of said act, as amended, is hereby amended by striking the period at the end thereof and inserting a colon and the following: *"And provided further,* That no mortgage shall be insured pursuant to this subsection after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date."

SEC. 109. Subsections (f) and (g) of section 203 of said act, as amended, are hereby repealed.

Mr. MULTER. Mr. Chairman, I have an amendment which must be offered to section 104 at page 110, line 9. The Clerk was reading too fast for me to follow. I therefore ask unanimous consent to return to section 104.

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

There was no objection.

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

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 110, line 9, change the period to a colon and add the following: "and *Provided further,* the mortgagor shall agree (i) to certify, upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (a) that the amount of the actual cost of said physical improvements (exclusive of off-site public utilities and streets and of organizations and legal expenses) equaled or exceeded the proceeds of the mortgage loan or (b) the amount by which the proceeds of the mortgage loan exceeded the actual cost of said physical improvements (exclusive of off-site public utilities and streets and of organization and legal expenses), and as the case may be, and (ii) to pay, within 60 days after such certification, to the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, so certified to be in excess of such actual cost. The Commissioner shall construe the term "actual cost" in such a manner as to reduce same by the amount of any kickbacks, rebates, and normal trade discounts

received in connection with the construction of the said physical improvements, and to include only the actual amounts paid for labor and materials and necessary services in connection therewith."

Mr. MULTER. Mr. Chairman, this rather complicated language must be offered in at least four other places in the bill in addition to section 104 which is now before us if we are going to improve this bill and make it workable and prevent it from becoming a builder's or speculator's bonanza.

The language seeks to prevent what is known in the trade as mortgaging-out. "Mortgaging-out" is the colloquial expression given to that process by which a speculative builder or speculative realtor goes in and purchases some land, files his plans and specifications to erect buildings and states an estimated cost on the basis of which he gets a commitment for a mortgage. By playing around mathematically with his figures, sometimes drawing upon his imagination as to what he will give to the prospective home buyer, more often omitting in the final building some of the things called for in his plans and specifications, he gets a commitment for a mortgage which sometimes has run as high as 125 percent of the actual cost of the building. To be specific so you can follow me more closely, let me take as an instance a $10,000 unit or house, where it may actually cost the builder $10,000 for that house. He will call for, in his estimated cost figures, 25 percent or more over that, and then get a commitment based on $12,500 instead of his actual cost. He will then complete the project at a cost of $10,000, get a mortgage for $11,000 to $12,000, and walk away with more than the actual cost out of the proceeds of his mortgage plus a payment from the purchaser on top of that.

The language that is being proposed is proposed for the purpose of stopping that kind of practice. It is not based on imagination of what may happen. It is based upon testimony that has been given to the committees of the Congress as to what has been done in the past. And, if you want to stop that kind of phony business, the only way you can do it is by writing into this law provisions such as called for by this amendment now before you. That will require the owner or builder, when he completes his project, to certify what it actually costs, and then if his cost is less than his estimated cost, his mortgage will be reduced accordingly. You probably will be told that this is going to stymie the program; it is going to hurt the GI's, and all of that nonsense.

There is nothing in this amendment directed against the GI's; there is nothing in this directed against the legitimate builder. Every legitimate builder and every legitimate financier who has come before our committee has told us you need something like this to protect the legitimate builder who wants to do a real job. If you want real housing, if you want to protect the home buyer, if you want to protect the Government's guaranty of its mortgages, you have to prevent the phony builder from operating. you have to prevent the phony builder cooperating with the phony mortgagee who will sell the mortgage on the mortgage market on a house that is worth less than the amount of the mortgage.

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

Mr. MULTER. I am happy to yield to the gentleman.

Mr. BOLLING. The gentleman is aware, no doubt, that on page 6 of the minority report it is pointed out that:

> When FHA title IX, as part of the Defense Housing and Community Facilities and Services Act of 1951, was adopted, it was amended with bipartisan sponsorship to require that the mortgagor certify upon completion of the physical improvements on the mortgaged property the amount, if any, by which the proceeds of the mortgage loan exceeded the actual costs of the physical improvements.

In other words, a provision very substantially the same as the amendment being offered by the gentleman; is that not correct?

Mr. MULTER. It is the identical language now being proposed. We found it necessary to do it in the Wherry Act. We found it necessary to do it in the defense housing act. We got into it too late to try to prevent it in the 608 housing. If we are going to prevent that kind of thing, we must adopt an amendment such as this in each of the six places where it will be offered.

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

I think there is an implication somewhere—and I surely would not charge the gentleman from New York [Mr. MULTER] as contributing to it; but I think his advisers perhaps should go into a huddle on it, because there is an implication in certain amendments which have been offered in the last 2 days, that there is a feeling somewhere that the Government assistance in financing of home construction should be completely scuttled.

Yesterday there was an amendment which would have severely crippled the proposed operation of the Federal National Mortgage Association, by prohibiting FNMA from selling its mortgages under par. The evil of that came from the fact that FNMA can buy under par, always has been able to buy under par. Assume, for instance, that it bought on a 5-percent discount, paid 95 percent, or a little more. The amendment proposed yesterday would have prohibited it from selling out at 99 and making 4 points profit.

I cannot imagine why some of the Members here voted as they did on that amendment.

Let us analyze this amendment before us. The mortgagor shall agree to make the certification. I ask you, in all fairness—and I suggest to the gentleman that he had better ask those who have been advising him on this in all fairness—is a mortgagor of a home in a position to tell the cost of each nail that went into that house? I ask anyone here, if you were to buy a house, would you be in a position to certify the actual cost of that house? If you happened to be the builder also, as well as the owner, you might be able to do it. But this amendment says the mortgagor, in order to get insurance, must certify to the FHA that the house cost so-and-so—lumber, cement, and so forth. The mortgagor, the person who is buying the house and giving the mortgage that is insured by FHA, must make this certification under the proposed amendment.

I wish the gentleman would check with his advisers, because this is a monstrosity if there ever was one.

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

Mr. WOLCOTT. I should be glad to yield, because I think this should be clarified by the gentleman. I should not think the gentleman would want to offer an amendment like that if he is doing it on his own, so I am charging the gentleman with getting some bad advice and suggesting that he had better check with his advisers.

Mr. MULTER. Will the gentleman yield?

Mr. WOLCOTT. I am glad to yield.

Mr. MULTER. I am sure the gentleman offers his comments in good faith.

Mr. WOLCOTT. And in all friendliness, I might say.

Mr. MULTER. And in all friendliness. And my criticisms, if any, are offered in all friendliness. I am sure the gentleman agrees with the principle that no one should be able to speculate on these mortgages and walk away with any profit out of the mortgage money.

Mr. WOLCOTT. This program has been in effect now for about 20 years, and FHA has not had much trouble in doing many billions of dollars' worth of insurance without loss to the Government.

Mr. MULTER. Will not the gentleman concede that we had to put in amendments of this kind to stop this kind of activity in defense housing and military housing, and that we had a very bad situation under 608?

Mr. WOLCOTT. I will not agree that there is a comparable situation at all.

Mr. MULTER. Will not the gentleman agree we should put some legislation in this bill to prevent a similar situation occurring?

Mr. WOLCOTT. I think it can be done by regulation. It has been done by regulation, and FHA has been doing a mighty good job of assisting in the financing of these homes.

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

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

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

Mr. MULTER. The fact of the matter is that this situation is a very real one. You cannot hide behind the word "mortgagor" in this amendment and say the amendment should be defeated because it is bad in principle. It is good in principle. What the gentleman is trying to do is add some new definition to the word "mortgagor." The word "mortgagor," as used in this amendment and throughout the bill, means the person who is applying for the mortgage. It applies to the builder. It means the builder. If the gentleman wants a good bill and does not want to hide behind words, all he need do is offer an amendment to clarify what I say is already in the law, which is that the word "mortgagor," as used in this amendment, applies to the builder. It

will stop only the speculative builder and lender from walking away with money that belongs to the buyer. He should not have it and he should not get it under a guaranteed mortgage or any other way. If you want a good building program, you should have the same amendment added to this law as you had in the defense housing and in the military housing, and that is what we are trying to get into this bill by this amendment.

Mr. McCARTHY. The gentleman should point out that the standards for determining mortgages under the cooperative program were changed by the committee under this recommendation because they wanted to prevent mortgaging out. So this is a real problem. It should not be left to regulation.

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

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

Mr. WOLCOTT. The gentleman knows this same provision applies to old houses. How would any purchaser of an old house know how much the house cost?

Mr. McCARTHY. You can correct it as to old housing if you wish to.

Mr. EBERHARTER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I think this amendment has a very fine purpose in mind. Within the past 10 days I was told by people who have had experience that a builder had put up a large number of homes and that he had a commitment for $1,600 more than the houses were worth. After that was discovered he reduced the prices for these homes $1,000.

I know definitely from experience that many builders in my home district in the Pittsburgh area, the western Pennsylvania area, have become very, very wealthy through this mortgaging-out procedure. Something definite should be put in the bill. I cannot speak as to the technical language, but I know positively from people who have had experience in this thing that when houses were in great demand commitments were made for anywhere from $1,000 to $2,500 more than their value. So I hope the committee will adopt this amendment. If there is something the matter with the technical phrasing of it, that can be corrected later. Certainly I feel it incumbent upon me from what people who have had experience in housing have told me to see that some language should be put in this bill for the protection of the people who are buying these homes.

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

Mr. EBERHARTER. I yield.

Mr. YATES. Certainly the gentleman from Michigan is attempting to confuse this issue by his statement as to what occurred yesterday, and he gave the example of a purchase by FNMA of a mortgage at 95 and the inability of the FNMA to sell it at 99. He forgot to say that for 15 years FNMA never sold its mortgages at a discount prior to last year, according to testimony given by Mr. Bauman to our committee and last year was the first time that mortgages which had been purchased by FNMA at 100 were sold at 4 points discount. So I think what is sauce for the goose is sauce for the gander, and the gentleman is only trying to confuse the issue here.

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

Mr. EBERHARTER. I yield.

Mr. WOLCOTT. May I suggest to the gentleman from Illinois that he read title III of this bill, and I think the matter will unfold itself to him and become clear.

Mr. EBERHARTER. I think every member of the committee here wants to protect the person who is buying a home and not to give an advantage to the person who is putting up the mortgage money.

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

Mr. EBERHARTER. I yield.

Mr. HALLECK. I have always thought in my experience here that the admission by a Member who offered an amendment that it is subject to question or has defects apparent in it, is about the best reason in the world for voting such an amendment down.

Mr. EBERHARTER. I am sure the members of this committee, sitting here this afternoon, want to protect the person who is buying a home, and if it is for that purpose, all Members here should vote to adopt the amendment.

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

Mr. EBERHARTER. I yield.

Mr. MERRILL. One of the most important parts of this bill is that it gives the privilege to people who want to buy older homes to buy on the same liberal terms that new homes are bought. Does the gentleman realize that if this amendment is adopted that program will be completely wrecked, and it will then not be possible for people who want to buy older homes to have the privileges that this bill would give to them in its present form?

Mr. EBERHARTER. I might say to the gentleman I think the gentleman who offered the amendment intended it to apply to new homes and to give protection in such a way that the home buyer would not be taken advantage of.

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

Mr. EBERHARTER. I yield.

Mr. McCORMACK. It seems to me from the colloquy that both sides admit there is something wrong here, and that something should be done to protect the purchaser. What does the Republican side offer to protect the purchaser?

Mr. EBERHARTER. That is true.

Mr. Chairman, I yield back the balance of my time.

The question was taken; and on a division (demanded by Mr. MULTER), there were—ayes 91, noes 143.

So the amendment was rejected.

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

Mr. Chairman, I would like to ask what is the program with reference to this bill.

Mr. WOLCOTT. As far as I know, we will continue reading the bill until the Committee rises. I do not have any information as to when the Committee will rise, but I understand that is being discussed among the leadership now. I am sure the gentleman from Kentucky and myself will be in hearty accord with our leadership.

Mr. SPENCE. It seems perfectly obvious that we cannot pass this bill tonight unless we sit here until a very late hour. I do not like working at night.

Mr. WOLCOTT. Of course, we reported the bill out at 10 o'clock at night, so we have 5 hours left. However, I would not like to suggest that we stay here until 10 o'clock.

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

Mr. SPENCE. I yield.

Mr. RAYBURN. I hope the gentleman from Indiana [Mr. HALLECK] will be able to tell us shortly how long we intend to sit.

Mr. HALLECK. I had hoped we might conclude this bill today, but it seems obvious that it cannot be done. If we continue until 5:45 and then come in tomorrow at 11 o'clock——

Mr. RAYBURN. That is less than 30 minutes more.

Mr. HALLECK. I might suggest it will be my purpose to come in at 11 o'clock tomorrow with the hope that we might finish the bill early.

Mr. RAYBURN. I shall certainly not object to coming in at 11 tomorrow.

Mr. MULTER. Mr. Chairman, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. MULTER: At page 110, line 25, strike out the words "and service charges, if any."

Mr. MULTER. Mr. Chairman, this amendment would apply with equal force in at least three other places in this bill. It seeks to strike from the bill some new matter which appears for the first time in any of the housing bills that have yet come before the House. The language is not in any existing housing law upon the statute books. The language against which the amendment is directed reads: "service charges, if any." So that you may get the full import, let me read from section 106.

Section 106 of this bill amends section 203 (b) (5) of the Housing Act. The law now reads:

Bear interest—

That is, the mortgages shall bear interest—

(exclusive of premium charges for insurance) at not to exceed 5 percent per annum on the amount of the principal obligation outstanding at any time, or not to exceed such percent per annum not in excess of 6 percent as the Commissioner finds necessary to meet the mortgage market.

That is the way the law has read up to the present time. Now for the first time an amendment is presented in this bill to add to the premium charges for insurance these words: "and service charges, if any."

Heretofore the premium charge has been one-half of 1 percent; so the 5-percent mortgage was 5½, which had to be paid by the mortgagor or homeowner.

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

Mr. MULTER. I yield.

Mr. PATMAN. Is it not a fact that the phrase "and service charges" has

been added? It is entirely new; it has never been in the law before.

Mr. MULTER. That is precisely the point I am making.

Mr. PATMAN. It is not defined and the sky is the limit as to the amount.

Mr. MULTER. You are so right, sir.

In other words, your 6-percent limitation on interest is now increased by another one-half percent for the premium charge and as much as the traffic will bear for the service charge.

The administration tells us it will be only another half of 1 percent, that that is their experience. There is, however, no limitation written into the bill. Even if it is only another half percent it means that if you are a veteran you will not be paying 4½ percent but will be paying at least 5 percent; and everybody else who is not a veteran will have to pay either 6 or 6½ percent if the administration limits the service charge to one-half of 1 percent.

If this program has worked so well since 1937 without the service charge in it, you do not need it today in an easy money market.

If easy money is available for all these mortgages, why add another one-half or another 1 percent to the charges and make it that much more difficult and that much more expensive to the person acquiring a home?

You tell us this bill is designed so that a person can get a home cheap, that it is going to cost very little with a very low down payment and in some instances no down payment. We have already heard that it is going to cost some thirty-odd thousand dollars to pay for the $7,600 home without a down payment at current interest rates. Add another half or another 1 percent to it and it is going to make it too costly to carry the house even though you can move into it for nothing.

I submit, Mr. Chairman, that if you want a good bill you will strike out of this bill this language which permits an additional charge to be added over the interest and over the insurance charge, a service charge of whatever the traffic will bear.

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

Mr. Chairman, I have always been impressed with the fact—and I think the gentleman on frequent occasions has impressed others in the committee and here on the floor likewise—that he is very much interested in the small homeowner—the rural homeowner—especially the rural homeowner out in the remote areas.

Section 8 of title I of existing law—and this is in answer to the gentleman's statement that this language has never been in the law before—does have an identical provision specifically permitting service charges. In section 8 of title I we find this language as follows:

Bear interest (exclusive of premium charges for insurance and service charges, if any) not to exceed 5 percent—

And so forth. That is in the existing law.

Now, let me read from the report. The gentleman should have read the majority report of the committee. He should not have confined his reading to the minority report. On page 17 of the majority report, having in mind also that these service charges cannot be put on unless the Administrator sees fit to do so—and we very deliberately provided that the Administrator shall not put the service charges on except in remote cases—it is stated:

Under existing law there is statutory authority for a service charge in addition to the insurance premium and interest charge on mortgages insured by FHA under section 8 of title I. As previously noted, this section 8 small home-insurance program is to integrated with the FHA section 203 insurance program—

That is under this bill—

A service charge was permitted in connection with a section 8 mortgage because of the modest amount of the mortgage and because of the higher cost incident to the fact that many of these mortgages were written on properties in outlying areas. The bill as reported would permit a service charge on section 203 mortgages. It is the opinion of your committee that, if a service charge is permitted to be collected in addition to the interest and insurance premium charges on such insured mortgages, the service charge should only be permitted in connection with lower-cost homes similar to the present section 8 FHA insured mortgage program.

This present section 8, which is integrated with the proposed section 203, is for the little home—the little homes out in the rural areas.

Now, take it away from them if you want to do it. I do not want to do it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was rejected.

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

The Clerk read, as follows:

Amendment offered by Mr. MULTER: Page 110, line 25, insert after the word "any" the words "which service charges shall in no event exceed one-half of 1 percent."

Mr. MULTER. Mr. Chairman, I admit I overlooked section 8 of FHA, title I, when I said there was no existing law containing the phrase "service charges." I will concede also that that section was intended to and does affect rural housing. But I will not concede that the rest of this bill affects rural housing. When the bill came to us it contained nothing for rural housing except a repeal of the provisions that applied to rural housing. It was not until the distinguished gentleman from Alabama [Mr. JONES] appeared before our committee and pointed out to us there was nothing in this bill for the farmer that we did try to do something, little as it was, in this bill for farm housing.

With reference to the precise amendment, if you intend a service charge to apply only to the small mortgage, you should say so.

As it is written here now, it is going to apply to every mortgage and every homeowner in the country. If you are acting in good faith, and if you think that the charge should not exceed one-half of 1 percent, as we have been told by the administration, then you should adopt this amendment, which simply says that the service charge shall be limited to not more than one-half of 1 percent.

Now let us see who is acting in good faith.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The question was taken; and on a division there were—ayes 79, noes 131.

So the amendment was rejected.

The Clerk read as follows:

SEC. 110. Section 203 of said act, as amended, is hereby further amended by adding the following new subsection at the end thereof:

"(h) Notwithstanding any other provision of this section, the Commissioner is authorized to insure any mortgage which involves a principal obligation not in excess of $7,000 and not in excess of 100 percent of the appraised value of a property upon which there is located a dwelling designed principally for a single-family residence, where the mortgagor is the owner and occupant and establishes (to the satisfaction of the Commissioner) that his home which he occupied as an owner or as a tenant was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2 (a) of the act entitled 'An act to authorize Federal assistance to States and local governments in major disasters and for other purposes' (Public Law 875, 81st Cong., approved September 30, 1950), as amended, has determined to be a major disaster."

SEC. 111. Section 204 (a) of said Act, as amended, is hereby amended—

(1) by striking out of the third sentence the words "any mortgage insurance premiums paid after either of such dates" and inserting "any mortgage insurance premiums paid after either of such dates, and any tax imposed by the United States upon any deed or other instrument by which said property was acquired by the mortgagee and transferred or conveyed to the Commissioner";

(2) by striking out of the second proviso the words "or under section 213 of this act," and inserting the following: "or under section 213 of this act, or with respect to any mortgage accepted for insurance under section 203 on or after the effective date of the Housing Act of 1954,"; and

(3) by striking the period at the end thereof and inserting a colon and the following: *"And provided further,* That, notwithstanding any requirement contained in this act that debentures may be issued only upon acquisition of title and possession by the mortgagee and its subsequent conveyance and transfer to the Commissioner, and for the purpose of avoiding unnecessary conveyance expense in connection with payment of insurance benefits under the provisions of this act, the Commissioner is authorized, subject to such rules and regulations as he may prescribe, to permit the mortgagee to tender to the Commissioner a satisfactory conveyance of title and transfer of possession direct from the mortgagor or other appropriate grantor and to pay the insurance benefits to the mortgagee which it would otherwise be entitled to if such conveyance had been made to the mortgagee and from the mortgagee to the Commissioner."

SEC. 112. Section 204 (d) of said act, as amended, is hereby amended by striking out of the second sentence thereof the words "3 years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued, except that debentures issued with respect to mortgages insured under section 213 shall mature 20 years after the date of such debentures" and inserting "10 years after the date thereof."

SEC. 113. Section 204 of said act, as amended, is hereby amended by adding at the end thereof the following new subsection:

"(i) In the event that any mortgagee under a mortgage insured under section 203 forecloses on the mortgaged property but

does not convey such property to the Commissioner in accordance with this section, and the Commissioner is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of section 203 (c), and the Commissioner is given written notice by the mortgagee of the payment of such obligation, the obligation to pay any subsequent premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under this section shall terminate as of the date of such notice."

SEC. 114. Section 205 of said act, as amended, is hereby amended to read as follows:

"SEC. 205. (a) The Commissioner shall establish as of July 1, 1954, in the mutual mortgage insurance fund a general surplus account and a participating reserve account. All of the assets of the general reinsurance account shall be transferred to the general surplus account whereupon the general reinsurance account shall be abolished. There shall be transferred from the various group accounts to the participating reserve account as of July 1, 1954, an amount equal to the aggregate amount which would have been distributed under the provisions of section 205 in effect on June 30, 1954, if all outstanding mortgages in such group accounts had been paid in full on said date. All of the remaining balances of said group accounts shall as of said date be transferred to the general surplus account whereupon all of said group accounts shall be abolished.

"(b) The aggregate net income thereafter received or any net loss thereafter sustained by the mutual mortgage insurance funds in any semiannual period shall be credited or charged to the general surplus account and/or the participating reserve account in such manner and amounts as the Commissioner may determine to be in accord with sound actuarial and accounting practice.

"(c) Upon termination of the insurance obligation of the Mutual Mortgage Insurance Fund by payment of any mortgage insured thereunder, the Commissioner is authorized to distribute to the mortgagor a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice: *Provided*, That, in no event, shall any such distributable share exceed the aggregate scheduled annual premiums of the mortgagor to the year of termination of the insurance.

"(d) No mortgagor or mortgagee of any mortgage insured under section 203 shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Fund and the determination of the Commissioner as to the amount to be paid by him to any mortgagor shall be final and conclusive."

SEC. 115. Section 207 (c) of said act, as amended, is hereby amended—

(1) by inserting before the semicolon at the end of paragraph numbered (2) a colon and the following: "*And provided further*, That nothing contained in this section shall preclude the insurance of mortgages covering existing construction located in slum or blighted areas, as defined in paragraph numbered (5) of subsection (a) of this section, and the Commissioner may require such repair or rehabilitation work to be completed as is, in his discretion, necessary to remove conditions detrimental to safety, health, or morals";

(2) by striking out the word "Alaska" in paragraph numbered (2) and inserting "Alaska, or in Guam,"; and

(3) by striking out paragraph numbered (3) and inserting the following:

"(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, $2,000 per room (or $7,200 per family unit if the number of rooms in such property or project is less than four per family unit): *Provided*, That as to projects to to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of $2,000 per room to not to exceed $2,400 per room and the dollar amount limitation of $7,200 per family unit not to exceed $7,500 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design: *And provided further*, That such mortgage shall not involve a principal obligation exceeding the maximum amount prescribed by the provisions of this section 207 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954 has authorized a greater maximum amount, in which event such principal obligation shall not exceed such greater maximum amount."

Mr. MULTER. Mr. Chairman, I offer an amendment. Since we have agreed to rise at a quarter of 6, that would leave only about 5 minutes for debate.

Mr. HALLECK. Mr. Chairman, that might settle it. If the gentleman has an amendment, I think he had better offer it.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read the amendment as follows:

Amendment offered by Mr. MULTER to H. R. 7839: On page 118, line 4, change the period to a semicolon and add: "and (iiii) the builder or the mortgagor as the case may be (except a mortgagor coming within the provisions of paragraph (2) (B) of this subsection (d)) shall agree (i) to certify, upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (a) that the amount of the actual cost of said physical improvements (exclusive of offsite public utilities and streets and of organization and legal expenses) equaled or exceeded the proceeds of the mortgage loan or (b) the amount by which the proceeds of the mortgage loan exceded the actual cost of said physical improvements (exclusive of offsite public utilities and streets and of organization and legal expenses), as the case may be, and (ii) to pay, within 60 days after such certification, to the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, so certified to be in excess of such actual cost. The Commissioner shall construe the term "actual cost" in such a manner as to reduce same by the amount of any kickbacks, rebates, and normal trade discounts received in connection with the construction of the said physical improvements, and to include only the actual amounts paid for labor and materials and necessary services in connection therewith."

This shall not apply to old houses.

Mr. MULTER. Mr. Chairman, are we going to rise at a quarter to 6? I am entitled to 5 minutes.

The CHAIRMAN. The gentleman is recognized for 5 minutes, so he has the 5 minutes.

Mr. MULTER. Mr. Chairman, possibly now the distinguished Chairman of the Committee on Banking and Currency will accept this amendment. This is quite similar to the amendment I offered on mortgaging-out to section 203 housing, and you were told the objection there was that it applied to the mortgagor, that it might apply to the small homeowner and it might affect the old houses, that the man who owned an old house could not get a mortgage under this. Now we are on section 207. These are multifamily houses for rental purposes. I now change the language, so instead of reading, as it did before "mortgagor," it now reads "the builder or the mortgagor, as the case may be," so the mortgagor is not the fellow who has to certify; only the builder who did the building and made the estimate will certify as to the cost.

To make sure it did not apply to any but new construction, I added, "This shall not apply to old houses."

I want to know what objection there can be to putting this kind of precaution into this bill to stop the thefts, and I say it advisedly, which happened under the 608's, under the defense housing, and under the military housing.

Since we expect to rise in about 2 minutes, I yield back the balance of my time so that somebody can tell us what is now wrong with this amendment.

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

Mr. Chairman, this section 207 has been in the act ever since its inception, for I do not know how long; 20 years, something like that. All of a sudden it has apparently occurred to somebody that something is wrong with the FHA program, especially as it applies to, of all things, rental properties in which there is a 20-percent equity requirement on the part of the builder.

We have had faith and confidence in the administration of the FHA throughout these 20 years. All of a sudden in 1954 comes a change of administration. Now they want to tie the administration up in some manner or other. I hope it is not in the hope that the administration will fail to get adequate homes for the people who deserve them. There may be cases where there are some crooked builders and where there are some crooked owners, but the taxpayer is protected largely by the administration of the act. Understand that before you can get FHA insurance, you must have a series of inspections on the property as it is being built up to the point where the mortgage is insured. I do not think we should be expected, if I may use an old expression, to burn down the barn to kill the rats. There may be some rats somewhere, but that is no reason we should stymie the 207 rental property program, the building of properties which, I assume, the gentleman from New York is most vitally interested in: the building of multiple dwellings or apartment houses.

The amendment should be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was rejected.

Mr. WOLCOTT. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. REECE of Tennessee, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of

slums, and the conservation and development of urban communities, had come to no resolution thereon.

BATAAN DAY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the joint resolution (S. J. Res. 143) providing for the observance of April 9, the 12th anniversary of the fall of Bataan, as Bataan Day, and ask for its immediate consideration.

The Clerk read the Senate joint resolution, as follows:

Whereas April 9 of this year marks the 12th anniversary of the end of the epic struggle of American and Filipino forces on Bataan; and

Whereas Bataan symbolizes the spirit which moves men of different races and different creeds to fight shoulder to shoulder for their freedom; and

Whereas the rallying of the people of the Philippines to the side of the United States and the other United Nations in the recent struggle in Korea was a further expression of American-Filipino unity; and

Whereas the people of the Philippines have demonstrated to all other nations in the Asian sphere the fact that mutual friendship and mutual security are common goals, and the role of the United States in Asia is that of a friend of peoples, regardless of race; and

Whereas President Ramon Magsaysay has designated April 9 as Bataan Day in the Philippines: Therefore be it

Resolved, etc., That April 9, the 12th anniversary of the fall of Bataan, should be observed as Bataan Day and that the Congress recommends that on that day the flags of the United States and the Republic of the Philippines be flown, and that encouragement be given to the holding of appropriate services in schools and churches, and in other gatherings.

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

There was no objection.

Mr. HALLECK. Mr. Speaker, I rise at this time to urge the Members of the House to join in a tribute to the memory of those gallant defenders of Bataan whose courage in the face of extreme adversity shall be an everlasting source of inspiration to the free world.

It is well for us to remember that the tragedy of that ordeal increased the determination of the people of America and of the Philippines to turn back the forces of oppression which threatened the survival of liberty.

We look back upon that episode with sorrow and with sympathy; sorrow for those who were called upon to give their lives or to endure inhuman hardships; sympathy for the families who suffered the anguish of bereavement.

But we look back also with great pride and gratification; pride in the spirit and the courage shown by Americans and Filipinos who stood side by side to the death; gratification in the knowledge that the traditional bonds between our nations were drawn even closer in those dark hours.

In these days of world tensions—of mistrust and hatred—we are sustained and encouraged in our pressing search for lasting peace by steadfast friends who have proved in the crucible of war their own devotion to the ideals of free men.

From the pages of history we find once again in the chapter of Bataan the lesson that eternal vigilance is indeed the price of liberty.

Therefore, Mr. Speaker, I have the honor to introduce a joint resolution similar to one introduced and passed in the other body—Senate joint resolution 143—on Wednesday which provides for the observance of April 9, the 12th anniversary of the fall of Bataan, as Bataan Day.

The Senate joint resolution was agreed to, and a motion to reconsider was laid on the table.

DAIRY PRICE SUPPORT PROGRAM

Mr. LAIRD. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. BYRNES] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Speaker, I have today introduced legislation designed to give the Secretary of Agriculture the tools he needs to conduct an effective price support program for the dairy farmer.

It is clear to everyone that the present price support program has produced a major crisis in the dairy industry. During the past 12 months, the prices of milk and butterfat used in manufactured dairy products have been supported at 90 percent of parity. As of this March 24, the inventory of the Commodity Credit Corporation included the following quantities of dairy products:

	Million pounds
Butter	328.1
Cheese	339.2
Nonfat dry milk solids	539.2

These quantities represent about 21 percent of the total annual butter production, 21 percent of the total annual cheese production and 45 percent of the total annual nonfat dry milk solids production.

Purchases by the Government continue at a heavy rate, and the prospect is that production in the marketing year beginning April 1, 1954, will be considerably in excess of production during the last marketing year when such heavy stocks were accumulated.

In recognition of these factors, the Secretary of Agriculture has announced that the level of price supports for milk and butterfat will be reduced from 90 to 75 percent beginning April 1, the maximum reduction permitted by law. This drastic action came as a shock to those of us who realized that a reduction in support levels was necessary but who had assumed the reduction would be gradual, as announced by the President in outlining his farm program to Congress.

While we may quarrel with the decision of the Secretary, and I question the legal requirement for such a drastic reduction, nevertheless, it is important to understand that his action was based upon his honest interpretation of the existing law. His reasons are best explained in a speech he gave at Ithaca, N. Y., on March 24:

I have been asked, "Why did you drop the support price for dairy products the full amount, from 90 to 75 percent?"

One answer is—from a legal standpoint there was nothing else I could do.

Let's see what the law says. Dairy products, the law reads, "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."

We own a billion pounds of butter, cheese, and dried milk. Our stocks are still in good condition, but we are fast approaching a time when we shall have to move them—somehow, somewhere—or to be confronted with the costly and embarrassing problem of spoilage. We have done our utmost to move these stocks at home and abroad. Thus far we have been able to dispose of only a limited amount.

Under these circumstances, can anyone seriously contend that 90 percent of parity—or 80 percent or even 75 percent—is necessary to assure an adequate supply? The Solicitor of the Department of Agriculture has ruled that, in view of this section of the law and in the light of the present supply situation, the level of support could not legally be fixed higher than 75 percent of parity for the new marketing season.

Surely, if the Secretary's analysis of the law is correct, we must with all possible haste move to amend the law in order to establish broader criteria for price-support action. For, if the law requires such a drastic reduction, then the law does not take into consideration the effect of its requirement upon the dairy farmer and the economy as a whole.

This effect is extremely adverse. The announced reduction will lower income to producers of manufacturing milk and butterfat by about $300 million. If fluid milk prices in fluid milk markets are reduced comparably, an additional $300 million loss will result, for a total income loss of $600 million. Such a serious reduction in income is bound to have far-reaching effects, not only upon the dairy farmer, but upon the entire economy as well.

We must move to protect the income of the dairy farmer, and the whole economy, from such drastic and sudden declines which the law, as interpreted by the Secretary, makes possible. Of this, there can be no question.

Legislation now being considered by the House Committee on Agriculture would set aside the decision of the Secretary. It would maintain dairy price supports at the same level of supports for basic commodities, and would permit only a 5-percent reduction per year in the price-support level, instead of the 15-percent reduction now permissible, and possibly required, under law.

It is my belief, however, that we must provide the Secretary with broader authority, which would not hamper effective support action by rigid formulas and which would enable him to meet the current situation, and later situations, as and when they develop. He should be required to consider not only the narrow question of adequate supply, but the overall effect of any action he might take upon the welfare of the dairy farmer.

I propose, therefore, and my bill so provides, that criteria for determining price-support levels for dairy products,

which now are limited to assuring an adequate supply, be expanded to take account of the economic condition of the dairy farmer. To accomplish that end, the Secretary is directed to set the support level at not more than 90 percent of parity nor less than 75 percent of parity, as he determines necessary in order to develop and maintain stable economic conditions for the producers of such milk and butterfat, and to assure an adequate supply.

If this language had been present in the act this year, it would have been impossible. in view of the economic effect of his order, to reduce dairy price supports so drastically. If we wish to avoid the possibility of similar drastic reductions in the future, we must make our meaning crystal clear.

In addition, I propose, and my bill provides, that section 201 (c) of title II of the Agricultural Act of 1949 be amended to provide that, in addition to loans and purchases as the methods of price support now authorized by the paragraph, the words "or other operations" be added. This will further broaden the Secretary's authority and permit him to undertake the type of price-support program appropriate to conditions as they exist at the time. Such an amendment would make the language for dairy products, insofar as authorized methods are concerned, the same as that provided for wool, tung nuts, honey, and intermediate and Irish potatoes.

Providing price stability for the dairy farmer, however, and insuring him that the economic effect of support reductions will be carefully weighed before they are ordered is not enough. The problem of the huge surpluses—a deadweight around the neck of every dairy farmer—remains.

It is imperative, therefore, that we give the Secretary adequate authority to conduct programs which will move the dairy surpluses into consumption, rather than allowing them to pile up in storage year after year, where some time they must inevitably spoil. Dairy farmers should recognize that the accumulation of unmanageable surpluses could spell the death of the price-support program for dairy products within a year or so. Dairy farmers must have the price-support program, and it seems to me that it is our duty to write the proper authority into law which will make the program work effectively—not fall of its own weight, as is now seriously threatened.

It is distasteful to all of us to realize that large losses are inevitable under the price-support program under current conditions. The cost of the butter, cheese, and nonfat dry milk solids now in CCC inventory totals almost $436 million. Prospects are that, even at the reduced prices contemplated under the Secretary's order that just about as much commodity will be purchased as was purchased last year. While there may be some recovery in disposing of inventories, nevertheless we may just as well realize, and realize now, that losses will be severe indeed.

I propose, therefore, and my bill so provides, to amend section 416 of the Agricultural Act of 1949 in order to give the Secretary authority to conduct disposition programs which are not now available to him and which I feel are needed if we are to dispose of our current large Government stocks and prevent the accumulation of burdensome stocks in the future.

As the section now stands, the Secretary may dispose of food commodities in order to prevent waste or which are found to be in danger of loss through deterioration or spoilage. The section contains a list of outlets which the Secretary may use in disposing of such commodities together with a list of priorities giving the order in which such outlets are to be used.

My bill would delete the portion of this section permitting disposition in order to prevent spoilage and would insert instead a much broader criteria for disposition—"the effective disposition of food commodities acquired through price support operations." Under this language, the Secretary would not have to wait until a commodity is in danger of spoiling before disposing of it.

In addition, while retaining the present system of priorities for disposal outlets, the bill would expand the list to include a fourth priority class, giving the Secretary authority to dispose of commodity to any Federal, State, or local Government agency not named theretofore in the section.

The bill also gives the Secretary additional disposal authority in two important instances.

First, it gives him authority to dispose of commodities through regular channels of trade and commerce in such manner as will maintain returns to producers at announced price-support levels and at the same time permit reduction in prices to consumers so that current stocks can be disposed of and further burdensome accumulation of such stocks be discouraged.

Second, it gives him authority to dispose of food commodities in world markets at competitive world prices. In this connection, I would emphasize that it is my firm conviction we should not dump these commodities on the world markets indiscriminately and without regard to the domestic economy of this country. In other words, I believe we should first offer the commodity to our own American housewives at reduced prices before we start selling commodities at vast losses abroad. I would much rather see losses incurred, if losses are necessary, in increasing the consumption of needed commodities in the diet of American citizens than to see such losses incurred by selling them abroad.

We must work our way out from under these vast surpluses now overhanging our market or we shall soon see the ruination of the dairy price-support program and the bankruptcy of the American dairy farmer. I believe this bill gives the Secretary of Agriculture the tools to do the job.

TAX REVISION BILL AND EQUITY

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

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

There was no objection.

Mr. PHILBIN. Mr. Speaker, the recent tax revision bill brought to the floor considerable discussion of the efficacy and equity of various proposals to reduce general taxes. Someone has said that the way to reduce taxes is to reduce them, but the problem is not so simple because it is bound up with definite budgetary needs, as well as a question of whether or not you can reduce taxes at all.

It has been my view that, with proper, prudent management of the budget, general taxes could be reduced this year by substantial amounts. A reappraisal and readjustment of foreign spending, for example, standing by itself, would effect the savings of several billions of dollars.

I have not favored, and do not favor, wholesale and indiscriminate reductions in the defense budget. Here again I believe that savings can be made by the application of business methods and reasonable economies, but I am unwilling to gamble with the national security. I do not believe that we should venture the risk of reducing and thus impairing our airpower, our Navy, or our Army.

The methods by which we sought to effectuate tax reductions this year certainly seems to me to leave much to be desired. In the first place, the cuts in excise taxes, while commendable, did not go far enough. Our excise tax system still contains marked inequities. It still imposes undue, unequal burdens upon certain industries and businesses. As I pointed out heretofore in the House, the automobile industry is one striking example where further excise tax reduction would help not only the industry and those employed in it, but also thousands and thousands of automobile dealers throughout the country who are poignantly feeling serious economic effects from the occult gaze and hard money program of the New Look.

It is to other points, however, that I desire to address myself at this time. There were two basic proposals, among others, made during the debate:

First. To reduce taxes by means of increasing personal exemptions, which was defeated in the House by a narrow margin of six votes.

Second. The plan for dividend relief, allegedly to avoid "double taxation," which was adopted by the House.

I have serious doubt that strictly and legally speaking double taxation is involved when income is first taxed to a legal entity corporation and subsequently dividends are taxed to an individual. However, the bill, which permits the taxpayer to deduct from his tax liability 5 percent—next year 10 percent—of his dividend income does not result in equally eliminating double taxation for the large and small taxpayer.

It is stated to the contrary by competent tax authorities that the 10 percent credit will reduce double taxation by about six-tenths at the top and by one-tenth at the bottom of the scale. It is believed by some that the initially proposed 15 percent credit would have

brought larger benefits to thes receiving substantial dividend payments than the straight repeal of the corporation tax.

Thus, in a sense we are compounding complexities and inequities in favor of the large and against the small taxpayer.

In any event, to my way of thinking, to refuse to grant additional personal exemptions to the rank and file of our people, while granting substantial relief to dividend recipients, is certainly violative of fundamental principles of sound taxation and I am unable to subscribe to such a doctrine and practice.

While I have no objection to extending tax relief to those who conduct our great free-enterprise system, it is my firm and sincere belief that such action cannot be justified unless appropriate and substantial relief is also extended to the rank and file of our taxpayers. To my mind, this is not only required by current national conditions, but demanded by the ordinary principles of fairness, justice, and equity.

Under unanimous consent, I revise and extend my remarks and include as part of my remarks a thoughtful, pertinent article from the Washington Post by Prof. Richard A. Musgrave, teacher of economics at Michigan University:

TAXATION OF DIVIDENDS

In your editorial of March 18, you call on responsible legislators in both parties to support the current tax bill, including the proposed plan for dividend relief. As I see it, this plan is a thoroughly bad proposal, unacceptable to the responsible legislator of either party.

My reason is not that benefits from eliminating double taxation accrue largely to people in the higher income brackets. My complaint is that the proposed technique fails in its very objective of giving impartial relief from double taxation. Instead, the relief is given in a distorted and inequitable fashion. While obvious to anyone familiar with the technicalities of taxation, this effect is not seen easily by the average voter. The issue, stated briefly, is this:

Informed and sincere men may disagree as to whether or not the present law results in double taxation of dividend income. One view is that the corporation is merely a thoroughfare for the profit income of shareholders. Since these profits are taxed first at the corporate and then at the personal level when received as dividend income, we have double taxation in the sense that profit income is taxed more heavily than other income. The opposite view is that the shareholder cannot be identified with the large publicly held corporation; his income, therefore, is equal to dividends received, not to corporation profits. In this view, the corporation tax is not chargeable to the shareholder, and there is no double taxation in the sense that dividend income is taxed more heavily than other income. However this may be, let us grant the double taxation argument for present purposes.

The remedy in this case is to adjust the tax structure so that corporation profits whether paid out or not become taxable at a rate neither more nor less than that which applies to other forms of income under the personal-income tax. Corporation profits paid out as dividends should not be subject to both the corporation and the personal tax; and corporation profits retained should be taxed at a rate similar to that applicable to dividends.

Techniques of accomplishing this have been discussed at great length among students of taxation; indeed, they have been the main topic of discussion since the early forties. Fairly general agreements has been reached along these lines: The ideal solution would be to treat corporations as partnerships and to impute all profits to shareholders. This method is workable for closely held corporations, but it would run into difficulties if applied to the large and widely held firms. For these, a less perfect solution must do.

One such solution, the so-called "dividend-paid credit," would exempt dividends paid from the corporation tax, and tax-retained earnings at a rate more or less corresponding to the personal-income tax on dividends as paid by the average shareholder. Another solution, referred to as the "British method," would do essentially the same but provide for partial source withholding of the personal tax on dividend income at the corporation level.

The proposed bill follows neither the dividend-paid credit nor the British method but permits the taxpayer to deduct from his tax liability 5 percent (next year 10 percent) of his dividend income. The result is not an equal degree of elimination of double taxation for the small and the large taxpayer. Rather, the 10-percent credit will cut double taxation by roughly six-tenths at the top, and by roughly one-tenth at the bottom of the scale. The initially proposed 15-percent credit would indeed have been more beneficial to the very large dividend recipient than an outright repeal of the corporation tax.

To be sure, this lopsided effect is modified somewhat by an additional provision for the exclusion of the first $50 (next year $100) of dividend income from the tax base; but this is a messy way of providing a correction, and it does not go very far in counteracting the effect of the major provisions. Moreover, it is of no use to the small dividend recipient not subject to the income tax, including the famous widows and orphans who so frequently have been cited as the prime victims of the present system.

In view of these facts, how can it be argued with any degree of sincerity that this is a fair piece of legislation? There may be legitimate differences of opinion whether it is wise at this time to substitute an increase in personal income tax exemptions for the proposed plan; but I fail to see how the proposed method of dividend credit can be defended. Nor can it be argued that this is a matter of technical detail. The proposed dividend credit is the heart of the bill, and its enactment would do severe damage to the American tax structure for many years to come.

Those interested in the politics of the matter should note that the proposed technique was not specified in the President's recommendations for dividend relief; and it is this technique, not the general principle of dividend relief against which this criticism is directed. We have seen that techniques are available which are not subject to this criticism, if we only wish to use them. This being the case, why not amend the bill accordingly? Unless this is done, I fail to see how it can claim the support of the responsible legislator.

RICHARD A. MUSGRAVE,
Professor of Economics, University of Michigan.
ANN ARBOR, MICH.

SPECIAL ORDER GRANTED

Mr. MILLER of Kansas asked and was granted permission to address the House for 30 minutes on Wednesday next, following the legislative business of the day and any other special orders heretofore entered.

SPECULATION IN DRIED MILK FOR LIVESTOCK FEED

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

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

There was no objection.

Mr. SHELLEY. Mr. Speaker, I submit to the House a memorandum prepared as a result of a telephone call I received from San Francisco today indicating that certain livestock-feed merchants in that city are at this time making offerings for future delivery of the Department of Agriculture's stocks of so-called surplus dried milk to be used as livestock feed. As we all know, the Secretary of Agriculture has not yet announced his program for disposing of dairy commodities by this and other means. The dealers referred to in this memorandum, however, seem to have been provided with advance knowledge of plans for disposing of dried milk by such sale, and are now trying to profit by that advance knowledge. This is the memorandum:

SALE OF SURPLUS DRIED MILK AS LIVESTOCK FEED BY COMMODITY STABILIZATION SERVICE, DEPARTMENT OF AGRICULTURE

APRIL 1, 1954.

Mr. D. L. Berger, of Berger & Plate Co., San Francisco, feed and grain dealers, called this morning to speak to Congressman SHELLEY. Mr. SHELLEY was not available so Mr. Berger gave the following information to Richard Downs of the Congressman's staff:

1. He stated that certain feed dealers and brokers in San Francisco were now making offerings for future delivery of present Government stocks of dried surplus milk for use as livestock feed.

2. Some of the dealers are making such offerings on a firm basis; others are subjecting the terms of their deals to the condition that the Government disposes of its stocks on certain bases.

3. Information among the trade in San Francisco is that the Government price will be $70 per ton delivered west of the Rockies and $60 per ton east of the Rockies; that buyers would be given 60 days free storage; that sight drafts or order bills of lading would be accepted by the Government, rather than demanding certified or cashier's checks or letters of credit.

4. Mr. Berger pointed out that his firm wished to participate in this proposed sale by the Government to the extent of 500 to 1,000 tons; that the price indicated the dried milk was a good buy and they didn't wish to be left out of Government sales and forced to purchase second hand, as was the case with dried peas last year. He asked if Congressman SHELLEY would attempt to get verification of the reports on Commodity Stabilization Service plans so that his firm could determine what course it should follow.

5. Mr. Berger also posed several questions: Where did these fellows get the information on which to base their deals? Will steps be taken to assure that small purchasers, such as his company, will be able to participate in the sale of Government surpluses?

6. He also stated that the Portland, Oreg., branch office of Commodity Stabilization had no information on the reported terms of Government disposal, and that attempts by phone to get information directly from the Livestock and Dairy Division in Washington were unsuccessful.

Following Mr. Berger's telephone call Mr. Downs, at Congressman SHELLEY's instruction, called Mr. Don Anderson, Acting Director of the Livestock and Dairy Division of the Commodity Stabilization Service.

Mr. Downs related the substance of the information received from Mr. Berger and asked Mr. Anderson's comment. In the course of the discussion Mr. Anderson gave this information, in substance:

1. That he was aware that feed merchants were engaging in offering surplus dried milk, "They're doing it all over the country," but that he didn't know how they could make firm commitments since the plans were still "very much in the discussion stage."

2. Commenting on Mr. Berger's information as to proposed Government terms, Mr. Anderson confirmed that "most of" this information was, in fact, contained in drafts of Government proposals which had been shown to and discussed with selected groups of "feed men and merchants" as to possible effects on other grain and feed markets, but that they "were not supposed to carry the information out of the room."

3. He also stated that the proposals it looks like will have to be changed quite a bit; that advance public notice would be made of any final determination; that the Service may set up a central control point for this disposal rather than handling through commodity branch offices; and that he anticipated that the Government stocks would be more than sufficient to meet any demand, but that consideration was being given to disposing of the dried milk on a pro rata basis if requests exceeded the demand.

4. In the latter connection Mr. Anderson stated that if it was possible he would like to have a list of those merchants who were now making offerings in the market and that they might find themselves at the bottom of the lists if pro rata sales were necessary. He didn't know, however, how such a list of merchants could be obtained.

5. The name of Berger & Plate Co. was not given to Mr. Anderson, but he offered to put the name of the inquiring company on a list to get direct notification as soon as a decision was announced by the Service.

Mr. Speaker, the Members of the House will recall that on May 26 of last year I called to the attention of the Committee on Agriculture certain very suspicious circumstances connected with a sale of dried Austrian winter peas by the Commodity Credit Corporation. A subsequent investigation and report by the committee confirmed that certain members of the Agriculture Department advisory groups from the feed industry had been placed in a position to receive knowledge not generally known to the trade, and had used that information to advantage in making a profitable purchase of dried peas.

On the basis of the information contained in this memorandum it would appear that the Commodity Stabilization Service, while it has a new name, has not profited by the advice in the committee report on dried peas, which "strongly suggests that the time and embarrassment entailed in future hearings such as this might be avoided by general public announcement of CCC's willingness to negotiate for the sale of any commodity it intends to dispose of in that manner."

It seems to me, Mr. Speaker, that it is time for the Committee on Agriculture to go into this whole unpleasant situation to a far greater extent than was done last year. This Congress should know how it is that certain favored individuals and firms, in the guise of "advisory committees" continue to receive advance information on pending actions by the Department which will have a strong effect on the markets in which they deal, and, consequently, are in a position to profit by it. I, therefore, urge that the chairman of the Committee on Agriculture undertake to launch such an investigation without delay.

THE PROFIT IN PEOPLE

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

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

There was no objection.

Mr. SIEMINSKI. Mr. Speaker, to say there is profit in people is about as revealing as it is to say there is profit in cattle, water, soil, land, and electricity.

We hardly bat an eye when we appropriate funds to keep cattle marketable, water potable, soil fertile, land verdant, and electricity inflow. But when it comes to spending money to step up the energy in people, with least wear and tear on their lives, we seem to fall flat on our face.

I refer to the housing provisions in the bill we consider today, the provisions in the independent offices appropriation bill. They appear to mock the needs of the poor and the desires of the inadequately sheltered.

There are 2½ billion people on earth. Properly housed, to what extent would they step up the flow of goods and the use of services, thereby increasing industry, commerce, and wealth?

Do we tend the powerplant that is man, from birth to death, with the same care that we do the works of man? Do we rush the flag and not the matador?

The problem is to release the energy locked in the hearts and brains of man. I believe that when we provide funds that go into private payrolls to provide the fullest possible number of housing units for the needy we help propel greater industry, commerce, and wealth. Is that undesirable?

I trust the Congress will give the President the full amount of housing needed. Nomads do not need houses; Americans do. There is profit in Americans. Let us stake them. We do cattle.

HOUR OF MEETING TOMORROW

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

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

There was no objection.

TAX EXEMPTION FOR LOW-WAGE FAMILIES

Mrs. ROGERS of Massachusetts. 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 gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I wish to read a part of an article by George Dugan in the New York Times quoting Bishop Ready:

Bishop Ready also urged that the strong, united voice of Catholicism be raised in behalf of more tax exemptions for low-wage families, for more liberal housing benefits, and in opposition to the immoral practice of eviction from rental properties those who have children.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the RECORD, or to revise and extend remarks, was granted to:

Mr. HILLELSON.

Mrs. KEE.

Mr. SPENCE and to include in the remarks he will make in the Committee of the Whole today extraneous matter.

Mr. HAYS of Ohio and to include in the remarks he will make in the Committee today certain telegrams and letters.

Mr. MULTER and to include in the remarks he will make in the Committee today extraneous matter.

Mr. DEANE and to include in the remarks he will make today in Committee extraneous matter.

Mr. BERRY.

Mr. PATMAN, to revise and extend his remarks made in Committee and to include extraneous matter.

Mr. OAKMAN.

Mr. JAVITS, the remarks he made in Committee of the Whole and to include certain extraneous matter.

Mr. VAN ZANDT.

Mr. MOULDER (at the request of Mr. CARNAHAN) and to include extraneous matter.

ADJOURNMENT

Mr. WOLCOTT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 54 minutes p. m.), under its previous order, the House adjourned until tomorrow, Friday, April 2, 1954, at 11 o'clock a. m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. JENSEN: Committee on Appropriations. H. R. 8680. A bill making appropriations for the Department of the Interior for the fiscal year ending June 30, 1955, and for other purposes; without amendment (Rept. No. 1460). Referred to the Committee of the Whole House on the State of the Union.

Mr. CRUMPACKER: Committee on the Judiciary. H. R. 8649. A bill to authorize the admission into evidence in certain criminal proceedings of information intercepted in national security investigations, and for other purposes; without amendment (Rept. No. 1461). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JENSEN:

H. R. 8680. A bill making appropriations for the Department of the Interior for the fiscal year ending June 30, 1955, and for other purposes; to the Committee on Appropriations.

By Mr. COOLEY:

H. R. 8681. A bill to increase the daily allowance of milk, butter, and cheese in the Navy ration, and to require corresponding changes in the Army and Air Force ration; to the Committee on Armed Services.

By Mr. FINO:

H. R. 8682. A bill to provide for payment of a pension of $100 per month to certain honorably discharged veterans of World War I who have attained the age of 60 years; to the Committee on Veterans' Affairs.

By Mr. HOSMER:

H. R. 8683. A bill to amend title 4 of the United States Code, to provide a new design for the flag of the United States to be adopted upon the admission of the 49th and 50th States into the Union; to the Committee on the Judiciary.

By Mr. MERROW:

H. R. 8684. A bill to provide for a reciprocal and more effective remedy for certain claims arising out of the acts of military personnel and to authorize the pro rata sharing of the cost of such claims with foreign nations, and for other purposes; to the Committee on Foreign Affairs.

By Mr. MILLER of Maryland:

H. R. 8685. A bill to authorize the construction of a new post-office building in Princess Anne, Md.; to the Committee on Public Works.

By Mr. YORTY:

H. R. 8686. A bill to supplement the Federal-Aid Road Act by providing that the proceeds of the manufacturers' excise taxes on automobiles, tires and tubes, gasoline, diesel fuel, and lubricating oils, for a period of 5 years, shall be set aside and used exclusively for the purposes of that act, and for other purposes; to the Committee on Public Works.

By Mr. BYRNES of Wisconsin:

H. R. 8687. A bill to amend section 201 (c) of the Agricultural Act of 1949, relating to price support for milk and butterfat, and section 416 of that act, relating to disposition of surplus food commodities; to the Committee on Agriculture.

By Mr. HAGEN of Minnesota:

H. R. 8688. A bill to provide supplementary benefits for recipients of public assistance under Social Security Act programs through the issuance to such recipients of certificates to be used in the acquisition of surplus agricultural food products; to the Committee on Agriculture.

By Mr. HESELTON:

H. R. 8689. A bill to revise section 416 of the Agricultural Act of 1949, as amended; to the Committee on Agriculture.

By Mr. OAKMAN:

H. R. 8690. A bill to amend the Internal Revenue Code to provide for the exclusion from gross income of certain amounts received by employees under profit-sharing plans, and to provide an additional deduction from gross income for payments by employers under profit-sharing plans; to the Committee on Ways and Means.

By Mr. SMITH of Mississippi:

H. R. 8691. A bill to provide that a manufacturer or producer of nonbeverage products containing distilled spirits shall not be required to pay the tax imposed on such spirits by section 2800 of the Internal Revenue Code if he is appropriately licensed and bonded, and for other purposes; to the Committee on Ways and Means.

By Mr. HYDE (by request):

H. R. 8692. A bill to permit the payment of certain trust accounts to the beneficiary on the death of the trustee by savings and loan, and similar associations in the District of Columbia; to the Committee on the District of Columbia.

By Mr. RADWAN:

H. Con. Res. 222. Concurrent resolution opposing the admission of Communist China to membership in the United Nations and the specialized agencies; to the Committee on Foreign Affairs.

H. Con. Res. 223. Concurrent resolution opposing recognition of Communist China by the United States; to the Committee on Foreign Affairs.

By Mr. BERRY:

H. Res. 489. Resolution providing that all agricultural products, produced for emergency and wartime supplies during World War II and Korean war and held by the Federal Government as of January 1, 1954, be declared war surplus; to the Committee on Agriculture.

By Mr. FRELINGHUYSEN:

H. Res. 490. Resolution for the relief of Mrs. Rosa O. Shannon, widow of Henry C. Shannon, late an employee of the House of Representatives; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. CELLER:

H. R. 8693. A bill for the relief of Aurelio Guidi, Andreina Guidi, and Giorgio Guidi; to the Committee on the Judiciary.

By Mr. COON:

H. R. 8694. A bill for the relief of Suzanne L'Heureux; to the Committee on the Judiciary.

By Mr. CURTIS of Massachusetts:

H. R. 8695. A bill for the relief of Louis Elterman; to the Committee on the Judiciary.

By Mr. DORN of New York:

H. R. 8696. A bill for the relief of Giuseppe Tumbarello; to the Committee on the Judiciary.

By Mr. REED of Illinois:

H. R. 8697. A bill for the relief of G. F. Allen, and others; to the Committee on the Judiciary.

By Mr. SHELLEY:

H. R. 8698. A bill for the relief of Hartmann H. Pauly; to the Committee on the Judiciary.

By Mr. WAINWRIGHT:

H. R. 8699. A bill for the relief of the legal guardian of William George Courtney, a minor; to the Committee on the Judiciary.

By Mr. LANE:

H. Res. 491. Resolution for the relief of Tom R. Hickman and Nannie Conley; to the Committee on the Judiciary.

PETITIONS, ETC.

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

610. By Mr. GRANAHAN: Resolution of the City Council of Philadelphia, Pa., adopted unanimously on Thursday, March 18, 1954, memorializing the United States Congress with respect to the modification of the provisions of the National Immigration Act; to the Committee on the Judiciary.

611. By Mr. GROSS: Petition of Ferguson Christian Church, Ferguson, Iowa, and 47 residents of Marshall County, Iowa, favoring H. R. 1227, the Bryson bill, to prohibit the transportation in interstate commerce of alcoholic beverage advertising in newspapers, periodicals, etc., and its broadcasting over radio and television; to the Committee on Interstate and Foreign Commerce.

612. Also, petition of 70 residents of Marshall and Tama Counties, in Iowa, favoring H. R. 1227, the Bryson bill, to prohibit the transportation in interstate commerce of alcoholic beverage advertising in newspapers, periodicals, etc., and its broadcasting over radio and television; to the Committee on Interstate and Foreign Commerce.

613. By the SPEAKER: Petition of Mrs. J. A. Logan and others, Orlando, Fla., requesting passage of H. R. 2446 and H. R. 2447, proposed social-security legislation known as the Townsend plan; to the Committee on Ways and Means.

614. Also, petition of the president, Greek Orthodox Church and Hellenic Center, Sacramento, Calif., relative to requesting that the people of Cyprus be granted the right of self-determination and be allowed to freely choose their national allegiance; to the Committee on Foreign Affairs.

EXTENSIONS OF REMARKS

What's Good for America

EXTENSION OF REMARKS
OF

HON. ELIZABETH KEE

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 1, 1954

Mrs. KEE. Mr. Speaker, the President's message on foreign trade policy presents a serious question that merits the consideration of every Member of Congress. If you will remember, before the Honorable Charles E. Wilson was confirmed as Secretary of Defense, he was asked about his investments in companies producing materials to be purchased by the Department. As evidence of his patriotism and devotion to his country, Mr. Wilson disposed of these stocks which he and members of his family were holding.

Now Congress is confronted with a parallel situation. While Mr. Clarence B. Randall has not been given Cabinet status, he has nevertheless been chiefly responsible for the contents of the message which the President sent to Congress on Tuesday of this week. His decisions in the matter of foreign policy are as important to the people of West Virginia and other States whose economy is affected by foreign trade as are the decisions of the Secretary of Commerce and other members of the Cabinet. Mr. Randall's decisions may, in fact, be as important to the security of the country as are those of the Secretary of Defense, for they affect the state of readiness of the coal and railroad industries, both vital in an emergency program.

Mr. Speaker, I feel that my colleagues will agree that Mr. Randall should volunteer the information whether he is a stockholder in any of the international oil companies or other concerns which stand to profit by the extension of free trade. Perhaps the other business appointees on his commission would volunteer the same information. If it is determined that they happen to have shares in such companies or industries, then perhaps they would volunteer to sell such holdings, after which the report would then be disregarded and these gentlemen could proceed with a new study.

Let me say that I am grateful to Mr. Randall and his associates for their time and efforts, and that I am only suggesting the course that the administration itself made popular in the selection of Cabinet members and their immediate aides. Our foreign trade position is of sufficient importance to require the same close scrutiny of individuals making official recommendations, for I can assure you that there are thousands of men, women, and children in my district who at this very moment do not have enough to eat as a result of the policy which permits unrestricted imports of residual oil to take the place of domestically produced coal in United States fuel markets.

It is logical that only persons entirely disinterested from a personal point of view be permitted to speak for this Nation on all important issues. We have seen in recent months how American citizens paid to represent the Venezuelan chambers of commerce have been induced to speak out against curbs on excessive residual oil imports. And we all remember the Ways and Means Committee hearings last year when representatives of international oil companies actually tried to make members believe that their operations were not creating hardship in the coal regions. Because of human frailties that would lead some of our respected citizens to the conclusion that what is good for Standard Oil is good for America, I think that full information on all officials involved in the formulation of our foreign policy should be made available at this time.

Statement Stating Purposes of H. R. 5605

EXTENSION OF REMARKS
OF

HON. JEFFREY P. HILLELSON

OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES

Thursday, April 1, 1954

Mr. HILLELSON. Mr. Speaker, H. R. 5605 is a bill that I have introduced after much study and many conferences with members of the staff of Intergovernmental Relations Subcommittee, a subcommittee of the House Government Operations Committee. Also, I have consulted with authorities in different Government agencies concerning the merit and wisdom of this bill.

This bill amends the Federal Property and Administrative Services Act of 1949 to provide that transfers of real property from certain Government corporations to other Government agencies shall not operate to remove such real property from local tax rolls providing the property has before the transfer been on local tax rolls.

In many cases where real estate has been owned by Government corporations and subject to local taxes authorized by the Federal Government to be paid by the corporation, this tax revenue to the local taxing agencies has been lost or terminated when this real property has been transferred to another Federal agency which is not authorized to pay such taxes. It has long been established that Federal property is not subject to State and local taxation without the consent of the Federal Government. However, for many years the Federal Government has given this consent under certain circumstances and, in particular, with respect to real property owned by Government corporations created by Congress. Many hundreds of war plants were established and operated under the corporate form and were authorized to pay State and local taxes on their real property to the same extent as private industry is required to pay taxes on similar real property. In most cases this afforded local taxing authorities much needed assistance in their tax problems.

At the end of World War II, the corporations owning these properties began to dispose of them either by sale, transfer to other Federal agencies, or to the War Assets Corporation or its successor, the General Services Administration, as excess or for handling under the Industrial Reserve Act. In an effort to take care of the tax situation the War Assets Corporation, in regulations promulgated under the Surplus Property Act of 1944, made certain provisions for the payment by the disposal agency of taxes due for periods after assumption of responsibility for surplus real property. Appropriations made to carry out the Surplus Property Act of 1944—Public Law 785 and 862, 80th Congress, 1st and 2d sessions—provide for payment of amounts in lieu of taxes on real property declared surplus by Government-owned corporations under that act.

This authority was continued by section 210 (a) (9) of the Federal Property and Administrative Services Act of 1949—Public Law 152, 81st Congress, 1st session—as amended by the act of September 5, 1940—Sixty-fourth Statutes at Large, page 581—and applied to real property declared surplus by Government corporations, pursuant to the Surplus Property Act of 1944, where legal title to such real property remains in any such Government corporation. Under the War Assets Administration regulations referred to and the similar provision in the Federal Property and Administrative Act of 1949, it was the policy of the General Services Administration and the War Assets Administration to leave title to real property declared to them as surplus in the name of the Corporation until sold or assigned for use by an agency of the Government.

This provision, until recently, prevented loss of taxes to local taxing authorities—in those cases of Government corporation real estate subject to taxes being declared surplus—until title passed from the corporation. If title passed to private ownership, local finances were not upset because of discontinuance of payment of real-estate taxes by the Government corporation. However, on July 15, 1952, the United States Court of Claims, in the case of the Board of County Commissioners of Sedgwick County, State of Kansas, against the United States announced a decision which in most cases renders the cited provision ineffective. The case involved a claim by the county of Sedgwick for taxes assessed against real property record title to which was held in the name of Reconstruction Finance Corporation, but which had been declared surplus to War Assets Administration under the Surplus Property Act of 1944. The decision states that, while no change in the tax status of the property—from a taxable one when the property was under Reconstruction Finance Corporation supervision—was effected by the declaration of surplus alone, the acceptance of accountability therefor by War Assets Administration removed the property from taxable status. On the basis of this decision and one applied later in a specific case by the Comptroller General of the United States, payment of taxes has been and will be suspended in a good many cases that will work a real hardship on local communities. A recent partial canvass of the situation by the General Services Administration showed that 62 cases in 23 States and 50 congressional districts have occurred within the last 5 years in which local communities lost over $2,500,000 in taxes, that they had been receiving from Federal corporations, because the property had been transferred to Federal agencies not authorized by law to pay the taxes.

Typical is the case in my own Missouri Fourth District where the RFC several years ago purchased property which now houses the Bendix Corp. This real property since has been transferred to the Navy, pursuant to Public Law 364, 80th Congress. I have been informed that this amounts to a loss in annual taxes of approximately $191,000 to both Jackson County and Kansas City, Mo. This, of course, would be remedied under this proposed bill.

A complete summary of this bill is as follows:

First. Provides that when taxable real property that has been on the local tax rolls is transferred by a Government corporation to other Government agencies it shall remain subject to taxation regardless of subsequent transfers to other Federal agencies while it is leased for commercial purposes; and in certain other cases, payments in lieu of taxes shall be made.

Second. The Government is authorized to pay these local taxes on payments in lieu thereof on real property described in this act. Payments in lieu of taxes shall equal the amount which would be payable as real property taxes if the real property were privately owned, less certain appropriate deductions.

Third. That any Government corporation created after the effective date

of this title their real property will be subject to taxation by local taxing authorities to the same extent as other real property unless specifically provided otherwise.

Fourth. Provides that the effective date of this bill will be as of January 1, 1954, and that the date of June 22, 1948, shall be the date which will exclude from the provisions of the proposed legislation any real property owned and disposed of by Government corporations prior to that date.

Fifth. The Government will not be subject to penalties or penalty interest on these properties. The real property mentioned in this bill will not be subject to any lien, foreclosure, garnishment, or other proceedings because of nonpayment or failure to make timely payment of taxes on real property. This provision was included to protect the United States Government from paying such penalties which in many cases are common in many taxing authorities. This is necessary so that if Congress should be negligent or tardy in appropriating sufficient funds to take care of the taxes that the Government corporations or Federal agencies would not be penalized for being 1 to 4 or 5 months late as it is not always possible to have appropriation bills passed by certain dates in order to make prompt payment to taxing authorities.

Sixth. No payments in lieu of taxes shall be made with respect to real property which is taxable under other local laws, real property used or held for purposes for which property under private ownership would be exempt from taxation, or real property used or held primarily for services to the local public, such as defense installations, courthouses, post offices, and so forth.

Seventh. This act shall expire as of December 31, 1956, unless renewed by Congress. The reason for this expiration date is that it is hoped that this problem of local taxes on Federal property will be included as a subject of study, investigation, and recommendations by the proposed Commission on Intergovernmental Relations.

Agricultural Surplus

EXTENSION OF REMARKS
OF

HON. E. Y. BERRY

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 1, 1954

Mr. BERRY. Mr. Speaker, I have today presented to the Congress a joint resolution providing that all agricultural products accumulated by the Federal Government prior to January 1, 1954, be declared to be surplus war material and either stockpiled as is other war surplus material or disposed of under the same rules and regulations as all other war surplus.

I submit to you that a grateful nation has completely forgotten one of the most important producers of wartime materials—the farmer—and has failed to treat his wartime product on the same basis as other products produced for war.

I submit that this Nation is forgetting that, under the strain of wartime production, the one thing that had top priority in importance was food.

Because it was asked to do so, because high subsidies were paid for such production, because it was a patriotic duty, American agriculture tightened tugs that had never been tightened before and turned that production to the Nation on the same basis and for the same cause that producers of guns, tanks, planes, trucks, and ammunition produced.

In the case of all other war production, valued in excess of $50 billion, it has been treated as war material. That which could be stockpiled has been stockpiled; that which could not be stockpiled is being disposed of as war surplus. According to recent news reports, some $2 billion worth has been disposed of in Korea for a few cents on the original dollar invested.

What has been done with the agricultural products produced for war? It is being handled as any peacetime food surplus might be handled. It has been taken over by the Commodity Credit Corporation and is being fed into the market as rapidly as it can be disposed of, principally on the domestic market, to glut the market and beat down the price of similar food products which are now being produced on a peacetime basis.

Farm prices cannot maintain stability, farm economy cannot revert to normal, so long as this war surplus material is held as a constant club over normal production of foodstuffs.

In considering the status of wartime production for defense purposes, it should be remembered that huge subsidies were paid to industry, labor, and agriculture to stimulate production.

Industry, which was engaged in regular peacetime production for civilian use and consumption, entered into contracts with the Federal Government, providing that products sold to the Government for wartime use would not be resold on the American market in competition with production for nonmilitary purposes. Such companies as General Motors, Ford Motor Co., Willys-Overland, and others incorporated such provisions in their wartime production contracts. Those cars, trucks, jeeps, and so forth, are not now and were not, after World War II, disposed of as war surplus in America. Following World War II, millions of dollars worth of such material were abandoned, junked, and war-surplussed in foreign countries at a fraction of their cost. The same thing is true today, only probably on a smaller scale.

What is the situation with regard to agricultural products, produced for war?

Farmers of America could not, of course, sit down around a conference table and contract with the Government that the result of their production would not be thrown on the market in competition with their peacetime production. They could not regulate that production as readily as industry could. They produced for war and the stockpile of their production is now being used by the Federal Government to glut their peacetime production market.

Let us take a look at the record.

During World War II, food production was given priority over military service. Any youth who was engaged in farming was automatically deferred from military service. During the Korean war, any youth who could prove that he was necessary for farm production was deferred at the discretion of the local draft board. Why? Because agricultural production was considered more essential than military service.

High bonuses were paid by the Federal Government for the production of foodstuffs and certain agricultural products needed in war material. Every effort was made to stimulate agriculture's production.

It was a national policy. Agricultural production was considered more necessary than any other production. That national policy continued up to and including the 1953 crop. Under the Agricultural Adjustment Act—through which means agricultural production was stimulated for war purposes—the Secretary of Agriculture was required to reduce farm aceages when crop reserves reached a certain peak, unless in his judgment national security demanded continuance of such production. On the basis that such an emergency existed, Secretary of Agriculture Brannan refused to declare such acreage reduction on the 1953 crop, thereby determining, as a national policy, that wartime production of agricultural products should be continued through the 1953 crop year.

I have heard it repeated many times that in so doing, Secretary Brannan was just making it tough for the Republicans. I do not feel, however, that an obligation established by the administration then in power or by the Federal Government can be sloughed off that lightly. This was a quasi-contract which is just as binding as the contract made with industrial firms.

I feel that the agricultural surplus created under the stress of war is identical with the other $50 billion surplus of war materials on hand at the present time. I feel that it is the obligation of the Federal Government to declare it such and treat it exactly the same.

Since crop production is something that cannot be turned on and off like a spigot and since the 1953 crop was produced under wartime emergency—so declared by the Secretary of Agriculture—and actually in the process of production when the armistice came in Korea in July—that 1953 crop should be included in the war surplus declaration.

I feel that all storable agricultural products should be placed in a war surplus military food stockpile. Nonstorable products should be disposed of on foreign markets in the same manner as other war surplus materials are disposed of.

I hope the American public will realize that the agricultural producer is in no different position, with respect to his wartime production, than the industrial producer. The surplus of war foods and war materials are in identically the same position. If it is proper to charge off one

product to the cost of war, it is proper to charge off the other.

Certainly, this surplus war production dare not be used now as a lash across the back of agriculture and this bountiful production for defense be used to glut the domestic market and threaten the economic well-being of a peacetime economy, by holding it in competition with the normal peacetime commercial production.

To follow such a procedure can only bankrupt agriculture which, after all, is the foundation of the economic structure of the Nation.

If it is right that the war-produced products of industry and labor should be declared war surplus and stockpiled, then it is right that the war-produced products of agriculture be treated in the same manner.

Disabled World War I Veterans Should Not Be Forgotten

EXTENSION OF REMARKS
OF

HON. JAMES E. VAN ZANDT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 1, 1954

Mr. VAN ZANDT. Mr. Speaker, it is nearly 36 years since the armistice was signed in 1918 terminating the First World War for the 4,744,000 young Americans who served in that conflict. Today the average age of the khaki-clad veterans of 1917–18 is 59.4 years with 416,950 of the remaining 3,311,000 veterans drawing disability pension benefits from the Veterans' Administration.

Early in the 83d Congress I introduced H. R. 3601, a bill designed to grant an increase of from $12 to $15 monthly for World War I veterans suffering from non-service-connected disabilities. Under the existing law a World War I veteran who is permanently and totally disabled is eligible for a monthly pension of $63; after he has been in receipt of the pension for 10 consecutive years it is increased to $75 or upon reaching the age of 65.

H. R. 3601 provides that the present monthly pension benefit of $63 be increased to $75; and the present monthly benefit of $75 be increased to $90. The legislation was the subject of hearings on March 31, 1954, before the Subcommittee on Compensation and Pensions of the House Committee on Veterans' Affairs. During the course of the hearings I had the privilege of testifying on behalf of my bill H. R. 3601, and following is my statement on the subject:

Mr. Chairman, on March 2, 1953, I introduced H. R. 3601, which is now before this subcommittee.

This bill provides that the monthly rates of pension payable to veterans of World War I under any public laws administered by the Veterans' Administration shall be $75 monthly except where an otherwise eligible person shall have been rated permanent and total and in receipt of pension for a continuous period of 10 years or reaches the age of 65 years, the amount of pension shall be $90 monthly.

It is nearly 36 years since the end of World War I and, being quite frank, at the moment the veteran of that conflict appears to be the forgotten veteran of this Nation. For the past 20 years very little mention has he received nor has he been accorded much consideration from a legislative standpoint.

Those who served in World War I are advancing in age, which is supported by the fact that the average age of World War I veterans on the rolls of the Veterans' Administration is 59.4 years, as of June 30, 1953.

All those on the rolls have physical disabilities which reduce their life expectancy below average, so it can readily be seen that there is little time left for the Nation to fulfill its obligation to this rapidly dwindling group of forgotten men.

At the close of the last fiscal year there were 416,950 disabled World War I veterans receiving a meager pension under what is termed part 3 benefits from the Veterans' Administration. Of this number, 267,000 were permanently and totally disabled, 37,250 have been permanently and totally disabled for a period of 10 years, with the remaining 112,700 being permanently and totally disabled at age 65 or over.

When you take into consideration that as of June 30, 1953, there were 3,311,000 veterans of World War I, out of a total of 4,744,000 and that their average age is 59.4 years as well as the fact that they are dying at the rate of 206 daily, it is significant that such a small percentage of World War I veterans are drawing a pitifully inadequate pension.

My bill will establish the pension rate for permanent total disability at $75 monthly unless the veteran shall have been rated permanent and total and in receipt of pension for a continuous period of 10 years, or have reached the age of 65 years, in which case the pension is increased to $90 monthly. This constitutes an increase of $12 over the present rate of $63 and an increase of $15 over the present $75 monthly for those receiving the pension for a continuous period of 10 years, or who have reached the age of 65 years.

On the basis of 416,950 World War I veterans receiving non-service-connected benefits as of June 30, 1953, the increase provided by my bill will cost only $5,452,860 monthly. This amount will be added to the existing monthly cost of non-service-connected benefits.

Keeping in mind that 23,317 of the group drawing non-service-connected benefits died during the last fiscal year, it is apparent that the cost of my bill will likely be reduced through the anual death rate which is mounting each year. At any rate, the cost of the proposed increase is relatively small when compared with the benefit it affords to eligible World War I veterans and to the Nation as a whole.

Attention should also be directed to the strict income limitations—$1,400 per annum if a single person, and $2,700 per annum if a married person or one with minor children—which gives assurance that the pension money will be channeled into the economic stream of the Nation. It will be spent for the necessities of life and will include the family physician, the landlord, and the grocer. These pension funds will also aid in preserving the self-respect and the pardonable pride of veterans who served their country with honor and who have a natural reluctance against becoming objects of public charity in their twilight years.

In theory, Congress has always considered the pension rate as an adjunct to income rather than as supporting income but many veterans of World War I, because of advanced age and disability, have no other income to support them.

The modest increase proposed in my bill, H. R. 3601, while not adequate in my opinion for the veterans of World War I, will be however, some evidence that the Nation has not forgotten the sacrifices they made.

In asking you to approve H. R. 3601, let me plead that we as a Nation not celebrate the 36th aniversary of the Armistice of 1918 this fall, with a conscience burdened by the tragic plight of these aging veterans.

The Profit-Sharing Movement in America

EXTENSION OF REMARKS
OF

HON. CHARLES G. OAKMAN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 1, 1954

Mr. OAKMAN. Mr. Speaker, over the past few years we have experienced a considerable growth in the profit-sharing movement in America. More and more employers and employees are coming to the realization that the philosophy of profit sharing is of material assistance to them in resolving their differences and solving their common problems.

With the development of the idea of profit sharing has come many of the results we are all striving to attain. In plant after plant more and more of the advantages have become apparent. Employers report an increase in production since the installation of profit-sharing plans. Machines which supposedly were producing as much as they could have somehow turned out more goods. The increase was not overnight, but it can definitely be traced to the establishment of the profit-sharing plan. This means higher profits and, in turn, more profit sharing.

Other employers report an improvement in the relationship between management and labor. Where formerly they had groups eyeing each other with suspicion and distrust, they now have an atmosphere of cooperation, understanding, and an honest desire to work together. Employees appreciate the problems of management a little better and management has learned a little more about the employees' viewpoint. They realize that in such teamwork both sides gain. The change may not always be so pronounced, but there is no denying that in the firms where profit sharing has been adopted there has, to a lesser or greater degree, been an improvement in employer-employee relationships.

Benefits to the employee under profit-sharing plans are obvious. Profit sharing is not advocated as a substitute for good wages but as something over and above a good living wage. Profits thus paid can provide the basis for benefits for the later years when the earning power of the employee declines or he has reached retirement. In the meantime, it gives the employee a sense of recognition as a part of the business—a partner in the venture when he can clearly see the relationship between the way he does his job and the figures on the profit-and-loss statement at the end of the year.

There are other benefits from profit sharing which I could mention. It is true that all the benefits do not always flow from the adoption of a profit-sharing plan. Our economic system has given this country the highest standard of living the world has ever known.

Our aim must be to preserve and strengthen that system and project it from those who would destroy it. The profit-sharing idea will not of itself achieve all of this but it will help. The experience of profit-sharing industries shows that it helps develop an atmosphere of cooperation and better understanding which are essential ingredients to a solution of our problems.

The bill I introduced today, which is identical to that introduced by the gentleman from Wisconsin [Mr. KERSTEN], is designed to encourage the further development of profit sharing by providing certain tax benefits to employers and employees who adopt profit-sharing plans which are either qualified for tax purposes or which cover a specified percentage of employees. I believe the beneficial effects of this legislation will more than offset whatever loss of revenue may be occasioned by it.

Export-Import Bank Development Loans

EXTENSION OF REMARKS
OF
HON. GEORGE A. SMATHERS
OF FLORIDA
IN THE SENATE OF THE UNITED STATES

Thursday, April 1, 1954

Mr. SMATHERS. Mr. President, I ask unanimous consent to have printed in the RECORD a statement which I have prepared on Export-Import Bank development loans.

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

STATEMENT BY SENATOR SMATHERS

The message which the President sent to the Congress yesterday regarding this administration's trade policies included many statements in which we find almost unanimous agreement.

We indorse wholeheartedly, the President's assertions that "if we fail in our trade policy, we may fail in all. Our domestic employment, our standard of living, our security, and the solidarity of the free world—all are involved.

"For our own economic growth we must have continuously expanding world markets; for our security we require that our allies become economically strong. Expanding trade is the only adequate solution for these two pressing problems confronting our country."

The words of the President apply peculiarly to our situation with regard to Latin America. While agreeing with the President in his basic statements, it would be encouraging if we felt they would be translated into positive action to bolster trade among the nations of the Western Hemisphere in aggressive program of mutual trade and other actions required to achieve hemispheric solidarity.

Many words have been spoken during the past year about the desirability of bolstering trade practices with regard to the other nations in the Americas. It is not my purpose at this time to belabor an old theme, but to suggest one positive move, one statement of policy, which will serve to reemphasize our trade ties with Latin America and to strengthen the economy base of the entire Western Hemisphere. As has been said so often, action and not words are needed in this field.

We have talked here previously about the encouraging report made recently by Dr. Milton Eisenhower, brother of the President, who headed a special Latin America mission and who reported in detail the weaknesses and the needs in our Latin America policy.

Basic in the framework of our inter-America program has been the operations of the Export-Import Bank.

On March 1, 1954, at Caracas, Secretary of State John Foster Dulles touched on this subject in remarks at the opening day's session of the 10th Inter-American Conference. Secretary Dulles said:

"There are some development projects which may not be suitable for or attractive to private capital, domestic or foreign. The International Bank for Reconstruction and Development which most of us here participated in establishing and to which the United States has made important capital contributions, is the primary instrument through which the free trade world can cooperate in the public financing of economic development.

"We have also in the United States in the public financing field the Export-Import Bank, a national institution of my own Government. One important function of this institution will continue to be that of affording export credits either through direct loans or guaranties.

"There has been speculation as to whether this bank has withdrawn from the field of economic development. I am glad to be able to clarify this matter. The Export-Import Bank will consider on their merits applications for financing of development projects which are not being made by the International Bank and which are in our common interest, are economically sound, are within the capacity of the prospective borrower to repay and within the prudent loaning capacity of the bank."

On March 16, a committee of the Senate, of which the senior Senator from Indiana [Mr. CAPEHART] is chairman, as a result of a field study trip to South America, made a detailed report to the Senate, and made the following observations and recommendations:

"A continuing need for the Export-Import Bank and International Bank was expressed, with more emphasis on aid to private enterprise.

"The activities of both of these banks have contributed immeasurably to the progress and development of Latin America. Much that has been accomplished, particularly in the fields of electric power and highways would have been long delayed without aid from these institutions. There was a feeling that the activities of these banks are compatible, one with the other, and both have their proper spheres of activity. It was urged that the Export-Import Bank as a United States institution, can do more for bilateral trade between Latin America and the United States than the International Bank, and therefore its activity should be expanded rather than curtailed. It was further urged that the Export-Import Bank reexamine its policy of too often requiring government guaranties, as this has a tendency to induce governmental interference in private enterprise. More loans to private enterprise, as opposed to governmental projects, were recommended."

Subsequently, the Senate committee's recommendations included the following.

"We should expand the activities of the Export-Import Bank. However, in most instances, its loans should be made to private enterprise rather than directly to governments."

Mr. President, all of these words were most encouraging. The entire picture with regard to our good-neighbor program appeared to brighten as a result of all the things which were being said. Typical of comments on this program is the editorial from the Tampa Daily Times of March 12, 1954:

"DULLES' CONFERENCE TACTICS WIN FRIENDS FOR THE WEST

"Secretary Dulles appears to be making substantial progress toward improving relations between the United States and Latin American nations.

"He has been singularly successful with his anti-Communist doctrine, which in effect is a hemispheric declaration of independence and of cooperation, one nation with another, to make it extremely difficult for Moscow to capture a Western Hemisphere nation either by infiltration or by revolution.

"The second half of the Dulles' one-two punch at communism was his invitation to all Latin American nations to send delegates to an economic conference to be held in Washington later this year.

"These are dynamic steps in the face of creeping communism which have been designed to minimize the threat of infiltration. Both are moves which strike in favor of free enterprise and liberty.

"With his invitation to attend the economic conference, Secretary Dulles extended a warm hand of friendship and economic understanding. He persuasively told the conference that 'the United States will not continue to be satisfied merely with good political relations in this hemisphere. We also want good economic relations. We shall seek them on a basis of mutual respect for the economic and social as well as the political beliefs of each other. That is the pledge I give you.'

"Mr. Dulles went further. He reminded his Latin American listeners that he was not offended by the economic complaints directed against the United States at the conference, but added that solutions to economic problems are not as simple to solve as they appear.

"The Secretary of State emphasized that the United States believes in a free-enterprise economy with primary responsibility on private effort and that it would continue to depend upon individual effort and private capital for its economic development.

"The Dulles proposals at this 10th Inter-American Conference amount to a blueprint for Western Hemispheric solidarity in the years ahead. They amount also to a restatement of basic American policy, brought to date and molded to meet the complications of communism in the latter half of the 20th century."

But what has actually happened? Has the policy of this administration been revised to encourage the Export-Import Bank to expand its program, to include development loans, and thus to strengthen the Latin American economy and tighten the ties which bind us to these good neighbors?

My information is that this is not the case. From what I can learn, development loans are still on the taboo list at the Export-Import Bank.

Whether there is a change of policy in the making, I cannot say, but I think it is clear from the record that the policy has been to oppose such loans.

My concern regarding this subject led me to direct some studies be made of this question and I think the results of the studies are interesting as well as revealing.

EXPORT-IMPORT BANK DEVELOPMENT LOANS

On page 10 of the Export-Import Bank's 17th semiannual report to Congress for July–December 1953, there are listed in table 1 the new credit authorizations made during that period. There were 11 of these authorizations totaling $171.9 million. Of this total, $100 million were accounted for by a credit to the Government of France to enable that country to receive immediately the dollar proceeds of offshore military procurement contracts concluded by the Department of Defense with the French Government for

military supplies and materials to be delivered and paid for at later dates, and $60 million by a credit to the Bank of Japan to finance the purchase and export of United States cotton. Four credit authorizations amounting to $5.3 million provided increases in credits established in previous periods. One credit in the amount of $2.5 million assisted in financing the production in Peru of high-grade iron ore regarded as an essential material for the United States steel industry. The remaining 4 authorizations amounting to $4.1 million are classed as exporter credits. Thus not a single new development loan was made by the Export-Import Bank during this 6-month period.

The 16th report of the bank for the preceding 6-month period beginning January 1, 1953, shows that 9 new credits were authorized for a total of over $387 million. Of this amount, only 1 small credit of $2.5 million to a Brazilian company can be classed as a development loan. Thus, in the calendar year 1953, less than one-half of 1 percent of the $560 million of bank credits was a development loan. In comparison, more than 26 percent of the $596 million of bank credits authorized during 1952, or $158.5 million, were development loans.

SOME ADVANTAGES OF DEVELOPMENT LOANS

Export-Import Bank development loans might best be defined as loans which have two clear and distinct impacts on United States export trade—the first when the United States capital goods financed by the bank are shipped and the second when they are installed, result in increased productive capacity, and thus add to the trade base of a United States trading partner.

Any credit made by the Export-Import Bank requires that the funds be spent in this country. Therefore, all Export-Import Bank loans have a direct impact in increasing United States exports. The real question arises when it comes to secondary impact on United States trade. That is, in order to obtain maximum long-run effects the bank attempts to confine itself to financing the export of capital items which, when installed abroad, will increase the productive capacity of foreign nations and build up the trading base for the future. This is, perhaps, an even more lasting and important effect on United States trade than the direct impact and is outstandingly an advantage of the development loan.

Another advantage of development loans is the fact that each such credit directly assists many United States exporters. Where a particular American exporter seeks financing from the bank to aid him in making a given sale abroad, the benefit of the loan is less widely spread throughout our business community than in the case of a development loan. The latter form almost invariably involves financing a wide range of purchases from many United States suppliers in contrast to a single purchase from a given United States manufacturer who is aided by an exporter credit.

Since development loans finance complete projects, they are not ordinarily authorized until project planning is so far advanced that there is reasonable certainty that construction will be completed successfully. At such a stage, utilization of the credit and hence purchase of United States goods by the borrower are quite well assured. Exporter credits, on the other hand, do not give such assurance since the United States seller still may lose the order at the last moment to a foreign competitor.

Short-term credits to assist United States exports, unless carefully limited, may in effect permit making tomorrow's sales today without provision for the sales of day after tomorrow. This is to say that if a country's ability to service international debts is fully utilized to cover its purchases now of all the goods, nonessential as well as essential, which it can import, future purchases must necessarily be curtailed until at least a part of the debt has been repaid. In this connection most dedvelopment loans have a distinct advantage, since the projects which they finance ordinarily are selected with the purpose of improving the productive capacity and the foreign exchange earning ability of the borrower's country. In this way the ability to service foreign debt is increased so that the country is enabled to import at a higher rate than before.

Action which would prevent the bank from making long-term credits would have as one effect an increase of government interference in and ownership of business in foreign countries. Certain types of equipment and projects by their nature require extended credit terms if repayment is to be related to direct earnings or to general economic benefits. If long-term credits cannot be provided by the bank, the only borrower who is in a position to handle shorter terms in such cases would be the foreign government. Thus, if a credit sale of such items as power equipment is to be made by the United States supplier, the buyer of the equipment almost has to be a government or government agency. On the other hand, if sufficiently long terms can be given by the bank, foreign private firms can reasonably undertake to borrow.

Finally, it should not be overlooked that it is only in the case of development loans that bank credits can advance the political interests of the United States at the same time that our foreign trade aims are fully supported. The political impact abroad of credits sought by individual American exporters is slight indeed when compared with the impact of a large development credit for a purpose consistent with our foreign policy and utilizing to the fullest extent American engineering and managerial skills and methods.

THE DEVELOPMENT LOAN AS A VEHICLE FOR THE EXPORTATION OF BOTH PRIVATE CAPITAL AND TECHNOLOGY

The fact need hardly be labored that private capital, domestic or foreign, does not find particularly attractive an area lacking basic facilities such as transportation, communications, and power. It need hardly be argued that the creation of such basic facilities is essential to the growth of the national income of underdeveloped areas and essential, therefore, to making them good customers of the United States, as well as favorable locations for the investment of United States private capital.

This statement would not be complete without reference to the role the Bank has played in introducing United States engineering firms and the know-how that they carry into the underdeveloped areas of the world. United States engineering firms introduced into Latin America and other underdeveloped areas have been reemployed again and again for other projects in these areas, even where Eximbank financing has not been involved. They have, through the transfer of their know-how and through the training of technicians in the foreign countries, improved the climate of those countries for the investment of private United States capital. That this transfer of know-how is fairly effective may be illustrated by reference to the experience in the case of the Volta Redonda steel mill in Brazil and of the Chilean steel mill. When the former was inaugurated it had 100 highly specialized Americans on its payroll. Today, although its capacity has been doubled, only 13 remain. The jobs of the others are competently performed by Brazilians. The Chilean steel mill had a staff of 110 American specialists; today it has only 80, although its capacity has been increased by 25 percent. Within a few years it is expected that qualified Chileans will be trained to replace the remaining 80 specialists. Incidentally, the American management firm employed by the Chilean steel mill is now engaged in the operation of other projects in Chile and elsewhere in Latin America.

EXAMPLES OF DEVELOPMENT LOANS IN LATIN AMERICA

Three examples of development loans together with their effects are outlined below to show the secondary impact on United States trade from this type of lending.

1. Brazilian steel: The Bank's first industrial development loan

In June of 1940 Brazil had approached the Bank for a credit to assist in financing the construction of an integrated steel plant in that country. Although it had many of the raw materials for industrial development, Brazil depended principally upon the export of its agricultural products to earn the exchange to purchase abroad a minimum of finished goods. It had several small steel mills, the largest of which was European owned and controlled. Annual imports of structural steel and rails from the United States totaled only about 300,000 tons.

In 1939 a leading steel company from the United States had prepared a report as to the feasibility of constructing a mill in Brazil and had made recommendations regarding locations and original capacity of such a plant. Private capital from the United States did not respond to the invitation of the Brazilian Government to construct such facilities. A group of Brazilians which included both private financiers and Government officials was organized to proceed with the plan with the full support of the Brazilian Government. The equivalent of $25 million of stock of the new company was to be offered first to the public in Brazil with any unsubscribed shares to be purchased by the Government. A loan of $20 million was requested from the Export-Import Bank to assist in financing the acquisition of technical services and equipment from the United States. The Bank retained engineers recommended by steel companies in the United States to advise it on the technical aspects of the proposal.

It was concluded that the loan requested would result in advantages to both Brazil and the United States. Aside from the immediate export of technical services and equipment, the new steel mill would permit Brazil to devote valuable resources to the common defense and would make a basic contribution to the development of that country. All experience supported the premise that the best customers of the United States were the industrialized nations and that as a country developed in all fields of industry and agriculture it increased the total of its purchases from the United States.

A loan of $20 million to Companhia Siderurgica Nacional (National Steel Co.) was authorized in October of 1940 subject to completion of local financing and construction plans.

Repayment of the loan was to be guaranteed by Banco de Brasil. An engineering company experienced in the design of steel mills in the United States was engaged to supervise the design, construction, and initial operations of the plant. The contract with the Export-Import Bank was signed in May of 1941. It was anticipated in Brazil that the mill would commence operations in 1943. Demands of the defense effort and subsequently of the war prevented completion of the plant until 1946 and increased the cost above the original estimates. The credit was increased to $25 million in December 1941, and the bank extended a second loan of $20 million in 1943. The contribution of additional funds in Brazil reached the equivalent of $130 million, a part of which was used for further purchases in the United States.

The credit for the Brazilian steel mill was the first extended by the bank to assist in

financing an industrial development abroad. Its authorization was accepted in Brazil and throughout Latin America as tangible evidence of an intention to cooperate in the field of economic development as well as in the defense effort. In an address before the Latin-American lecture series in Washington in November of 1940, Mr. Warren Lee Pierson, then president of the Export-Import Bank, referred to the former dependence of those countries upon European capital and markets as producing the "psychology of a colony rather than a nation," and said further:

"Everyone must admit that our greatest markets are the most highly industrialized nations, but I was pleased to read recently the following editorial in a newspaper in Pittsburgh, one of our most important steel centers.

"Commenting upon the Export-Import Bank loan of $20 million for a Brazilian steel mill, the Pittsburgh Press said:

" 'If Brazil's dependence on us for steel is reduced, her dependence on Europe for steel will be reduced even more, and her balance of trade will increase likewise.

" 'Future development of our trade with South America lies not along the line of further concessions to exploit natural resources, but in helping other American countries to build-up stable, independent economies. As their standards of living rise, they will become progressively better markets for a wider variety of our goods'."

Since the opening of the plant in 1946 new industries designed to operate with steel produced by this plant have been created in Brazil by the investment of private funds. It was reported in 1950 that 28 new companies had been established and that the operations of 56 existing companies had been expanded. Furthermore, as Brazilian industrial development progressed, imports of steel from the United States had by 1951 increased in volume by more than one-third.

2. Colombia's Saldaña irrigation project

With development loans first established in July 1943 and later increased to a total of $14.5 million, Colombia has been successfully carrying forward its plan to improve agricultural production in the Saldaña River area. Unable in 1943 to feed her people adequately from domestic production of foodstuffs, Colombia was forced to import food. Good land was available, but required irrigation.

These loans from the Export-Import Bank to the Caja de Credito Agrario, Industrio y Minero, have made possible a marked improvement in agricultural production. After extensive soil surveys and drainage-system engineering, diversion dams, canal-intake structures, and miles of irrigation canals have been constructed. Now lands formerly used only for grazing are being worked by owners who once were tenants, and are producing rice, fruit, sesame, and other agricultural products under intensive cultivation for local use.

Not only did these credits finance the sale of United States equipment, materials, and services for construction of the irrigation works which otherwise might not have been undertaken for many years. The works thus financed have aided Colombian authorities in bringing about a marked improvement in the social and economic position of the people living in the area so that they are now able to own their own farms.

The productivity of the area has increased sharply. Within 18 months after construction of the first stage of the project was completed, the gross yield of the region almost equaled the entire amount of the credit. Here the secondary effect of the bank's development loans is strikingly illustrated, for these farmers, now economically strong for the first time, are spending large sums for the equipment which they now require. Thus United States suppliers of harvesters, trucks, milling machinery, storage bins, and a wide range of other equipment now find in the Saldaña Valley an active dollar market which was not in existence before the bank's loans were made.

3. Cuban Electric Co. development

The Cuban Electric Co. is one of the most important subsidiaries of the American & Foreign Power Co., Inc., and supplies electric service for most of Cuba, including Havana and other principal communities.

The Export-Import Bank extended a credit of $12 million to Cuban Electric in March 1951, and has just authorized an increase in the loan to $24 million. These funds constitute a minor part of the financing needed by the company to provide for increases in power capacity. The major part of the financing is from the company's earnings and from private investors in Cuba. The bank's funds will finance a portion of the company's purchases of materials, generating equipment, and services in the United States.

Cuba has been heavily dependent on one product—sugar. For this reason the Cuban Government has undertaken a program to stimulate the development of other activities, especially in manufacturing, mining, and agriculture. New ventures of this sort require a dependable supply of electric power of which there have been serious shortages in Cuba in recent years. Accordingly, the Cuban Government has urged the Cuban Electric Co., sole large power producer, to provide adequate capacity for the growth of the country.

Availability of adequate electric power throughout the island is basic to its economic growth and diversification. Adequate power is expected to facilitate the expansion of industry generally and to result in the installation of many labor-saving devices in food processing, dairying, manufacturing, and mining. Thus, although the immediate effect of the bank's loans to Cuban Electric will be to assist in financing the export of more than $24 million of United States goods and services, the ultimate effect undoubtedly will be very much greater. As a consequence of the provision of adequate supplies of power, the demand in Cuba during ensuing years for the wide variety of American products will be greatly stimulated. Thus the resulting export business that will be done without recourse to public financing will be many times larger than the bank credits for development which will have made it possible.

Dr. E. G. Claiborn

EXTENSION OF REMARKS
OF
HON. MORGAN M. MOULDER
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES

Thursday, April 1, 1954

Mr. MOULDER. Mr. Speaker, on this day, Dr. E. G. Claiborn, of Camdenton, Mo., has completed 58 years as a practicing physician. I take this opportunity on the floor of the House of the United States Congress to pay tribute to Dr. Claiborn and his noble work as a physician. We can acquire inspiration from meditation upon his life and achievements of great service to the people he has so well served in south-central Missouri.

Dr. Claiborn was born in Pulaski County, near Crocker, the son of Mr. and Mrs. D. A. Claiborn. In addition to attending the rural schools of the community, he attended the institute at Old Linn Creek and, after teaching school 1 year, the Union School in Camden County, he entered the Missouri Medical College at St. Louis, Mo., which is now known as the Washington University. He graduated from this school March 24, 1896, and only a few days later he opened his first office.

He opened his office at Decaturville, April 1, 1896. Since that time has continued his practice in Camden County. For the first 37 years his office was at Decaturville, but in 1933 he moved his office and home to Camdenton, where he still answers all calls, both day and night.

The medical profession has been, and is, honored by Dr. Claiborn's outstanding and faithful service, and the thousands of people he has administered to are grateful to him. His record of service in life and his host of friends will forever bear witness as a monument to this great man far more permanent than marble.

HOUSE OF REPRESENTATIVES

FRIDAY, APRIL 2, 1954

The House met at 11 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, we thank Thee for this new day wherein we are privileged to live and labor.

Help us to understand the significance and importance of our duties and responsibilities and may no temptation entice us from discharging them faithfully.

Give us a wholehearted devotion to our appointed tasks and, at all times, the vision to see and the strength to do Thy holy will.

May we be openminded in our attitude to those views and opinions of our colleagues which may differ from our own.

Grant that we may be patient under provocation, charitable in our judgments, and respectful and courteous to all.

We earnestly beseech Thee that our President, our Speaker, and the Members of the Congress may have the guidance of Thy spirit in these days of peril and perplexity.

In the name of Christ we pray. Amen.

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

SPECIAL ORDERS GRANTED

Mr. HOFFMAN of Michigan asked and was given permission to address the House for 20 minutes on Monday next, following the legislative program and any special orders heretofore entered.

Mr. SECREST asked and was given permission to address the House for 15