made the concessions they did, and how the wrongness of those concessions can be recognized in future situations of similar temptation and pressure.

The chief victims of Yalta were free Poland and free China, which went into Communist captivity as a direct or indirect result. Neither country was represented at Yalta. The atmosphere of Big Three arrogance in which their fate was decided is illustrated by a statement of Roosevelt's: "He did not attach any importance to the continuity or legality of any Polish Government, since he thought in some years there had been in reality no Polish government." Yet his own administration had all along backed the Polish Government in exile and had many signed agreements with it, including the Atlantic Charter. The same heady note was more bluntly struck by Stalin, who declared it "ridiculous to believe that Albania would have an equal voice with the three great powers who had won the war * * *". What could not live in such an atmosphere was not only the voice of small nations, but the voice of any general principles of law and conduct that are the only alternative, in international as in domestic affairs, to the rule of fear and force.

"In increasing disregard of the right of weaker nations"—that was the source of Yalta's tragedy, wrote Historian G. F. Hudson in Commentary nearly a year ago. "During the last 2 years of his life Roosevelt fell more and more under the spell of his vision of a world governed arbitrarily for its good by a conclave of three men. * * * But it was necessarily Russia, and not the Western Powers, that gained by Big Three dictatorship, for it implied principles of an authoritarian, and not of a democratic order. The democracies can never play the totalitarian game unless they themselves become totalitarian; their interest as democracies lies in a world of independent and freely associated nations large and small."

It will take years of a more principled foreign policy before the West can wholly live down Yalta and reestablish its own coherent system, in which order is a function of consent and power is "not the parent but the servant of the right to command." The lesson of Yalta for the powerful is to resist the temptation to appease communism with other people's freedom, be they Poles, Chinese, or the Albanians for whom Stalin expressed such scorn. Yalta's victims remain on the agenda of liberation. That is what we confront when we turn from recriminations over Yalta to the long task of expiating it.

Mr. Speaker, that editorial is both blunt and inspiring. It warns that "it will take years of a more principled foreign policy before the West can wholly live down Yalta and reestablish its own coherent system." It rightfully concludes that the period of recrimination must end by rectifying the terrible mistakes of Yalta and that the enslaved nations make up our agenda for liberation. Life is to be congratulated for this hard hitting and stimulating editorial.

Under leave to extend my remarks in the RECORD, I have inserted these editorials, and commend them to the reading of all Members of Congress.

Isolation of Israel

EXTENSION OF REMARKS
OF
HON. EMANUEL CELLER
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 22, 1955

Mr. CELLER. Mr. Speaker, our State Department is unfortunately and mistakenly bent at this time upon a policy of isolation of Israel. In doing so, the Department seems to protest to the world "not that we love Israel less but we love our defense pacts more." It does not seem to matter one whit to our policymakers that this infant nation, the standard bearer of democracy in the Middle East has, despite every manner and kind of obstacle placed before it, progressed toward maturity in wondrous contrast to the lack of progress, the illiteracy and the despairing population of the surrounding seven Arab nations. The attitude seems to be that Israel can take care of herself and hence all aid and comfort must be given to the Arab nations.

The question occurs to me whether, if Israel, with all its technological advantages, with its skilled labor force, with its strides in scientific achievement, with proven military skills, were to kick and to fuss against allying itself with the West, were to demand that she, too, be wooed and won, would she thus be dismissed and pressed into disregard? There is a considerable irony in the fact that Israel, being so definitely and conclusively oriented toward the West, should now be permitted to live in jeopardy by the very powers of the West. At Bandung, at the Asian-African Conference, Dr. Fadhill al-Jamali, Minister of State of Iraq and leader of the Iraqi delegation to the conference, named in the same breath colonialism, communism, and zionism as evils which disturb world peace and harmony. He calls zionism "the worst offspring of imperialism." He said he hoped the conference would brand Israel an illegitimate state and an aggressor and see to it that "Arab rights in their own home in Palestine are recognized and restored."

This man speaks for the nation to whom we are sending arms.

His associate, Premier Nuri Said, of Iraq, said only a little while ago that he considered the Zionist danger took precedence over the Communist danger.

Have we not here the evidence of a perspective in international affairs that spells danger to the interest of the United States?

It is tragic that this conceit of Arab policy is now to be spread through the Far East and Africa. The Premier of Iraq has called upon her new ally, Turkey, as well as Pakistan, to support the Arabs in a battle against Israel. There is none at the conference who will counter the spread of this antagonism into Asia and central Africa.

Sir Anthony Eden has given top priority to the search for a solution for Middle East tensions. It is an historical fact that world conflagrations start in areas that do not occupy great prominence on the map of the world. Hence, it is imperative that our State Department join in this search for solutions to bring peace to the Middle East. Every day of delay increases the danger. Only thus can the best interests of the United States be served, and we, as citizens of this beloved country, cannot silently acquiesce to a policy which cannot possibly enhance the search for peace.

SENATE

WEDNESDAY, MARCH 23, 1955

(Legislative day of Thursday, March 10, 1955)

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

His Grace, the Right Reverend Athenagoras, of Boston, Mass., bishop of Elaia, Greek Orthodox Church of America, offered the following prayer:

Almighty and ever-living God, the source of all goodness, our refuge and protection, who in Thy providence hast made us heirs of this great and bountiful land of freedom, unto Thee we offer thanks.

As Thou hast condescended to send Thy Son, our Lord Jesus Christ, for us, so make us grateful recipients and worthy guardians of the teachings and ideals that He brought from above for our enlightenment and salvation.

As, under Thy guidance, our fathers retained their determination and sustained their courage, making our land free, so bless the glorious inheritance that we have received from their steadfastness and faith unto Thee.

As Thou hast made from one all nations of man to live on the face of the earth, so, O God of Nations, teach us to discover all nations' achievements and honor their contributions and sacrifices in the struggle for peace and freedom.

We thank Thee especially for the enlightening example in wisdom and bloody sacrifices for freedom of the gallant Greek Nation, whose day of independence we observe this week. We thank Thee for those defenders of honor, peace, and integrity who have sacrificed themselves for others; those who now strive to make us all understand our duties and appreciate our freedom and honor the traditions of our glorious land.

We beseech Thee, O Lord, grant that all those in authority prove themselves worthy of Thy people's trust. Bless all who work for peace and justice. Strengthen with Christian patience and true insight those who safeguard this blessed land from the threats of Thine enemies, the international assailants, the false preachers of nihilism and destruction.

Grant that this land may continue to grow in Thy sight, free and peace loving, a fortress of democracy, a sanctuary for the persecuted, always sharing its material and spiritual abundance with the needy of the world.

Fortify our ideals, O Lord, with Thy love, for where there is love there is no fear, no confusion. Pour unto our souls Thy peace which passeth all understanding, for only in Thee, the Father, the

Son, and the Holy Spirit, do we find that peace which the world cannot give, the true source of freedom, joy, and justice. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, March 22, 1955, was dispensed with.

MESSAGE FROM THE HOUSE— ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 913. An act to eliminate the need for renewal of oaths of office upon change of status of employees of the Senate or House of Representatives; and

H. R. 2576. An act to further amend the Reorganization Act of 1949, as amended, so that such act will apply to reorganization plans transmitted to the Congress at any time before June 1, 1957.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. ELLENDER, and by unanimous consent, the Committee on Agriculture and Forestry was authorized to meet today during the session of the Senate.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, I am about to suggest the absence of a quorum, in the hope that a large number of Senators will be present on the floor, and then I plan to propose a unanimous-consent agreement concerning laying the unfinished business aside and proceeding to the consideration of the resolutions reported by the Committee on Banking and Currency. Before I make that suggestion, I wish to have as many interested Senators as possible present on the floor, in order that they may know of the intended course of action.

I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

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

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

SALE OF RUBBER-PRODUCING FACILITIES — UNANIMOUS-CONSENT AGREEMENT

Mr. JOHNSON of Texas. Mr. President, I have conferred with the minority leader and with the distinguished chairman of the Committee on Agriculture and Forestry [Mr. ELLENDER]. It is my understanding that the Committee on Agriculture and Forestry will meet this afternoon, to give consideration to certain suggestions which have been made and which, we hope, will eliminate the controversy now extant in respect to the cotton situation.

In view of the fact that before Friday action must be taken on the rubber-plant disposal resolutions, which have been reported from the Committee on Banking and Currency, it is our thought that if we can obtain a unanimous agreement in regard to action on those resolutions, we shall move to lay aside temporarily the cotton-acreage bill, and have the Senate consider the rubber-plant disposal resolutions coming from the Banking and Currency Committee.

I have talked to the distinguished minority leader [Mr. KNOWLAND], and he is agreeable to the suggestion. I have discussed it with the chairman of the subcommittee handling the rubber-plant disposal measures, and he is agreeable to the suggestion. I have discussed it with the senior Senator from Oregon [Mr. MORSE], who has a resolution of disapproval; and he is agreeable to the suggestion.

Therefore, Mr. President, on behalf of the majority and minority leaders, I submit a proposed unanimous-consent agreement, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The proposed agreement will be stated.

The legislative clerk read as follows:

Ordered, That when called up by the majority leader for consideration debate on the following bill and resolutions shall be limited as hereinafter indicated:

S. 691, a bill to amend the Rubber Producing Facilities Disposal Act of 1953, so as to permit the disposal thereunder of Plancor No. 877 at Baytown, Tex.;

Senate Resolution 76, resolution disapproving the sale of the rubber-producing facilities; and

Senate Resolution 78 and Senate Resolution 79, resolutions disapproving the sale of certain rubber-producing facilities in California.

On S. 691, debate shall be limited to not exceeding 2 hours, to be equally divided and controlled by the majority and minority leaders; and not to exceed 1 hour on any floor amendment, motion, or appeal in connection therewith, to be equally divided and controlled by the proposer of any such amendment, motion, or appeal and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

On Senate Resolution 76, debate shall be limited to 6 hours, to be equally divided and controlled by the majority leader and the Senator from Oregon [Mr. MORSE].

On Senate Resolution 78 and Senate Resolution 79 (which shall be considered jointly), debate shall be limited to 4 hours, to be equally divided and controlled, respectively, by the majority and minority leaders.

The VICE PRESIDENT. Is there objection to the proposed unanimous-consent agreement? The Chair hears none, and the agreement is entered.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that at this time there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

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

EXECUTIVE COMMUNICATIONS

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

PROPOSED SUPPLEMENTAL APPROPRIATION, DEPARTMENT OF COMMERCE (S. Doc. No. 17)

A communication from the President of the United States, transmitting a proposed supplemental appropriation for the Department of Commerce, in the amount of $110,854, for the fiscal year 1955 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION, DEPARTMENT OF JUSTICE (S. Doc. No. 18)

A communication from the President of the United States, transmitting a proposed supplemental appropriation, for the Department of Justice, in the amount of $300,000, for the fiscal year 1955 (with an accompanypaper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATIONS, FOR THE JUDICIARY (S. Doc. No. 19)

A communication from the President of the United States, transmitting proposed supplemental appropriations for the judiciary, in the amount of $877,800, for the fiscal year 1955 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION, DEPARTMENT OF LABOR (S. Doc. No. 20)

A communication from the President of the United States, transmitting a proposed supplemental appropriation for the Department of Labor, in the amount of $13,000,000, for the fiscal year 1955 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION, TAX COURT OF THE UNITED STATES (S. Doc. No. 21)

A communication from the President of the United States, transmitting a proposed supplemental appropriation for the Tax Court of the United States, in the amount of $63,000, for the fiscal year 1955 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATIONS, FOR THE LEGISLATIVE BRANCH (S. Doc. No. 22)

A communication from the President of the United States, transmitting proposed supplemental appropriations for the legislative branch, in the amount of $438,233, for the fiscal year 1955 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED PROVISION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE (S. Doc. No. 16)

A communication from the President of the United States, transmitting a proposed provision, for the fiscal year 1955, for the Department of Health, Education, and Welfare (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PETITIONS AND MEMORIALS

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

By Mr. LANGER (for himself and Mr. YOUNG):

A concurrent resolution of the Legislature of the State of North Dakota; to the

Committee on Interstate and Foreign Commerce:

"House Concurrent Resolution V–1

"Concurrent resolution urging the Federal Power Commission to deny applications for the importation of foreign natural gas into the north central area while a surplus of gas exists in this area

"Whereas applications are now pending before the Federal Power Commission for the importation of foreign natural gas into North Dakota and other States of the north central area of the United States; and

"Whereas the importation of natural gas from foreign sources will retard and handicap the development of the natural resources of North Dakota and the north central area; and

"Whereas it is in the interest of the prosperity and development of the State of North Dakota that the natural resources of this State be used in an efficient and useful manner without unfair competition from foreign sources: Now, therefore, be it

"Resolved by the House of Representatives of the State of North Dakota (the Senate concurring therein), That this legislative assembly expresses its continuing concern over the granting of any applications for the importation into North Dakota of supplies of natural gas from foreign sources until such time as existing supplies of such products within the State of North Dakota and the north central area of the United States are being fully, safely, and adequately utilized as determined by the North Dakota Public Service Commission; and that this legislative assembly hereby urges and requests the Federal Power Commission to allow such importations only when the above conditions are met; be it further

"Resolved, That copies of this resolution be forwarded by the chief clerk of the house of representatives to the Federal Power Commission and to each member of the North Dakota congressional delegation, and to the North Dakota Public Service Commission.

"R. A. FITCH,
"Speaker of the House.
"KENNETH L. MORGAN,
"Chief Clerk of the House.
"C. R. DAHL,
"President of the Senate.
"EDWARD LENO,
"Secretary of the Senate."

A concurrent resolution of the legislature of the State of North Dakota; to the Committee on Interior and Insular Affairs:

"House Concurrent Resolution H–2

"Concurrent resolution urging Congress and the Bureau of Indian Affairs to establish tribal courts or courts of Indian offenses for the Fort Totten Indian Reservation

"Whereas the Federal Government has withdrawn from law enforcement activities upon the Fort Totten Indian Reservation; and

"Whereas the Supreme Court of the State of North Dakota has ruled that this State has no jurisdiction over such Indian lands; and

"Whereas there is presently no provision for any law enforcement whatsoever upon the Fort Totten Indian Reservation except for the 10 major crimes; Now, therefore, be it

"Resolved by the House of Representatives of the State of North Dakota (the Senate concurring therein), That the legislative assembly hereby urges and requests the Congress and the Bureau of Indian Affairs to provide for the establishment of tribal courts or courts of Indian offenses at Fort Totten Indian Reservation in order to maintain law and order on such Indian lands; and be it further

"Resolved, That copies of this resolution be forwarded by the chief clerk of the house of representatives to the the President of the United States, the Bureau of Indian Affairs, and to each Member of the North Dakota congressional delegation.

"K. A. FITCH,
"Speaker of the House.
"KENNETH L. MORGAN,
"Chief Clerk of the House.
"C. P. DAHL,
"President of the Senate.
"EDWARD LUCO,
"Secretary of the Senate."

AMENDMENT OF NATURAL GAS ACT—RESOLUTION OF CITY COUNCIL OF DULUTH, MINN.

Mr. THYE. Mr. President, within recent days, I have received copies of resolutions adopted by the city councils of Minneapolis and St. Paul, in which concern and opposition is expressed to pending legislation relating to the jurisdiction of the Federal Power Commission over the production and gathering of natural gas, and its sale to interstate pipeline companies. The text of these resolutions I have already called to the attention of the Senate through insertion in the RECORD.

Today I received a copy of another resolution, this being one considered and adopted by the City Council of the City of Duluth, Minn., on March 21, 1955.

Mr. President, I present the resolution, for appropriate reference and ask unanimous consent that it be printed in the RECORD.

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

Whereas, under the provisions of the so-called Harris bill (H. R. 4560), it is proposed to take away from the regulation of the Federal Power Commission all production, gathering, processing, treating, compressing, and deivering of natural gas to pipeline companies; and

Whereas by the provisions of said bill it is proposed to limit the jurisdiction of the Federal Power Commission to regulate natural gas to only such sales for resale as occur after the completion of all production, gathering, processing, treating, compressing, and delivery of such gas to pipeline companies; and

Whereas it is proposed by such legislation to limit sales of natural gas for resale to such sales in interstate commerce as occur after the commencement of the transportation of such gas in interstate commerce but which do not include any sales which occur in, or within the vicinity of, the field or fields where produced at or prior to the commencement of such transportation of natural gas in interstate commerce; and

Whereas it is further proposed by said H. R. 4560 to require the Federal Power Commission to fix a rate based on the fair field price of such natural gas; and

Whereas it is the opinion of the city council that the passage of this bill, or any legislation similar in purpose or effect, will nullify the decision of the United States Supreme Court in the case of *Phillips Petroleum Co.* v. *State of Wisconsin* (347 U. S. 672, 74 S. Ct. 794 (1954)), thereby destroying the benefits to be derived from such decision; and

Whereas the consumption of natural gas by domestic consumers in the city of Duluth would be proportionately greater than most other large urban centers because of the long and intensely cold winter season, and, therefore, the city of Duluth is vitally interested in any legislation which might tend to increase the price of gas to consumers; and

Whereas it is the opinion of the city council that passage of this bill, or any similar legislation which has for its object the removal from the jurisdiction of the Federal Power Commission all production, gathering, processing, treating, and compressing in the producing field or in the vicinity of the producing field of natural gas, may well result in increased cost burdens to consumers of gas in the city of Duluth for the reason, among others, that the producing States, before such gas enters the pipelines, may levy substantial attribution and other charges, which charges may be included in the cost of gas to the consumers thereof; and

Whereas it is the opinion of the city council that requiring the Commission to fix a price according to the fair field formula may result in increased rates to consumers of natural gas in the city of Duluth; and

Whereas it is the opinion of the city council that the said H. R. 4560 is not in the public interest: Now, therefore, be it

Resolved, That the City Council of the City of Duluth opposes the passage of H. R. 4560, or any legislation having a similar object; and requests the Members in Congress from Minnesota to exert their utmost efforts to defeat such bill; further

Resolved, That the city clerk is hereby directed forthwith to mail a certified copy of this resolution to each Member of the United States Congress from the State of Minnesota.

Mr. HUMPHREY presented a resolution of the City Council of the City of Duluth, Minn., identical with the foregoing, which was referred to the Committee on Interstate and Foreign Commerce.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. AIKEN, from the Committee on Agriculture and Forestry:

S. 46. A bill to further amend the Agricultural Adjustment Act of 1938, as amended, to exempt certain wheat producers from liability under the act where all the wheat crop is fed or used for seed on the farm, and for other purposes; without amendment (Rept. No. 119).

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, March 23, 1955, he presented to the President of the United States the enrolled bill (S. 913) to eliminate the need for renewal of oaths of office upon change of status of employees of the Senate or House of Representatives.

BILLS AND A 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. YOUNG (for himself and Mr. LANGER):

S. 1530. A bill to change the name of the reservoir above Garrison Dam and known as Garrison Reservoir or Garrison Lake, to Lake Sakakawea; to the Committee on Public Works.

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

By Mr. WILEY:

S. 1531. A bill to authorize the construction of a new general medical-surgical hos-

pital at the Veterans' Administration Center, Wood, Wis., and for other purposes; to the Committee on Labor and Public Welfare.

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

By Mr. JOHNSON of Texas:

S. 1532. A bill to provide for a preliminary examination and survey of the San Felipe Creek, Tex., for flood control and allied purposes; to the Committee on Public Works.

By Mr. CURTIS:

S. 1533. A bill for the relief of John Nicholas Christodoulias; to the Committee on the Judiciary.

By Mr. MANSFIELD (for Mr. MURRAY and himself):

S. 1534. A bill to facilitate the construction of drainage works and other minor items on Federal reclamation and like projects; and

S. 1535. A bill authorizing the issuance of patents to certain members of the Blackfeet Indian Tribe holding exchange assignments on tribal lands; to the Committee on Interior and Insular Affairs.

By Mr. WELKER:

S. 1536. A bill to provide for the relinquishment and disposal of farm labor camps under the jurisdiction of the United States Housing Authority; to the Committee on Banking and Currency.

By Mr. BUSH:

S. 1537. A bill for the relief of Carol Brandon (Valtrude Probst); to the Committee on the Judiciary.

By Mr. HUMPHREY (for himself and Mr. AIKEN):

S. 1538. A bill to amend the Commodity Exchange Act; to the Committee on Agriculture and Forestry.

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

By Mr. MARTIN of Iowa:

S. 1539. A bill for the relief of M. Sgt. Robert A. Espe; to the Committee on the Judiciary.

By Mr. IVES:

S. 1540. A bill for the relief of Edith Kahler; to the Committee on the Judiciary.

By Mr. DOUGLAS (for himself and Mr. HENNINGS):

S. 1541. A bill for the relief of Ernst Fraenkel and his wife, Hanna Fraenkel; to the Committee on the Judiciary.

By Mr. DANIEL:

S. J. Res. 58. Joint resolution to designate the 1st day of May 1955 as Loyalty Day; to the Committee on the Judiciary.

DESIGNATION OF LAKE CREATED BY GARRISON DAM IN NORTH DAKOTA AS "LAKE SAKAKAWEA"

Mr. YOUNG. Mr. President, on behalf of myself, and my colleague, the senior Senator from North Dakota [Mr. LANGER], I introduce, for appropriate reference, a bill to change the name of the reservoir above Garrison Dam and known as Garrison Reservoir or Garrison Lake, to Lake Sakakawea. I ask unanimous consent to make not more than a 2-minute statement regarding the bill.

The VICE PRESIDENT. The bill will be received and appropriately referred. Under the unanimous consent agreement, the Senator is entitled to 2 minutes.

The bill (S. 1530) to change the name of the reservoir above Garrison Dam and known as Garrison Reservoir or Garrison Lake, to Lake Sakakawea, introduced by Mr. YOUNG (for himself and Mr. LANGER), was received, read twice by its title, and referred to the Committee on Public Works.

Mr. YOUNG. Mr. President, I have just introduced, on behalf of my colleague, the senior Senator from North Dakota [Mr. LANGER] and myself, a bill which would designate the lake created by Garrison Dam in North Dakota as Lake Sakakawea. I ask the indulgence of the Senate for a moment or two to point out a few of the many great attributes that this Indian woman possessed.

Sakakawea, as a young Indian girl, was captured by an Indian war party and brought to the Indian camp which was located very near the present site of Garrison Dam. History indicates that she may have been a Shoshone Indian, since she was captured near Three Forks, Mont., where the Shoshones lived. However, the three affiliated tribes now residing on the Fort Berthold Reservation claim that Sakakawea was a member of one of their tribes, namely the Gros Ventre. I have every reason to believe that their historical records with respect to her heritage are correct.

It is believed she was approximately 12 years of age at the time she was captured, and a short time after her arrival in North Dakota, she met a man by the name of Charbonneau, a French trader residing at the Indian village, who later married her. The spelling of her name, as well as her heritage, is controversial, but the adopted usage of her name in North Dakota is the one which appears in my bill and is taken to mean "The Bird Woman."

When the Louis and Clark expedition reached the Indian village near the present site of the Fort Berthold Reservation in the early winter of 1804, they employed Charbonneau as an interpreter and agreed that his young wife would also accompany the expedition as it moved westward in the spring. In February of 1805, Sakakawea gave birth to an infant son, and with this added burden journeyed westward. She faced all of the hardships of the journey with staunch courage. In the records of this expedition, Louis and Clark pointed out many times that her cheerfulness and resourcefulness contributed a great deal to the success of their mission. While she did not serve as an official guide, existing records indicate that it was she who pointed out to Captain Clark the location of Bozeman Pass and other landmarks near the headwaters of the Missouri River, since she was very familiar with that portion of the route. When they reached the lands occupied by the Shoshone Indians, Sakakawea was successful in obtaining horses and other assistance from those Indians.

After the expedition had completed its trip to the Pacific, it returned to what is known as the Knife River villages, and Captain Clark, in an effort to repay Sakakawea for her invaluable service, offered to educate her son if he were placed under his care at St. Louis. It is estimated that Sakakawea died in 1812 at the age of 25. Here again another controversy exists as to her actual place of burial, which history has never completely resolved, due primarily to the lack of official documents.

Since our present civilization owes a great deal, in my opinion, to the well known and noted Indian leaders who in their own way played an important part in the settling of this Nation, I think it only fitting and proper that this lake being created on the Missouri River be named in memory of Sakakawea. She knew and understood the Missouri River from its headwaters to the present site of Garrison dam. Her ingenuity materially aided the exploration by Lewis and Clark of this river and northwest territory. Her memory is generally revered by all of the Indians who presently reside along the Missouri River.

I am hopeful that this Congress, in gratitude of her many contributions, will see fit to approve my bill, naming that impounded body of water created by Garrison Dam, Lake Sakakawea.

PROPOSED NEW VETERANS HOSPITAL AT WOOD, WIS.

Mr. WILEY. Mr. President, I introduce, for appropriate reference, a bill to authorize the construction of a new general medical-surgical hospital at the Veterans' Administration Center, Wood, Wis., and for other purposes. This bill is a companion measure to one introduced in the House of Representatives by my distinguished colleague, Representative CLEMENT ZABLOCKI, House bill 600, for the purpose of affording improved medical service to Wisconsin veterans, now serviced by the grossly inadequate facilities at the Veterans' Administration General Hospital and domiciliary facilities at Wood, Wis.

Representative ZABLOCKI has previously introduced important bills for this same purpose. Yesterday he commented anew on the floor of the House of Representatives, rightly pointing up the extremely inadequate condition of the present obsolete facilities at Wood.

I ask unanimous consent that a brief statement which I have prepared on this subject, together with appended materials, be printed in the RECORD.

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

The bill (S. 1531) to authorize the construction of a new general medical-surgical hospital at the Veterans' Administration Center, Wood, Wis., and for other purposes, introduced by Mr. WILEY, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

The statement and related materials, presented by Mr. WILEY, are as follows:

STATEMENT BY SENATOR WILEY

THE NEED FOR NEW FACILITIES

From all over my State, I have heard from a great many veterans organizations which are deeply interested in strengthening of medical services to Wisconsin's ill and disabled veterans.

For that purpose, I am pleased to introduce this companion bill H. R. 600.

I believe as CLEM ZABLOCKI has believed—in his 3-year fight for this bill—that its passage would go a long way toward fulfilling of the Nation's debt to the veterans in my particular area.

Let me say that it is, in my judgment, poor economy, indeed, it is pennywise and pound foolish, to deny adequate modern medical facilities to ill ex-servicemen.

When a man is restored to health or at least is given every medical service that modern science can provide, he is in a far better position to help himself and to contribute to his loved ones and to his Nation, than when he lies flat on his back because of receiving inadequate attention in an inadequate decrepit facility.

As for elderly veterans, there is no veteran so old that he cannot be helped to enjoy life more and to use his remaining years as constructively as possible.

It is good economy to serve the veteran's needs decently and efficiently and it is poor economy to serve them badly.

But, more important, there is a humanitarian issue involved, and there is a patriotic issue involving our Nation's obligations to those who saved it on the field of battle.

VA report to House committee

The VA itself has listed Wood as 1 of 56 hospitals which need complete renovation or modernization. More important, it is on a list of 16 hospitals included in a plan for eventual replacement. So, we might paraphrase the old advertisement, which read, "If eventually, why not now?"

Let us not wait needlessly. Let us have a new 1,500-bed hospital at Wood. Such a hospital would be magnificent news not only to our veterans but to the hard-working management headed by D. C. Firmin and his able staff at Wood which has to get along with pitifully ancient facilities. Medical science should not be denied what it needs.

So, let us not merely perform some patchwork on Wood—replacing one unit or piece of equipment here or there. Let us get a new hospital to house 1,661 domiciliary beds, thus replacing the present "dom" facilities, some of which date back as far as 1867. Let us plan well and comprehensively, rather than fumble along with halfway measures for those who, after all, did not give half of themselves but rather all of themselves in the service of our land.

Hope for favorable report

I hope therefore that our good friend, VA Administrator Harvey Higley will report favorably on this proposed legislation, so that it can be enacted separately or in an ominbus bill with reasonable speed. I know that there are other acute VA facility problems elsewhere in our Nation, but I feel that the situation at Wood is unique in many respects and should be promptly remedied.

There follow various expressions which I have received from Wisconsin veterans' groups and the text of an article which appears in the current issue of the Disabled American Veterans magazine in my State.

MILWAUKEE COUNTY CHAPTER,
CATHOLIC WAR VETERANS,
Milwaukee, Wis., March 8, 1955.

Hon. ALEXANDER WILEY,
United States Senate,
Washington, D. C.

DEAR MR. WILEY: The Milwaukee County chapter of the Catholic War Veterans of America, in meeting assembled February 28, 1955, wholeheartedly endorses the proposed bill in Congress, H. R. 600. We all know we cannot do enough for our disabled veterans, those who were injured while in the service of their country.

They deserve the proper hospitals and the proper care. They can receive this in good and modern VA hospitals. The waiting list is long. The need is great.

If, however, the hospitals throughout the country are in the shape that Wood, Wis., is in, they will never be taken care of. The "dorm" there is old, inadequate, and is a virtual firetrap. It is overcrowded, and the waiting list is a mile long.

Something must be done. H. R. 600 is a good start. Many of the men and women are getting treatment in poor and expensive places. Let us get them in a sound and proper VA program—the best that we can give them.

We are hoping the bill passes through the House quickly and that the Senate acts favorably upon it. We Catholic war veterans of Milwaukee strongly urge you and Senator MCCARTHY to support this bill and convince the others.

These veterans deserve all we can give them. We will do our American duty.

Thank you very much.

Sincerely yours,

ROGER PETERS,
Adjutant.

CHINA-BURMA-INDIA
VETERANS ASSOCIATION,
Milwaukee, Wis., March 15, 1955.

Hon. ALEXANDER WILEY,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: The Wisconsin department of the China-Burma-India Veterans Association respectfully requests your ardent support of H. R. 600 which provides, in effect an appropriation for the construction of new hospital buildings at Veterans' Administration Hospital, Wood, Wis.

Our veterans organization, after careful study and consideration, recently passed a resolution favoring this must needed project. The present domiciliary buildings at this soldiers' home are very old, unsanitary, obsolete, and are certainly considered to be fire hazards. Whatever you can do to expedite the passage of this legislative measure will be deeply appreciated, not only by the patients of this installation, but also by all veterans of this area.

Cordially yours,

LESTER J. DENCKER,
GEORGE DIETZ,
Resolutions Committee.

[From the Disabled American Veterans magazine for March 1955]

WISCONSIN DAV SPARKS DRIVE FOR NEW VA HOSPITAL AT WOOD

(By Lloyd B. (Wash) Cain)

Encouraged by the introduction of H. R. 600 in the House of Representatives, calling for the construction of a new general medical-surgical hospital at the VA Center at Wood, Wisconsin Department Commander Howard Fairbanks, his staff and other DAV leaders in the State, have launched an all-out campaign to bring this program to a successful conclusion.

The resolution, as introduced by Congressman CLEMENT J. ZABLOCKI, Democrat, Wisconsin, and now referred to the Committee on Veterans Affairs of the House of Representatives, reads as follows:

"A bill to authorize the construction of a new general medical-surgical hospital at the Veterans' Administration Center, Wood, Wis., and for other purposes

"*Be it enacted, etc.*, That the Administrator of Veterans' Affairs is hereby authorized and directed to construct a new modern fireproof Veterans' Administration general medical and surgical hospital of 1,500 beds, with necessary auxiliary structures, on a suitable site at the Veterans' Administration Center, Wood, Wis.

"SEC. 2. The Administrator of Veterans' Affairs is further authorized and directed to convert the existing hospital buildings and facilities at the Veterans' Administration Center, Wood, Wis., for use as a domiciliary, to which, upon completion and opening of the new Veterans' Administration hospital herein authorized, or as soon thereafter as possible, shall be transferred all eligible veterans receiving domiciliary care at such center.

"SEC. 3. The Administrator of Veterans' Affairs is further authorized and directed to survey the existing domiciliary buildings and facilities at the Veterans' Administration Center, Wood, Wis., and, upon completion of the new hospital construction and conversion of the existing hospital to a domiciliary, herein authorized, to abandon and raze any or all of such existing domiciliary buildings and facilities as he finds to be obsolescent or inadaptable for further use.

"SEC. 4. There are hereby authorized such sums as may be necessary to carry out the purposes of this act."

In discussing this program with leaders over the weekend it was estimated that the new hospital would cost about $25 million, which would include modification of the present hospital facilities. A hospital of the type proposed would probably be a building about 18 stories in height.

If a new hospital were constructed, the domiciliary activities at Wood could be accommodated in the present hospital building. These latter buildings, while outmoded and very undesirable in many respects for hospital activities would be suited and easily adaptable for domiciliary activities. This would permit abandoning the old domiciliary buildings. These buildings were constructed during the period of 1867 through 1880, and have deteriorated to the extent that they have become fire hazards and a severe and very expensive maintenance problem. Moreover, the old structures do not provide any of the physical conveniences and facilities for standard care of the disabled veteran. This must be emphasized when considering the advancing age of all veterans.

Asked regarding the present population at the Wood Hospital, Mr. D. C. Firmin, manager, presented the following statistics:

Hospital patients: Korean veterans, 76; World War II veterans, 392; World War I veterans, 583; Spanish-American War veterans, 43; peacetime veterans, 7; and nonveterans, 7, for a total of 1,108.

Domiciliary members: Indian wars veterans, 3; retired Regular Army, 3; Spanish-American War veterans, 52; World War I veterans, 1,364; World War II veterans, 125; peacetime veterans, 23; Korean veterans, 0, for a total of 1,570.

The main hospital building at Wood was constructed in 1923. The building accommodating the NP service, which is apart from the main building was constructed in 1932. The main building was originally built as a TB hospital and later its use was converted to general medical and surgical. When these buildings were planned, the present active and dynamic medical program and its requirements were not anticipated. Following World War II, an overall change in the VA concept of a good medical program took place. There have been added various services as parts of the hospital team. Existing services have been expanded. There were absolute necessities to bring the medical and treatment standards for disabled veterans to the desired level. Attempt was made to crowd all these activities in the various wings of the hospital building, which never in any manner or fashion been designed to accommodate such services. Consequently, there resulted a crowded, inconvenient, inadequate, makeshift, and awkward arrangement. Much time and effort must be expended at great expense in the operation of the hospital, because of these inadequacies.

The construction of a new hospital would allow planning a combination of the hospital and RO outpatient services. This would result in eliminating duplication of effort and expense and would definitely improve the quality of service to the veteran.

Milwaukee is a logical site for such an outstanding VA medical center. Milwaukee

has one of the best medical schools, (Marquette University) in the country. Affiliation with the University Medical School and the availability of the most capable physicians on consultant basis assure the VA of the best possible medical practice in connection with the care of veterans. The Federal Government already owns sufficient land to undertake a construction program of this magnitude.

The present hospital bed capacity at Wood is 1,275. The Armed Forces have a current strength approaching 4 million. The increased potential veteran load is obvious. Therefore, the minimum size of a hospital of the general medical and surgical type for Wisconsin should at least approximate the present size.

A new hospital could be erected in an area adjacent to the existing hospital buildings in which the domiciliary activities would eventually be located. This would concentrate all the center medical activities (hospital, domiciliary, and outpatient service) in close proximity to each other, thereby greatly facilitating operation and resulting in tremendous savings in operating costs.

The VA center at Wood is a city in itself—a city of memory, a community of pain.

Its population is now about 2,780 men (and 10 women). They all served in the Armed Forces of the United States, and all are disabled or incapacitated in some way.

One ward of 30 beds, had been set aside for women veterans but because the demand has dwindled this has been reduced to an 18-bed ward. Currently only 210 women veterans are hospitalized.

Young men and old men alike live at Wood. The average age of the Spanish-American war veterans is about 76, compared with an average age of about 24 for the 76 hospitalized veterans of the Korean conflict.

The largest group at the center consists of World War I veterans, whose average age is now about 58. About 1,364 World War I men get domiciliary care at the center, and 583 are hospitalized.

The average daily hospital bed capacity is about 1,130.

World War II veterans, with an average age of 34, are the second largest group. About 392 World War II men are hospitalized, and 125 are receiving domiciliary care.

The center has a total of 2,936 beds in all categories. Of these, 1,275 are hospital beds and 1,661 are domiciliary-care beds.

The men in the domiciliary spend part of their time in arts and crafts activities, which include rug making, plastic work, leather work, wood work, and toy repairing. The 45 blind veterans are limited to rug making.

The center fronts on West National Avenue, between South 44th and South 54th Streets. It includes about 90 buildings located on 265 acres. Among the buildings are 4 hospitals, 10 domiciliary barracks, libraries, recreational buildings, theaters, a chapel, a laundry, supply warehouse, greenhouses, and quarters for personnel.

The Wood Center is the outgrowth of the efforts of Milwaukee women who met in a church basement on October 18, 1861, to organize an aid society for Civil War soldiers.

The society and other women's groups subsequently formed the Soldiers' Home Association and opened a home for Civil War veterans on March 31, 1864. One year later the Milwaukee organization turned over its funds to the Federal Government which opened a national soldiers' home in Milwaukee.

Shortly before World War I, the Government considered closing the home at Wood because the number of patients and residents had dwindled. But with the advent of World War I, the center was again needed. Congress appropriated $1,250,000 for additional buildings at Wood. Milwaukeeans donated furniture and equipment for the recreation rooms of a tuberculosis hospital which was opened in April 1923.

World War II was another milestone in the center's development. Congress appropriated a total of about $1,500,000 for additions and alterations to buildings at Wood.

A total of 1,700 full-time employes at the center care for the 2,780 men. About 375 men, mostly domiciliary patients, are employed as part-time workers.

The center operates on a budget of about $8,400,000 a year, plus about $125,000 for maintenance and repairs.

Under the direction of Commander Fairbanks, petitions already are being circulated among the DAV membership. Elsewhere in this edition is a suggested heading for a petition which should be circulated by DAV members in all sections of Wisconsin. Every DAV chapter and auxiliary member in the State should immediately contact his or her Congressman and urge his support for H. R. 600, providing for a new hospital at Wood.

AMENDMENT OF COMMODITY EXCHANGE ACT, SO AS TO INCLUDE ONIONS

Mr. HUMPHREY. Mr. President, on behalf of myself, and the Senator from Vermont [Mr. AIKEN], I introduce, for appropriate reference, a bill to amend the Commodity Exchange Act, to include onions among the commodities coming under the provisions of that act. I ask unanimous consent that the bill, together with a statement prepared by me, concerning the need for such legislation, be printed in the RECORD.

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

The bill (S. 1538) to amend the Commodity Exchange Act, introduced by Mr. HUMPHREY (for himself and Mr. AIKEN), was received, read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That section 2 (a) of the Commodity Exchange Act, as amended (7 U. S. C. 2), is amended by inserting "onions," after "eggs", in the third sentence thereof, so that onions are added to the definition of the word "commodity" for the purposes of said act.

SEC. 2. This act shall take effect 60 days after the date of its enactment.

The statement presented by Mr. HUMPHREY is as follows:

STATEMENT BY SENATOR HUMPHREY

Onion producers and produce dealers of Minnesota are justly disturbed over the adverse effects of unregulated gambling in onion futures.

This bill would amend the Commodity Exchange Act by extending its provisions to onions, thus subjecting future trading in onions to regulation under the Commodity Exchange Act.

While it is recognized that regulations under the Commodity Exchange Act alone may not be able to prevent completely the wide seasonal price swings traditional in the marketing of onions, it should help.

Enactment of the bill would at least enable the Department of Agriculture to obtain the facts as to what takes place in the onion futures market and to deny trading privileges to any person found to have engaged in manipulative trading or other unlawful trade practices.

Also, information developed through investigations and reports required under authority of the Commodity Exchange Act could provide a factual basis for determining whether futures trading in onions serves the public interest, or whether the Congress should consider legislation looking to the drastic curtailment or prohibition of such trading.

Minnesota produced 32 million bushels of onions in 1954. It is a crop important to our agricultural economy. It is also an important crop in Wisconsin, Michigan, New York, Texas, and other States.

Producers in Minnesota claim trading on the Chicago Mercantile Exchange in "paper onions"—far more onions than physically exist—have been detrimental to those who are engaged in the legitimate handling of onions, resulting in disastrous price fluctuations.

Congress has already indicated its agreement that this onion trading should be brought under regulation. Both Houses last year adopted similar legislation, but the bill died in conference after a Senate amendment adding a similar provision for coffee.

Onion producers now urge their case be considered on its own merit, so some semblance of more orderly marketing can be provided.

DESIGNATION OF MAY 1, 1955, AS LOYALTY DAY

Mr. DANIEL. Mr. President, I introduce, for appropriate reference, a joint resolution to designate the 1st day of May 1955 as Loyalty Day.

The VICE PRESIDENT. The joint resolution will be received and appropriately referred.

The joint resolution (S. J. Res. 58) to designate the 1st day of May 1955 as Loyalty Day, introduced by Mr. DANIEL, was received, read twice by its title, and referred to the Committee on the Judiciary.

Mr. DANIEL. Mr. President, the purpose and background of this matter are covered by a statement by Mr. Omar B. Ketchum, director of the national legislative service of the Veterans of Foreign Wars. I ask unanimous consent that the statement by Mr. Ketchum be printed at this point in the body of the RECORD.

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

STATEMENT BY OMAR B. KETCHUM ON LOYALTY DAY

The idea for observance of Loyalty Day first came into being around 1929 when VFW leaders in the Boston-New Jersey-New York area decided that something should be done in the way of a counter offensive against the Communist May Day demonstrations, which had been attracting widespread attention for several years.

It was unthinkable to men who had served their country on foreign soil or in hostile waters, that mass demonstrations in American cities in support of the godless ideology of communism should go unchallenged. If the Communists could stage parades in support of this atheistic way of life, why couldn't patriotic and loyal Americans stage parades and demonstrations emphasizing our democratic processes and the American way of life.

As a result of this patriotism there came into being what is now widely known and heralded as Loyalty Day, when parades and other forms of observances are held in hundreds of cities to reaffirm and rededicate the love and devotion of our people for our American way of life.

Loyalty Day observance is nonpartisan and nonsectarian and all patriotic groups and organizations, including foreign language

groups, are invited to participate. The VFW has acted, and acts, to provide the leadership where necessary and to serve as a coagulant in bringing the various groups together in the patriotic observance. The zeal and enthusiasm with which Loyalty Day observance has been undertaken in large eastern seaboard cities such as Boston, New York, and Philadelphia, has largely resulted in the gradual disintegration of Communist May Day demonstrations. While parades are held in scores of cities and towns each year, the largest Loyalty Day parades are held in New York, Jersey City, and Philadelphia with hundreds and thousands of persons participating while millions of spectators line the streets.

In small communities the Loyalty Day parades have become the outstanding event of the year. For example, noteworthy parades were held last year in Napa, Calif.; Moscow, Idaho; Griffin, Ga.; Middletown, Conn.; Ottumwa, Iowa; East Chicago, Ind.; and Eveleth, Minn. Major emphasis is placed upon participation by schoolchildren and foreign language groups, in Loyalty Day parades and other types of observance.

Since 1950 the governors of almost all States and the Territories have issued proclamations for Loyalty Day. Mayors of scores of cities have also issued Loyalty Day proclamations. It is hoped and expected that all States and Territories will issue Loyalty Day proclamations for 1955.

The Loyalty Day observance program headed by the Veterans of Foreign Wars has won successive awards for the past 4 years from Freedoms Foundation at Valley Forge, Pa. Last year Freedoms Foundation presented the VFW the Distinguished Service Award and Scroll for winning a Loyalty Day award for 4 consecutive years.

Recent national conventions of editors and publishers in Washington and New York indicate that the American press is fully cognizant of, and in accord with, the aims and objectives of Loyalty Day. This observance has received wide coverage in the press and from national radio and television commentators, as well as local stations and announcers.

There is evidence that this year, for the first time, the Ground Observer Corps of the Air Defense Command will cooperate in Loyalty Day observances in all cities where observances are held and where the Ground Observer Corps is operating. A directive has gone out from the Air Defense Command to all air defense forces commanders recommending that Ground Observer Corps exercises be held on Loyalty Day and that cooperation should be sought from other commands and from auxiliaries and associates such as the Air National Guard, Civil Air Patrol and the Flying Farmers, to have as many planes as possible routed over Ground Observer Corps observation posts.

Loyalty Day is an accomplished and growing institution. It has been recognized by all of our States and many of our cities. To make its acceptance complete it needs only recognition from the Congress for 1 year, May 1, 1955. From that point on Loyalty Day will become an established observance in the hearts and minds of the American people and will serve to deal a devastating but bloodless blow at the unthinking persons who would attempt to rally public opinion behind the false ideology of communism.

STUDY OF DISPERSAL AND RELOCATION OF CERTAIN INDUSTRIES IN CASE OF ATOMIC ATTACK

Mr. BARRETT submitted the following concurrent resolution (S. Con. Res. 19), which was referred to the Joint Committee on Atomic Energy:

Resolved by the Senate (the House of Representatives concurring), That the Joint Committee on Atomic Energy, or any duly authorized subcommittee thereof, is authorized and directed to conduct a full and complete study and investigation of means of securing dispersion and relocation of industries and facilities essential to the defense and security of the United States to locations in the interior of the country, particularly to the Rocky Mountain region, in order to reduce the vulnerability of such industries and facilities in the event of an attack upon the United States involving the use of atomic weapons. Such study and investigation shall include, but not be limited to, consideration of (1) direct action by the Government of the United States, in cooperation with the governments of the States and their local political subdivisions, to provide industrial sites, plants, and facilities in locations least vulnerable to atomic attack and (2) action by the United States, through the granting of tax incentives and otherwise, to encourage the voluntary dispersion and relocation of such industries and facilities.

SEC. 2. The joint committee shall report the results of the study and investigation conducted pursuant to this resolution, together with its recommendations, to the Senate and the House of Representatives not later than January 31, 1956.

SEC. 3. In carrying out its duties under this resolution, the joint committee is authorized to employ, on a temporary basis, such experts and consultants and such technical and clerical assistants as it deems necessary and advisable.

SEC. 4. The expenses of the joint committee under this resolution, which shall not exceed $50,000, shall be paid from the contingent fund of the Senate upon vouchers signed by the chairman.

PROPOSED ARMED SERVICES HOUSING INSURANCE ACT OF 1955—ADDITIONAL COSPONSORS OF BILL

Mr. CAPEHART. Mr. President, since the introduction of the bill (S. 1501) to amend the National Housing Act by adding a new title thereto providing additional authority for insurance of loans made for the construction of urgently needed housing for military personnel of the armed services, and pursuant to my previous request, the names of the following Senators have been added as additional cosponsors: Mr. PURTELL, Mr. SMATHERS, and Mr. JACKSON.

INCREASED COMPENSATION FOR POSTAL EMPLOYEES — AMENDMENT

Mr. BYRD submitted an amendment, intended to be proposed by him to the bill (S. 1) to increase the rates of basic compensation of officers and employees in the field service of the Post Office Department, which was ordered to lie on the table and to be printed.

INCREASED COMPENSATION FOR CERTAIN CLASSIFIED OFFICERS AND EMPLOYEES OF THE GOVERNMENT—AMENDMENTS

Mr. BYRD submitted amendments, intended to be proposed by him to the bill (S. 67) to adjust the rates of basic compensation of certain officers and employees of the Federal Government, and for other purposes, which were ordered to lie on the table and to be printed.

AMENDMENT OF CIVIL AERONAUTICS ACT OF 1938—AMENDMENTS

Mr. MAGNUSON submitted an amendment, intended to be proposed by him to the bill (S. 1119) to amend the Civil Aeronautics Act of 1938, as amended, and for other purposes, which was referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed.

Mr. MAGNUSON, by request, submitted amendments, intended to be proposed by him to Senate bill 1119, supra, which were referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed.

Mr. MAGNUSON. Mr. President, by request, I submit amendments, intended to be proposed by me, to Senate bill 1119, supra. The content of the amendments is controversial, to say the least. It relates to the right of entry to the air transportation business. This is a subject that should be discussed in committees and the Halls of Congress. It deals definitely with the air transportation policy, as formulated and enacted by the Congress.

At this point, I want to make it clear that I am not personally committed to either side of the issues raised by these proposals. I am submitting them, however, at this time to insure that the subject receives consideration in the Interstate and Foreign Commerce Committee, and that all parties at interest have an opportunity to present their views in that forum.

I ask unanimous consent that the amendments be printed in the RECORD, as part of my remarks.

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

The amendments, submitted by Mr. MAGNUSON, by request, were referred to the Committee on Interstate and Foreign Commerce, as follows:

On page 7, strike out lines 5 and 6 and insert in lieu thereof the following:

"SEC. 12. (a) Paragraphs (a), (b), and (d) of section 2 of the Civil Aeronautics Act of 1938, as amended, are amended to read as follows:

"'(a) The encouragement and development of a competitive air transportation system properly adapted to the present and future needs of the foreign and domestic commerce of the United States, of the postal service and of the national defense.

"'(b) The regulation of air transportation in such manner as to recognize and preserve the inherent advantage of, assure the highest degree of safety in, and foster the growth and development of such transportation under sound competitive economic conditions; and to improve relations between and coordinate transportation, by air carriers.

"'(d) Competition to the maximum extent consistent with the economic characteristics of the industry giving full recognition to the benefits derived from the certification of new competitive carriers in promoting the sound development of an air transportation system meeting the needs of the traveling public.'

"(b) Section 2 of such act is further amended by striking out paragraphs (e) and."

On page 8, strike out lines 21 and 22 and insert in lieu thereof the following:

"SEC. 15. (a) Section 401 of the Civil Aeronautics Act of 1938, as amended, is

amended by striking out subsection (d) (1) and inserting in lieu thereof the following:

"'(d) (1) The Board shall issue a certificate authorizing the whole or any part of the transportation covered by the application unless it finds that the applicant is not fit, willing, and able to perform such transportation properly and to conform to the provisions of this act and requirements of the Board hereunder or that the public convenience and necessity will not be served thereby.'

"(b) Subsection (f) of such section 401 is amended by strik-."

EXTENSION OF TRADE AGREEMENTS ACT—AMENDMENT

Mr. PAYNE submitted an amendment, intended to be proposed by him to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, which was referred to the Committee on Finance, and ordered to be printed.

CHANGE OF REFERENCE

Mr. JACKSON. Mr. President, on January 17 administration proposals to permit two retired military officers to accept civilian positions in the Department of Justice were received in the Senate and referred to the Committee on the Judiciary.

Senate bills 1271 and 1272 were introduced on March 2 to carry out the purposes contained in the administration requests. However, these bills were referred to the Committee on Armed Services.

In addition, S. 1272 is identical with a bill reported favorably during the closing days of the last Congress by the Committee on the Judiciary.

In view of those factors, Mr. President, unanimous consent is requested that the Committee on Armed Services be discharged from the further consideration of both bills, and that they be referred to the Committee on the Judiciary.

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

The bills were referred to the Committee on the Judiciary, as follows:

S. 1271. A bill to authorize the appointment in a civilian position in the Department of Justice of Brig. Gen. Edwin B. Howard, United States Army, retired, and for other purposes; and

S. 1272. A bill to authorize the appointment in a civilian position in the Department of Justice of Maj. Gen. Frank H. Partridge, United States Army, retired, and for other purposes.

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

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

By Mr. O'MAHONEY:

Address delivered by Senator MCNAMARA at a meeting of the Friendly Sons of St. Patrick, at Providence, R. I., on March 17, 1955.

By Mr. SALTONSTALL:

Address entitled "Meeting the Communist Menace," delivered by Hon. Herbert Brownell, Jr., Attorney General of the United States, before the Greater Boston Chamber of Commerce, in Boston, Mass., on March 21, 1955.

By Mr. KEFAUVER:

Article entitled "Churchill Chides United States on Yalta Case," written by Drew Middleton, and published in the New York Times of March 23, 1955.

OPENING OF PRAYER ROOM FOR MEMBERS OF CONGRESS

Mr. MONRONEY. Mr. President, I announce that today the Prayer Room for Members of the House and Members of the Senate will be open for inspection by the Members of Congress. On Thursday, Friday, Saturday, and Sunday it will be open for inspection by the public generally, so that all may see this room, which we have provided for ourselves, for mediation and prayer.

After next Sunday, of course, the room will be reserved solely for use for the purpose for which it has been constructed. The room is just off the rotunda of the Capitol; it is the first room west from the middle of the rotunda.

GREEK INDEPENDENCE DAY

Mr. LEHMAN. Mr. President, on Friday we shall celebrate the anniversary of Greek independence from the rule of the Ottoman Empire. One hundred and thirty-four years ago, in 1821, the entire Western World was stirred by the valiant struggle for freedom waged by the liberty-loving people of Greece. The shades of ancient Greece—of Marathon and Thermopylae—were evoked as the courageous Greeks gathered to do battle for the cause of independence.

In 1821, as today, free men everywhere were aware of the great legacy inherited from the heroic achievements of the ancient Greeks. Lovers of freedom from many lands rallied to the fight for Greek independence. In the United States, President Monroe was moved to dispatch to the Congress a special message paying tribute to the Greek revolutionary forces.

In recent years, the Greek people were again required to defend their independence. As Director General of UNRRA, I was fortunately able to visit Greece in the early summer of 1945, a few weeks after the cessation of general hostilities in Europe. Although evidences of great privation and unrest, resulting from the long years of Nazi occupation, were everywhere at hand, I shall never forget my impression of the courage and determination of the Greek leaders to reconstruct and build anew their beloved homeland.

The unyielding determination to maintain and fight for freedom has marked the history of the Greek people down through the ages, to very current times.

Fortunately, the United States Government, under the leadership of former President Truman, was moved to extend economic and military aid to the Greek people in the years following World War II. That help was crucial. It saved Greece for the Greeks and for the free world.

There is one area in which the United States should do much more than it has done to help the Greek people. I refer to the need to liberalize our present immigration laws, which now cruelly and unfairly discriminate against Greece, bar the door to the admission of all but a handful of persons born in Greece. The number of persons born in Greece who can be admitted into the United States each year is the nominal figure of 308—a pitifully small quota.

Under the disgraceful national-origins quota system and the entire McCarran-Walter Act, a cold shoulder is now turned to those Greeks—and others—who should be permitted, in an orderly manner, to emigrate to the United States.

SALUTE TO GREECE

Mr. KEFAUVER. Mr. President, this morning I had the pleasure of visiting with His Grace, Bishop Athenagoras, of the New England diocese of the Greek Orthodox Church. Bishop Athenagoras, who is acting head of the church in America, delivered the invocation to the Senate today.

I invite the attention of Members of the Senate to the fact that this Friday, March 25, commemorates the 134th anniversary of Greek independence from the Ottoman Empire.

One hundred and thirty-four years ago this week, the courageous Greek people successfully lifted the yoke of Ottoman bondage that had weighed down on them since 1453. They did not gain their freedom easily, but with tremendous courage unique to all freedom-loving people and the knowledge of the successful revolutions in France and the United States before them, the Greeks kept at it, until on March 25, 1821, they announced to the world that they were a free and sovereign nation, their freedom symbolic. Greece had preached democracy to the world during the Golden Age of Greece when freedom was a byproduct of all their activities.

It seems that Greece has always fought for freedom. In ancient times they protected their advanced culture from ruin by Persian invasions. In 407, when the Goths overran Rome, Greek warriors were able to withstand the invasions of the Visigoths from the North and thereby preserve civilization until Rome was able to regain her freedom.

During World War I the Greeks protected the seas and the straits in the eastern Mediterranean, not an easy task with enemies on all sides.

In World War II, Greece had its finest hour when she successfully resisted the Fascist invasion of Mussolini and drove him back to the sea. Then Greece made the gallant stand against the Nazi invasion of Hitler, throwing off his invasion timetable and giving the Allies valuable time to prepare her defenses. Greece's noble fight against the Communist threat, after many years of torture and subjugation by the Nazis, was amazing and served as an example for other nations frightened by the successes of world communism. Again little Greece

stood up to the task, and came away the victor, but not without paying a price for her victory both in the young men who lost their lives and the severe drain on a treasury already depleted by war and conquest.

Greece did not stop there. Having defeated the Communists on her own soil, Greece was willing to aid other countries in their fight. When the Korean war started, Greece was one of the first nations to send men to that cold, barren land.

Greece has always been a great friend and ally of the United States. She has always been appreciative of the aid that the United States afforded her. With this aid Greece was able to put her country on a sound financial basis after the disastrous financial plight caused by the invasions of the Nazis and the infiltration of the Communists which kept the country in a constant state of turmoil from 1940 through 1948.

America's warm regard for Greece was demonstrated on the occasion of the recent visit of King Paul and Queen Fredrika who completely captivated the American people.

To the nation that has through the centuries given to this world great elements of democracy, art, literature, science, medicine, education, philosophy, religion, and the noble spirit to fight for freedom despite the odds, to this country I say, "All honor to you and to your descendants; and may you always take pride in the glory that was Greece and the glory that is Greece today."

LETTER FROM AMERICAN LEGION DEPARTMENT COMMANDER IN FAVOR OF NATIONAL SECURITY TRAINING BILL

Mr. WILEY. Mr. President, I send to the desk the text of an important letter which I have received from James A. Martineau, department commander of the American Legion for the State of Wisconsin. Commander Martineau endorses S. 2 for a system of national security training.

The commander rightly begins his letter by stating that "it will come as no surprise" to me that the Legion is strongly advocating passage of this bill.

I have indeed been glad to hear, as I expected, from the ever alert Legion and other veterans' groups all over my State. I know that the support by the Legion of this bill is in conformity with its unbroken record of emphasizing adequate preparedness for our country.

I may say that had the Legion's general advice for overall preparedness been followed in times gone by, our beloved America would have been spared incalculable numbers of casualties in World War II and in Korea and incalculable grief.

It is an unfortunate fact that our country has never entered any of its wars adequately prepared and truly ready for emergency. Instead, we have always had to stumble along, experiencing frightful losses—in men, territory, and material—at the outset of all conflicts.

I believe that the current training bill should and will receive prompt review by the Senate and House of Representatives. There are numerous points in controversy which will definitely have to be resolved with all sides presenting their viewpoint.

While I am not a Member of the Senate Armed Services Committee, I shall be following its work closely. I hope it will be possible to have an early Senate vote on a bill, by which the young men of our Nation will be given the opportunity on a just, fair, sound basis, to bear arms in defense of their country and to be adequately prepared for whatever may come in this dangerous air-atomic age.

I ask unanimous consent that the text of Commander Martineau's letter, which represents the views of a great many Wisconsin veterans and their families, be printed at this point in the body of the RECORD.

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

THE AMERICAN LEGION,
DEPARTMENT OF WISCONSIN,
Milwaukee, Wis., March 21, 1955.

Hon. ALEXANDER WILEY,
United States Senate,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: I'm sure it will come as no surprise to you that the American Legion is again strongly advocating passage of national security training legislation. As such we earnestly support S. 2, and hope that you will vote in its favor.

National security training legislation will provide at a minimum expense a ready reserve of trained manpower without the need of a huge standing army. It will equalize the present unfair method of selecting men for the Armed Forces, and make the privilege of military service available to all young men and not merely to those chosen by lot.

Since the highest obligation of citizenship is to bear arms in defense of one's country, the American Legion feels that such obligation must be met by all young men who are physically fit, rather than a small percentage, many of whom are compelled to serve in two or more wars.

I might point out that the will of the people unquestionably is to provide for national security training. Every public opinion poll—even one taken among youths themselves—has established this fact. Thus, instead of being politically risky, it is quite apparent that, except for certain minority groups, a vote for national security training is a vote for the public's wishes.

We will anxiously await any comments on this matter that you may wish to make.

With kindest personal regards, I remain,
Sincerely yours,

JAMES A. MARTINEAU,
Department Commander.

GREGOR MACPHERSON — GRAND MASTER OF MASONS IN THE DISTRICT OF COLUMBIA

Mr. BRICKER. Mr. President, I rise at this time to call attention to one of the men with whom we are daily associated in the Senate.

All business, particularly all public business, is dependent upon the keeping of accurate records. I think the system for the reporting of debates in the Senate is the very acme of the profession. Daily, we work with the men who sit at the table before us, and daily each of us has the opportunity to observe the accuracy of their reporting and the noble service which they render; but too often we do not know their other associations and activities.

I rise at this time to pay a special tribute and express congratulations to one member of the Corps of Official Reporters of Debates who daily works with us, and for whom we have come to have great affection.

Mr. Gregor Macpherson has labored with us throughout many years. We have all come to know and respect him for his professional ability.

Many Members of this body are also members of an organization which is not only nationwide, but worldwide. It is known as the Masonic fraternity. Many of its members have given of their services with unselfish purpose throughout the years. It is an order which is dedicated to community service, to the relief of our fellow men, to charity, and to the worship of Almighty God.

Mr. Gregor Macpherson has reached the highest office in that order in the District of Columbia. The head of a local Masonic lodge is known as the master of his lodge. The head of all the lodges in the District is known as the grand master of Masons in the District of Columbia. Very recently, Mr. Macpherson was elected to the high office of grand master of Masons in the District of Columbia.

I wish to compliment Mr. Macpherson on his election to that high office. I am confident that his service will be of the same high caliber as has characterized the service rendered by the Masonic fraternity to its members and to the community generally. Believing, as it does, in the system of government under which we live, it is a most patriotic order.

I wish to express my compliments and best wishes to Mr. Macpherson for his service throughout the year in the highest office of the Masonic fraternity in the District of Columbia.

DISAPPROVAL OF SALE OF CERTAIN RUBBER-PRODUCING AND SYNTHETIC RUBBER FACILITIES IN CALIFORNIA

Mr. JOHNSON of Texas. Mr. President, pursuant to the unanimous consent agreement entered into this afternoon, I call up Senate Resolutions 78 and 79, which are to be considered jointly. Both relate to the sale of rubber plants and facilities in California.

The PRESIDING OFFICER. The Secretary will state the resolutions by title for the information of the Senate.

The LEGISLATIVE CLERK. A resolution (S. Res. 78) disapproving the sale of certain rubber-producing facilities in California.

A resolution (S. Res. 79) disapproving the proposed sale of certain synthetic rubber facilities recommended by the Rubber Producing Facilities Disposal Commission report.

The PRESIDING OFFICER. The question is on agreeing to the resolutions.

The resolutions, respectively, are as follows:

Senate Resolution 78

Resolved, That the Senate does not favor the sale of the butadiene manufacturing facility at Torrance, Calif., Plancor 963; the styrene manufacturing facility at Los Angeles, Calif., Plancor, 929; and the synthetic rubber (GR–S) facility at Los Angeles, Calif., Plancor 611, as recommended in the report of the Rubber Producing Facilities Disposal Commission.

Senate Resolution 79

Whereas the Rubber Producing Facilities Disposal Act of 1953, Public Law 205, 83d Congress, provided for the disposal of the Government-owned rubber-producing facilities, pursuant to the provisions of said act; and

Whereas in the recommended sale of the butadiene manufacturing facility at Torrance, Calif., Plancor 963; the styrene manufacturing facility at Los Angeles, Calif., Plancor 929; and the synthetic rubber (GR–S) facility at Los Angeles, Calif., Plancor 611, the Rubber Producing Facilities Disposal Commission has not conformed to the provisions and procedures established by the said act; and

Whereas the said purported sale by the Rubber Producing Facilities Disposal Commission was in violation of the provisions and procedures established and required by Public Law 205, 83d Congress; and

Whereas section 23 (a) of the Rubber Producing Facilities Disposal Act of 1953 provides for the introduction of this form or resolution: Now, therefore, be it

Resolved, That the Senate does not favor the sale of the buatdiene manufacturing facility at Torrance, Calif., Plancor 963; the styrene manufacturing facility at Los Angeles, Calif., Plancor 929, and the synthetic rubber (GR–S) facility at Los Angeles, Calif., Plancor 611, as recommended in the report of the Rubber Producing Facilities Disposal Commission.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. Under the unanimous-consent agreement entered into, how is the time divided on the two resolutions?

The PRESIDING OFFICER. One-half of the 4 hours will be controlled by the Senators from Minnesota, divided equally, 1 hour by each Senator from Minnesota. The remaining 2 hours will be controlled by the majority leader and the minority leader, divided equally, 1 hour by the majority leader, and 1 hour by the minority leader.

Mr. JOHNSON of Texas. That is an error, so far as the majority and the minority leader understood the purpose of the unanimous-consent agreement. I ask unanimous consent to amend the unanimous-consent agreement to provide that the time shall be controlled equally by the majority leader and the minority leader. In that way there will be no confusion.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas that the time be divided equally and controlled by the majority leader and the minority leader?

The Chair hears none, and it is so ordered.

Mr. FREAR. Mr. President——

Mr. PAYNE. How much time does the Senator from Delaware wish to have yielded to him?

Mr. FREAR. Five minutes.

Mr. PAYNE. Mr. President, in the absence of the minority leader, I yield 5 minutes to the Senator from Delaware.

Mr. FREAR. Mr. President, approximately 2 years ago, Congress passed Public Law 205, to authorize the disposal of government-owned rubber-producing facilities, and for other purposes. The law created a Disposal Commission, composed of three persons, appointed by the President. The duty of the Commission was to secure bids for as great a price as was possible consistent with other criteria in the act and to dispose of the rubber-producing plants owned by the Government.

The President appointed the three members of the Commission, the chairman of which is Mr. Holman T. Pettibone. He is a banker from Chicago, being chairman of the board of the Chicago Title & Trust Co.

Another member is Gen. Everett R. Cook, of Memphis, Tenn., a cotton merchant. The third, who is vice chairman of the Commission, is Mr. Leslie R. Rounds, a vice president of the Federal Reserve Bank of New York. The three commissioners have worked very diligently and very faithfully in entering into negotiations and securing prices for the sale of the facilities. I wish to commend the action of the commissioners and their staff, because I think, personally, they have done a very outstanding job.

Previous to the action of the Commission, when the Government has offered its synthetic rubber-producing facilities for sale, the greatest recovery value has not in any instance been 50 percent. The Commission has secured bids and entered into negotiations subject only to final approval by the Congress of the United States.

The Commission has secured bids which are in excess of 99 percent of the estimated value placed upon the facilities by very competent engineers, in contrast to previous sales for less than 50 percent of estimated value. Many of them being as low as 25 and 30 percent. I think that is a notable accomplishment. The Commission submitted a complete and detailed report to the Congress on January 24, 1955, pursuant to the Disposal Act, justifying its recommendations for the sale of 24 plants including the three involved in S. Res. 78 and S. Res. 79. That report speaks for itself. I shall not take the time of the Senate to relate the report in detail. It fully sustains the legality and wisdom of the proposed sales.

Lengthy hearings have been held by the Subcommittee on Production and Stabilization of the Banking and Currency Committee on matters covered by these resolutions, and after due consideration the committee brings to the Senate an adverse report. The vote on these two resolutions disapproving certain of the proposed sales was 10 to 5. Senate report No. 118 sets forth in detail the committee's reason for reporting adversely on these two resolutions. I respectfully refer Senators to that five-page report, which is available in this Chamber.

I may say, Mr. President, that the resolutions by themselves, if agreed to, would not permit the Government to sell or to dispose of these properties, but would put them into mothballs, so to speak, for a period of 3 years. Additional legislation would be required to offer them for resale.

Senate Resolutions 78 and 79 pertain to the proposed sale to Shell Chemical Corp. of three plants located in Los Angeles County near Torrance, Calif. They are designated by the Commission as Plancors 611, 929, and 963. These plants have been and are now producing synthetic rubber, styrene, and butadiene, respectively.

After negotiations with the Commission, the Shell Chemical Corp. made a composite bid on these 3 Plancors of $30 million. That was the highest bid. It was higher than any combination of individual bids for the sale of the three plants.

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

Mr. FREAR. Mr. President, may I request 5 more minutes?

Mr. PAYNE. Mr. President, I yield to the Senator from Delaware 5 more minutes.

Mr. FREAR. Mr. President, after negotiation, the Commission secured bids of approximately $28 million on the 3 plants separately. They were from more than one corporation. The Shell Chemical Corp. offered a bid of $30 million, which is more than the total amount of any of the individual bids for the 3 Plancors.

In addition to these 3, 21 other facilities are offered for sale. I presume, a resolution, Senate Resolution 76, to follow the 2 now pending, will be offered to disapprove the sale of all the 24 plants.

It was brought out in the hearings that, technically, the sale of these 3 plants might not be in strict technical compliance with the statute which was passed 2 years ago. But on the question of the legality of the Shell bid, competent attorneys express different views on that question. It was the opinion of the majority of the members of the committee that the 3 plants in California should be sold along with the other 21, and, I may add, the committee unanimously favored offering for sale the Copolymer plant in Baytown, Tex., encompassed in Senate Resolution 691.

Mr. President, I believe the Commission has done an excellent job, and, in my opinion, the Government should sell these 3 Plancors along with the other 21.

We heard in testimony before the committee that the Government has made approximately $50 million in 1 year on the operation of this entire group of 27 Government-owned facilities. I do not know the breakdown which was given for the 3 facilities covered by the resolutions which are now before the Senate, but, no doubt, the profit made by the 3 facilities was a proportionate part of the total.

Those who oppose the sale of these plants contend that the Government is in the business, is making money, and there is no reason why the plants should be sold. But I may say to the Members of the Senate that on the $50 million the Government paid no taxes.

It has also been stated in testimony that if these plants should be sold, the present price of synthetic rubber, which is 23 cents a pound, could and probably would be raised, thus increasing the income or profit from these 3 plants. For every dollar of profit made by the proposed buyer of these plants he would be subject to Federal and State corporate income taxes, whereas under Government operation no taxes are paid to the Treasury.

I sincerely hope the Senate will reject the resolutions.

Mr. GEORGE. Mr. President, will the distinguished Senator from Delaware yield for a question?

Mr. FREAR. I yield for a question.

Mr. GEORGE. Are these intended to be outright sales, as a result of which the purchaser will take title?

Mr. FREAR. These are to be outright sales. There is, of course, a national-security clause in the agreement of purchase for the purpose of requiring the plants to be placed in full operating capacity upon request of the Government.

Mr. GEORGE. Does the Senator have a copy of a recapture clause, so that it may be seen? Will he furnish a copy of it?

Mr. FREAR. It is not a recapture clause, but is in the form of a national-security clause, I may state to the Senator from Georgia.

Mr. GEORGE. Is recapture provided for at all, either at the price when sold or at the then price?

Mr. FREAR. There is no price stated since there is no recapture clause as such.

Mr. GEORGE. Does the Senator from Delaware mean to say that these plants would be sold and title passed, and that, while, of course, the Government could condemn them again, full value would have to be paid?

Mr. FREAR. Yes.

Mr. GEORGE. Are the contracts to be of that character?

Mr. FREAR. The contracts are to be of that character, I inform the Senator.

Mr. GEORGE. I thank the Senator from Delaware.

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

Mr. JOHNSON of Texas. Mr. President, I yield to the distinguished Senator from Arkansas [Mr. FULBRIGHT] such time as he may desire to use.

Mr. FULBRIGHT. I simply desire to say that I hold in my hand the report to Congress, which contains the national security clause. Would the Senator from Georgia like to have me read it into the RECORD?

Mr. GEORGE. I should be pleased to have the Senator place it in the RECORD.

Mr. FULBRIGHT. It is a little too long to read, but I will summarize it by saying that it provides for keeping or putting the plants in full operating condition. In case of recapture under another Federal law, the price to be paid will be what is then considered to be the fair market value; and since the price of rubber has gone up very substantially already——

Mr. GEORGE. That was the point in which I was interested.

Mr. FULBRIGHT. I think any reasonable person would say that the plants have already a substantially greater value than they had at the time the negotiations were undertaken.

Mr. President, I ask unanimous consent that the national security clause contained in the report be printed at this point in the RECORD.

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

NATIONAL SECURITY CLAUSE

The purchaser accepts the terms, conditions, restrictions, and reservations contained in section 7 (h) of the act, and this sale is made expressly subject to, and the purchaser, for itself, its successors, and assigns, hereby agrees to purchase the facility subject to the following national security clause, which shall be effective for a period of 10 years from the time of transfer:

(a) The purchaser will maintain at all times in accordance with sound practice in the industry, normal wear and tear excepted, the facility, together with all replacements thereof and additions and improvements thereto, so that the same shall be, at all times during said 10-year period, either in a condition (1) currently to produce ------ at a rate of not less than ------ tons per year (assigned annual capacity), or (2) so that it can be placed in a condition to produce ------ at such rate of assigned annual capacity within a period of 180 days after written notice from the Government to activate the plant or to reconvert same, as the case may be: *Provided, however,* That such 180-day period shall be extended, upon written approval to the purchaser from the Government, for such additional period as shall be necessary in the event the purchaser is unable to comply therewith by reason of its inability to procure essential materials, unavailability of labor, act of God, fire, earthquake, flood, explosion, storm, strike, or other cause or causes reasonably beyond its control; and *Provided further,* That in the event of major damage to or complete destruction of the facility where the purchaser is without fault or negligence, the purchaser shall immediately notify the Government of the happening and of the cause or causes occasioning same, whereupon the Government will cause an examination to be made and will thereafter notify the purchaser promptly of the extent, if any, that restoration of the assigned annual capacity so destroyed or damaged must be made, such restoration to be effected at purchaser's expense within a reasonable period of time to be agreed upon between the purchaser and the Government. However, in any case where such restoration is so deemed necessary by the Government, the purchaser may elect to invoke the privilege of substituting new separate facilities pursuant to and in accordance with paragraph (g) or (h) of this section 24. Such restoration shall not be required in the event of major damage to or complete destruction of the facility caused directly or indirectly by (1) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending, or expected attack, (i) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval, or air forces; or (ii) by military, naval, or air forces; or (iii) by an agent of any such government, power, authority, or forces, it being understood that any discharge, explosion, or use of any weapon of war employing atomic fission or radioactive force shall be conclusively presumed to be such a hostile or warlike action by such a government, power, authority, or forces; (2) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such an occurrence.

(b) The Government shall have the right to conduct an inspection or survey of the facility at any time, subject to reasonable prior written notice thereof to the purchaser, for the purpose of determining whether the purchaser is in default under this section 24.

(c) Failure to maintain the facility as required above, or failure to observe any of the other conditions of this section 24, shall give the Government the unconditional right to immediate possession and use of the facility for the purpose of restoring it to a condition to produce at the rate of such assigned annual capacity, but all cost incidental to such restoration shall be borne exclusively by the purchaser.

(d) The purchaser will not sell, lease, mortgage, or otherwise encumber the facility without expressly making such sale, lease, mortgage, or encumbrance subject to the provisions of this section 24 for the remainder of its term. It is the express intention of both the purchaser and the Commission that the covenants herein contained shall be binding on subsequent owners or occupants of the facility, and that the purchaser shall remain liable for any violations of said covenants by such subsequent owners or occupants unless the purchaser shall have been expressly released in writing from such obligation by the Government.

(e) The Government in exercising its rights and in carrying out its obligations under this section 24 shall act through such officer, department, or agency of the Government as shall be designated by duly constituted authority.

(f) During the term of this section 24, the purchaser shall preserve the "asset property records" of the operating agency as of the time of transfer and shall maintain and keep current thereafter an adequate record of the fixed assets of the facility; the purchaser shall also preserve until the expiration of said term all drawings, tracings, prints, and other documents in its possession (hereinafter called documents) pertaining to the construction, modification, maintenance, or theory and method of operation of the facility. At any time within said term, upon request of the Government, the purchaser shall make available to the Government such of the aforesaid records, documents, or any designated portion thereof as shall be essential to the Government for the purposes of paragraphs (b) and (c) of this section 24 and shall upon request from time to time furnish copies thereof to the Government at the Government's expense. The Government will maintain confidential such documents and copies thereof as the purchaser shall designate, and, to the extent requested by the purchaser, shall examine them only at the facility. The purchaser may offer to the Government any of such records and documents that it considers to be obsolete, and the purchaser will be relieved of the obligation to preserve them if the Government accepts the offer or grants permission for destruction or other disposition.

(g) The purchaser may at any time during the term of this section 24 notify the Government in writing that it desires to substitute for all or any part of the facilities originally purchased from the Government, new separate facilities of equivalent productive capacity for the production of ------ or for the production of a different product which must be at least as satisfactory, and be generally acceptable for the same general uses and purposes as ------, and, upon receiving approval in writing thereto from the Government, may proceed to effect such sub-

stitution. In such event all of the terms and provisions of this section 24 shall apply with equal force and effect to such substituted facilities and shall no longer apply to the facilities to which they applied originally.

(h) In lieu of proceeding as permitted by paragraph (g) of this section 24, the purchaser may at any time during the term of this section 24 substitute for all or any part of the facilities originally purchased from the Government, new separate facilities of equivalent productive capacity for the production of ------, or for the production of a different product which must be at least as satisfactory, and be generally acceptable for the same general uses and purposes as -------. Sixty days after written notice by the purchaser to the Government of the completion of such new separate facilities, all of the terms and provisions of this section 24 shall apply with equal force and effect to such new separate facilities and shall no longer apply to facilities for which the new separate facilities are to be substituted, unless within such 60-day period the Government notifies the purchaser in writing that it disapproves the proposed substitution, in which event the terms and provisions of this section 24 shall remain applicable to the facilities to which they applied originally.

(i) Nothing in this section 24 shall be construed as affecting obligations of the purchaser under any other provision of this agreement, except that in any case of inconsistency or ambiguity, the provisions of this section 24 shall, to the extent that they impose greater obligations on the purchaser, be deemed controlling.

Mr. JOHNSON of Texas. Mr. President, I yield 10 minutes to the distinguished senior Senator from Minnesota.

Mr. THYE. Mr. President, I submitted Senate Resolution 78, which proposes to set aside a bid which has been made by the Shell Chemical Corp. in connection with the disposal of synthetic-rubber plants in California. The reason why I felt it necessary to offer the resolution was simply that the Minnesota Mining & Manufacturing Co. had been operating a synthetic plant in California since 1951. That company had operated a synthetic-rubber plant during the war years, and therefore had experience in this particular field.

When the bids were opened, it was found that Shell Chemical Corp. had bid a lump sum for the three plants in California. In my humble opinion, that bid was contrary to the provisions of the act itself. The act specifically states that bids shall be on individual plants. Therefore, I believed the bid of the Shell Chemical Corp. was irregular and should be set aside. I think possibly the Government would not receive the most competitive and most desirable bid by permitting bids to cover plants in a group, because small-business men or small-business establishments could not, in any sense, take part in competitive bidding on a block of plants, while they might be very strong bidders if they were permitted to bid on individual plants. That is the reason why, in my opinion, the particular bid of the Shell Chemical Corp. on the three plants in California should be rejected.

Minnesota Mining & Manufacturing Co., of Minnesota, has been in existence and doing business since 1902. It operated a synthetic-rubber plant during the war years, and has been successfully operating a plant in California, under a Government lease, since 1951. In the event the bid of Shell Oil Co. should be approved, and assuming that Shell Oil Co. saw fit to dismantle any of the three plants, thereby taking out of production and out of existence a particular synthetic-rubber plant, then, if a crisis should develop which would necessitate the reactivation of rubber plants for the national safety, any plants which had been dismantled could not be reactivated.

If Minnesota Mining & Manufacturing Co. were permitted to be a bidder on the plant it is now operating, it would be certain that that plant would continue to be operative in the event a crisis should develop in the Pacific which might possibly shut off our access to the natural-rubber supply. The United States would still be protected, because synthetic-rubber plants would be in existence in this country to furnish the rubber needs of the Nation.

These are some of the simple factors, as I recognize them, which makes undesirable the bid of the Shell Chemical Corp. on three plants located in California. I think the bid should be rejected, and that bidders should then be allowed to bid on the plants individually. If Shell Corp. desires to bid on individual plants, it can do so by bidding separately on the plants in question. If that be done, then the smaller companies of the United States likewise could bid specifically and individually on those plants. In that way there would be individual competitive bidding, which would assure the Government that the plants would be operated by the strongest and most desirable bidders; and certainly a plant which the Government might well want to have continue in operation for the security of the country, in the event a crisis in the world were such that our natural-rubber supply were cut off, would not become unavailable but would be ready for use.

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

Mr. THYE. I yield.

Mr. LANGER. I wish to associate myself with the thoughts of the distinguished Senator from Minnesota. I think he is absolutely correct. I should like to ask him how it happened that these plants were offered for sale in a group rather than individually. Does the Senator know?

Mr. THYE. I cannot state why they were offered for sale in a group. I simply say that the bidder specified in his bid the 3 plants located in California, and lumped the amount in the bid to cover all 3 plants.

Mr. LANGER. When the distinguished Senator was Governor of Minnesota, did not his State sell tracts of land for mining purposes individually?

Mr. THYE. The State did not sell the land; it entered into leases for certain mineral deposits in the iron ore region. Those tracts were leased to the highest bidder, but the State was not in the business of selling land. The land was leased to the highest bidder, yes.

Mr. LANGER. When I was Governor of North Dakota, the State sold hundreds and hundreds of farms. Those farms were not sold in any other way than as individual sales.

I think the Senator is so right about the matter of the sale of the synthetic-rubber plants that if the people of the United States really understood exactly what was intended to be "put over" on them, they would not like it.

Mr. THYE. I am speaking on controlled time; therefore, I do not wish to yield to other Senators on my time. I have made my primary statement on the question, and I believe I have used most of the 10 minutes which were allotted to me.

Mr. FREAR. Mr. President, if the Senator from Minnesota has time remaining, will he yield?

Mr. THYE. If the Senator from Delaware wishes to ask me a question, I hope he will ask it on his own time, because he has time on which he can draw. I have only a limited time which has been allotted to me.

Mr. FREAR. Mr. President, will the Senator from Maine [Mr. PAYNE] yield 2 minutes to me, so that I may ask the Senator from Minnesota some questions?

Mr. LANGER. I do not know if the Senator from Maine has any time to yield or not, but I yield 2 minutes of my time.

The PRESIDING OFFICER. The Chair advises the Senator from North Dakota that he does not have time to yield.

Mr. FREAR. I should like to ask the Senator from Minnesota if all who cared to bid were not given the opportunity to bid on these three plants individually?

Mr. THYE. There is no question that they were given an opportunity to bid individually. What we are confronted with is that 1 company bid on 3 plants. It bid for them in a lump sum, and no administrator can determine whether so much was bid on 1 plant and so much on another. Therefore every other corporation is foreclosed from bidding on those 3 plants individually.

Mr. FREAR. I hope the Senator from Minnesota will not take too long in his answers, because I have a few more questions to ask him.

Mr. THYE. Very well. I shall be glad to let the Senator proceed.

Mr. FREAR. Is it not true that there were two other companies, or a combination of companies, in addition to Shell, which bid on all 3 plants collectively?

Mr. THYE. I would not endeavor to answer that question. I was not a member of the committee. The Senator from Delaware [Mr. FREAR] was subcommittee chairman and he has all the information at hand. He can very well advise the Senate of the facts because he was the chairman of the subcommittee.

Mr. FREAR. I should like to ask one final question. I realize that the committee reports and minority views on these resolutions have been in the hands of Senators only a few minutes, but I should like to ask the Senator if the Comptroller General did or did not say that the Commission's proposal was interpreted as offering to pay zero for each facility separately, and complied with the statute, even though it was a combination plant bid?

Mr. THYE. The Comptroller General may have so held, but I believe it was the intent of Congress, as can be seen if one reads the law, to have individual bids. That is the manner in which the bids should be considered and submitted, in my opinion. That is why I offered the resolution.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). The 2 minutes yielded to the Senator from Delaware have expired.

Mr. DANIEL. Mr. President, will the Senator from Minnesota yield?

Mr. THYE. I have no time remaining to me.

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Minnesota such time as he may desire.

Mr. THYE. I yield to the junior Senator from Texas [Mr. DANIEL].

Mr. DANIEL. Is it not true that bidders on other plants interpreted the law which the Congress passed as the Senator from Minnesota has interpreted it, namely, that there were to be separate bids for each individual plant?

Mr. THYE. That is correct.

Mr. DANIEL. Is it not true that all the other bids accepted by the Commission were made separately on each individual plant?

Mr. THYE. That is my contention, and that is why I submitted the resolution. I learned that the Minnesota Mining & Manufacturing Co., a very honorable business corporation of Minnesota, which has an excellent record of serving the Nation's needs during the war period, desired to bid on the plant which they have been operating ever since 1951. When the bids were opened, it was disclosed that the Shell Chemical Corp. had made a bid on all three of the plants, thereby foreclosing any other bid. No other bids were considered. That was contrary to the intent of Congress when it passed the original bill.

I have two other specific reasons in mind for presenting the resolution proposing to set the bid aside. One is that we should keep these plants in the hands of individual business corporations so far as it is possible to do so, for the reason that the plants should serve the Nation's economy. Secondly, we would be certain that an individual corporation which operated the plant since 1951, would continue to operate it, whereas if a corporation were successful in obtaining all 3 plants under contract, it might decide to dismantle 1 plant, and thereby not be able to help protect the national safety in the event of a crisis. If one of the synthetic rubber plants were abandoned, it would not be in existence to contribute to the production of synthetic rubber to meet the Nation's needs if the rubber supply were to be shut off in the Pacific.

It is for that reason that the Congress should concern itself with the question whether a large corporation should be permitted to make a lump-sum bid that would foreclose smaller corporations from an opportunity of bidding on the plants. If the sale of the Shell Corp. should be approved, certainly the Minnesota Mining & Manufacturing Co., which has operated one of the plants since 1951, would be forced to see another company take possession of the plant, unless the Minnesota Mining & Manufacturing Co. should negotiate a bid out of its own profits, or enter into a lease at the other company's pleasure.

Mr. DANIEL. Will the Senator from Minnesota yield further at that point?

Mr. THYE. I yield.

Mr. DANIEL. I simply wish to say that I agree with the interpretation of the Senator from Minnesota. It seems to me clear from the wording of the law that Congress intended that there should be separate bids on each plant.

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

Mr. THYE. I am delighted to yield to the Senator from Texas.

Mr. JOHNSON of Texas. I agree with the understanding stated by the distinguished Senator from Minnesota. When the bill was before the Senate for action, the Senate was assured by the Senator from Indiana [Mr. CAPEHART], who was sponsoring the bill, that the sales would be made on a plant-by-plant basis.

Mr. THYE. That understanding was a part of the debate and the colloquy which took place on the Senate floor at the time there was under consideration the bill which proposed how the synthetic rubber plants would be disposed of.

Mr. JOHNSON of Texas. Will the Senator yield further?

Mr. THYE. Yes.

Mr. JOHNSON of Texas. At this point I should like to read from the colloquy which took place on the floor of the Senate while the Rubber Facilities Disposal Act of 1952 was under consideration:

Mr. JOHNSON of Colorado. I wish to ask whether all the plants, other than the alcohol butadiene plants, will be sold in a single package, or whether they will be sold plant by plant on bids on a plant-by-plant basis.

Mr. CAPEHART. They will be sold on the basis of plant-by-plant proposals, and the sales will be made plant by plant.

I ask the Senator, Has that been done in this instance?

Mr. THYE. It was not done, and it was for that reason that I submitted the resolution proposing to set aside the Shell company's bid on the three plants.

Mr. JOHNSON of Texas. I commend the Senator's position. I think the bid should be set aside. I think it represents a breach of faith with the Congress. When the Senate is told and assured by the Senator in charge of the proposed legislation that each plant will be sold on a plant-by-plant basis, and then a Commission located downtown sells three plants in one package, I think Congress has the right and the duty to disapprove such action. I hope it will do so. I commend the Senator for the action he has taken in the matter.

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

Mr. THYE. I am glad to yield to the Senator from Delaware.

Mr. FREAR. In reference to the statement just made by the Senator from Texas, the Senator from Indiana [Mr. CAPEHART] is not on the floor at this time. When he made the statement quoted, he meant that the 27 plants would not be sold as a package, not the 3 plants in California.

Mr. THYE. Mr. President, I was on the Senate floor at the time the question was debated, and at that time I thought, without a question, we were referring to individual plants, and individual plants being considered in bidding.

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

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

Mr. JOHNSON of Texas. I am not going to attempt to search the mind and heart of the Senator from Indiana in his absence, as apparently my friend from Delaware chooses to do. I do not know what the Senator meant. I do know what the Senator said. I have just read into the RECORD what he said.

If I may, and if the Senator will indulge me for that purpose, I wish to read into the RECORD the colloquy between the Senator from Indiana, the author of the bill in the Senate, and Mr. McCurdy, president of the Shell Co., before the subcommittee of which the distinguished Senator from Delaware was chairman. I assume the Senator from Delaware heard this. It may shed some light on the question:

Senator CAPEHART. But the rules and regulations and law said that you must bid on each individual plant.

Who is saying that? The Senator from Indiana [Mr. CAPEHART]. Where did he say it? He said it before the subcommittee of which the Senator from Delaware was chairman.

Mr. MCCURDY. Well, Senator CAPEHART, our legal counsel do not believe that.

Whose legal counsel? The Shell Chemical Corp.'s, which make the package bid.

Those for the Commission do not believe that. And those for the Comptroller General do not believe that.

While we are talking about the Senator from Indiana [Mr. CAPEHART], I invite the Senator's attention to this opinion:

I was the author of the bill, and I believe it. I so gave my word on the floor of the United States Senate. Now, I do not mind telling you right now that that was my understanding then—

When the bill was passed—

and it is my understanding now.

Mr. President, I do not think there is any question that that is what the Senate thought. I know I thought so, and I think every other Senator thought so. I would not presume to reflect upon the Senate by suggesting that it would ever pass a bill which meant all these plants should be sold on other than a plant-by-plant basis. If we now take action to the contrary, we shall be setting a precedent with which we shall have to live. If we allow the Shell Chemical Corp. to bid, not on a plant-by-plant basis, but on a lump-sum basis, we shall be doing several things. First, we shall prevent the small bidders from having a chance to bid on the plants on a plant-by-plant basis. In addition, we shall be giving one concern a place in that monopolistic picture; and those of us who have had some dealings with the synthetic rubber plants, such as has the able

Senator from Oregon [Mr. MORSE], know that a relatively few companies control all the synthetic rubber manufacturing facilities in the United States.

Mr. President, I do not want by my action to have a part in reversing the stand the Senate has already taken. It is one thing for a Senator to vote for a bill providing that a commission shall make a study and shall solicit bids on a plant-by-plant basis and shall make to Congress recommendations upon which Congress can act. It is another thing to embrace, put our arms around, approve, and stamp our seal of approval on a bid which involves three plants.

I think the constituents of the Senator from Minnesota have been mistreated; I think they have been done an injustice. I know how I would feel if, after the bill was passed with the understanding that the sale of the plants would be handled on a plant-by-plant basis, on the final day the statement were to be made, "No; we are going to sell all three of them together."

I think every company that submitted bids for the plants, submitted them on a plant-by-plant basis.

Mr. FREAR. No, that is not correct.

Mr. JOHNSON of Texas. If it is not correct, I should like to have the Senator from Delaware correct it.

Mr. FREAR. The Dow Chemical Co. and National Lead Co. did not.

Mr. JOHNSON of Texas. How many plants were proposed to be sold?

Mr. FREAR. Twenty-four.

Mr. JOHNSON of Texas. How many were on a plant-by-plant basis?

Mr. FREAR. To the successful bidder?

Mr. JOHNSON of Texas. Yes.

Mr. FREAR. Twenty-three.

Mr. JOHNSON of Texas. That is the exact statement I intended to make.

It is my understanding that every successful proposal to purchase the 24 plants is broken down on a plant-by-plant basis, except in the case of the Shell Co.

Mr. FREAR. Every successful proposal; that is correct.

Mr. JOHNSON of Texas. When the bill was under consideration, did the Senator from Delaware understand that under it, it would be possible to sell all these plants to one company?

Mr. FREAR. All three plants?

Mr. JOHNSON of Texas. No, all 27.

Mr. FREAR. No; and I still do not think so.

Mr. JOHNSON of Texas. Then where would the Senator from Delaware draw the line? They are either to be sold on a plant-by-plant basis or they are to be sold en bloc. If 3 of the plants can be sold together, 26 of them can be sold together.

Mr. FREAR. Does the Senator from Texas contend that 3 plants are 24 plants?

Mr. JOHNSON of Texas. No; but once the assurance that has been given—namely, that the plants will be sold on a plant-by-plant basis—is violated, and 3 of the plants are sold to 1 concern, there is nothing to prevent the selling of 6 plants to another concern.

Mr. FREAR. If 1 of the 3 plants was in California and 1 was in Texas and 1 was in Ohio, I think the contention of the Senator from Texas might have better backing, than in the case of the 3 plants we are discussing now. In this case, 3 plants are located across the street from each other, and all 3 of them constitute an integral unit in the production of synthetic rubber.

Let me ask a question of the Senator from Texas: Is not the proposed bid for the 3 plants higher than the total of individual bids for the 3 plants, both after negotiation and before negotiation?

Mr. JOHNSON of Texas. But let me point out that if this very unusual and unique proposal—contrary to the assurance we were given—is approved, I do not know what we can do about similar proposals in regard to some of the other plants. My information was that the bids would be taken on a plant-by-plant basis. That assurance was given to us. However, my understanding is that that has not been done.

Mr. FREAR. The Senator from Texas will recall that when the bill creating the Commission was before the Senate, approximately 1 year ago, there was colloquy between the Senator from Indiana [Mr. CAPEHART] and the then Senator Johnson of Colorado. I think the question asked by the Senator from Colorado, in response to which the answers were given by the Senator from Indiana, are significant in connection with the consideration of this matter at this time. The then Senator from Colorado was comparing a package sale of 27 plants originally offered for sale with a sale on a plant-by-plant basis. The sales actually recommended are not on a package basis for 24 plants recommended for sale; they are much closer to plant-by-plant disposals.

Mr. PAYNE. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER (Mr. BIBLE in the chair). The Senator from Maine is recognized for 2 minutes.

Mr. PAYNE. Mr. President, in connection with the matter now under consideration by the Senate, I think the record should be perfectly clear in one respect, namely, whether the decision which is reached and the action taken by the Commission, were legal and in keeping with the law as enacted by the Congress.

I assure the distinguished majority leader that I, too, listened to the debate on the floor of the Senate last year, when the question was before us; and I, too, was concerned as to the meaning of the term "individual plant bids."

During the course of the proceedings of the Banking and Currency Committee, of which I am a member, I raised a question as to whether the proposal submitted by the Shell Chemical Corp., which was approved by the Disposal Commission, was legal and in keeping with the intent and purpose of the law. I was referred to the fact that the Comptroller General's Office had been requested to make a ruling on that point, and that that office—which, after all, is the agency which passes on the validity of the compliance with the acts passed by the Congress—gave an opinion to the effect that the proposal of the Shell Corp. was legal and was in keeping with the intent of the law as passed by the Congress.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Maine yield to me?

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

Mr. JOHNSON of Texas. Does the Senator from Maine think the Comptroller General is in a better position to interpret the intent of Congress than the chairman of the committee who handled the bill, namely, the Senator from Indiana [Mr. CAPEHART]? He has assured the Congress, both then and now, that he thought the plants had to be sold on a plant-by-plant basis.

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

Mr. PAYNE. Mr. President, I yield myself 2 additional minutes.

The PRESIDING OFFICER. The Senator from Maine is recognized for 2 more minutes.

Mr. PAYNE. Of course, Mr. President, I cannot speak for the Senator from Indiana [Mr. CAPEHART], any more than can the Senator from Texas, who just said that he cannot, either. But I have sent word for the Senator from Indiana to come to the floor, if he can be located, in order that he may speak for himself on this particular question.

The Senator from Delaware [Mr. FREAR] has raised a point to the effect that the particular plants under discussion—namely, the three plants in California—are really an integral setup.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Maine yield to me at this point?

Mr. PAYNE. Yes, I am glad to yield to the senior Senator from Texas.

Mr. JOHNSON of Texas. Was that the testimony of the Chairman of the Commission? Did he say there was 1 plant or that there were 3 plants or 4 plants?

Mr. PAYNE. Is the Senator from Texas referring to the statement made last year?

Mr. JOHNSON of Texas. I am referring to the statement made by the Chairman of the Commission before the Senator's committee. My understanding is that he testified that there is more than one plant.

Mr. PAYNE. I suggest that the chairman of the subcommittee might be better able to answer that question, because of the fact that I do not happen to be a member of that subcommittee.

Mr. FREAR. I did not hear the question.

Mr. JOHNSON of Texas. Did the Chairman of the Disposal Commission testify that there was more than one plant involved in the sale to the Shell Corp.?

Mr. FREAR. As to facilities, he said they were linked together for operating purposes, but there were three separate plants.

Mr. JOHNSON of Texas. I thank the Senator for finally answering my question. I hope the Senator from Maine will take notice of that answer.

Mr. President, I do not propose to search what the Senator from Indiana [Mr. CAPEHART] meant when he made the statement I am about to read.

Mr. PAYNE. I think he can best speak for himself.

Mr. JOHNSON of Texas. The then Senator from Colorado, Mr. Johnson, asked this question:

Senator JOHNSON of Colorado. I wish to ask whether all the plants, other than the three alcohol butadiene plants, will be sold in a single package, or whether they will be sold plant by plant, on bids on a plant-by-plant basis.

That question is pretty clear. It was asked by the distinguished present Governor of Colorado, the former senior Senator from Colorado, Mr. Edwin Johnson.

This is the reply of the Senator from Indiana [Mr. CAPEHART] in answer to that question:

They will be sold on the basis of plant-by-plant proposals; and the sales will be made plant by plant.

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

Mr. PAYNE. I yield such time as may be necessary to complete the discussion.

Mr. JOHNSON of Texas. It seems to me that is a statement which Congress should take at its face value, and I so take it.

Only last week before the committee the Senator from Indiana said:

I was the author of the bill and I believe it. I gave my word on the floor of the Senate. Now, I do not mind telling you right now that was my understanding then and it is my understanding now.

The only point the Senator from Texas desires to make is that the chairman of the committee gave us that assurance. Perhaps we ourselves could better pass upon what we intended to do than could someone downtown.

Mr. PAYNE. I think the distinguished Senator from Texas will agree that someone in the Comptroller General's office will have to be the one who, in the final analysis, determines the validity of the transaction which takes place.

Mr. JOHNSON of Texas. I think we can determine it very shortly, when the time shall have expired, according to our own conscience and judgment. That is the purpose of these resolutions.

Mr. PAYNE. That is correct.

Mr. FREAR. Mr. President, I should like to say to the Senator from Maine, and for the attention of the Senator from Texas, that on page 8A of the Rubber Producing Facilities Disposal Commission report, there is found the following language:

(b) Proposals shall be in writing, and shall contain, among other things:

2. The facility or facilities which are proposed to be purchased and the order of preference, if more than 1 facility is proposed to be purchased; or the order of preference if proposals are submitted on more than 1 facility, if only 1 facility is proposed to be purchased.

Authority was given to the Commission to accept proposals for more than 1 plant. They could sell a combination of plants as an economic operating facility. Is not that true?

Mr. JOHNSON of Texas. Does the Senator contend that the bids did not have to be separate?

Mr. FREAR. The Senator from Delaware is contending that the Commission's proposal to sell the 3 plants near Torrance, Calif., as 1 facility, as a combination of the 3 plants, is a bonafide action, and that they should be sold.

Mr. JOHNSON of Texas. The Senator from Texas so frequently finds himself in agreement with the Senator from Delaware that he deeply regrets, in the light of the assurances given the Congress, that he does not believe that to be the case.

Mr. FREAR. I assure the Senator from Texas that politically I am known as a Democrat, but in the sale of the plants, I do not wish to be known as a technocrat.

Mr. PAYNE. Mr. President, will the Senator from Delaware yield for a moment?

Mr. FREAR. The Senator from Maine has control of the time.

Mr. PAYNE. I have yielded such time as may be necessary.

I wish to ask the Senator from Delaware whether or not, after these bids were received, the Rubber Commission then entered into negotiations to see to it that the best interests of the public were protected, and that the interests of the Government were protected, in obtaining the largest price possible for the units involved in this case?

Mr. FREAR. The Senator is quite correct. The Commission entered into negotiations not only with the successful bidder, but with other bidders.

Mr. PAYNE. With every other bidder.

Mr. FREAR. Yes.

Mr. PAYNE In order to see whether they would come forth with a combination, or with 3 separate bids by 3 separate individuals, which would top the figure already received; or whether any one of them was willing to take the 3 plants together and submit a bid which would top the other bids.

Mr. FREAR. The Senator is entirely correct.

Mr. PAYNE. If my memory is correct, I think they were between $4 million and $6 million short of the proposal which had been made by the Shell Corp. for the combined plants.

Mr. FREAR. The final proposal by Shell Chemical Corp. was $30 million. The combination of the others, after negotiation, was $28 million. The original bid by the Shell Corp. was $27 million. After negotiation it went to $30 million. The total of the previous highest bids, without negotiation, for the 3 plants, was about $24 million.

Mr. PAYNE. There was an original difference of $6 million between the Shell bid and the best proposal the Commission could get from any of the concerns individually, or the concerns individually, working collectively toward a total figure.

Mr. FREAR. Originally.

Mr. PAYNE. In the final analysis, what was the difference?

Mr. FREAR. In the final analysis the difference was $2 million.

Mr. PAYNE. In the final analysis it was $2 million.

Mr. FREAR. Yes.

Mr. PAYNE. So the Government is better off by $2 million under this proposal for the sale of the plants than it would have been under any other proposal which was before it to entertain.

Mr. FREAR. Yes. I may say to the Senator that the Congress provided criteria to guide the Commission. Under those criteria the Commission was to accept the proposals which were in the best interests of the Government, and which would return to the Government the most for its own investment consistent with the other requirements of the act; and certainly $30 million is superior to $28 million.

Mr. JOHNSON of Texas. Mr. President, I yield 15 minutes to the distinguished Senator from Oregon [Mr. MORSE].

Mr. MORSE. Mr. President, when I look at the Senator from Texas I am looking at a man who, as chairman of the Preparedness Subcommittee of the Committee on Armed Services, back in 1946 and thereafter, saved the American taxpayers, through the work of that subcommittee, a minimum of $2 billion, in connection with the rubber program which was considered by the Armed Services Committee.

We had to fight the battle then to protect the taxpayers of the United States from the attempt on the part of great monopolistic combines to steal property of great value from the American people. I serve notice on the American taxpayers from this desk today that they are about to be robbed again if the pending resolutions are rejected and the sale to the Shell Chemical Corp. is thereby affirmed.

Unfortunately, because of the language of the original legislation we find ourselves in a rather difficult remedial position with respect to protecting the taxpayers. We can now see the unwisdom of certain sections of that legislation.

We have been maneuvered into a parliamentary position whereby we are limited in much the same fashion as when we have a conference report before us. We either adopt it in its entirety or reject it in its entirety.

The reason I shall speak at greater length this afternoon in connection with my own resolution is that I think we ought to reject the sale in its entirety so that new negotiations may be consummated and these plants can be sold in the public interest.

I wish to dwell momentarily on some of the discussion concerning the law in regard to the sale of these plants to the Shell Chemical Corp.

The comments of the Senator from Maine [Mr. PAYNE] to the effect that the Comptroller General, the Department of Justice, and other legal advisers of the administration have approved this sale do not make it legal, so far as I am concerned. I am satisfied that this is an illegal sale, and it is an illegal sale in my judgment, because the Shell Corp. did not meet the requirement of the law—that bids should be made on a plant-by-plant basis. It was required

by the law, I submit, that bids be made for each plant separately.

The Senator from Indiana [Mr. CAPEHART] was quite correct in his statement on the floor of the Senate while the original legislation was before us and the question was put to him by former Senator Johnson of Colorado as to whether or not the law would require a sale, plant by plant, when he said it would.

The other day in committee, he stated his position, and that position cannot be erased from the record, as the Senator from Texas has pointed out. At page 230 of the hearings I quote what the Senator from Indiana had to say about it:

Senator CAPEHART. But the rules and regulations and the law said that you must bid on each individual plant.

The spokesman for the Shell Chemical Corp., Mr. McCurdy, said:

Well, Senator CAPEHART, our legal counsel do not believe that. Those for the Commission do not believe that. And those for the Comptroller General do not believe that.

The author of the bill, the chairman of the committee at the time the bill was passed by the Senate, and the Senator in charge of the bill on the floor of the Senate, and who expressed the intent of the committee and of the bill said:

Senator CAPEHART. I was the author of the bill and I believe it. I so gave my word on the floor of the United States Senate. Now, I do not mind telling you right now that was my understanding then and it is my understanding now.

The Senator from Indiana is right about that.

Let us look at the policy of the Commission. When the Commission undertook to call for bids, it had the same understanding. It called for bids on a plant-by-plant basis. It called for bids on each one of the plants in California. When the Shell Chemical Corp. did not offer a bid on a plant-by-plant basis, what did the Commission do? It asked Shell to bid that way. What else did the Commission do? It gave each one of those plants an individual number. It prescribed separate specifications by number for each one of those plants. It made perfectly clear that at that time the policy of the Commission was to call for bids plant by plant.

In our minority views, at page 11, we say:

A most forceful argument for setting aside the proposed sale to the Shell Chemical Corp. (hereinafter referred to as "Shell") is that the requirements of the Disposal Act were not observed in the proposal submitted by Shell to the Disposal Commission.

Section 7 (b) of the Disposal Act plainly states: "Proposals shall be in writing, and shall contain, among other things * * * (4) the amount proposed to be paid for each of the facilities, * * *."

The proposal submitted by Shell failed to observe this requirement. Shell's initial proposal was to purchase the three plants for $27 million. Negotiations raised this to $30 million, for which the Disposal Commission proposes to sell all three of these plants to Shell. The proposal made no attempt to conform to the statutory requirement that the proposal specify the amount proposed to be paid for each of the facilities. In its proposal Shell stated:

"We do not state the amounts we propose to pay for any of the facilities on an individual basis as we do not propose to purchase individual facilities."

The Shell Corp., in submitting its bid, recognized these were not individual plants. It knew what it was bidding on. It knew it was submitting a package bid. It knew it was not bidding on 1 plant, or 1 facility, but on 3 plants combined.

I say the law is not met by that bid. I care not what the Attorney General of the United States may say about it. We happen to have a responsibility to satisfy ourselves with respect to the legislative intent and the meaning of the statute. We cannot justify substituting the opinion of the Attorney General for our opinion.

It is our legislative duty to make certain that the law is carried out in accordance with the legislative intent of the Senate at the time that it passed the bill which became the law. That legislative intent was made crystal clear by the Senator from Indiana. Senators relied upon his representation.

Now we have before us a proposal to sell, but not on the basis of plant by plant. The company itself frankly admitted that it did not want to bid on the basis of plant by plant.

In the minority views we say:

The Disposal Commission and Shell both testified that the Commission requested Shell to break down its proposed purchase price so that a portion thereof would be identified with each of the three plants. Shell declined to do so. In other words, Shell did not choose to abide by the statutory requirements quoted above.

Mr. President, while I am on that point I wish to correct what I believe is a matter that needs correction. The record as it now stands leaves the impression that it would have been impossible for the Government to get more than $30 million for the three combined facilities if the Commission had not in the first instance followed the course of calling for package bids.

I refer Senators to page 19 of the report on Calendar Nos. 118 and 119, Report No. 118. It quotes Mr. Edwin W. Pauley, one of the unsuccessful bidders on one of the plants:

I am confident that I, my associates, and others, will bid for the three plants a sum exceeding the Shell Chemical Corp.'s illegal lump-sum package proposal.

In other words, they are satisfied that it was an illegal bid. If new bids are called for, I am satisfied the Government will get more than $30 million.

The point I wish to make is that we have no right to accept this bid in view of the fact that the Shell Corp. deliberately and knowingly and intentionally refused to bid on a plant-by-plant basis.

Mr. HUMPHREY and Mr. FREAR addressed the Chair.

Mr. MORSE. I first yield to the Senator from Minnesota; then I shall yield to the Senator from Delaware.

Mr. HUMPHREY. I wish to say that the Senator from Oregon has clarified in part the point I wished to make. While it is perfectly true that the aggregate sum of money to be realized from the sale of facilities is important, the most important aspect is whether there is compliance with the law.

Mr. MORSE. That is correct.

Mr. HUMPHREY. The second important point is whether, in complying with the law, a competitive situation within the rubber industry is maintained.

Mr. MORSE. I am coming to that. I shall deal with it at some length this afternoon in speaking on my resolution.

Mr. HUMPHREY. Is it not true that the Shell Corp.'s bid completely ignores the law and the competitive situation?

Mr. MORSE. That is my argument.

Mr. HUMPHREY. In the view of the junior Senator from Minnesota the argument of the Senator from Oregon is not only cogent and logical, but is also based upon the legal premise accepted by the Senate. I submit to the Senator from Oregon that failure on the part of the Senate to repudiate the disposal agreement would be a breach of faith with the understanding which was reached and the pledge which was given to 96 Senators when the disposal act was considered.

Mr. MORSE. Let me say to the Senator from Minnesota that the argument I am now making is the argument of the Senator from Minnesota in his letter to the committee which I offered in the committee on his behalf. It is in opposition to the sale to Shell, because, as the Senator from Minnesota pointed out in support of his own resolution, it was a proposal for an illegal sale since it did not meet all the requirements of the statute.

I now yield to the Senator from Delaware.

Mr. FREAR. Mr. President, I should like to ask the Senator from Oregon if it is not true that during the negotiations the Commission did go to the bidders on each of the three individual plants to which he has referred, after the original bid of May 1, 1954.

Mr. MORSE. That is the next point I wish to develop. I am glad the Senator from Delaware has raised it by way of introduction. Let me say that negotiations following the consideration of an illegal bid were nothing but waste motion on the part of the Commission. It is not possible to justify a sale based upon negotiations with a company flowing from an illegal bid. The primary requirement of the law is that the bids shall be on a plant-by-plant basis. When the rubber commission proceeded to negotiate with Shell after the Commission had received an illegal bid, the negotiation was in a vacuum. The Commission had no right to negotiate with Shell on the basis of an illegal bid.

Under the law the first requirement that should have been enforced was that Shell comply with the law. When the Commission sat down with Shell, all it was doing was sitting down with an outlaw. The Commission was negotiating with an outlaw. It was negotiating with a company which had never met the requirements of the law. What kind of face-saving argument is it for the Commission now to say, "Oh, but we took their package bid, and then we proceeded to negotiate with them, and we got them up from $27 million to $30 million on the three plants combined"? The Commission never did get a bid on a plant-by-plant basis.

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

Mr. MORSE. I yield.

Mr. FREAR. The Senator says that the Shell bid was an illegal bid. Were there any lawful bids, in the Senator's opinion, which included the three plants?

Mr. MORSE. Any bid on a package basis was an illegal bid.

Mr. FREAR. That is not what I asked the Senator.

Mr. MORSE. I understood that was the Senator's question. What is the Senator's question?

Mr. FREAR. The Senator said the bid was illegal because it was on the three plants.

Mr. MORSE. That is correct.

Mr. FREAR. Will the Senator tell me whether there are any legal bids with reference to the three plants, not as a package bid, but individually?

Mr. MORSE. Whenever there was a bid on a plant-by-plant basis it was a legal bid.

Mr. FREAR. Was there any one company which bid on all three of the plants, on an individual basis?

Mr. MORSE. I do not recall from the record. It is irrelevant to my argument.

Mr. FREAR. It is not irrelevant to my question.

Mr. MORSE. Maybe the Senator's question is irrelevant. Let us hear it again.

Mr. FREAR. It was whether a company which bid on the plants individually was making a legal bid. Would the Senator consider it a legal bid?

Mr. MORSE. Each and every company that bid on the plants individually complied with the statute, and the bids were legal.

Mr. FREAR. Is it not true, may I ask the Senator, that the Commission did negotiate with a legal bidder in one case, namely the Standard Oil Co. of California?

Mr. MORSE. If that company made an individual bid and the Commission negotiated with the company, then it negotiated with a legal bidder.

Mr. FREAR. Then the Commission did not show any partiality in negotiating with Shell. It negotiated with other companies as well.

Mr. MORSE. The Commission sold or proposed to sell to Shell. Shell did not even get in under the legal tent.

Mr. FREAR. May I ask the Senator another question?

Mr. MORSE. Certainly.

Mr. FREAR. What would have happened had Standard Oil of California, in the process of negotiation, made a bid higher than the Shell bid?

Mr. MORSE. I do not know what would have happened. Does the Senator from Delaware know?

Mr. FREAR. Yes.

Mr. MORSE. What would have happened?

Mr. FREAR. I assume the Commission would have recommended the sale to the highest bidder, as long as the other requirements of the act were met.

Mr. MORSE. It was under no requirement to do so. This part of my argument goes to a question of the law, and I do not intend to join the Senator from Delaware in speculation as to what the Rubber Plant Disposal Commission might have done. I direct attention only to what it did do. It negotiated with a company which, under the law, never made a legal bid.

Mr. FREAR. But it also negotiated with companies which did make a legal bid.

Mr. MORSE. What has that got to do with Shell? Nothing. The business before the Senate is a resolution which would set aside a sale to Shell, and my argument is that they never complied with the law.

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

Mr. HUMPHREY. Mr. President, I yield 15 minutes additional time to the Senator from Oregon, and will yield more time if he needs it.

Mr. FREAR. May I ask the Senator from Oregon one more question?

Mr. MORSE. Certainly.

Mr. FREAR. I think the Senator from Oregon said the negotiation with Shell was illegal. Does he think the Commission's negotiation with the Standard Oil of California was illegal?

Mr. MORSE. Not if its bid was on a plant-by-plant basis. But it has nothing to do with the question which is before the Senate. The question is whether we are going to put our stamp of approval on what I consider to be an illegal sale to Shell.

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

Mr. MORSE. I gladly yield to the Senator from Minnesota.

Mr. HUMPHREY. It appears to me that the Rubber Plants Disposal Commission has compounded a felony. On the one hand, it had some legal bids, but, apparently, it must have set them aside in order to enter into illegal negotiations.

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

Mr. MORSE. I yield.

Mr. FREAR. If I may disagree with my friend from Minnesota, the Commission thought that Shell's bid was a legal bid.

Mr. HUMPHREY. Whether they thought so or not, ignorance of the law is not a defense. If the Commission did not know the law it should have secured the services of an attorney who did know the law. Or the commissioners could have read the record, which is precise. It was developed in the Banking and Currency Committee. Ignorance of the law is hardly a defense for the Rubber Plants Disposal Commission.

Mr. FREAR. I respectfully submit that the Commission did have legal counsel and took advice of their legal counsel. I may be in disagreement with the Senator from Minnesota and the Senator from Oregon, but I think the Commission took the advice of competent legal counsel.

Mr. HUMPHREY. I know the Senator from Delaware holds his views very sincerely, but I ask him to read the law, not what some attorney said who may not have understood the law or was trying to find a trick way to get around it.

Section 7 (b) of the Disposal Act plainly states:

> The proposals shall be in writing and shall contain, among other things, the amount proposed to be paid for each of the facilities.

We do not need a lawyer to explain that language. We need only to have someone who can read and who has commonsense. Maybe it would have been better if the Commission had not had a lawyer in that situation.

Mr. MORSE. Mr. President, if the Senators will permit me, I shall finish my argument. I have been in enough of these Donnybrooks to know that I shall never finish my argument if I continue to yield to other Senators. So I shall complete my argument, and then yield.

Mr. FREAR rose.

Mr. MORSE. And that statement applies to the Senator from Delaware. [Laughter.] I shall yield to him later.

Mr. President, I wish to add this comment: It does not follow under the law that if the Commission deals with one person legally, by way of a legal bid, then as a Rubber Commission it is free to negotiate with anyone after that, whether he has made a bid or not. The Shell Co. never made a legal bid because it did not bid on a plant-by-plant basis. The argument is that the Commission should have been able to sit down and negotiate with them on the basis that some other company made a legal bid.

Let me give the Senate practical proof as to the custom in the industry. When trade matters arise in court, trade practices and customs become of assistance to the court in the interpretation of the law. It was recognized throughout the industry that these particular plants were to be considered individual facilities. Thus the Commission received bids, for example, in Texas, on a plant-by-plant basis, not on a package basis. There are 24 plants involved. Is it not interesting that in the submission of bids the industry generally recognized the fact that they should follow the specifications on the basis of plant-by-plant, just as the distinguished Senator from Indiana [Mr. CAPEHART] made it perfectly clear during the debate last year and again made clear to the committee, as appears from the quotation which has been read twice today? That was his understanding and the understanding of the committee at the time.

We are dealing with a situation in which the Rubber Plants Disposal Commission negotiated with a company that even refused to submit a bid on a plant-by-plant basis, after the Commission itself said, in effect, "You have submitted us a package bid. We want a bid on a plant-by-plant basis."

They said, "We are not interested in bidding on a plant-by-plant basis."

That is the record in this case.

Let us consider another argument which has been advanced both in committee and on the floor of the Senate today. What about these further bidders? They did not get hurt. Their bid was not near the Shell figure, anyway. What are they complaining about?

The fact is that every bidder is entitled to have the Government agency

follow the law. When the law is not followed, the bid should be set aside. Who knows what the situation will be if we set the Shell Co. bid aside and call for new bids?

Mr. Pauley says in the record that his company will give more than $30 million.

Possibly others will. But I will tell Senators another benefit to be derived from setting the bid aside. It will give the industry, the independent operators, and the people of the United States a chance to look and see; and we need time for that. We are under a time gun. We are once more dealing with the kind of legislation that has us under a time gun. As a general practice, I think that is a bad principle to follow. We have had a series of unfortunate experiences. We have a legislative pattern, and I think it is necessary to be on guard in the future so that the same mistake will not be made again. But we must deal with the problem now, because here it is.

I would like to make my second argument against the sale. A bid has been received from a foreign corporation. Oh, it has a Delaware front.

Mr. FREAR. Does not the Senator think that is very good?

Mr. MORSE. It is an American subsidiary, like Ford has a subsidiary in England, and some other companies have subsidiaries in France, and elsewhere throughout the world.

But let the American people know that this property is sought by a foreign corporation, 51 percent of it owned by the Dutch, and about 49 percent of it owned by the British.

One of the reasons why the Government of the United States had trouble during World War II and after World War II in regard to the rubber situation was that foreign interests got control of the raw rubber. They hijacked the United States in prices. The price of raw rubber went up to 80 cents a pound.

That is what I meant when I said the Senator from Texas [Mr. JOHNSON] as chairman of a subcommittee of the Committee on Armed Services, saved the American people a minimum of $2 billion by serving notice that this Government would not be hijacked by foreign corporations.

In connection with the sale of these synthetic-rubber-producing facilities it is in the national interest to give a greater opportunity to American corporations, to American investors, to American producers, by calling for new bids and for a second look at the situation. Why do I say that? Because we had better watch the world rubber situation. Southeast Asia is deteriorating day-by-day. Who knows how long it will be possible for the United States to get its raw rubber supply from southeast Asia? We are dealing with a question involving the national security. I think doubts should be resolved in favor of American companies. We should make doubly certain that the interests of the American people are being protected. Therefore, these doubts being in existence, the sale of the plants should be delayed until there can be further exploration as to how much can be obtained for them, and as to whether or not some independent companies in the United States might not have an opportunity to purchase them, if given sufficient encouragement to do so.

This takes me to my third major argument in opposition to the sale, an argument I shall develop in greater detail when, later today, I speak more at length in support of my resolution. It needs to be highlighted here, because it is vitally important, perhaps, to slow up the proposed sale to Shell Chemical Corp. This argument relates to the antitrust features, the monopolistic features.

Under this proposal, the Government will be selling to one of the "big boys." It will be selling to a company which has on its record antitrust violation after antitrust violation, settled by way of pleas of nolo contendre—"we do not defend." Why did not the company defend? Because it knew it was guilty. What penalty did it take? It voluntarily took, on the plea of nolo contendre, a $5,000 fine, because Congress has not revised the antitrust laws now in effect so as to put more teeth into them. We allow great monopolistic combines to outwit the American people and to mulct them of millions of dollars, and then we slap them on the wrist with a $5,000 fine. That is what it adds up to.

Consider what has happened to the small producers in the United States, who are becoming aware, day by day, of the great danger of the so-called rubber steal. They are pleading with us for protection, because there is no legal remedy in this contract for a single small producer in all America. The lawyers for the Shell Corp. admit that to be so.

I secured permission from the company to submit some written questions to their counsel, because I wanted their studied opinion; I did not want their oral testimony. I wanted to know what they actually, with pen in hand, would sit down and write. I shall develop that at greater length this afternoon, when I speak on my own resolution; but I will say this much about it at the present time. The answer is—and it is a true answer—that the small producers of the United States have absolutely no legal remedy under the contract. There is not a thing the small producer can do to guarantee that he will receive a supply of rubber which the "big boys" voluntarily are promising. Oh, they are talking big; they are purring like kittens. But they are like monopolistic tigers, waiting to pounce on the American people. I happen to be one who believes we should bring their operations into the open so that the American people can see what the predatory interests really are.

Look at the long list of violations of the antitrust laws; and then consider that it is proposed, in this contract, to turn the supply of American rubber over to the "big boys" with no precautionary checks to protect the little fellows.

Minnesota Mining & Manufacturing Co. is a little fellow. Minnesota Mining & Manufacturing happens to be one of the smaller producers and processors of the United States. Minnesota Mining & Manufacturing is scared to death of what will happen to it, so far as the supply of rubber is concerned, if this kind of sale is consummated.

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

Mr. MORSE. Perhaps the Senator from Minnesota did not hear me say that I would not yield until I had finished. I want to yield, but I have refused to yield to my friend from Delaware. I will yield as soon as I complete my argument. I am almost finished.

I intend to develop these points in greater detail in connection with my own resolution later. I assure the Senator that I will ask for time to yield as soon as I have completed my statement.

The PRESIDING OFFICER (Mr. MCNAMARA in the chair). The Chair is advised that the Senator has 1 minute remaining.

Mr. MORSE. I ask for 5 additional minutes.

Mr. HUMPHREY. I yield 5 additional minutes to the Senator from Oregon.

Mr. MORSE. I wish to emphasize that in this contract, or in any other of the contracts involved, there is no protection for the little fellow. What are the little producers saying about this? I shall place in the RECORD later this afternoon correspondence and telegrams from them. I shall report on long distance telephone calls, because I wish to tell Senators something about them. Many of the little fellows are scared to death to go on record in black and white. They know that if they should put their protests down in black and white, disciplinary economic action would be taken against them in many instances. One of them, in Connecticut, called me. I wish Senators could have heard him. I wish Senators could have heard his voice as he pointed out how under these contracts, if they should be negotiated, he would be pushed to the wall. He said he could get no assurance of any delivery date; he could get no assurance of any particular amount of rubber. He said, "Under these contracts, I would be left high and dry."

So I insisted in committee, I am insisting now, and I shall argue later this afternoon in connection with my own resolution, that some guaranties should be written into the contracts. In order to assure the little producer that he will not have to rely upon unenforceable promises by the "big boys," there should be a remedy for breach of contract, and there should be a penalty the "big boys" would understand, a penalty of at least $50,000. It is necessary to talk to the big fellows in big terms, if we are really going to make them live up to the spirit, intent, and purpose of the antitrust laws. We should not allow great monopolies to take millions of dollars from the American people and as a penalty give them a mere slap on the wrist by imposing a fine of $5,000.

Lastly, the distinguished senior Senator from Georgia [Mr. GEORGE] put his finger on one of the most vital weaknesses in the whole transaction, namely, the recapture clause. Oh, it is said that the Government always can condemn

the plants. The Government, under the Defense Security Act, always can get the property back. But at what price? Not at the price at which it was sold. The big corporate purchasers are going to breathe into these plants increased prices, and also, mark my words, quick increases in the prices of rubber. All they have to do is to up the price of synthetic rubber 5 cents a pound, and they will have paid for the entire investment in 2 years on the basis of present consumption.

Raw rubber has increased in price to 30 cents a pound. The Government has kept down the price of synthetic rubber to around 23 cents, and the plants have done very well. Even after taking into account the local property taxes, the expense of maintaining the standby plants, and the great sums of money which have been spent on basic research, the Government has made in the neighborhood of $40 to $50 million a year on the average, over the past 5 years.

The American people need to pause and consider the nature of the investment they are selling, without placing any checks or controls upon the purchasing companies.

Lastly, I want to say that the small oil distributors and service stations of my State have been wiring me in recent days informing me of the violations of the antitrust law by the Shell Oil Co. A group of independent stations have filed an action in the Federal district court at Portland, Oreg., against the Shell Oil Co. for these violations. I wish to say to these small oil producers and station operators in my State, that when I finish today, I will have done my best to warn the American people of the importance of their being protected from antitrust combines represented by the big oil and rubber companies, which will all be integrated in the process of producing rubber.

Mr. President, what we are discussing is a vertical monopoly. A vertical monopoly that starts with the petroleum stage of the rubber manufacturing process and goes right straight through to the Shell oil stations in my State and in every other State. The gas station dealer either complies with the "wishes" of the petroleum company or runs the risk of losing his lease. He knows that this has happened to many fellow operators. With a family to feed and no effective way to combat this pressure, he generally complies.

I do not intend to sit in the Senate and vote to strengthen the vertical monopoly under a contract in which is contained no recapture clause, or under a contract which provides no legal remedy for the small producer if the big producer does not keep his voluntary promise. Nor do I intend to vote for a contract which does not provide some penalty so that the American people will be protected.

There is one other condition which should be considered, namely some price protection. When one is dealing with monopolies it is essential to write into the contract some restraints on price fixing. Is it bad for the Government to fix prices, and not bad for monopoly to fix prices?

One of the greatest checks we need against monopolistic depredations at the present time is power on the part of the government to see to it that the big companies do not bleed the American consumer white. No effective check is now provided. So I say we had better set the bid aside, take a long look at it, call for new bids, and have new negotiations.

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

Mr. MORSE. Will the Senator from Minnesota yield me 2 additional minutes?

Mr. HUMPHREY. I yield the Senator from Oregon 3 additional minutes.

Mr. FREAR. Will the Senator yield for a question?

Mr. MORSE. I yield.

Mr. FREAR. Does the act preclude the selling of these plants to a foreign corporation?

Mr. MORSE. No, the act does not preclude the selling of the plants to a foreign corporation; but in the midst of a world situation such as that we now face, and in view of the Shell Co.'s conduct in connection with the raw rubber situation in the United States a few years ago, good common sense and sound public policy should dictate that the plants should not be sold to such a corporation.

Mr. THYE. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield to the Senator from Minnesota.

Mr. THYE. I have listened with much interest to the statements which the distinguished Senator from Oregon has made. He referred to the Minnesota Mining & Manufacturing Co., of St. Paul, Minn. That company has been in existence since 1902. It has grown gradually from a small corporation until it is now serving not only St. Paul, but every other community in this country. The company had a record of operating a synthetic rubber plant in the war years. Following the war the Minnesota Mining & Manufacturing Co. entered into a contract to operate the synthetic rubber plant at Los Angeles, Calif., and is operating it today. The company is foreclosed from bidding on the plant. We do not know how much that company would bid for the one plant in Los Angeles. It is for that reason that I submitted the resolution. I wish to commend the Senator from Oregon for his able statement on this entire question.

The Minnesota Mining & Manufacturing Co. desires to serve the Nation, but it will not have an opportunity to do so if the Shell Chemical Corp. is permitted to make a bid on 3 plants and thereby foreclose the Minnesota Mining & Manufacturing Co. from the right to bid on the 1 plant which it is now operating.

Mr. MORSE. I wish to thank the Senator from Minnesota for his remarks. The Minnesota Mining & Manufacturing Co. is a great organization. In fact, I took pride in the testimony of its general counsel, Mr. Connolly. He must not be blamed for it, but he at one time was a student of mine. I thought Mr. Connolly did a magnificent job before the committee in pointing out the legal rights to which Minnesota Mining & Manufacturing Co. was entitled under the law. As he pointed out, and as the Minnesota Mining & Manufacturing Co. points out, it takes great pride in the fact that it is one of the truly independent companies of the country. It is not one of the combines. The company has done a magnificent job in operating one of the synthetic rubber plants. I think it ought to have had a better break in bidding for the plant, under the processes of the law, rather than to have the plant taken out from under it, by what I am satisfied is an illegal bid.

Mr. FREAR. Mr. President, will either the Senator from Oregon or the Senator from Minnesota yield?

Mr. THYE. I shall gladly yield to the Senator from Delaware if he wishes to refer to the Minnesota Mining & Manufacturing Co.

Mr. MORSE. Before the Senator yields, I should like to supplement what the Senator from Minnesota has said. The senior Senator from Georgia listened to the Senator from Delaware. Then the Senator from Georgia asked the $64 question: "Does this contract contain a recapture clause?" The reply was that it did not. When the Senator asked that question, he pinned the contract to the mat. In my judgment, it was counted out.

Mr. FREAR. Mr. President, will the Senator from Minnesota yield?

Mr. THYE. I would be glad to yield, but I have not been allotted any time.

Mr. FREAR. If the Senator has not been allotted any time, perhaps he would yield to me, anyway.

Mr. THYE. Mr. President, I shall yield myself 5 minutes for any purpose, if the Senator from Delaware desires to ask me questions.

Mr. FREAR. I appreciate the courtesy of the senior Senator from Minnesota. I should like to make a comment before I ask a question. I think all of us have respect for the Minnesota Mining & Manufacturing Co. The Senator from Oregon just referred to it as the "little Minnesota company." I might say the "little Minnesota company" is a little million-dollar corporation. What are the assets of the Minnesota Mining & Manufacturing Co.?

Mr. THYE. Mr. President, the question which the junior Senator from Delaware asked as to the assets of the Minnesota Mining & Manufacturing Co. is immaterial. The firm commenced business, as a small company, in 1902. The growth of the Minnesota Mining & Manufacturing Co. has been steady. It has not in any sense become a corporation with headquarters in any State other than Minnesota. Therefore, whether the Minnesota Mining & Manufacturing Co. has been incorporated for $1 million or $10 million is immaterial to the question now before the Senate.

The address of the company is St. Paul, Minn.; and its home manufacturing plant is in St. Paul, Minn. Everything the company has developed and today has as its assets has been managed and controlled by business persons

and investors in the State of Minnesota. Therefore, the Senator's question about the amount for which this company is incorporated is immaterial. If he wishes to place that information in the RECORD, I shall be glad to have him do so in my time.

Mr. FREAR. Mr. President, will the Senator from Minnesota yield to me?

The PRESIDING OFFICER (Mr. MCNAMARA in the chair). Does the Senator from Minnesota yield to the Senator from Delaware?

Mr. THYE. I am glad to yield.

Mr. FREAR. Again I say I have great admiration for the company in the Senator's State of Minnesota. Let me say that I believe it is a Delaware corporation.

Mr. THYE. If so, it is only incorporated under the Delaware law, merely because the Delaware law was found to be better suited to a corporation of that type than the Minnesota law. But it is a Minnesota corporation. Its first operations were on the flat on the east side of St. Paul, Minn.

Mr. FREAR. I appreciate the Senator's statement very much. In fact, I think one of our fine Delaware corporations is very friendly to the Minnesota Mining Co.; and I appreciate the situation in that respect.

Mr. THYE. Many corporations are incorporated under the Delaware law, because of certain characteristics of that law.

Mr. FREAR. I may add that is another point in their favor; I think they are using excellent judgment.

Will the Senator from Minnesota yield for another question?

Mr. THYE. Certainly.

Mr. FREAR. Does the Senator from Minnesota know the amount of the bid of the Minnesota Mining & Manufacturing Co. for Plancor 611?

Mr. THYE. It is immaterial what the company's original bid was, because its bid was never considered, in view of the fact that the lump-sum bid of the Shell Chemical Corp. was the one that was accepted, and that foreclosed any opportunity for another company to bid on an individual plant or a specific plant.

Mr. FREAR. Let me respectfully disagree with my good friend, the Senator from Minnesota; I do not believe he will find that to be the case, for if he will refer to the record and the testimony, he will find that the Commission went back to the Minnesota Mining & Manufacturing Co., which raised its bid from $2,500,000 to $3 million. But even with the raised bid of $3 million, it was still $2 million less than the bid of the next higher bidder. That is my point.

Mr. THYE. I should like to ask a question of the junior Senator from Delaware, who was chairman of the subcommittee which made the study and conducted the hearings on this matter: Will he tell me the amount of the bid of the Shell Chemical Corp. on Plancor 611, the synthetic plant at Los Angeles? Will the Senator state the amount of the bil of the Shell Chemical Corp. on that one plant?

Mr. FREAR. The Shell Chemical Corp. bid $30 million, including the three California plants, Plancor 611, 929, and 963. It made no individual bid. I admit to the Senator from Minnesota that it made no individual bid.

Mr. THYE. Mr. President, that is another reason why I submitted my resolution. The Shell Chemical Corp. bid, on a lump-sum basis, on 3 plants, Plancors 611, 929, and 963. In view of the making of that lump-sum bid, the Commission considered only the lump-sum bid. No specific amount was designated for Plancor 611. Therefore, I contend that whatever Shell Chemical Corp. bid as a lump sum, had no relationship to what the Minnesota Mining & Manufacturing Corp. bid for Plancor 611, because there is no record to give us information as to whether Shell Chemical Corp.——

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

Mr. THYE. Mr. President, I yield myself an additional 2 minutes.

I say that there is no record to give us information as to whether the Shell Chemical Corp. bid $1 or $1 million on Plancor 611.

If the Senator from Delaware is able to tell us what the Shell Chemical Corp. bid for Plancor 611, he will then be able to tell us what we cannot find in the record of the committee hearings.

Mr. FREAR. Let me say to the Senator from Minnesota, Mr. President, that if he would like me to supply that information, I shall reply by stating that the amount of the Shell Chemical Corp.'s bid for Plancor 611 was zero. But let me also inform the Senator from Minnesota that the amount of the bid of Standard Oil Company of California for Plancor 611 was $5 million, whereas the highest the Minnesota company would bid was $3 million.

Mr. THYE. Mr. President, I should like to ask the distinguished Senator from Delaware a question. What did he state was the amount of the bid of the Standard Oil Company of California for Plancor 611?

Mr. FREAR. Five million dollars.

Mr. THYE. What was the amount of the bid of Shell Chemical Corp. for the three plants?

Mr. FREAR. Thirty million dollars.

Mr. THYE. Can the junior Senator from Delaware tell me whether the $5-million bid for Plancor 611 was a good bid?

Mr. FREAR. I am afraid I am not an expert as to prices.

The PRESIDING OFFICER. The time of the Senator from Minnesota has again expired.

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

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 5 more minutes.

Mr. THYE. Mr. President, the junior Senator from Delaware was chairman of the subcommittee which conducted the hearing and investigation; and if he failed to ascertain whether the $5 million bid by the Standard Oil Company of California was a good bid for Plancor 611, he was derelict in the performance of his duties as chairman of the subcommittee because he did not ascertain all the facts, in order that he could acquaint us with them, as we examine the record which he was supposed to develop on that subject.

Mr. FREAR. Mr. President, will the Senator from Minnesota yield to me, in order that I may reply?

Mr. THYE. Yes; I am happy to yield to the Senator from Delaware.

Mr. FREAR. It is true that the junior Senator from Delaware was chairman of the subcommittee, which had the duty of obtaining the facts. However, I understood the Senator from Minnesota to ask me a personal question; he asked me whether I considered the bid to be a good one. I did ascertain that information from what I considered to be competent authority. The Commission and its advisers thought that the $5 million bid was a pretty fair bid for it; but they did not think it was as good a bid as the $30 million bid for the 3 plants.

Mr. THYE. Then will the Senator from Delaware tell me whether there is any difference between the three plants which were involved in that bid? Does one plant have a greater value than the other because of its physical equipment? Are all three of the plants of the same capacity and size? Will the Senator from Delaware give us that information?

Mr. FREAR. They are not all of the same capacity, and they are not all of the same size, and each one of them manufactures a different product.

Mr. THYE. Then I believe there is before this legislative body positive evidence that the bid of the Shell Chemical Corp. for the 3 plants should be set aside, and new bids should be advertised for, because it is obvious that we do not have sufficient facts or sufficient information upon the basis of which to determine whether the Federal Government has gotten the best possible bids for this particular plant or the best possible bid for the 3 plants—particularly if individual bids had been submitted on each of the 3.

Mr. FREAR. Mr. President, I have great respect for the judgment and ability of my good friend, the Senator from Minnesota. But the committee disagreed with his conclusions, in the proportion of 10 to 5.

Mr. THYE. And that is why these resolutions are being debated on the floor of the Senate this afternoon.

Mr. HUMPHREY. Mr. President——

Mr. JOHNSON of Texas. Mr. President, I yield 10 minutes to the distinguished Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 10 minutes.

Mr. HUMPHREY. Mr. President, later today we shall have an opportunity to discuss the resolution which has been submitted by the Senator from Oregon [Mr. MORSE]. At present, we are discussing Senate Resolution 78 and Senate Resolution 79, considered as one.

These resolutions relate to the so-called Shell Chemical Corp. contract. I shall confine my remarks to that particular aspect of the proposal which is before us.

First of all, I was nothing short of chagrined, disappointed, and somewhat dismayed by the action of our committee in turning down what I consider to be a very legitimate request, namely, that the Shell Oil Co. bid be disallowed and denied because of its failure to comply with the law. We can argue here all afternoon as to whether or not the Standard Oil Co. submitted a better bid than Shell. We can argue as to whether or not the Gulf Oil Co.—if it were involved—submitted a better bid, or whether any other oil company submitted a better bid. That has nothing to do with the question. The dollars involved are secondary to the legal issue. I will not permit myself to be taken off into legislative back alleys, or down the highways and byways of diversion. There is one issue before the Senate. The only issue before the Senate is whether or not the Shell company bid was a legal bid, and therefore led to a legal contract.

What are the facts? The Senator from Oregon [Mr. MORSE] has in forceful language documented with detailed information, pointed out in substance what the facts are in this case. But, Mr. President, the facts which relate to this case were developed over a year ago on the floor of the Senate. For example, former Senator Johnson, of Colorado, one of the great men of the Senate, and greatly beloved by his colleagues, asked this question during the debate on the passage of the Rubber-Producing Facilities Disposal Act of 1953:

> I wish to ask whether all the plants, other than the three alcohol butadiene plants, will be sold in a single package, or whether they will be sold plant by plant on bids on a plant-by-plant basis.

The Senator from Indiana [Mr. CAPEHART], then chairman of the Banking and Currency Committee, answered as follows, in his role of responsibility as chairman of the committee handling this legislation on the floor of the Senate:

> They will be sold on the basis of plant-by-plant proposals; and the sales will be made plant by plant.

What clearer language could we have than that?

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

Mr. HUMPHREY. I yield.

Mr. LANGER. Is that the Senator from Indiana [Mr. CAPEHART]?

Mr. HUMPHREY. That is correct; the Senator from Indiana.

Section 7 (b) of the Disposal Act reads as follows:

> (b) Proposals shall be in writing, and shall contain, among other things:
>
> (4) The amount proposed to be paid for each of the facilities.

I ask any Member of the Senate, regardless of all the minutiae and the detail that could be mustered to try to bolster up any argument, one question. Did the Shell Oil Co. bid plant by plant? Of course the answer is so obvious that we ought not even to be debating this question in the Senate.

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

Mr. HUMPHREY. Of course they did not bid plant by plant.

I should like to ask the distinguished Senator from Indiana [Mr. CAPEHART] this question: Did the Shell Oil Co. bid plant by plant upon the facilities which were finally awarded to it by the Disposal Commission? I yield to the Senator to answer that question.

Mr. CAPEHART. Mr. President, I shall speak in a few minutes on my own time and explain my full and complete understanding of this entire situation. I will say at the moment that this question has bothered me no end. I have gone into it very thoroughly. I shall explain my position in a moment, and I shall answer the Senator's question. Technically, of course, the answer is that they did not bid plant by plant. I shall give my reasons in a moment. I think the Commission did right by eventually selling the plants to the Shell Co.

Mr. HUMPHREY. I thank the Senator. As I have stated many times, the Senator from Indiana is an honorable man. He says that technically the Shell Co. did not bid plant by plant.

When we consider the law we are considering technical language. It is the technicalities of the law which are the letter of the law. If we were to give to the Rubber Disposal Facilities Commission the right to make any kind of good deal, if that is what we intended to do, we should have written it into the law. But we did not write it into the law. We did not say to the Commission, "The only thing you shall bear in mind is the best price you can get." We laid down in the law certain other provisions, such as provisions to preserve competition and provisions protecting the national interest. There were provisions requiring bidding on each proposal, plant by plant, and requiring written proposals, written offers. The word "shall" means exactly what it says. It does not mean "may." It means "shall." Despite all the legal talk to the contrary, the word "shall" is a mandate, an order.

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

Mr. HUMPHREY. I yield first to the Senator from Louisiana, and then I shall yield to the Senator from Oregon.

Mr. LONG. I believe the Senator from Minnesota recalls that the junior Senator from Louisiana offered an amendment which was agreed to last year. The basis of that amendment was that the Congress should have the right to reject the sale of any one of these plants without requiring that any other disposal plan be rejected. The Senator will recall that at that time the junior Senator from Louisiana argued that it might very well be that the Government might have arranged for the sale of some of the plants in the Government interest, but one individual plant might have been disposed of in a way not to the Government's best advantage. The purpose of that amendment could not have been carried out if the plants were to be disposed of in groups.

Mr. HUMPHREY. The Senator is correct. I remember vividly, and with accurate recollection, the Senator's proposal. I recall that it was what we thought would be one of the saving clauses in this particular legislation. It was hotly debated, and finally adopted.

Two things, it seems to me, have happened. First, if we permit these plants to be sold in groups, on the basis of 1 bid for 3 facilities, we shall have broken faith with our own contract among ourselves in this Chamber, because we agreed among ourselves as to what this legislation meant, and we spelled it out in formal language—not merely in a legislative record, but in formal language.

Secondly, if we are going to ignore the technicalities of the law, we shall not be permitting fair competition among those who are bidders for these facilities.

There is another issue, as to whether or not we should even sell these plants at this time. That is an issue which relates to the foreign situation and to our national security. But let us set that issue aside.

The first duty of the Government is to deal within the law. I do not propose to join in a proposal to allow a foreign-owned corporation to evade the law, to use legal trickery and legal subtlety and legal interpretation, despite the preciseness of the language of the law, to deny contracts on the basis of competitive bidding to those who wish to live within the spirit of the law.

Make no mistake about it. Every other bidder in the United States who bid knew what the law was, and bid according to the law. Perhaps they did not bid enough. Perhaps they did not do right in terms of the dollar amounts offered, but they bid within the spirit of the law.

What is the Commission permitting? The Commission is saying, "It is too bad you fellows were not smart enough to figure out a better deal. You should have seen us in the back room. You have submitted a bid plant by plant, and you are not going to get these particular facilities. If you had been shrewd and sharp, like the Shell Oil Co., and if you had put three of these facilities together in one package and submitted a big deal, with one package, on a one-shot basis, we might have done business with you."

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

Mr. HUMPHREY. I yield myself 5 additional minutes.

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

Mr. HUMPHREY. If the United States Senate, which had a major part in writing this legislation and in writing what might be called the saving clause and the public-interest clauses, permits this situation to occur, it will give a go-ahead sign to every disposal commission in the Government to make the best kind of deal it can with the "favored boys," and let the public take the hindmost. The fact that the Government cannot even reclaim these facilities is bad enough. I think that in itself is a most serious matter; but again I say that I wish to stick to the point. I tried to develop that point with the chairman of the subcommittee and members of the subcommittee, including the Senator from Delaware [Mr. FREAR]. I ask unanimous consent to have my letter of March 16, 1955, to the Senator from

Delaware printed in the RECORD at this point as a part of my remarks.

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

MARCH 16, 1955.

HON. J. ALLEN FREAR,
Chairman, Subcommittee on Production and Stabilization, Committee on Banking and Currency, United States Senate.

DEAR ALLEN: As you know, on March 15 I introduced Senate Resolution 79, a copy of which is attached.

I have followed the proceedings of your subcommittee in considering the report of the Rubber Facilites Disposal Commission with great interest. Your committee has performed an outstanding service to the Senate in the thorough manner in which you have developed the facts concerning the disposal of the synthetic-rubber industry to private ownership.

It is abundantly clear from the evidence which your committee has developed that the Disposal Commission in recommending the sale of Plancor 611, a copolymer plant, Plancor 963, a butadiene plant, and Plancor 929, a styrene plant, all located at Los Angeles, Calif., failed to follow either the spirit, intent, or the letter of Public Law 205, as passed by the Congress of the United States.

I will not attempt to review the provisions of this law in detail as your able committee has spent many long hours in hearing it expounded and analyzed.

Section 7 (b) of the law is clear, unambiguous and mandatory. To say otherwise is to make a farce of the act and to completely emasculate it.

You, of course, are thoroughly familiar with the fact that section 7 (b) (4) of the act clearly states that proposals shall be in writing and shall contain the amount proposed to be paid for each of the facilities. Shell Chemical Corp. failed and refused to follow this requirement. The Disposal Commission failed to require Shell to follow this requirement. Every other successful bidder did follow this requirement to the letter.

The evidence shows, without dispute, that the Commission repeatedly requested Shell to break its lump-sum package bid down and assign an amount to each of the three specific plants as required by law and that Shell refused to do so.

This flaunting of the law by Shell rendered its proposal illegal and should have been thrown out. It gave Shell an advantage prohibited by law over both the Government and the other bidders for these plants.

The Commission had no discretion or authority to waive this vital requirement of the law. It might just as well have waived the requirement as to the national-security clause or the requirement as to the report of the Attorney General on the antitrust laws. Each of these requirements is couched in the same language in the act.

It is my sincere opinion that the Senate must not establish the dangerous precedent of permitting either public bodies or private industry to ignore its mandatory requirements in the disposal of vital Government property.

Inasmuch as section 9 (d) of Public Law 205 provides "no rubber producing facility shall be sold or leased except in accordance with this act * * *" and since the Shell proposal and the recommended sale are in direct violation of the provisions of the act, and in further view of the shortness of the time in which the Senate may consider this matter, I earnestly urge and request your subcommittee and the full Committee on Banking and Currency to approve Senate Resolution 79.

Sincerely,

HUBERT H. HUMPHREY.

Mr. HUMPHREY. I yield to the Senator from Oregon.

Mr. MORSE. Does the Senator agree with me that the bidding requirement of the statute was the primary requirement which the Rubber Plants Disposal Commission had to meet first, and that the Commission could not negotiate with any company until after it had first had a bid from that company?

Mr. HUMPHREY. Of course, that is correct. I may say to the Senator from Oregon that there are some other laws which compel those who come before an agency of the Government to act in accordance with the terms of a law. For example, there is the National Labor Relations Board. Unless certain requirements are fulfilled on the basis of a party being an employer or a union, the services of the Board are not available. I submit that the Shell Co. was not entitled to the services of the Disposal Commission once it ignored the law.

Mr. MORSE. That is a vital point. The Senator from Delaware [Mr. FREAR] has referred to the Shell Co. bidding zero. Does the Senator from Minnesota agree with me that the Shell Co. submitted no bid at all on a plant-by-plant basis? In other words, it refused to bid. A refusal to bid, therefore, does not mean a bid of zero. It means a refusal to bid, which in turn means that the Shell Co. did not comply with the law. Therefore, when the Rubber Plants Disposal Commission proceeded to negotiate with Shell, it was negotiating with a company which did not even come under the law. Is that not true?

Mr. HUMPHREY. The Senator from Oregon is eminently correct.

The final defense of the Shell Co. was that its attorney had interpreted the statute differently than the statute was written. Their second line of defense was that they did not quite agree that the word "shall" meant "shall." That is fine so far as the Shell Co. is concerned. However, I happen to know how to spell the word "shall," and I know what it means. We do not need a battery of New York or Philadelphia lawyers to tell us what the word "shall" means. The word "shall" does not mean that "Shell" may pull a fast deal. The word "shall" means that the public interest shall be protected.

Therefore I rest my case, not upon what I consider to be the monopoly aspect of the situation—although that is extremely serious, and the public will pay and pay and pay, and the public will shell out and shell out and shell out—I rest my case, not even on what I consider to be the vital question of national security in the field of synthetic rubber production, although it has been demonstrated how important synthetic-rubber plants are in both peace and war—but I and my senior colleague rest our case on the basis of the law. We certainly do not rest it on the basis of a particular company.

If the Senate of the United States is not going to be a respecter of the law we cannot expect large corporations to be respecters of the law. They sometimes have the idea that they can take all the market will bear.

We write the law. In this instance we are charged with the enforcement of the law. We are the body that said we wanted to relegate to ourselves the right of reviewing the enforcement of the law.

I hope we are not ready to say to those who are clever enough to skid by the law, "Go ahead, and do it, and run your show, regardless of the law."

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

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

Mr. HUMPHREY. I shall be glad to yield on the Senator's time.

Mr. KNOWLAND. Mr. President, I yield 5 minutes to the Senator from Delaware, and additional time if he needs additional time.

Mr. FREAR. The Senator from Minnesota has stated that we write the laws. I should like to ask him to turn to page 8–A of the Commission's report. Public Law 205 of the 83d Congress, as quoted on page 8–A of the report, provides, under section 7 (b) (2), "the facility or facilities which are proposed to be purchased."

Therefore, the Shell bid was a bona fide bid.

Mr. HUMPHREY. I should like to ask the Senator from Delaware to turn to section 7 (b):

> Proposals shall be in writing, and shall contain, among other things—(4) the amount proposed to be paid for each of the facilities.

The word "each" is just as easily understood as the word "shall." It does not mean "leech." It says "each." I do not want anyone to try to rewrite the law on the floor of the Senate. If we insisted on the responsibility of enforcing the law, let us now enforce it. This Senator does not intend to permit a company, which has the audacity to say before the Commission, "Well, our attorney interpreted it that way," to change the law.

The attorney for the company interpreted the law in the way the company wanted it interpreted. Of course, the attorney interpreted it that way. If not, he would not have been hired in the first place.

Mr. FREAR. Will the Senator yield further on my time?

Mr. HUMPHREY. I am delighted to be debating with the Senator on his time.

Mr. FREAR. I enjoy it, too. It was not only the attorney for Shell who gave that opinion. It was also the Comptroller General and the attorneys working for the Commission who gave that opinion. Therefore it was not only the attorney for Shell who gave that opinion.

Mr. HUMPHREY. That only proves that we need a change in the Comptroller General and a change in the attorneys for the Commission.

Mr. FREAR. Does the Senator wish me to argue that point with him?

Mr. HUMPHREY. I will be delighted to have the Senator do so on his own time. I do not know what kind of Comptroller General would interpret the word "each" to mean more than one.

I cannot figure that one out at all. I cannot understand how a Comptroller General can give multiplicity to the word "each," or change its singular character to a dual character.

Mr. FREAR. Mr. President, I cannot longer yield to the Senator from Minnesota. He will have to use his own time. I yield now to the Senator from Oregon.

Mr. MORSE. I say facetiously and good-naturedly, and somewhat irreverently and irrelevantly, that I do not like my friend from Delaware to cite as good legal authority men who in the next breath he would like to have removed. However, the question I should like to ask the Senator from Delaware is this. He quoted from the law the phrase "facility or facilities." The latter word is in the plural. In the Senator's opinion does the use of the word "facilities" in the plural have any bearing upon empowering a company to bid on a package basis?

Mr. FREAR. I believe I said in my opening remarks that the Shell Co. stated what the Senator from Oregon has stated the company had said.

Mr. MORSE. That the company was not bidding on an individual basis. Is that correct?

Mr. FREAR. That is correct.

Mr. MORSE. The only point I was raising was with reference to the legislative construction. The use of the word "facilities" in the plural in no way authorized Shell to bid on a package basis. Is that correct?

Mr. FREAR. No.

Mr. MORSE. It could buy more than one facility, but on an individual basis.

Mr. FREAR. It could bid on more than one facility.

Mr. MORSE. I agree, but it could not bid on a package basis.

Mr. HUMPHREY. Mr. President, I yield myself an additional 5 minutes on a matter which has been brought up and which deserves a little more attention.

The president of the Shell Chemical Corp. testified before the subcommittee. I believe he testified on Friday, March 11. At that time the distinguished Senator from Indiana [Mr. CAPEHART], the ranking Republican member of the committee and former chairman of the committee, inquired into certain aspects of the contract and bid. He made some very telling points. The Senator from Indiana is a businessman in his own right, and a man of competence and success. The name Capehart is a well-known household word to anyone who has a radio or television. The Senator from Indiana has had his own struggles with monopolistic tendencies and with those who engage in monopolistic practices.

Mr. FREAR. Mr. President, will the Senator permit me to interrupt him?

Mr. HUMPHREY. At this point I should like to develop my argument. While we may disagree at times with the Senator from Indiana on matters of politics, I think it is fair to say that we do not disagree with him on matters involving his word of honor. In this instance the Senator from Indiana really proved and demonstrated his knowledge of the subject we are discussing.

On page 490 of the committee record, the Senator from Indiana [Mr. CAPEHART] had this to say:

Senator CAPEHART. I want to know why did you not say, "I will give you X amount for one plant, X amount for another, and X amount for the other, and I will not buy any of them unless you will sell me all 3 of them, but if you will sell me all 3 of them I will give you this amount for this one, this amount for this one, and this amount for this one."

Mr. MCCURDY. I will give you that.

Senator CAPEHART. Why did you not do it?

Mr. MCCURDY. The reason we did not——

Senator CAPEHART. That would have been complying with the law.

Mr. MCCURDY. That is right. There are two reasons that we did not do that, and they agree with one another. First, our bid is in line with the law, and our counsel assured us that the bid was all right legally.

Senator CAPEHART. It would not have cost you a penny more to have stated some price on each of the three.

Mr. MCCURDY. No; but I am going to show you why it would have been against my conscience if I could.

Senator CAPEHART. Is it always against your conscience to comply with the law?

Mr. MCCURDY. We did comply with the law.

Now, I know you want to know why. Any number of people have asked me in the last 3 days, "Why in the name of everything didn't you just put three figures on this thing and stop all this business?" Well, the reason that we did not do that was because those figures would have been empty and misleading. Those figures, had I done it, would have had to have been set arbitrarily. We did not calculate figures for these three plants and then add them up. We figured the whole thing out as one piece.

Senator CAPEHART. But the rules and regulations and the law said that you must bid on each individual plant.

Mr. MCCURDY. Well, Senator CAPEHART, our legal counsel do not believe that. Those for the Commission do not believe that. And those for the Comptroller General do not believe that.

I know the distinguished Senator from Indiana, when he said this in the committee and when he said it to his beloved colleague on this side of the aisle, the Senator from Texas [Mr. JOHNSON], meant every word he said.

I read further:

Senator CAPEHART. I was the author of the bill and I believe it. I so gave my word on the floor of the United States Senate. Now, I do not mind telling you right now that was my understanding then and it is my understanding now.

Mr. MCCURDY. But you said, did you not, Senator CAPEHART, that they were going to be sold plant by plant?

Senator CAPEHART. Yes.

Mr. MCCURDY. Well, this is one plant.

Senator CAPEHART. Now, that is the question. If you prove to me——

Senator DOUGLAS. Mr. McCurdy——

Senator CAPEHART. If you can prove that to me——

Senator DOUGLAS. Mr. Pettibone testified here that there was no question but that they were different plants. You heard Mr. Pettibone testify to that effect—that they were separate plants. The record will show they are separate.

Senator CAPEHART. That does not hurt anybody's conscience.

Mr. MCCURDY. No; but in my opinion—and I am sure we will all agree—denationalizing the industry is a lot more intricate problem than selling something off. The intricacies of this problem in one of its most difficult cases caused us to come to this solution. I would really have been in a spot if my conscience had told me that I could not put those figures down and our lawyers had told me that I had to. Then I really would have been in a pickle. I would have had to choose between my conscience and my desire to bid, and that would not be fun.

Senator CAPEHART. This conscience of yours is not quite clear to me. You were willing to pay $30 million for the 3 plants, but you had a conscience against saying, "Well, the physical value of this one is 17 million; the physical value of this one is 12 million; the physical value of this one is 10 million; but I withdraw my bids for all 3 unless you sell me all 3."

In other words, Mr. President, what the distinguished Senator was saying was this: "Do not talk to me about conscience. You were willing to bid only if you could get all 3 plants."

Mr. President, that is not bidding plant by plant. I think the record is eminently clear, and I hope our good friend from Indiana will, in view of his controlling influence on this legislation—and it was controlling, I may say to him, and he knows it—speak further on this matter. The Senator from Texas [Mr. JOHNSON] asked him a question which was pointed and direct, and the Senator from Indiana answered it.

I think our task is to do just one thing, namely, to judge whether the law has been complied with. I think the Senator from Indiana has made it crystal clear that the law has not been complied with.

Mr. KNOWLAND. Mr. President, I yield 10 minutes of my time to the Senator from Indiana [Mr. CAPEHART].

Mr. CAPEHART. Mr. President, as I said a moment ago, I have had a great deal of difficulty with this problem. It has never been an easy one to decide in my own mind.

As the testimony shows, the able Senator from Minnesota having just read the colloquy between Mr. McCurdy and myself, I was doing everything possible to try to get the facts and the information from Mr. McCurdy, the head of the Shell Corp.

In fact, I was quite critical of him because as the author of the bill and the manager of the bill in the Senate when it was considered 2 years ago, one of the things we wished to be careful about was that the plants should not be sold to 2 or 3 or 4 or 5 corporations. We wished to make certain that there would be no monopoly created. We wished to make certain that small business would be attracted, and we wished to make several other things certain, including getting fair value.

We imposed on the Commission many rules and regulations, one of which was that the Commission should get the highest possible price. Another one was that it should not sell all the plants to one firm.

When this question came before the committee I was very critical of the Shell Corp.'s bid. I was not trying to influence any Senator one way or the other. I told those interested in the bid of the Minnesota Mining & Manufacturing Co., and others, that I felt that the law was specific, that the plants should be sold plant by plant. I was sincere and conscientious about it, just

as I was in questioning Mr. McCurdy. Unfortunately, I was not present on the day Mr. Pettibone, the head of the Commission, testified. I questioned Mr. McCurdy very critically, as the record will show. The testimony has been read by the able Senator from Minnesota [Mr. HUMPHREY]. I discussed the matter with Mr. Pauley, who was attorney for the Minnesota Mining & Manufacturing Co. I am frank to say that I had a difficult time making up my mind on the question.

The House agreed to the Shell sale. The general counsel for the House committee agreed to the sale. I ask unanimous consent that the opinion of the general counsel of the House committee be printed at this point in my remarks.

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

MEMORANDUM OPINION FOR HON. CARL VINSON, CHAIRMAN ARMED SERVICES COMMITTEE

PROTEST OF MINNESOTA MINING & MANUFACTURING CO. ON RPF DISPOSAL COMMISSION—RECOMMENDATION OF JANUARY 24, 1955

Minnesota Mining & Manufacturing Co., an unsuccessful bidder for copolymer plant at Los Angeles (Torrance), Calif., filed a letter of protest against the recommendation of the Disposal Commission to sell Plancor 611, a copolymer plant, to Shell Chemical Corp., along with Plancors 929 and 963; one a styrene, and the other a butadiene plant.

Minnesota Mining and a wholly owned subsidiary, Midland, bid on the copolymer plant only.

Shell Chemical Corp. bid on the three plants. Its bid did not specify the price for the individual plants. It stated that it would only purchase the three plants together.

Minnesota Mining cites Public Law 205, 83d Congress, section 7 (b) (4) that the bid documents:

"(b) * * * shall be in writing, and shall contain, among other things * * *"

"(4) the amount proposed to be paid for each of the facilities * * *."

In a release giving instructions and information to bidders, RPF Disposal Commission stated:

"4. Proposals shall state the amount proposed to be paid for each of the facilities * * *."

Shell Chemical Corp. submitted a proposal without giving the price assigned to each of the three plants:

"We do not state the amounts we propose to pay for any of the facilities on an individual basis as we do not propose to purchase individual facilities."

RPF Disposal Commission recommended acceptance of the combined bid of Shell Chemical and called attention to its proposal which stated that "its interest was only in the acquisition of all three plants for integrated operation," for which reason it "declined to assign figures to each of the three facilities." Shell Chemical Corp.'s bid was the highest of the aggregate bids for all three properties.

Minnesota Mining now contends that the bid is invalid because it did not comply with Section 7 (b) (4) nor instruction to bidders, Release No. 1, paragraph 4.

Minnesota Mining contends it is immaterial whether or not Shell Chemical's bid for the three plants was in the aggregate the highest. It also contends that the RPF Commission "gave Shell an undue advantage not permitted by law" and urges the rejection of the bid and legislation authorizing the Commission to negotiate new contracts for the sale of these plants.

Provisions of the act

I disagree with the contention of Minnesota Mining.

Section 7 (b) (4) is not to be read by itself. There must be read with it section 7 (b) (5) which is as follows:

"(5) The general terms and conditions which the prospective purchaser of a copolymer facility would be willing to accept in order to make the end product of such facility available for sale to small business enterprises, and the general terms and conditions which the prospective purchaser of a butadiene or styrene facility would be willing to accept in order to make the end product of such facility available for sale to purchasers of copolymer facilities."

Shell Chemical complies with this section.

There must also be considered section 2, the declared purpose of the act, which is to effectuate the policies set forth in the Rubber Act of 1948, as amended, for the development within the United States of a free, competitive, synthetic-rubber industry.

Likewise, section 3 (b) (3) authorizes the Commission "to take such action and exercise such powers as may be necessary or appropriate to effectuate the purposes of this act."

Section 7 (a), concerning advertisement for proposals states:

"The advertisement shall * * * contain such specifications and reservations * * * as the Commission in its discretion determines will best effectuate the purposes of this act."

Section 7 (b) which follows, merely directs that the proposals shall contain six enumerated items of information, "among other things—."

Thus the Commission is not limited to the six items enumerated in this section. The bid information is advisory only. The basic objective is to "effectuate the purposes of this act."

Section 16 does not limit negotiations to the highest bidder. Instead, negotiations are authorized with any person "at a price which is equal to, higher than, or lower than the highest amount proposed to be paid for each facility as the Commission determines will best effectuate the purposes of this act."

The sale criteria are set out in section 17:

"(1) to afford small business enterprises and users a fair share of the end products of the facilities sold and at fair prices;

"(2) technical competence of the purchaser;

"(3) development of a free competitive, synthetic-rubber industry;

"(4) purchase in good faith;

"(5) full fair value taking into consideration the policy established in the act;

"(6) disposal consistent with national security; and

"(7) that the purchasers will be able to produce not less than 500,000 long tons of general-purpose synthetic rubber, and not less than 43,000 long tons of butyl."

Section 21 (c) of the act defines "rubber-producing facilities" as "facilities, in whole or in part, for the manufacture of synthetic rubber and the components thereof * * *" and subsection (d) defines "component materials" as "material, raw, semifinished, and finished, necessary for the manufacture of synthetic rubber."

Under this definition a combination of styrene, butadiene, and copolymer plants in a single operation in my opinion complies with the definition of a "facility."

Argument on the objection

(a) Minnesota Mining apparently relies upon the word "shall" as being a mandate to the Commission requiring it to receive separate prices on each of the three plants in question. Such an interpretation of the word "shall" as being mandatory cannot be sustained because legislative intent governs at all times.

The rule of statutory construction cases of this kind is well settled. See *Triangle Candy Company* v. *U. S.*, 144 F. 2d 195 (C. C. A. 9th, 1944) holding that where the purpose of the law is protection of the Government by guidance of its officials rather than granting of rights to private citizens, the word "shall" is construed to be directory and not mandatory. Here the purpose of the section in question is only for guidance of the Commission to enable it to "effectuate the purposes of the act."

By no stretch of the imagination is any prospective bidder granted any rights in the act.

See also *Vaughn* v. *John C. Winston Co.* (83 2d 370 (C. C. A. 10, 1936)), holding that if the requirement is a procedural detail not going to the substance of the thing done or to be done, then it is directory.

Upon the authorities it is settled that subsection (4) of section 7 (b) is directory and not mandatory. The failure to fully comply with the procedural detail therein contained does not invalidate this transaction.

(b) It is to be noted that the legislative intent of this section is stated in House Report 593, accompanying Public Law 205. That report states that subsection (4) of section 7 (b) is mechanical in nature.

(c) The intent of the act is the disposal of rubber plants at full fair value while at the same time assuring, first, that small business will have a source of supply at fair prices; and, second, continued competition among rubber producers (sec. 17).

Shell Chemical Corp. undertakes to make the production of synthetic rubber from these three plants available for small business and for the general market. It does not consume, in its own business, the products of these three plants.

Thus, the purposes of the act are effectuated by:

1. Terms favorable to the Government (highest price);

2. Conditions of the sale which favor production for small business (products are to be sold to small business on open market);

3. Competition sought by the statute (certificate of Attorney General).

From the foregoing, it is my opinion:

1. That the recommendation of the Commission complies with the intent of the statute, to wit: sale at a favorable price; an assured market for small-business fabricators; and maintenance of competition.

2. Section 7 (b) (4), it is well settled, is directory, and not mandatory, upon the authorities cited. It is a procedural detail, mechanical in nature, not going to the substance of the thing to be done. This section is for the guidance of public officials and the protection of the Government, and grants no rights to private citizens.

3. Section 21, defining a facility, when read with section 7 (b) (5) (with which Shell complied), and section 16, on negotiations, plainly contemplates Commission action which will effectuate the purposes of the act, and, therefore, the procedural detail in other sections is for guidance to this end.

In my opinion, on the facts and on the law, the Commission is authorized by the act to make the recommendations contained in its report concerning Plancors 611, 929, and 963.

JOHN J. COURTNEY,
Special Counsel.

Dated: March 7, 1955.

Mr. CAPEHART. Mr. President, the Comptroller General of the United States rendered an opinion that the sale was legal, and I ask unanimous consent that his opinion may be printed at this point in the RECORD.

Mr. HUMPHREY. Mr. President, will the Senator identify the Comptroller General who rendered the opinion?

Mr. CAPEHART. It was Joseph Campbell.

There being no objection, the opinion of the Comptroller General was ordered to be printed in the RECORD, as follows:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, March 8, 1955.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency, United States Senate.

DEAR MR. CHAIRMAN: Reference is made to your letter of February 17, 1955, acknowledged by telephone, referring to the contracts executed by the Rubber Producing Facilities Disposal Commission for the sale of Government-owned synthetic rubber plants, particularly the bid and contract by which 3 facilities in the Los Angeles area would be sold to the Shell Chemical Corp., and requesting our views concerning their propriety under Public Law 205, 83d Congress.

Such examination of the Commission's report to the Congress, dated January 24, 1955, and of the contracts as set forth in the supplement thereto, as has been possible in the limited time available has not disclosed any failure to comply with the statutory conditions established by the Congress. The individual contracts have been reviewed briefly and appear to satisfy pertinent provisions of the statute. Our review was directed primarily toward ascertaining that the mechanics of the Commission's procedures complied with the law and that its report was accurately and fairly stated on the basis of records available to us.

The Shell Chemical Corp. offered, in its initial proposal dated May 26, 1954, to buy 3 plants as a unit. It quoted one amount, advising, in paragraph 10, that "We do not state the amounts we propose to pay for any of the facilities on an individual basis as we do not propose to purchase individual facilities." It has been asserted that such proposal was invalid and improperly considered by the Commission in view of subsection 7 (b) (4) of Public Law 205, which directs that basic proposals for purchase "shall contain * * * the amount proposed to be paid for each of the facilities." This provision, as explained in the House report (No. 593, 83d Cong., p. 9), was intended to require "the bidder to indicate the amount proposed to be paid for each of the facilities."

The Commission had occasion to construe this requirement in paragraph 4 of Release No. 1, dated November 25, 1953. Therein it stated, in part, that "Where a proposal contemplates acquisition of several facilities for integrated operation, it shall state separately the aggregate amount proposed to be paid for such facilities on such an integrated basis, and the amount otherwise proposed to be paid for each of the facilities in question on an individual basis." Application to the Shell Chemical Corporation case of subsection 7 (b) (4) and of the language in Release No. 1 also has been considered by the Commission in interpretations, copies of which it is understood were furnished to your committee. A position was taken that the Corporation's intent in bidding was fully stated without misrepresentation and in compliance with all requirements.

It is recognized that the Commission's position involves treating the requirement as meaning that there need be shown only the amount proposed to be paid on the basis of the smallest unit intended to be purchased, as distinguished from "each of the facilities" included in such unit. In this view the statutory direction would be complied with because there would be no offer to purchase an individual facility as such. In other words, the amount bid for each facility would be "zero." In this connection, it may be observed that, even if individual facility prices had been quoted, as they were in the case of the Copolymer Corporation's proposal for the two plants at Baton Rouge, La., since each amount would be contingent upon acceptance of the other, the actual amount offered for each would, in effect, be "zero." Apparently, the only other view possible is that proposals for combined facilities must show prices for individual units even though it not be intended to buy them. Such a view, however, not only would be illogical, but it might well involve misrepresentation on the part of a bidder. In any event, it is not apparent how individual amounts could be quoted in such circumstances or, if quoted, what practical use could be made of them.

Also, there is for consideration the fact that basic proposals were requested, not to become final contracts, but merely to establish a basis for further negotiations. In this connection, section 16 of the act provides, among other things, that—

"The Commission may negotiate with respect to any facility with any person who submitted a proposal on that or any similar facility and may recommend sale of any facility to any person who submitted a proposal on that or any similar facility at a price which is equal to, higher than, or lower than the highest amount proposed to be paid for each facility as the Commission determines will best effectuate the purposes of this act."

The fundamental issue presented for resolution thus appears to be as to whether the act contemplates that basic proposals submitted for the purchase of combined facilities, without showing amounts included for each facility, are required to be eliminated from the competition because not complying with the statutory direction. An examination of the legislative proceedings discloses no indication that rejection was intended. On the contrary, reference is made in several provisions of the act to "facilities" proposed to be purchased, and it is a fair inference that bids and awards for more than a single facility as a unit were contemplated. See, also, the discussion of competition under section 16 in the conference reports (p. 17 of H. Rept. No. 1055 and p. 15 of H. Rept. No. 999). There would appear to be no logical objection to recognition of bidders in this category for purposes of negotiating because, while they are not in competition for separate facilities as such, their bids readily could be compared with aggregate bids for the separate facilities involved, and the Government's advantage easily could be determined, whether at the outset or after subsequent negotiations. Clearly, also, the fact that proposals were not final—serving merely the purpose of establishing a floor for negotiation of final contracts—precluded any undue advantage over a competing bidder interested in a single facility. Finally, since the statute must be construed as a whole, each provision being given a meaning harmonious with all other provisions, it appears clear that the overall design and purpose was to bring all qualified bidders into the competition. Consequently, the requirement of subsection 7 (b) (4) should not be given a technical meaning which would restrict eligibility so as to exclude qualified purchasers interested only in integral groups of facilities, but a meaning, such as that adopted by the Commission, more consistent with the whole objective of the law. It is significant that proposals for combined units did not deprive any bidder of opportunity to participate in the negotiations for final contracts, that disposal of the facilities on a plant by plant basis was not precluded, and, as pointed out at page 28 of the Commission's report, that the price agreed upon with the corporation after negotiation "represents the greatest aggregate return to the Government for the three plants."

Hence, whether the Shell Chemical Corp. be regarded as bidding "zero" for "each of the facilities" or as not bidding at all for a single facility as such, it is believed that no legal requirement necessitated elimination of its proposal or precluded negotiation with it. Nor is there perceived any valid objection otherwise to consummation by the Commission of the negotiated sales contract with the corporation as found to be in the Government's interest under the remaining provisions of Public Law 205.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

Mr. CAPEHART. Mr. President, the general counsel of the Commission approved the sale, and I ask unanimous consent that his opinion may be printed in the RECORD at this point in my remarks.

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

MEMORANDUM DISCUSSING OBJECTION BY MINNESOTA MINING AND MANUFACTURING CO. TO COMMISSION'S RECOMMENDED SALE OF THREE WEST COAST PLANTS TO SHELL CHEMICAL CORP.

Reference is made to the objection of the Minnesota Mining and Manufacturing Co., contending that the Shell Chemical Corp. proposal did not conform to the standards prescribed by the Congress in the Disposal Act, and therefore was improperly considered by the Commission.

Minnesota's bid was a joint bid in which the other participants were Midland Rubber Corp. (a wholly owned subsidiary of Minnesota) and Edwin W. Pauley, an individual. The bid proposed to purchase Plancor 611, the Los Angeles copolymer plant, at a price of $2,500,000. The bid was not dependent in any way upon the proposal filed by Edwin W. Pauley, as an individual, for the butadiene plant at Torrance (Plancor 963), for which the sum of $4 million was offered.

Minnesota, speaking for itself and Midland, requests that the recommended sale to Shell be disapproved and that legislation now be passed to enable the Commission to receive new proposals and negotiate new contracts for the sale of the 3 plants concerned under the same terms and conditions presently set out in the Disposal Act.

Shell's proposal called for the purchase of the foregoing copolymer and butadiene plants, plus the styrene plant at Los Angeles, for an integrated operation, at a price of $27 million. (The plants had been operated on such an integrated basis by the Government.) In its proposal, Shell made clear that it was interested only in acquisition of the 3 plants as a package and that it did not propose to purchase individual facilities.

Shell was declared eligible to negotiate for the purchase of the plants upon the basis of its proposal which was found to have met the requirements of the Act and the Commission's Instructions. Minnesota asserts that the failure to break down the bid into individual prices for the individual plants comprising the package is fatal.

The Commission cannot subscribe to this view. Section 7 (b) (4) of the Disposal Act provides that proposals shall contain "the amount proposed to be paid for each of the facilities, and, if such amount is not to be paid in cash, then the principal terms of the financing arrangement proposed." Broadly speaking, this section, procedural in nature, is designed to inform the Commission as to how much a bidder proposes to pay and how he proposes to pay it. The House report on

the Disposal Act described the section as follows:

"Paragraph 4 of subsection 7 (b) is mechanical in nature and requires the bidder to indicate the amount proposed to be paid for each of the facilities and the manner in which the facilities will be financed." (H. Rept. 593, 83d Cong., 1st sess., p. 9.)

Where a proposal covers more than one facility and the bidder desires to purchase any one separately if he cannot get the integrated whole, the proposal is expected to state the amount proposed to be paid for the facilities on an individual basis. This test did not apply in the Shell case. Where a bidder has no intent to purchase individual facilities a clear statement to that effect satisfies the statute by giving a negative answer to the question of section 7 (b) (4). Shell's proposal made clear that the bidder was uninterested in the individual purchase of one or two of the components of the whole. Shell's statement to that effect in its proposal satisfied the statute since it left no doubt that no amount was proposed to be paid for each of the facilities, because there was no intention to purchase each of the facilities individually. Any attempt by Shell to assign individual prices to the three plants would have been a misrepresentation. The Commission does not view this section of the statute as compelling absolute uniformity of intention of all bidders. The history of the statute is one of requiring full disclosure of individual intentions in regard to purchase to enable the Commission to evaluate the proposals it received. In view of the complexity of the disposal program, it was to be expected that many different methods of sale could be broached. The Commission welcomed them. In the light of Shell's explicit statement of intent, there can be no question that the Commission was offered a full disclosure of Shell's state of mind with respect to its participation in the disposal program.

Paragraph 4 of the Commission's release No. 1 restated the requirement of section 7 (b) (4) of the Disposal Act, calling for a statement of the price proposed to be paid for each facility. It added that where a proposal contemplated acquisition of several facilities for integrated operation, the proposal should state separately the aggregate amount proposed to be paid on the integrated basis, and the amount otherwise proposed to be paid on an individual basis. This language was designed to obtain for the Commission complete and accurate disclosure of all essential information in proposals to be filed with it. Because this section was a restatement, in the instructions, of the requirement of section 7 (b) (4) of the statute, the reasoning applicable in the discussion above pertaining to the statutory provision likewise applies here. Shell's proposal, clearly negativing interest, in anything but the entire package, made clear that there was no amount "otherwise to be paid" as to individual plants since no interest was present for the purchase of individual plants.

In net effect, Shell's proposal would have been no different had it, for solely formal reasons, assigned values to the individual plants but interconditioned the offers by a statement that Shell wished only to purchase all 3 and that, therefore, the purchase of any 1 plant was conditioned on the purchase of the other 2. Such a proposal would have differed from the one actually filed only in the price breakdown. But that would have in no way aided any other bidder in view of the Commission's general negotiating policy of not divulging bid amounts. Minnesota has not contended that conditioned proposals are invalid. In fact, in view of the geographical and technological factors favoring integrated purchases, they are to be expected. And many were received. The proposals of Copolymer Corp., Goodrich-Gulf, Texas-U. S., and Humble were all conditioned in one fashion or another. Conditioned bids being valid, there can be no objection to a package bid as, in ultimate effect, they are the same.

The act is not a strict high bid statute which would preclude the Commission from selling the plants in question on an integrated basis, even had the proposal spelled out individual prices for each plant in the group and the purchaser was not the high bidder on one of the plants. The Commission was explicitly permitted to sell for less than the high offer. This being so, and in light of what has been said above in reference to conditioned proposals, Minnesota could not have been prejudiced by Shell's failure to break down its proposal.

In the Shell case, the package offer (which during negotiations was increased from $27 million to $30 million) exceeded the sum of the individual high offers. The Commission was nowhere prohibited from obtaining the benefit of whatever additional price a buyer might be willing to pay for an integrated operation.

There can be no question of the bona fides of the Shell proposal. The plants were worth a certain sum to Shell on its premise, and the Commission would have been open to most serious objection had it, following the thesis of the objector, ruled the proposal ineligible. The question of obtaining the greatest financial return for the Government, consistent with the establishment of a competitive industry and the protection of the national security, was stressed by the Congress as of primary concern.

It would seem clear that the mere qualification of the proposal as eligible, was of itself in no sense prejudicial to other bidders for the plants comprising the complex. As the Commission's report to the Congress makes clear, Shell declined to break down its composite bid. The question, therefore, is whether continued negotiations on this basis prejudiced other bidders on the plants involved. The answer to this question is found in the negotiating procedure followed by the Commission. The Commission negotiated with bidders in the light of their offers and, finally, on the basis of the Commission's view of the appropriate price for each plant. Minnesota was told by the Commission that in the Commission's view the appropriate price for the Los Angeles copolymer plant was $3,500,000. Minnesota was fully negotiated with on this basis. Its original bid was finally increased to $3 million. This procedure was followed in other cases where, as here, there was more than one bidder for a facility. Examples are the Houston, Lake Charles, and Port Neches butadiene plants. In none of those cases was a package proposal involved. Yet the Commission's basic procedure, modified as to technique where required by special circumstances, was the same as that followed in regard to the Los Angeles copolymer plant. The Commission's idea of an appropriate price was set as a negotiating target. Therefore, any breakdown by Shell would have had no effect on the position of other west coast bidders. With no breakdown, the Commission followed its standard procedure. A breakdown would have made no difference. The Commission would have followed the same procedure.

The one change in west coast negotiating procedure involved fuller disclosure of the Commission's position and thus was an aid to bidders on those facilities. They were put on notice of the possible existence of package proposals and were told the procedure to be employed by the Commission in such situations. The Commission said that it would consider the total of the amounts which it would receive on an individual basis in relation to the amount represented by a package bid.

Furthermore, the Commission had a large number of individual bids on the styrene plant, and several bids on the butadiene and copolymer plants. It had, therefore, measures of value expressed by bidders with which to test prices. It negotiated with all bidders. At no time did Minnesota ever become high bidder, never reaching, for example, the initial proposal of Standard Oil Co. of California which offered $3,500,000 for the copolymer plant.

Minnesota was made fully aware, as were other bidders on the west coast plants, that the disposal of these plants presented one of the most difficult problems confronting the Commission. A principal concern to bidders on the copolymer plant was the absence of an assured market for its production. Standard of California made the assurance of such a market an absolute condition of its offer to purchase, and Minnesota suggested that to meet this problem the Commission should obtain an agreement from purchasers of other Government-owned rubber-producing facilities that they would, for a minimum of 5 years from the effective date of sale, purchase their west coast GR–S requirements from the Los Angeles copolymer plant at current market prices. This suggestion could not be complied with by the Commission. The question of finding markets was left entirely to the bidders. The Shell proposal was the only one which freely accepted this burden. Shell was willing to take its chances on finding and developing markets. This factor, therefore, loomed increasingly important in the Commission's thinking as the program progressed. As the Commission's report states, sale of the west coast plants was clearly necessary to safeguard the competitive position of west coast fabricators.

The vertical integration question posed by the Shell proposal was resolved by the Attorney General who approved the sales. The introduction of a strong company into the styrene business as a newcomer was thus regarded satisfactorily, as was entrance into the synthetic-rubber field of a company independent of connections with rubber fabrication. The needs of small rubber fabricators were protected.

In sum, in recommending the Shell sale, the Commission fulfilled its basic responsibilities by obtaining the maximum dollar return, while at the same time establishing genuine competition in both GR–S and styrene manufacture. At no time during the 7-month negotiating period did Minnesota object to the Commission's procedures, or indicate that it considered that it had not been treated fairly. It would accordingly seem that the protest now pending makes it incumbent upon Minnesota to demonstrate that it has in fact received such discriminatory treatment in violation of its substantial statutory rights as would justify the rejection of the recommended sale to Shell.

As stated in House Report No. 593, with respect to section 9 (b) of the act relating to congressional review of the disposal program:

"While it is not intended that this section will create a forum for rejected bidders to air their complaints, nevertheless, it will give the representatives of the American people an opportunity to pass upon and, if necessary, reject the proposed transfer of a great Government industry to the hands of private industry. The responsibility for Federal review of the proposed sales is placed in the hands of the Congress, where it rightfully belongs. If either House is of the opinion that national security will be endangered or full fair value will not be received, or a competitive pattern will not be created, it can reject the proposed sales, and the Rubber Act of 1948 will then be extended to March 31, 1956."

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks my own explanation of the matter.

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

STATEMENT BY SENATOR CAPEHART

Upon reexamination of this question, I find that the Shell sale is not inconsistent with my original position. Reference to selling "plant by plant on the basis of plant-by-plant proposals" was intended to preclude sale of large dominant groups of plants to single purchasers.

1. In an economic sense, the 3 major facilities on the west coast are 1 operational unit, though on a purely physical basis they are 3 plants. Because of their isolated position, they are almost completely dependent on each other, much more so than other plants in the program. They are at a definite freight disadvantage in shipments in and shipments out of their area. For example: if a butadiene plant on the gulf coast, which was next to a copolymer plant, were to blow up, butadiene could, if available, be brought in from another gulf coast butadiene plant at very little added expense. But if the west coast butadiene plant exploded, the distance from other butadiene supply and, above all, the freight disadvantage would be virtually certain to shut down the west coast copolymer plant.

2. Industry, in its own working language, often refers to economically integrated units as one. Steel mills and rubber fabricating plants are often groupings of separate manufacturing entities but are frequently referred to as one unit.

3. The three west coast plants are a single economic unit. And, because of the freight disadvantage, it is only by the economies possible in integrated operation that west coast rubber can even hope to be competitive, outside its own contiguous area, with gulf coast rubber. Divided sale destroys these economies; an integrated (one unit) sale is economically the soundest.

4. No company has been hurt by the qualification as eligible of the Shell bid or by the Commission's procedures. Neither Minnesota nor Pauley ever reached the Commission's idea of full fair value. The Government obtained the most money and introduced competition in GR-S manufacture.

5. This is not a lawsuit on a technical point of law. The review procedure was set up for Congress to review the program as a whole, and the program meets all of the statutory criteria.

Mr. CAPEHART. Mr. President, I do not have the opinion of the Attorney General, but the Attorney General likewise approved the sale as being legal. I am not a lawyer. I am not capable of passing upon the legal aspects of the question. I certainly cannot qualify as a legal expert. I hope the Senators will take the whole question under consideration and render their own judgments. The general counsel of the Commission, the general counsel of the House committee, the Attorney General, the Comptroller General, and others, are in favor of the sale.

I had a long talk with the Commission, and this is what I found. The three facilities were offered for sale individually or separately. Bids were asked for the 3 plants, and bids were received for them—not 1 bid, but many. Among the bidders was Minnesota Mining & Manufacturing Co. But not a single bid was received for the individual facilities which did not have an "if" in it. "We will buy it if certain things can happen." "We will buy it if we can sell certain products." The bids were "if" this, "if" that, and "if" something else.

Likewise, none of the individual bids submitted by various companies totaled $30 million. There was nothing to have estopped Minnesota Mining & Manufacturing Co., or any of the other companies which bid—and Standard Oil Company of California and other companies bid—from bidding for the three plants.

Those, I think, are the facts. I believe them to be the facts. If I am wrong, I should like the RECORD to be corrected later.

Another matter which was called to my attention which I think should have some weight—it is not predominant, of course—is that the 3 plants in California, while I would not go so far as to say that they are 1 facility, are close together, no farther apart than the buildings of many other large corporations. One is a butadiene plant, another is a styrene plant, and the third is a rubber-making plant. It is a fact that they have connecting pipes. At least two of the facilities use the same powerplant, which means that both of them get their power from the same powerhouse. That in itself is not a predominant consideration, because the 3 facilities have in the past been operated by 3 different concerns. I think I am correct in that statement. Among them was, I believe, Minnesota Mining & Manufacturing Co., which operated one plant for the Government.

Mr. HUMPHREY. That is correct.

Mr. CAPEHART. One of the problems involved in the matter, purely from a practical business standpoint, is that there is not sufficient business on the Pacific coast to support any single plant. At least, that is what I have been told. I am not an expert in the rubber business, but I know something about business. I have been advised that all 3 plants should be operated as 1 facility to make butadiene, styrene, and rubber. I think it might well be said, without trying to read the minds of others, that those who know the business, including Minnesota Mining & Manufacturing Co., believed that it would be better to operate the three plants as a unit, because each one supports the others.

It was for that reason that the Shell Co. said it would not buy 1 plant unless it could buy all 3. Shell first said it would pay $27 million for all 3 plants. The Commission said it would not accept $27 million, but would accept $30 million.

I ascertained also that the commission itself asked the Shell Co. to designate what it would pay for each of the three plants, thereby recognizing the fact that there was some intention to have the plants sold separately. I want to be perfectly frank and honest in saying that I ascertained that information. However, Shell did not wish to do that, and did not do it. The reason they did not do so, as they stated, was that they simply did not want the plants at any price unless they could have all three.

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

Mr. CAPEHART. May I have more time?

Mr. BRICKER. How much time does the Senator desire?

Mr. CAPEHART. Five minutes.

Mr. BRICKER. I yield 5 minutes, or 10 minutes, if the Senator from Indiana can use that much time.

Mr. CAPEHART. Shell said they did not want to buy the property unless they could buy all three plants. The price they agreed to pay, $30 million, was greater than all the individual offers made by the other bidders—and the other offers had "ifs" attached to them.

The question is, as Mr. Pettibone, of the Commission, said to me, Would the Commission have been criticized on the floor of the Senate had it sold the plants individually for less money than could have been received for all three as a unit? Likewise, the Commission probably would have been in trouble with the Senate had the plants been sold for less than $30 million. The Commission had been told to get the highest price that could be received, and that is what it did. The three plants were sold as a unit.

Those are the facts. I am not trying to sell any Senator on the idea of voting in any direction on this matter. I am simply trying to be factual in stating what the Commission was faced with.

The Senate could, as the House refused to do, void the sale, I suppose, and order the Commission to sell the property again. I do not know what the end result might be. It might result in a higher price; it might result in a lower price. I believe the Commission has said the price might possibly be less.

In any event, there is no question that the Commission accepted the highest figure. There is no question that there is some merit to the contention that the property should be available as one facility. There is no question that, as a practical business matter, these facilities, to be operated successfully, should be operated as a unit because of the present limited market for rubber on the Pacific coast.

It is also known to be a fact that if styrene and other products manufactured at the three plants are to be shipped to the East, there will be a disadvantage in freight rates and a disadvantage from a competitive standpoint.

Those are the arguments and the facts. The House already has acted on the matter and has refused to void the sale. The Senate will have to be its own judge as to whether or not it thinks the Commission did the right and proper thing under existing circumstances.

I have tried to give the Senate all the facts in my possession. I may not have given all of them. If I have not, I should like to correct the RECORD later, or to have someone correct me at the moment on any of my statements.

As I have said previously, I have had a hard time with this matter. I answered former Senator Johnson of Colorado when he asked me several questions on the floor of the Senate. His first question was, Will the 29 plants be sold as a

package? He was interested in knowing whether or not all the plants might be sold to one corporation. My answer was, No; that they would be sold plant by plant. There can be no question that the facilities were offered plant by plant—even these three. Although they were offered plant by plant, the bids received, plant by plant, were not as high as the bid for the entire three faciilties as a unit.

It might well be asked if those who bid on the facilities plant by plant had an opportunity to bid upon them as a unit. The Commission has informed me that they did. There again, I accept the word of the Commission. I do not have any documented evidence, but only the word of the Commission.

So Senators will have to make up their own minds about the matter.

Mr. MORSE. Will the Senator yield?

Mr. CAPEHART. I yield to the Senator from Oregon.

Mr. MORSE. As a matter of information, it is my understanding that the Pauley interests and the Minnesota Mining & Manufacturing Co. interests testified to the effect that there is a great need for the use of the plant on which they were bidding for western trade; that the product of the plant would go to supply the needs of western trade. It does not follow, as the Senator from Indiana pointed out, that a single plant could not make use of its product in the western area of the United States. I think the Senator will find the Pauley group pointed out that they were the chief suppliers of a great many processors and producers in the West. Furthermore, I think the Senator will find, if he will examine into the question further, that a tremendous increase in west coast business and in business in the other Western States is expected, and in a short time it would not be possible for one plant to supply the needs of the West.

I brought that point out because I thought it should be developed in modification of the statement of the Senator from Indiana that there is not sufficient business in that area, which means I take it, the western purchasing area, including the Western States and the Coastal States, to support any single plant.

If the Senator will permit me to say so, it seems to me his argument was in line with the representations which he made on the floor of the Senate, about which he was perfectly sincere, and statements he made in the committee. The point is that counsel for some of the departments disagree with the Senator's conclusions about plant-by-plant sales; but the fact is that was the representation made. Reliance was placed on that representation. As the Senator will recall, and as stated in committee, there certainly cannot be any doubt that ambiguity does not do away with legislative intent.

Mr. CAPEHART. There were other criteria besides selling plant by plant. There was the requirement that the plants should be sold for the highest possible price.

Mr. MORSE. That was not mandatory.

Mr. CAPEHART. There is a question as to whether any of the criteria were mandatory.

Mr. MORSE. I think what has become mandatory is the legislative intent of the law which was enacted by Congress, and sponsored by the Senator from Indiana.

Mr. CAPEHART. Let me say that when I answered former Senator Johnson of Colorado I was sincere and conscientious in stating my opinion that it would not be the intention of the Government to sell the plants to one concern, and that there would be a sale plant by plant. It was our intention to eliminate monopoly. In questioning Mr. McCurdy in committee, I was trying to determine the intent from him, and I was very critical of him. Unfortunately I was not present when the Chairman of the Disposal Commission testified. I came in later. My opinion was made clear, both in the statement I made on the floor when the bill passed, and in committee in my questioning of Mr. McCurdy. I listened to representatives of the Commission. I studied what was said about it in the House. I studied what the Comptroller General and the Attorney General said. Today I am trying to be just as factual as I know how to be, and I am trying to give both sides of the story. As I have said, I am not trying to influence any Senator's vote one way or the other; I am trying merely to be factual. With that statement, I take my seat.

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

Mr. CAPEHART. Yes.

Mr. MORSE. Does not the Senator from Indiana agree with me that the Rubber Disposal Commission had the discretion to set aside all the bids and call for new bids, because, for a variety of reasons, it might believe it was in the public interest to start all over again, and one of the reasons would be the mandatory provision that bids should be submitted plant by plant?

Mr. CAPEHART. Yes. That was done in Baytown, if the Senator will remember.

Mr. MORSE. That was not done in the instance of the plants now being discussed.

Mr. CAPEHART. The Senator is correct.

Mr. MORSE. That is the essence of our opposition, and our objection to what was done.

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

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, the time to be charged to both sides.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

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

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. JOHNSON of Texas. Mr. President, I am perfectly willing to yield back the remainder of the time available to this side, if the minority leader is willing to do the same for his side.

Mr. BRICKER. Mr. President, on behalf of this side, I am perfectly willing to have an immediate vote taken, if that is agreeable to the other side.

Mr. JOHNSON of Texas. Then, Mr. President, I now ask for the yeas and nays on this question.

The PRESIDING OFFICER. The question is on agreeing to Senate Resolutions 78 and 79, which, by unanimous consent, are being considered en bloc.

The yeas and nays have been demanded. Is there a sufficient second?

The yeas and nays were ordered.

Mr. JOHNSON of Texas. In order that Senators who are not in the Chamber at this time may be notified that we are prepared to vote on the pending question, I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	George	McClellan
Allott	Goldwater	McNamara
Anderson	Green	Millikin
Barkley	Hayden	Monroney
Barrett	Hennings	Morse
Beall	Hickenlooper	Mundt
Bender	Hill	Neely
Bennett	Holland	Neuberger
Bible	Hruska	O'Mahoney
Bricker	Humphrey	Pastore
Bush	Ives	Payne
Butler	Jackson	Potter
Byrd	Jenner	Purtell
Carlson	Johnson, Tex.	Robertson
Case, N. J.	Johnston, S. C.	Schoeppel
Case, S. Dak.	Kefauver	Scott
Clements	Kerr	Smathers
Cotton	Kilgore	Smith, Maine
Curtis	Knowland	Smith, N. J.
Daniel	Kuchel	Sparkman
Dirksen	Langer	Stennis
Douglas	Lehman	Symington
Dworshak	Long	Thurmond
Eastland	Magnuson	Thye
Ellender	Malone	Watkins
Ervin	Mansfield	Welker
Flanders	Martin, Iowa	Wiley
Frear	Martin, Pa.	Williams
Fulbright	McCarthy	Young

Mr. CLEMENTS. I announce that the Senator from Tennessee [Mr. GORE], the Senator from Montana [Mr. MURRAY], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

The Senator from Massachusetts [Mr. KENNEDY] is absent by leave of the Senate because of illness.

Mr. KNOWLAND. I announce that the Senator from New Hampshire [Mr BRIDGES], the Senator from Indiana [Mr. CAPEHART], and the Senator from Massachusetts [Mr. SALTONSTALL] are detained on official business.

I also announce that the Senator from Pennsylvania [Mr. DUFF] is absent on official business.

The PRESIDING OFFICER. A quorum is present.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. As I understand, Senators who favor disapproving the sale will vote "yea," and those who favor selling the facilities will vote "nay." Is that correct?

The PRESIDING OFFICER. The Senator is correct.

The question comes before the Senate by virtue of a resolution reported adversely from the Committee on Banking and Currency. Senators who are opposed to the sale will vote "yea" on the resolution. Senators who are in favor of the sale will vote "nay."

Mr. JOHNSON of Texas. I thank the Chair.

Mr. HUMPHREY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HUMPHREY. The pending resolution relates only and specifically to the so-called Shell Chemical Corp. bid, does it not?

The PRESIDING OFFICER. The resolution refers to the three facilities in California, which the Chair understands represent the bid of the Shell Co.

Mr. HUMPHREY. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HUMPHREY. As I understand, this resolution does not affect the other bids which were entered and accepted.

The PRESIDING OFFICER. That is the understanding of the Chair.

Mr. BRICKER. Mr. President——

Mr. FREAR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FREAR. In answer to the question just asked by the Senator from Minnesota, if the resolution is agreed to, the prospective purchasers of the other plants will have 30 days within which to withdraw their bids.

Mr. BRICKER. I thank the Senator from Delaware. That is the question I wished to ask.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. As I understand, a negative vote upholds the position of the committee which reported the resolutions adversely.

The PRESIDING OFFICER. The Senator is quite correct.

Mr. JOHNSON of Texas. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. They have been ordered.

Mr. THYE. Mr. President——

The PRESIDING OFFICER. In order to make the parliamentary situation doubly clear, the Chair will read the resolution, which was originally submitted by the senior Senator from Minnesota [Mr. THYE], who now is asking for the attention of the Chair. A similar resolution was submitted by the junior Senator from Minnesota [Mr. HUMPHREY]. The resolving clause, which is identical in both resolutions, reads as follows:

Resolved, That the Senate does not favor the sale of the butadiene manufacturing facility at Torrance, Calif., Plancor 963; the styrene manufacturing facility at Los Angeles, Calif., Plancor 929; and the synthetic rubber (GR–S) facility at Los Angeles, Calif., Plancor 611, as recommended in the report of the Rubber Producing Facilities Disposal Commission.

The Committee on Banking and Currency, to which both resolutions were referred, reported them adversely.

The question is on agreeing to the resolutions, which, by unanimous consent, are being considered together. Senators in favor of the resolutions disapproving the sale of the facilities will vote in the affirmative as their names are called. Senators who oppose the adoption of the resolutions will vote in the negative. Senators who are against the sale will vote "yea"; those who are for the sale will vote "nay."

The clerk will call the roll.

The legislative clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from Tennessee [Mr. GORE], the Senator from Montana [Mr. MURRAY], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

The Senator from Massachusetts [Mr. KENNEDY] is absent by leave of the Senate because of illness.

I further announce that on this vote the Senator from Tennessee [Mr. GORE], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Montana [Mr. MURRAY], if present and voting, would vote "yea."

Mr. KNOWLAND. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from Indiana [Mr. CAPEHART], and the Senator from Massachusetts [Mr. SALTONSTALL] are detained on official business.

The Senator from Pennsylvania [Mr. DUFF] is absent on official business.

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

The result was announced—yeas 39, nays, 48, as follows:

YEAS—39

Anderson	Humphrey	Monroney
Barkley	Jackson	Morse
Bible	Johnson, Tex.	Neely
Clements	Johnston, S. C.	Neuberger
Daniel	Kefauver	O'Mahoney
Douglas	Kilgore	Pastore
Ervin	Langer	Scott
Fulbright	Lehman	Smathers
George	Long	Sparkman
Green	Magnuson	Symington
Hayden	Mansfield	Thurmond
Hennings	McClellan	Thye
Hill	McNamara	Young

NAYS—48

Aiken	Cotton	Jenner
Allott	Curtis	Kerr
Barrett	Dirksen	Knowland
Beall	Dworshak	Kuchel
Bender	Eastland	Malone
Bennett	Ellender	Martin, Iowa
Bricker	Flanders	Martin, Pa.
Bush	Frear	McCarthy
Butler	Goldwater	Millikin
Byrd	Hickenlooper	Mundt
Carlson	Holland	Payne
Case, N. J.	Hruska	Potter
Case, S. Dak.	Ives	Purtell
Robertson	Smith, N. J.	Welker
Schoeppel	Stennis	Wiley
Smith, Maine	Watkins	Williams

NOT VOTING—9

Bridges	Duff	Murray
Capehart	Gore	Russell
Chavez	Kennedy	Saltonstall

So the resolutions (S. Res. 78 and S. Res. 79) were not agreed to.

Mr. JOHNSON of Texas. Mr. President, I now call up Senate Resolution 76.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). The Secretary will state the resolution.

The legislative clerk read the resolution, as follows:

Resolved, That the Senate does not favor sale of the facilities as recommended in the report of the Rubber Producing Facilities Disposal Commission.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. Under the unanimous-consent agreement, how much time is allotted to the majority leader and to the minority leader?

The PRESIDING OFFICER. Three hours of debate is allowed on each side.

Mr. JOHNSON of Texas. Mr. President, I yield 30 minutes to the Senator from Oregon [Mr. MORSE].

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

Mr. MORSE. Because of the limitation of time—and I shall have to ask the majority leader for additional time—I must refrain from yielding now. I shall be glad to yield after I have concluded my remarks.

Mr. President, any appraisal of the situation confronting us would be inadequate if we failed to consider a statement attributed to an officer of one of the big rubber companies:

Production of any basic material is big business.

This quotation was taken from the Wall Street Journal of March 11, 1954.

Two things should be clear from this statement made by an expert in the field: One, we are dealing with an economic area in which only big business can operate readily—note that I do not say efficiently. It is an area in which a great capital investment is needed and only the big corporations have that capital readily available. Two, rubber is a basic material.

During the hearings on this rubber matter I have come to wonder if some of us really understand how basic a material rubber is. The most lucid short statement on this point that I have found comes from the report submitted by the Reconstruction Finance Corporation to the Senate Committee on Banking and Currency during the Committee's 1953 hearings on the Rubber Disposal Act. This same report contains an excellent summary of the history of the development of the synthetic rubber industry in this country. Let me quote parts of that report dealing with both these matters:

In the short span of 50 years, rubber has become one of the most vital raw materials

in the modern world, essential to the social and economic structures of all but the least developed nations. The easy mobility of people and materials, essential to the functioning of modern industrial economies, depends upon rubber. The flow of modern commerce would be impossible without rubber tires and tubes for automobiles, trucks, airplanes, buses, agricultural machinery, and even bicycles. Advanced experimentation in road-building using rubber compounds for surfacing promises another bulk use. Vital as mobility is to the civilian economy, it is the very foundation of our military might. In a day when modern warfare is keyed to speed and striking power, the rubber tire is as important an item of military inventory as the airplane, the tank or the gun.

Although more than two-thirds of the United States annual consumption of rubber is for transportation items, there are also a host of other vitally important products made in whole or in part of rubber. Conveyor belting, medical supplies, footwear, insulation for power and communication lines, rubber components of engines and machines are all indispensable in modern technology.

Now let us turn to the history of the development, Mr. President:

The facilities in the synthetic rubber program were built by the joint effort of the Government and private industry. Financing of the program, requiring a capital outlay of almost $700 million, was undertaken exclusively by the Government which provided also overall supervision, planning, coordination, and control. Design and construction of the individual plants was assigned to a number of rubber, petroleum and chemical companies who have, for the most part, continued to operate them for the Government's account on a fee basis. Agreements for patent pooling and the exchange of information were entered into so that the individual operators of the styrene, butadiene and copolymer facilities could have the benefit of all of the technological information and operating know-how developed throughout the program.

In all, 51 facilities were constructed. After the close of the war many of these * * * were sold; however, the basic facilities for the production of butyl, butadiene, and GR–S and 1 styrene plant were retained. Since the close of the war, major improvements have been made to the retained facilities, adapting them to process improvements and increasing their versatility and productive capacity. The rubber program today consists of 29 facilities * * *. They represent total annual capacities of 860,000 long tons of GR–S and 90,000 long tons of butyl rubber.

Mr. President, let me summarize some of the pertinent points contained in these statements just quoted: First, rubber is essential to the war- and peacetime functioning of our economy; second, the synthetic-rubber industry was developed through the splendid and efficient cooperative efforts of Government and private industry; third, the cost of developing this huge industry—$700 million—was borne by the taxpayer.

This, then, leads me to the next point that we must bear in mind in considering whether or not to vote favorably on the Rubber Facilities Disposal Commission's report. That point is that we are disposing of an asset created and always owned by the people of the United States. The people are selling their property. As their representatives, we enacted the Rubber Disposal Act of 1953, laying out in some detail the manner in which this asset should be sold. As the owners of the plants, the people had the right to determine the terms and conditions of the sale. I would remind each Member of this body, Mr. President, that, in casting his vote on this proposed sale, he has the duty to see that the terms and conditions that the people laid down are rigidly adhered to. Any doubt should be resolved in favor of the people.

The attitude that the action we are considering is merely a returning to private enterprise that which belonged to it in the first place has no applicability here. In committee, I gathered from the comments of some of my colleagues—Republican and Democratic—that the thing to do was to get out of the rubber business as quickly as possible, even though the present plan for selling the industry is not all that it might be. Let it be understood, Mr. President, that I, too, favor getting the Government out of the rubber business, but I do not favor giving Government the "business" in so doing.

I reiterate, we are selling a huge public business that is manufacturing a basic product upon which our Nation is utterly dependent. We must be absolutely certain that the payment received is adequate and that the sale will not create a situation which will later do the people great harm.

In order to be fully prepared to judge the merits of the report submitted by the Rubber Facilities Disposal Commission, we should understand some of the underlying ramifications involved in the decision of the people to sell their rubber plants. They are fully aware of the fact that they are selling an important, successful, and tremendously profitable business to private enterprise. They know that businessmen, big and little, have testified to the excellent job done by the Government in the synthetic-rubber field; that the quality of the product has been superior; that the supply has been well and fairly distributed; and that the price has been uniformly low.

But our long tradition of keeping Government out of business and the constantly repeated claims of private enterprise that it can do the job more efficently, in all ways, than the Government have caused the majority of our people to decide that the sale of their rubber plants would be a proper thing.

But remember that the history of Government operation of these plants stands as the yardstick against which the operation by private enterprise will always be judged.

What does all this mean to the Senate, Mr. President, and to those corporations seeking to buy these facilities? In very simple terms it means that both the Senate and the prospective purchasers had better keep faith with the people who have entrusted them with this important task.

If these plants are sold, and the private-enterprise operation of the rubber plants fails to measure up, there is trouble in store. The people are going to be stung only once in this type of transaction.

I would say to private industry: If you want to purchase other public assets, be certain that you play fair here. I would say to those who have a well-established practice of going about throwing the term "socialism" hither and yon as a substitute for trying to constructively resolve difficult economic problems, that they will be laying the cornerstone for real honest-to-goodness socialism—and not the semantical kind—if they do not see that the people's interests are protected here. Does anyone really think that our people will try such an experiment again if this one goes sour?

Mr. President, what I am saying will, of course, be little heeded by those always in a great rush to take care of the interests of the poor, struggling billion-dollar corporations that they so well represent. I repeat to them: If you really want to serve your corporate friends well, go easy here. Do not forget, the people of the United States own another great asset that private industry is casting covetous eyes upon—atomic energy. If the people, through their Government, decide to keep that asset public, because of the treatment accorded them after the sale of these rubber plants, you shortsighted defenders of what you think is private enterprise will have real cause to wail and gnash your teeth.

The production of synthetic rubber is a big and costly operation; it is big business. The Reconstruction Finance Corporation report from which I quoted previously makes this point very well and draws out all the implications that rise from it. I quote:

It must be recognized at the outset that small business, no matter how broadly that term may be construed, cannot be the instrument by which plant disposal will be effected or competition in the synthetic-rubber industry achieved. The size of the facilities alone would contribute to this result in several ways. Most obviously, capital commitments for plant acquisition would be large. Further, the working capital requirements would range from perhaps $1 million in a typical butadiene plant to perhaps $3 million for a copolymer facility, and the annual output of the plant would require sales in tens of millions. * * *

The most likely purchasers of the synthetic-rubber facilities are the rubber, petroleum, and chemical companies now operating them for the Government's account. Obviously, the desire of the rubber companies to control the source of their raw-material supply, and of the petroleum companies to maintain an outlet for their refinery products, provide an initial incentive to this result. Additionally, the present operators of these facilities have acquired a familiarity with management and operating problems that places them at an advantage over newcomers in the field.

To prove that the author of this RFC report was correct in analyzing what the purchase pattern would be, we need only look to the minority report on Senate Resolution 76, my resolution, and the Rubber Facilities Disposal Commission's report.

Mr. President, I should like to quote these facts from the minority report, and I ask unanimous consent to insert in my speech at this point a table setting out certain facts.

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

Ownership	Capacity	Percentage of capacity
	Long tons	
Big Four rubber companies (Firestone, Goodrich, Goodyear, United States Rubber)	444,600	57
Other large users: (Armstrong Rubber, Dayton Rubber, Gates Rubber, Mansfield Rubber, Sears, Roebuck & Co., Seiberling Rubber, Dunlop Rubber, American Biltrite Rubber, Endicott Johnson, Goodall Rubber, and others)	93,000	12
Big oil companies (Shell, Phillips, and Standard of New Jersey)	242,000	31
Total	779,600	100

Thus approximately 88 percent of the GR–S and butyl capacity would be in the hands of four large rubber companies and three large oil companies, all of which either fabricate rubber or provide retail outlets for rubber products. The remainder, or approximately 12 percent of capacity, is in the hands of other relatively large rubber fabricators or users. It is from these sources that small-business men must obtain their supply of synthetic rubber.

Mr. MORSE. I wish to restate that for emphasis. The people of the United States should be forewarned that today Congress is selling 88 percent of the GR–S and butyl capacity to 4 large rubber companies and 3 large oil companies. In my dictionary, that spells monopoly. In my dictionary, that places a tremendous obligation on Congress to write into these contracts safeguards which will protect the people from the monopolistic practices of such combines, and insure the small dealers and small producers of the United States a fair share of the supply of the rubber which they need for their plants.

Not a single safeguard has been written into these contracts. That is why, in Senate Resolution 76, I am asking, in effect, for disapproval of the recommendations of the Rubber Commission until Congress lives up to its responsibility to the people of the United States and writes into the contracts the safeguards which will protect the American people from this monopolistic combine.

I say most respectfully that I think this is one of the most shocking pieces of legislation I have ever seen come to the floor of the Senate, from the standpoint of strengthening the grip of the monopolists upon the consumers of America.

I think Congress will betray the economic interests of the American people if it approves these contracts without the safeguards which I shall plead for throughout this speech.

It seems to me that we need not question the fact that most of the prospective purchasers are giant corporations. I mean giant. Billion-dollar corporations are big business by my definition. There are at least 4 corporations in the billion-dollar class represented in the list of purchasers, and another 4 have assets of about one-half billion dollars each.

Having demonstrated that the RFC was right in its prediction concerning the size of the corporations that would buy, let us examine the correctness of their prediction that the purchasers would come from the rubber, chemical, and petroleum industries, and that most of the purchasers would be in some way already connected with the operations of the plants to be sold. It is plain that most of the purchasers are rubber, chemical, or petroleum companies, or varied combinations of these 3. They are Firestone, Goodrich, Goodyear, U. S. Rubber, Shell, Phillips, and Standard Oil of New Jersey.

These are the great monopolistic combines of the United States, having records of antitrust violation after antitrust violation. That is the legal history of these rubber companies. On the record, they have a legal history of being combinations in restraint of trade. They have a legal history of proceeding to do tremendous damage to the economic interests of the American people.

Where are the safeguards in these contracts against these giant monopolies? There are none. I repeat: There are none. That is why we are hearing protests from the rubber producers of the United States. That is why we are hearing protests from increasing numbers of consumers in this country. I intend to place a group of these communications in the RECORD as I close my speech.

The sad fact is that Congress is not writing monopolistic controls and checks into these contracts to protect the consumers of the United States.

A quick survey of the Rubber Commission's report reveals that all but one of the copolymer facilities are being sold to companies presently operating them. In the exception, the Los Angeles plant, the world-encircling Shell Corp. takes over and squeezes out the relatively small Midland Rubber Corp. I ask unanimous consent to insert the Rubber Commission's own tables in the RECORD on this point.

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

APPENDIX A

Copolymer (GR–S) plants

Purchaser	Present operator	Location	Price	Terms	Gross book value Aug. 31, 1954	Net book value Aug. 31, 1954	Assigned annual capacity	Product available to small business
							Long tons	
Copolymer Corp.	Same	Baton Rouge, La. (Plancor 876).	$5,000,000	25 percent on closing date.[1]	$9,268,331	$3,397,432	49,000	10 percent.
The Firestone Tire & Rubber Co.	Same	Akron, Ohio (Plancor 127).	2,250,000	25 percent on closing date, balance in 10 equal annual installments.	7,452,230	2,138,181	30,000	20 percent.
Do.	Same	Lake Charles, La. (Plancor 1056).	11,650,000	do.	16,427,973	6,794,918	99,600	Do.
Goodrich-Gulf Chemicals, Inc.	B. F. Goodrich Chemical Co.	Port Neches, Tex. (Plancor 983).	13,000,000	do.	22,049,192	8,034,950	90,000	Approximately 15,000 long tons per year.
Goodyear Synthetic Rubber Corp.	Same	Akron, Ohio (Plancor 126).	2,075,000	do.	7,964,319	3,076,797	15,200	10 percent.
Do.	Same	Houston, Tex. (Plancor 956).	11,889,000	do.	15,503,797	5,982,370	99,600	Do.
American Synthetic Rubber Corp.	Kentucky Synthetic Rubber Corp.	Louisville, Ky. (Plancor 1278).	2,340,000	25 percent on closing date.[2]	8,982,730	4,970,401	44,000	4,000 to 15,000 long tons per year.
Shell Chemical Corp.	Midland Rubber Corp.	Los Angeles, Calif. (Plancor 611).	[3]	25 percent on closing date, balance in 10 equal annual installments.	15,809,998	7,238,195	89,000	Percentage in line with proportion they represent of total market.
Phillips Chemical Co.	Same	Borger, Tex. (Plancor 982).	4,525,000	Cash	11,534,086	4,637,707	63,000	Major portion.
United States Rubber Co.		Naugatuck, Conn. (Plancor 129).	3,200,000	35 percent on closing date, balance in 10 equal annual installments.	10,403,505	3,328,285	22,200	50 to 60 percent to small-business enterprises and other users.
Texas-United States Chemical Co.	United States Rubber Co.	Port Neches, Tex. (Plancor 983A).	11,500,000	25 percent on closing date, balance in 10 equal annual installments.	14,778,074	6,558,312	88,000	20 percent.

[1] 3 percent 1st year, 3 percent 2d year, 7 percent 3d year, 8 percent 4th year, 10 percent 5th year, 12 percent 6th year, 14 percent 7th year, 14 percent 8th year, 14 percent 9th year, 15 percent 10th year.

[2] 2 percent 1st year, 2 percent 2d year, 2 percent 3d year, 8 percent 4th year, 8 percent 5th year, 15 percent 6th year, 15 percent 7th year, 16 percent 8th year, 16 percent 9th year, 16 percent 10th year.

[3] Price of $30 million includes this plant as well as styrene plant (Plancor 929) and butadiene plant (Plancor 963) at Los Angeles and Torrance, Calif., respectively.

APPENDIX A—Continued

Butyl rubber (GR–I) plants

Purchaser	Present operator	Plant location	Price	Terms	Gross book value Aug. 31, 1954	Net book value Aug. 31, 1954	Assigned annual capacity
							Long tons
Humble Oil & Refining Co	Same	Baytown, Tex. (Plancor 1082)	$17,500,000	Cash	$24,518,422	$5,452,105	43,000
Esso Standard Oil Co	do	Baton Rouge, La. (Plancor 572)	14,857,000	do	27,977,434	6,416,161	47,000

Butadiene plants—Petroleum

Purchaser	Present operator	Location	Price	Terms	Gross book value, Aug. 31, 1954	Net book value, Aug. 31, 1954	Assigned annual capacity	Disposition of product
							Short tons	
Petroleum Chemicals, Inc. (Cities Service Co. and Continental Oil Co.).	Cities Service Refining Corp.	Lake Charles, La. (Plancor 706).	$16,000,000	Cash	$18,702,207	$3,511,613	63,000	To adjacent copolymer plant.
Copolymer Corp	Same	Baton Rouge, La. (Plancor 152).	5,000,000	25 percent on closing date.[1]	7,780,541	1,108,308	23,000	Do.
Humble Oil & Refining Co	Same	Baytown, Tex. (Plancor 485).	8,886,000	Cash	19,288,496	3,248,449	46,000	80 percent to copolymer plants at Louisville and Baton Rouge.
Goodrich-Gulf Chemicals, Inc. (B. F. Goodrich Co. and Gulf Oil Corp.). Texas-U. S. Chemical Co. (the Texas Co. and U. S. Rubber Co.).	Neches Butane Products Co. (the Texas Co.; Gulf Oil Corp.; Atlantic Refining Corp.; Pure Oil Co.).	Port Neches, Tex. (Plancor 933).	[2] 53,000,000	25 percent on closing date, balance in 10 equal annual installments.	59,821,029	10,320,325	190,000	Approximately 43,000 short tons available on open market.
Phillips Chemical Co	Same	Borger, Tex. (Plancor 484).	19,100,000	Cash	41,585,365	5,919,405	74,000	To adjacent copolymer plant.
Food Machinery & Chemical Corp.	Sinclair Rubber, Inc.	Houston, Tex. (Plancor 1063).	24,197,000	25 percent on closing date, balance in 10 equal annual installments.	31,879,360	6,607,873	90,000	Do.
Shell Chemical Corp	Same	Torrance, Calif. (Plancor 963).	[3]	do	20,672,471	3,268,073	48,000	Do.
Standard Oil Co. of California	Same	El Segundo, Calif. (Plancor 1593).	1,500,000	Cash	7,832,371	715,488	[4] 50,000	Butadiene to copolymer plants or butadiene-butylene mixture to butadiene plants.

[1] 3 percent 1st year, 3 percent 2d year, 7 percent 3d year, 8 percent 4th year, 10 percent 5th year, 12 percent 6th year, 14 percent 7th year, 14 percent 8th year, 14 percent 9th year, 15 percent 10th year.
[2] Each purchaser is to pay 50 percent of this amount for undivided half interest.
[3] Price of $30 million includes this plant as well as styrene plant (Plancor 929) and copolymer plant (Plancor 611), Los Angeles, Calif.
[4] Equivalent butadiene (crude butadiene and normal butylenes).

Butadiene plant—Alcohol

Purchaser	Present operator	Plant location	Price	Terms	Gross book value, Aug. 31, 1954	Net book value, Aug. 31, 1954	Assigned annual capacity
							Short tons
Koppers Co., Inc	Same	Kobuta, Pa. (Plancor 483).	$2,000,000	Cash	$45,584,297	$10,466,580	80,000

Styrene plant

Purchaser	Present operator	Plant location	Price	Terms	Gross book value, Aug. 31, 1954	Net book value, Aug. 31, 1954	Assigned annual capacity
							Short tons
Shell Chemical Corp	Dow Chemical Co	Los Angeles, Calif. (Plancor 929).	[1]	25 percent on closing date, balance in 10 equal annual installments.	$15,154,071	$3,315,119	62,500

[1] Price, $30 million, includes this plant as well as butadiene plant (Plancor 963) and copolymer plant (Plancor 611), Torrance, Calif., and Los Angeles, Calif., respectively

Dodecyl mercaptan plant

Purchaser	Present operator	Plant location	Price	Terms	Gross book value, Aug. 31, 1954	Net book value, Aug. 31, 1954	Assigned annual capacity
							Short tons
United States Rubber Co	Same	Naugatuck, Conn. (Plancor 543).	$60,000	Cash	$383,304	$135,860	2,400

Miscellaneous facilities

Purchaser	Present operator	Location of facilities	Price	Terms	Gross book value, Aug. 31, 1954	Net book value, Aug. 31, 1954
Great Southern Chemical Corp	None (in standby)	Corpus Christi, Tex.	$300,000	2 percent 1st year, balance over succeeding 9 years in equal quarterly installments.	$1,295,194	$932,131

Mr. MORSE. Mr. President, in summary, then, we have this picture. A small group, 7 in number, of rubber, chemical, and petroleum companies will gain control of more than 88 percent of the synthetic rubber capacity offered for sale by the Rubber Commission. The remaining 12 percent is in the hands of multimillion dollar companies. It is small wonder to me, Mr. President, that the truly small-business man is worried. If my economic survival were absolutely dependent upon my getting an adequate supply of synthetic rubber at a fair price, this sale would worry me, too. I suggest that there is real cause for worry.

I say, Mr. President, that if absolutely nothing else in the Commission's report could be criticized, this concentration of synthetic rubber production in the hands of these few giants could and should be.

This concentration of and by itself should set us to wondering about the outcome of this sale. Wealth is power, and we know that such power has been used in the past and how it has been abused. How supporters of this proposed sale can look at the pattern that this sale makes and still envisage themselves as supporters of the public interest, in voting for the sale, is beyond me.

Let us assume for a moment that the bigness alone does not warrant my conclusion that we have cause for concern. Another element of this proposed sale, when added to the bigness aspect, should begin to cause some concern in most of our minds. My reference is to the vertical integration that will occur if we approve this transaction. Monopoly, vertical or horizontal, is forbidden by the Rubber Act of 1953.

SEC. 17 (3). * * * the recommended sales shall provide for the development within the United States of a free, competitive, synthetic rubber industry, and do not permit any person to possess unreasonable control over the manufacture of synthetic rubber or its component materials.

The intent of the law is quite clear.

Once again, I would turn to the RFC report—this time for a statement on why vertical integration is bound to be the result from this sale.

Following the RFC's comments that the oil, chemical, and rubber companies presently operating the plants would continue to do so come these words:

> The likelihood that disposal will in large part follow this pattern is enhanced by the circumstance that many of the facilities are dependent for their efficient operation upon adjacent facilities owned by the present operators which were never part of the Government program. Such dependence rests upon feedstock supply in the case of the butyl facilities and several of the butadiene plants, and in some instances, upon the supply of essential utilities such as stream, electricity, or water.
>
> A major problem in disposal will be the establishment of satisfactory arrangements between suppliers of butadiene and copolymer plant owners. While other large scale uses for butadiene may develop, should an adequate supply become available, thus far its only large scale use is in rubber synthesis. Thus, a butadiene plant will prove an attractive investment only if there is a copolymer plant outlet for its product; a copolymer plant, similarly, is valueless without a butadiene supply. It may be expected, therefore, that a purchaser would deem it a necessary prerequisite to a definitive commitment for the acquisition of either type of facility that he have an assured outlet or source of supply, as the case may be.
>
> A butadiene plant is similarly dependent upon feedstocks, in this case butane or butylene, which are petroleum refinery products. Thus, a prospective purchaser of a butadiene facility must be assured of a butane or butylene supply to match any commitments which may have been made to supply butadiene, commitments which, it has been indicated, are likely to prove necessary if copolymer facilities are to be sold; for this reason, the purchaser interest for the major butadiene facilities will almost certainly be confined to petroleum refiners.
>
> Disposal of the facilities, whether to present operators or others, is likely to have the effect, therefore, of fostering a tendency toward industrial integration. Moreover, the situation which has been outlined in regard to feed stocks may reinforce this tendency, and carry it a step further. Many of the butadiene facilities have as their logical market an adjacent copolymer facility, and the copolymer plant in turn is dependent for its operation upon a supply of butadiene which may best be assured from the adjacent butadiene facility. This mutual independence may, in certain instances, create an occasion for integration of both the butadiene and copolymer facilities with a rubber fabricator or, for that matter, with a petroleum enterprise.

The RFC predicated its assumption that industrial integration would result in the sale of the rubber plants upon the sound premise that integration was inherent in the nature of the industry.

I should like to develop that premise a little so that it will be quite clear. The petroleum and chemical industries are the suppliers of the materials that are used in making synthetic rubber. For example, and this is only meant to be illustrative and not exhaustive, butadiene is one of the major components used in making synthetic rubber. Butylene and butane are the feedstocks from which butadiene is produced. Butylene and butane are products of the petroleum-chemical industry. What would be more natural than for these companies to want to get into some phase of the rubber business?

Rather than recite who purchased which plants, I ask unanimous consent to insert in the RECORD a table showing those figures. As the table shows, there is formal vertical integration in five instances.

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

Copolymer plants (13 offered and 12 sold)

Plancor No.	Location	Annual capacity (long tons)	Purchaser	Remarks
126	Akron, Ohio	15,200	Goodyear Synthetic Rubber Corp. (present operator).	Also bought copolymer plant 956 in Houston, Tex.
127	do	30,000	Firestone Tire & Rubber Co. (present operator).	Also bought copolymer plant 1056 in Lake Charles, La.
129	Naugatuck, Conn	22,200	United States Rubber Co. (present operator).	Also bought copolymer 983-A in Port Neches, Tex., and DDM plant 543 in Naugatuck, Conn.
611	Los Angeles, Calif	89,000	Shell Chemical Corp	Best offer of both individual and combined bids for these 3 plants.
876	Baton Rouge, La	49,000	Copolymer Corp. (present operator).	Also bought butadiene plant (152) in Baton Rouge.
956	Houston, Tex	99,600	Goodyear Synthetic Rubber Corp. (present operator).	Also bought copolymer plant 126, in Akron, Ohio.
982	Borger, Tex	63,000	Phillips Chemical Co. (present operator).	Only offer for these 2 plants.
983	Port Neches, Tex	90,000	Goodrich-Gulf Chemical, Inc. (present operator-affiliate).	Also bought butadiene (petroleum plant 933 in Port Neches, Tex.).
983A	do	88,000	Texas Co. and United States Rubber Co. (present operator-affiliate).	Also bought copolymer plant 129 and DDM plant 543, both in Naugatuck, Conn.
1056	Lake Charles, La	99,600	Firestone Tire & Rubber Co. (present operator).	Also bought copolymer plant 127, in Akron, Ohio.
1278	Louisville, Ky	44,000	American Synthetic Rubber Corp.	Combination of 21 smaller companies, rubber users.
827	Baytown, Tex	122,000	General Tire & Rubber Co. (present operator).	
	Institute, W. Va	122,000		

Mr. MORSE. Mr. President, there are some other forms of vertical integration that I also want to bring to the attention of the Senate. To me, they represent one of the most serious aspects of this whole proposed sale.

The Commission's recommendation that Shell Chemical Co.'s offer for the three Los Angeles plants be accepted presents examples of formal and informal vertical integration. The formal integration lies in the fact that Shell Petroleum is the parent company of Shell Chemical. Shell Chemical purposes to purchase the only copolymer rubber plant west of Texas, a butadiene and a styrene plant.

The informal integration completes the picture started by the formal one. Shell Chemical has entered or is negotiating rubber sale contracts with Goodyear and Firestone tire companies which will fabricate that rubber in their west coast tire plants. Shell Petroleum Co. has entered still other agreements with the Goodyear and Firestone companies whereby they will pay Shell Petroleum a promotion fee—known as a good commission—for inducing the 22,700 gasstation dealers selling Shell Petroleum products to buy Firestone and/or Goodyear tires. And they had better buy them or get ready to go out of business. They had better buy them or get ready for this vertical monopolistic squeeze that is going to be put on them. They had better buy them or they will find themselves in the plight in which some of the dealers of my State have already found themselves. They had better buy them or get ready to fight Shell in the Federal courts in antitrust suits, and then find, after winning the case, that the company will end up with a $5,000 slap on the wrist, and that is all. The Congress should protect the people of the

country from monopolistic combines. The responsibility for this rests on the heads and shoulders of every Member of Congress. Until we get busy and perform our public duty of revising the antitrust laws, we really have no right to draw a contract. Certainly we have no right to do it until we at least write into the contract some protection to the little dealers, the little-business men in the towns of our States who are going to be caught in this monopolistic deal.

I speak advisedly when I say that this is a move toward economic fascism in America by big monopoly. I repeat it because I defy anyone to find a more descriptive term for what the Congress of the United States is approving today. It is economic fascism by American monopoly that the Congress is underwriting. What is the basic characteristic of fascism? Liquidate the little fellow. Liquidate the one who opposes those in power. This is economic fascism by American big business, and it is going to be underwritten by the Congress of the United States. It is going to take, I fear, a great amount of time for the American people to understand that, but when the American people come to understand what is written into these contracts, the Congress of the United States is going to hear from the American people, and it is well that it does.

I am shocked, Mr. President, by the failure of the Congress to write into these contracts any protection for the people of the country. As the distinguished Senator from Georgia [Mr. GEORGE] pointed out, the failure to put a recapture clause in the contract plays right in the hands of the "big boys." But there is no recapture clause contained in the contract. If one checks back, as the Senator from Georgia, with that penetrating mind of his, pointed out, he will find that the price by the "big boys" will be increased. They have told us frankly in the record they are going to increase the prices. They have only to increase the price by 5 cents a pound, and by that increase they will regain the full price in 2 years. And Congress is underwriting that.

The difficulty is that the question involves so many abstractions and so many economic problems that the man in the street is not going to understand it. He is not going to understand it until he is hurt. Then he is going to rebound with political reprisals. That is not good for the country, either. It is a situation which should be avoided and could be avoided if, in keeping with our clear duty, we wrote into the contract provisions that will protect the people of America.

It is quite plain to me that there is a chain from the petroleum-chemical end of this arrangement to the sale of the tires to the "independent" gas station dealers some of whom are today suing the Shell Co. in the District Court of Portland, Oreg., for discriminatory practices which are driving some small stations out of business.

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

Mr. MORSE. Mr. President, I ask for 20 additional minutes.

Mr. THURMOND. I yield the Senator time.

Mr. MORSE. I shall take 20 minutes.

Mr. President, Shell is not alone in its efforts to secure a captive market for its rubber. The Copolymer Corp., consisting of Sears, Roebuck, Armstrong Rubber Co., Armstrong Rubber & Manufacturing Co., and several other small rubber companies is doing about the same thing.

The sale, as presently proposed, allows United States Rubber and the Texas Co. to combine in the rubber field. Texas-United States Chemical Inc., is wholly owned, 50 percent each, by United States Rubber and the Texas Co. Dupont Corp. and General Motors control United States Rubber. United States Rubber, through the Atlas Supply Co., sells tires to Standard Oil stations.

That is why, as one drives his car into a Standard Oil station and asks to buy a tire, he is offered an Atlas tire. Those little Standard Oil stations had better offer its customers Atlas tires, because if they do not, they will soon find themselves without a lease to sell Standard gas. That is the way it works in the squeeze play. And we are doing nothing to give protection to the American people.

I want to say, Mr. President, that none of these three arrangements fits my idea of competition. It takes very little imagination to foresee some of the possible consequences of allowing these sales to go through.

It is not my intention to go into an elaborate discussion of the number of times that many of these corporations have been found guilty of antitrust violations for price fixing and other noncompetitive practices. I do want to say, though, that some of them have been violators many times over. We should take that history into cognizance in deciding upon whether or not such companies can be trusted in the future.

Judge them by the past, and, as far as the antitrust laws are concerned, their past record is that of an economic outlaw in the field of restraint of trade.

Their record is that of economic outlaws, time and time again injuring, by their monopolistic robbery, the economic welfare of the people of the Nation as a whole.

Mr. President, in these proposed contracts we are being asked to approve, on the recommendation of the Rubber Commission, we are simply strengthening the monopolistic stranglehold of these combines over the economy of the Nation. That is why I say it is a shocking and a sad thing. How sad it is that with the contracts before us the Congress does not figuratively pick up its pen and write the protections into the contracts.

As I was saying, Mr. President, we should take that history into cognizance in deciding whether such companies can be trusted in the future. In particular, can they be trusted when we are putting temptation before them in the form of permitting integration from raw material to retail outlet?

I suggest, Mr. President, that it should be clear to all that we are being asked to approve vertical integration of big businesses. I think there is little justification for so doing, for creating a monopoly situation, unless we are to have some control over it.

One of the statements I quoted from the RFC report made it clear that, in the opinion of the RFC, small business would not be able to take part in the disposal of the plants. I do not accept that point of view, for I feel that small business could have had a place in the disposal phase of the program. In fact, some small companies or investors, such as the Minnesota Mining Co. and Mr. Edwin Pauley, tried very hard to take part in the disposal phase, but they were forced to face an illegal Shell Corp. bid which put them in a very disadvantageous position.

Be that as it may, let us assume that RFC was right; and let us look at what it offered as an alternative to making it possible for small business to get into the actual production of synthetic rubber.

Following the segment of the report dealing with the fact that industrial integration was bound to result from the sale of these plants, is this statement:

> While such developments may not be consistent with popular conceptions of a desirable organization of industry, the hard fact remains that they would not form a new pattern in our economy but rather would conform to already clearly defined patterns. It would be difficult to name a single major industry in which we do not find comparable integration. Steel, copper, aluminum, automobiles, to name but a few, are thus characterized. On the other hand, it must be acknowledged that there have grown out of this pattern instances of trade practices detrimental to effective competition; therefore, while a disposal program may well follow this pattern of industrial organization, it must be fashioned with sensitive regard for these problems and provide safeguards against the difficulties of which we are forewarned.
>
> In the light of what has been said, it is apparent that, among others, two basic problems present themselves for solution if a climate for effective competition in the new industry is to be assured. The first is to assure such diffusion of capacity (butadiene, styrene, butyl, or copolymer) among a number of purchasers so that all may function efficiently and yet so that none of them stands in so strong a position as to dominate the field.
>
> A second basic problem is to develop, for rubber fabricators generally, a truly competitive source of synthetic rubber supply. This would not be provided if the pattern of disposal were so to allocate the plants that their output would be wholly captive to the demands of their owners, as fabricators, for synthetic rubber.

The Rubber Disposal Act of 1953 adopted the essence of RFC's views that I have just quoted. In an attempt to control monopoly at the production level, Congress enacted section 17 (3), which was designed to create a free competitive synthetic rubber industry in which no person would possess unreasonable control over the manufacture of synthetic rubber.

To achieve a truly competitive source of synthetic rubber supply, the second point made by the RFC, Congress passed section 17 (1) which, in substance, states that small-business enterprises and other users not purchasing any of the facilities should obtain a fair

share of the end products of the facilities sold and at fair prices.

If I thought, Mr. President, that the Rubber Commission had achieved the intent of section 17 (3), I would not have voiced the fear that uncontrollable vertical integrations of giant corporations will result if we confirm this sale.

In fact, Mr. President, if I thought the Rubber Commission had achieved the intent of section 17 (1), I would be satisfied with the nature of the proposed sale itself. My point is this: If the sale, as recommended by the Rubber Commission, did assure that there would be a fair distribution of the synthetic rubber at prices that those not buying the facilities, or in no way connected with these buyers, could afford to pay, I would not be concerned over the monopoly inherent in the situation we are considering. Monopolies are effective in so long as they can control supply and/or price.

The blunt question we must consider is this: Will the rubber fabricator who does not purchase one of these plants be in a competitive position with the rubber-fabricating company which is connected, either directly or indirectly, with the purchaser of a rubber facility? My answer to that question is an unequivocal "No." I shall state my reasons for arriving at that answer.

Two elements are involved in that answer: One, the economic position of small-rubber fabricators, when considered in relation to that of the giants who are buying into the rubber business; two, the nature of the Rubber Act itself and of the contracts the Rubber Commission is asking us to approve.

In their telegrams or telephone calls to me, these small fabricators bring out these facts: Their main concern is that they will not be able to pay the price asked by the prospective rubber-plant purchasers and still stay in a competitive position with the big operators. As an example, suppose that X, a large rubber company, or one of its subsidiaries, makes overshoes; and suppose that Y, a small fabricator, does the same. Y must buy his rubber from X. He must pay X's price, or else go without rubber.

Y has only one point of profit, namely, when he sells his finished product to a wholesaler. But X has several points at which he can make a profit from his integrated operation. There is a possible profit in the raw materials that go into making, let us say, butadiene. A profit could be made on the butadiene when it is sold to the rubber plant part of the combine.

Mr. President, these boys are great fellows at selling to themselves; they engage in such economic sleight-of-hand performances. But a small operator pays not only the profit he has to pay in buying the end product, but also each of the other profits the big fellows charge for their operations leading up to the manufacture of the end product, in connection with their corporate structure. There could be profit on a sale of the rubber to the fabricating part of the integrated unit, and there is the chance for profit when the finished product is sold.

At any point, or several points in this line, X could forego a profit, and the end result would be that rubber could be sold at a lower price to the fabricating part of the combine than to Y. Therefore, says Y, the small fabricator, "I am not in a competitive position with X's fabricating unit. These contracts do not leave me in a competitive position."

But, Mr. President, one of the mandates of the law is that this operation shall promote competition, not stifle it.

Another serious disadvantage that the small fabricator suffers, in relation to the large company, is his lack of reserve capital. His operations are, of necessity, hand to mouth. He can only buy a small amount of rubber at a time. Generally, each month or so he goes to the warehouse for his rubber, and fabricates it immediately. With the money he gets from the finished product, he then buys more rubber. He is always operating on a slim margin, and he cannot withstand any long delay in getting his rubber, without going "broke."

But, Mr. President, you should listen to some of the telephone calls I receive these days, and you should read the telegrams I receive from the small fabricators. They telegraph to me that, "The 'squeeze' will be put upon us, in that we will not get the rubber during the small period of time in which we must get it if we are to remain in business."

The "big boys" know that, Mr. President; they know how to keep the little fellows shackled and yoked. They also know pretty well how to keep them silent. That is why so many call me and say, "I must talk with you, Senator, in the strictest confidence. Please do not mention my name on the floor of the Senate, because if you do, I will be squeezed out of business."

It is a frightening thing in America. It is economic fascism. It is the device of economic liquidation. It is the control of this sphere of the economy by monopoly. Are we to sit here and do nothing? We represent a free people who are entitled to the protection of their economic freedom of choice. Are we going to sit here and do nothing to protect them? If we follow that course of action, I pray that we hear from them in 1956 by the defeat of those who vote today in favor of vertical integration, who vote today for economic fascism in America by American monopoly.

We may as well "lay it on the line" in the days ahead, because one of the biggest issues of that campaign will be whether or not we are going to turn all the American economy over to the stranglehold of American big business, or whether we are going to protect our system of competitive enterprise for the small-business man and the consumers of this country.

Mark what I say today. This debate involves an abstract subject. This debate involves complex economic principles; but the people will come to understand what those principles mean when applied to their economic welfare. Here we have a series of contracts with no protection in them anywhere for competitive enterprise so far as the small fabricator is concerned. He is pleading with us in the hope that it is not too late for us to rise to our responsibilities and write into these contracts some protection for the small fabricator.

The small fabricators are very much worried by another situation. They tell me that the prospective purchasers of the Government's rubber plants will not make any commitments as to the price, amount, place or time of delivery of the rubber that will be produced after they take over the plants. One small operator called me and implored me to try to do something about this problem. He told me that a delay of 6 weeks in his rubber supply would bankrupt him, even if the price did not rise. And he has already been told, by the representatives of the big rubber companies that there will be a price rise. Even before they get the plants in their hands they are telling the little fellow, "We are going to increase your price." He is not told, however, what the amount of the increase will be.

Mr. President, we simply must try to do something to protect these small businesses. They are basic to our economy. We could not have such a fine economic system if they did not exist. Would it be so unthinkable to delay this sale, temporarily, until we make changes in the law or the contracts of sale to protect these deserving people. These men are free enterprisers, too. They have every right to share in the benefits as well as the burdens of this disposal program. Their taxes helped build the synthetic-rubber industry. Has the day come when they do not count? I say to my friends across the aisle, what will you do for these businessmen? If the Republican Party is not the party of big business, its representatives in the Senate should have no qualms about supporting these small-business men.

Free enterprise does not mean freedom for the great capital aggregations to snuff out the small-business man. Competition presupposes the physical ability to compete. It may be romantic to think in terms of the small man fighting his way to the top, but it is unrealistic in the present context.

Mergers are the order of our day. There has been a greater trend toward monopoly in America during the past 2 years than during any other 2-year period in the past half century. We need to ponder that statement. Do Senators think I am not talking about a real threat to economic threat in America? Take a look at the growing merger trend. Take a look at the growing monopolistic control in America during the past 2 years, the like of which has not been seen in any other 2-year period in the past half century. That is what we are talking about today. We are trying to give substance and form to a protective resolution which seeks to prevent the sale of these rubber plants to the detriment of small fabricators, until we can write into the contracts protective safeguards, in support of which I raise my voice today.

We lose more and more independent businessmen every day. The only pile that the majority of these small rubber fabricators will get to the top of, if we allow this sale, in its present form to

go through, will be the rapidly growing scrap pile of bankrupted small businesses.

Mr. President, I now turn to the reasons why the contracts negotiated by the Rubber Commission do not protect the interests of those rubber users not buying into the rubber business, or the interests of the country.

The contracts contain this general notion: The rubber plant buyers state that they will sell a certain stated percentage of rubber, at a competitive price, to rubber users not buying plants. Let us assume for the moment that these statements are firm commitments. Let us further assume that they are clear and definite enough to be meaningfully interpreted in a court of law. I hasten to add that I do not believe either assumption is valid. Where do these assumptions leave us, though?

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

Mr. MORSE. Mr. President, I ask for 10 more minutes.

Mr. THURMOND. I yield 10 more minutes to the Senator from Oregon.

Mr. MORSE. A contract is nothing but a lot of empty words unless someone can enforce it. Who could enforce the contracts which it is proposed we ratify? Could a small-business man sue under them? It is my opinion that he could not. It is the opinion of the legal staff of the Shell Corporation that he could not.

I should particularly like to have the attention of the three able lawyers in the front row, the Senator from Georgia [Mr. GEORGE], the Senator from Louisiana [Mr. LONG], and the Senator from South Carolina [Mr. THURMOND]. I think I am now putting my finger on one of the worst features of these contracts. Could a small-business man sue under them? It is my opinion that he could not. It is the opinion of the legal staff of the Shell Corporation that he could not. It is the opinion of other legal experts that he could not.

To sue under a contract, one must be a party to the contract, or a third party beneficiary of that contract. The small rubber fabricators do not fit into either category. They have no peg upon which they could hang a suit. The Shell Co.'s legal staff makes this quite clear when, in answer to my question on this point, they said that the only possible action by anyone was an action for an injunction by the United States Government.

Though I am not quite sure what it is that the United States Government could specifically seek to enjoin under these contracts, suppose that it were possible to get a general injunction against the breach of the contracts. Of what value would that injunction be to the small rubber users? After the big company discrimination in the price or supply of rubber had bankrupted him, I am very sure that the small rubber user would be happy to know that the big bad company was to be stopped from doing it again.

If the United States were to sue in behalf of a small business there would be difficulty in proving any priority and, thereby, damages. I point out, Mr. President, that I fully agree with the Shell legal staff when they say that no action for damages could be maintained by anyone. It is idle speculation to talk about the possibility of the Government suing for the small-business man.

It is my opinion, therefore, that we must change either the act or contracts making it possible for any small rubber fabricator to sue if he is injured by the failure of the plant buyers to give him a fair supply of rubber at a fair price. Without a right to sue, other rubber users are left without effective recourse.

Since the United States Government cannot maintain an action for the breach of the parts of these contracts which deal with the regulations between the plant buyers and the other rubber users, we should amend the act or the contracts to provide for a minimum penalty of $50,000 in the event that these contracts are breached.

To prove one's point in a law case one must have facts. One of the great difficulties in the past in suing these giant corporations, whether the suit was by the Government or by the corporation's own stockholders, has been to get enough facts upon which to base a case. To that end, I believe that we should enact legislation which will make it mandatory that these plant buyers make available their corporate books, insofar as those books are related to the production, price, and sale of rubber, for inspection by a duly constituted Government official.

I ask this so that it will be possible for us to check on what is being done by these companies and so that we do not have to go through years-long lawsuits to get a final determination of what the facts are.

Mr. President, it is my belief that if we enact these simple precautions we will go a long way toward assuring continuation of a healthy, competitive synthetic rubber industry. We will have gotten the Government out of the synthetic rubber industry and turned it over to private enterprise. But we will not be putting the consumers of this country at the mercy of corporations that have in the past proved their inability to recognize a public trust. We will also have afforded some measure of protection to those users of synthetic rubber who have not purchased any of these plants. As I have stated before, they have a very definite place in our economic sun. It is my intention to see that they are not placed under a cloud and forgotten.

I think that the past history of some of the corporations with which we are proposing to do business very definitely warrants our taking these precautions on behalf of consumers and of small rubber fabricators. At this point, Mr. President, I would ask unanimous consent to insert in the RECORD some material compiled by Congressman EMANUEL CELLER showing the antitrust action history that some of these corporations have.

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

There are some antitrust and small business facets in the rubber-producing facilities disposal program which I should like to comment upon.

1. In *United States* v. *Rubber Manufacturers Association et al.*, the Big Four, Firestone, Goodrich, Goodyear, and United States Rubber Co., plus Dayton, Seiberling, and others, were charged with combination and conspiracy in restraint of trade in tires and tubes, from 1935 to 1947. They pleaded nolo contendere, and were fined $5,000 each.

2. In *United States* v. *The Metropolitan Leather & Findings Association, Inc.*, in 1948, Goodyear and others were charged with price fixing in rubber heels and soles, and were fined.

3. In *United States* v. *United States Rubber Co. et al.*, U. S. Rubber and Dunlop Rubber Co., Ltd. were charged in 1948 with illegal cartel arrangements in latex; they took a consent decree in 1954.

4. In *United States* v. *Sears, Roebuck & Co., et al.*, filed in 1952, Sears and Goodrich were held to be in violation of the Clayton Act by having a common director; he later resigned from the board of Sears.

5. In two 1950 cases, one civil, one criminal, both known as *United States* v. *Association of American Battery Manufacturers*, Sears, Firestone, Goodrich, Goodyear, and others, were charged with price fixing and exercise of monopoly power to exclude competitors, among other things. They pleaded nolo contendere to one count in the criminal case, and took a consent decree in the civil case.

6. In *United States* v. *National City Lines, Inc., et al.*, also two cases filed in 1947, Firestone, Phillips, Standard Oil of California, and others, were charged with conspiracy, restraint, and monopolization of trade in the sale of buses, petroleum products, and tires and tubes. The charges went back to 1937. In the criminal case, the jury found them guilty on one count in 1949. The civil suit, involving injunctions against future violators, was still unsettld in 1954. Regulation of trade by lawsuit is sometimes a slow business.

7. Three Canadian antitrust cases are very enlightening. These are:

Regina v. *Goodyear Tire & Rubber Co. of Canada, Ltd. et al.* (mechanical goods);

Regina v. *Firestone Tire & Rubber Co. of Canada, Ltd. et al.* (tires); and

Regina v. *Dominion Rubber Co., Ltd. et al.* (rubber footwear).

In the first case, Goodyear, Goodrich, Dominion (the Canadian subsidiary of United States Rubber), Dunlop, and one other, pleaded guilty to conspiring to prevent or lessen competition from 1936 to 1952, and were fined $10,000 each. In the tire case, Firestone, Goodrich, Goodyear, Dominion, Dunlop, and others, pleaded guilty to charges covering the period 1937 to 1952. They were fined $10,000, the then maximum fine, which the judge noted was wholly inadequate. The prosecutor estimated the companies had illegally extracted $1,300,000 a year for the 15 years they admitted operating the tire combine. The companies are reported to have replied that they were forced to band together for mutual protection during the depression. Banding together for mutual protection could be much more profitable in the United States, particularly if they own the GR–S plants which they now seek.

Dominion and Goodrich and others pleaded guilty in the footwear case and were fined $10,000. The charges included identical product specifications and identical prices.

Canada has now removed the top limit on antitrust fines, permitting the court to assess such fines as the cases warrant. This should be a much greater deterrent than our $5,000 maximum fine.

In the *Regina* v. *Firestone* case, the Canadian High Court said as follows:

"Between the 1st day of January 1937 and the 31st day of October 1952, within the jurisdiction of this honorable court, they" (the defendants) "did unlawfully conspire, combine, agree, or arrange together and with one another to unduly prevent or

lessen competition in the production, manufacture, purchase, barter, sale, transportation, or supply in * * * the Province of Ontario * * * and elsewhere in Canada * * * of * * * rubber tires (casings) and rubber tubes for passenger vehicles, trucks, and buses, agricultural and road implements, and tractors and related products including tire and tube accessories, automotive accessories, and tire repair and retread materials, and did thereby commit an indictable offense contrary to the provisions of the Criminal Code, section 498, subsection 1 (d).

"Each of the accused corporations entered a plea of guilty and thereupon evidence was presented by the Crown to establish in a general way the nature and extent of the operations of these companies which resulted in this prosecution.

"In the view I entertain the maximum penalty of $10,000 provided by the code is wholly inadequate to meet the ends of justice, even as a punishment to the least of these offenders. This law has been in force for over 50 years and its provisions are, or should be, well known to the businessmen of this country. Their actions were cold-blooded, calculated, and deliberate violations of the law of the land and call for as severe a penalty as can be imposed within legal limits, both to mark the Court's condemnation of the enormity of the offense from the standpoint of punishment, and for its deterrent effect upon other potential offenders. It is the sentence of this Court that each of the accused shall pay a fine of $10,000 and that they be condemned to pay the costs incurred in and about the prosecution and conviction for the offenses of which they have been convicted, forthwith after taxation thereof."

In the case of *Regina* v. *Dominion Rubber Company, Ltd. et al.*, the High Court of Ontario said:

"There were countless meetings and agreements among representatives of the accused and their coconspirators at which an elaborate system of classifying their commodities was arranged, identifying them by common number. * * * A casual study of the analysis of common prices which resulted from these agreements, filed as exhibit A–3, will reveal how well they succeeded in maintaining an identical price level."

Now, let us take some of the cases against the oil companies who were successful bidders.

Standard Oil Company of New Jersey, which controls both Esso Standard Oil Co. and Humble, was charged in 1942 with conspiracy with I. G. Farbenindustrie in two cases involving synthetic rubber. They pleaded nolo contendere in one case and took a consent decree in the other.

Several oil companies involved in the bidding for the synthetic rubber plants were also involved in losing two cases filed in 1936. *United States* v. *Standard Oil Co. (Indiana)*, a price-fixing case, was appealed to the Supreme Court under the name of *United States* v. *Socony-Vacuum Oil Co. et al.*, and conviction was sustained as to Phillips, Continental, Shell Petroleum Corp., and Empire (the predecessor of Cities Service). Continental and Cities Service make up Petroleum Chemicals, Inc.

The other 1936 case, also called *United States* v. *Socony-Vacuum Oil Co., Inc.*, concerned fixing jobber margins. In 1941, nolo pleas were entered by Cities Service, and an officer each of Empire, Shell, and Continental.

Among the 38 defendants pleading nolo contendere in *United States* v. *General Petroleum Corporation of California et al.*, a 1939 case charging illegal price raising and price maintenance, were Shell Oil Co., Standard Oil Company of California, and the Texas Co. Fines were $4,000 for Texas, $4,500 for the other 2.

Still pending is a suit brought by the present Attorney General, *United States* v. *Standard Oil Co. (New Jersey) et al.*. Standard, Gulf, The Texas Co., Standard of California, and one other, are charged with attempting to secure and exercise control over foreign production and supplies of petroleum and petroleum products, to regulate imports in order to maintain a level of domestic and world prices agreed upon by the defendants, and to divide world foreign producing and marketing territories.

The State of Texas has an anti-trust suit in the State courts against 10 major oil companies, including Cities Service, Continental, Gulf, The Texas Co., Humble, Phillips, and Standard Oil Co. of Texas (a subsidiary of Standard of California). This case was brought by Price Daniel, then Attorney General of Texas, now a Member of the Senate.

United States v. *Food Machinery and Chemical Corporation et al.*, involving monopoly of peach-pitting machinery, was settled by a consent decree last August.

Several of the companies which make up American Synthetic Rubber Corporation appear among the anti-trust case losers. American Cyanamid Co., the largest stockholder in American Synthetic and scheduled to be its exclusive selling agent, has been in three cases. *United States* v. *Allied Chemical & Dye Corp.*, filed in 1942, and ended by nolo pleas in 1946, charged price fixing at exorbitant levels in dyestuffs. Cyanamid and one of its officers were each fined. A subsidiary, American Cyanamid & Chemical Corp., was a party to some chemical anti-trust cases filed in 1942, and settled in 1945, by nolo pleas. The cases all charged price fixing. Cyanamid & Chemical was fined $7,500. In *United States* v. *Standard Ultramarine and Color Co. et al.*, American Cyanamid took a consent decree in October 1954, on charges of fixing and maintaining prices and allocating sales of ultramarine blue and laundry blue.

Anaconda Wire & Cable Co., a stockholder in American Synthetic, is a subsidiary of Anaconda Copper Mining Co. Two other Anaconda subsidiaries, Anaconda Sales Co., and Greene Cananea Copper Co., were named in *United States* v. *Climax Molybdenum Co. et al.* in 1942, a price-fixing and competition-control case which ended in a consent decree.

General Cable Co. and Phelps Dodge Copper Products Corp. are stockholders in American Synthetic, and have been together before; they took a consent decree in 1948 in *United States* v. *General Cable Corp. et al.*, a cartel, price-fixing and development-suppression case.

Dewey & Almy Chemical Co. is a part of American Synthetic, and has recently been acquired by W. R. Grace & Co.; Grace, Pan American World Airways, Inc., and Pan American Grace Airways, Inc., are defendants in a Sherman Act case filed in 1954, charging combination restricting competition and monopolizing air transportation between the United States and Latin American countries.

Raybestos-Manhattan, Inc., and Thermoid Co., both stockholders in American Synthetic were also previously associated as nolo pleaders in 1948 in *United States* v. *Brake Lining Manufacturers Association, Inc.* They were fined $5,000 each, on price-fixing charges.

Dunlop Tire & Rubber Co. is in American Synthetic; it is controlled by the British Dunlop, which was involved in the latex cartel case with United States Rubber.

It is only fair to add that some of the stockholders in American Synthetic Rubber Corp. have not been involved in anti-trust suits.

The only plant, however, that would be sold to a company with no antitrust history is the Koppers Co. alcohol butadine plant at Kobuta, Pa. Koppers Co., Inc., apparently didn't want the whole plant, but took it just to get the powerplant and utilities.

Mr. MORSE. Mr. President, another factor that has coused me serious concern in this whole transaction has been the attitude taken by Mr. Brownell. The opinion that he transmitted to us concerning the issue of whether or not these proposed sales are violative of the anti-trust laws was about as nice a piece of meaningless double talk as has been my occasion to read. What Mr. Brownell said leaves me completely unsatisfied. I would like to point out, though, Mr. President, that I do not extend my criticism to the testimony given us by Judge Barnes, head of the Antitrust Division, Department of Justice. It was not possible for us to fully investigate all the possible antitrust ramifications of this proposed sale when we questioned Mr. Barnes. Therefore, I ask unanimous consent to have printed in the RECORD the same questions that Congressman PATMAN sent to the Justice Department concerning the antitrust aspects of this sale.

There being no objection, the questions of the Honorable WRIGHT PATMAN were ordered to be printed in the RECORD, as follows:

QUESTIONS PROPOUNDED TO JUDGE BARNES BY HON. WRIGHT PATMAN, OF TEXAS, IN A LETTER DATED MARCH 16, 1955, ADDRESSED TO CHAIRMAN VINSON

JUDGE BARNES: I would like to invite your comments on one broad, general question; then I have a few questions on specific points I would like to get cleared up.

The general question relates to the second paragraph of the Attorney General's letter of January 17. (It reads as follows:)

"This is to advise you that on the basis of the information furnished to me by the Commission I do not view the proposed dispositions as being in violation of the anti-trust laws. I express no opinion, however, concerning the legality of any programs or activities in which the proposed purchasers may engage in the utilization of these properties, nor as to any matters other than whether or not the proposed dispositions violate the antitrust laws."

Now that statement contains two qualifications which I would like for you to examine. First, it contains the phrase "on the basis of the information furnished to me by the Commission" and says nothing about other information which the Department of Justice may have or could reasonably have gotten from other sources. Second, if I read the remainder of the statement correctly it says simply this: The Attorney General expresses the opinion that the proposed disposition of these plants, taken alone and quite apart from any other facts which he may or may not know to exist, will not violate the antitrust laws; but the Attorney General expressly reserves the opinion whether or not there would be a violation of the antitrust laws, taking account of the whole factual situation, the moment these plans are transferred.

Now, as I understand the antitrust laws, you frequently have situations where a particular competitive arrangement taken alone, out of context of the whole factual situation, is not violative of any laws, but when you add this competitive arrangement to the whole factual situation you have an unreasonable restraint of trade. Now, I am not talking about secret agreements or conspiracies or understandings among these proposed purchasers. I realize that there could be secret agreements, which you might not know about and might never know about even though you investigated diligently, so I am not talking about agreements or understandings which you may not know about, but this is the question I want to get clarified: Quite apart from any agreement which you

do not know about, has the Department of Justice investigated and considered the whole factual situation insofar as it could reasonably ascertain the facts and satisfied itself that there will not be an unreasonable restraint of trade or other violation of the antitrust laws the moment these plants are transferred?

2. Now, the rest of my general question pertains to the analogy you have here with the Supreme Court's decision in the *Columbia Steel* case (*U. S. v. Columbia Steel Co., et al.* (334 U. S. 495, decided June 7, 1948)). The theory of the United States in bringing that suit was that the acquisition of Consolidated constituted an illegal restraint of interstate commerce because all manufacturers except United States Steel would be excluded from the business of supplying Consolidated's requirements of rolled steel products, and because competition then existing between Consolidated and United States Steel would be eliminated.

In addition, the Government alleged that the acquisition of Consolidated, viewed in the light of the previous series of acquisitions by United States Steel, constituted an attempt to monopolize the production and sale of fabricated steel products in the Consolidated market. That last aspect of the case was vigorously contested. The defense was predicated in a substantial way upon the fact that the United States Government had in 1947 sold to the United States Steel Corp. a large plant at Geneva, Utah, and that in that connection the Attorney General had concluded "that the proposed sale, as such, did not violate the antitrust laws."

You will also remember in that connection that the Supreme Court in disposing of that aspect of the case stated: "To show that specific intent, the Government recites the long history of acquisitions of United States Steel, and argues that the present acquisition when viewed in the light of that history demonstrates the existence of a specific intent to monopolize. * * * We look not only to those acquisitions, however, but also to the latest acquisition—the Government-owned plant at Geneva. We think that latest acquisition is of significance in ascertaining the intent of United States Steel in acquiring Consolidated." The court then proceeded to dismiss the suit by a vote of 5 to 4.

Then the Court pointed out that when approval was given to the sale of the Geneva plant to United States Steel, the Government had reason to know that if United States Steel acquired the Geneva plant it would for "normal business purposes" either acquire or build finishing facilities to assure itself a market for the unfinished steel produced at the Geneva plant, and the Government made no objection. Now this raises a question. First, you are approving the sale of 31.8 percent of the butadiene capacity to one partnership company—the partnership being made up of 2 oil companies and 2 rubber companies.

Now, permit me to ask you this: If in the future you decided to proceed against one of the rubber companies under the Clayton Antitrust Act or the Sherman Act because of any proposal on their part to acquire smaller companies in order to balance their rubber capacity with their butadiene capacity, or to balance their butadiene capacity with their rubber capacity, or to balance their rubber-fabricating capacity with their rubber capacity, how could you distinguish as a matter of law such a situation from the situation disposed of by the Supreme Court in the Columbia Steel case and what different results could you expect to secure?

Now for my more specific questions:

3. It has been pointed out that according to this disposal plan, no one company will have more than 18.2 percent of the GR–S capacity. On the other hand, the disposal plan calls for one parnership company to have 31.8 percent of the butadiene capacity. The partnership company is made up of Gulf, Texas, United States Rubber, and Goodrich. These four companies together will have 29.1 percent of the GR–S capacity. Since these four companies will be a partnership in 31.8 percent of the butadiene capacity, would you see any substantial difference insofar as practical competition is concerned, if they formed a single partnership company to handle their 29.1 percent of the GR–S capacity?

4. I would like to ask you about the license agreements. The second paragraph of the Commission's statement on this subject (p. 31) indicates that the Commission has made available to prospective purchasers the patent agreements to which the Government is a party and that it has taken actions to assist prospective purchasers to obtain licenses to use patents to which the Government was not a party. I quote from the Commission report as follows: "The patent agreements to which the Government was a party and the actions subsequently taken in this field by the Commission assure that adequate rights to patents and technical information are available to plant purchasers." Beyond this, however, the Commission has not told Congress what it has done; we don't know what these actions were, what the terms and conditions of the license agreements are, and I wonder if the Department has examined all of these license agreements and satisfied itself that none of the royalties are unreasonable and that there is nothing else in them which will unreasonably restrain competition.

5. What has been the Department's usual position with reference to patent pooling where the pool was restricted to members and not freely open to all newcomers?

6. The Attorney General's report has something to say about the patents and agreements covering butyl rubber, but it seems to be silent on this subject as regards the more important classes of rubber and feed stocks. Can you tell me where the provisions are in the contracts with the proposed purchasers of the rubber facilities, or elsewhere, which assure that the patent pool which will now be set up among the proposed purchasers will be open to the other companies that might wish to enter some phase of the synthetic rubber business in the future?

7. The Commission's report contains this sentence: "in the appendix to each contract of sale, the Commission has agreed that, to the extent of the Government's powers under these agreements, it will assist purchasers in obtaining necessary rights"—speaking of patent rights, of course. Can you tell us whether or not the Government has sufficient powers under these agreements that it could, if it cared to do so, assure any and all possible purchasers the right to use all product and process patents now necessary for successful operation of the butadiene and GR–S rubber plants.

8. In view of the fact that when the Government-owned aluminum plants were sold, the Department of Justice insisted upon having, as a condition of the sale, a provision making licensing of patents at reasonable royalties compulsory, I am wondering why the Department has not insisted upon such a provision in the case of these rubber facilities.

9. The assurances that we have been offered that small rubber fabricators will have access to adequate supplies of rubber at fair prices rest in large part on the premise that the production of Shell on the west coast will all be put on the open market, since Shell is not a rubber fabricator. In this connection the Atorney General's report (p. 34) is to the effect that since the major tire companies will have copolymer plants on the gulf coast, they will supply their west coast tire plants from these. The Attorney General's report does not make it clear, however, how much surplus production these tire companies will have at their gulf coast plants after supplying the requirements of their more eastern markets, or why these major tire companies took 90 percent of the production of Shell's west coast plant in 1954. Could you enlighten us on this?

10. In considering the supplies which might be available to small fabricators, I wonder if you have taken into consideration these contracts which some of the oil companies seem to have with some of the rubber companies for promoting the sale of their tires through the retail filling stations. For example, on page 158 of the supplement of the Commission's report the proposed contract with Shell contains the following sentence: "Neither Shell Chemical Corp. nor the parent, Shell Oil Co., is engaged in the manufacture or sale of natural or synthetic rubber or products made therefrom, excepting that Shell Oil Co. has contracts with the Firestone Tire & Rubber Co. and with the Goodyear Tire & Rubber Co., Inc., which provide for the payment of a commission to Shell Oil Co. as compensation for Shell's assistance in promoting the sale of their products to Shell dealers, commission distributors, and jobbers." What effect do you think such contracts would have on the question whether Firestone and Goodyear would buy Shell's rubber, or refuse to buy Shell's rubber, and thus make it available for small business?

11. Judge Barnes, I would like to have your comments with reference to the agreements in the contracts with the proposed purchasers, where the purchasers say that they agree to make available certain specific percentage of their production to small business. How could the small fabricator who found that he could not obtain rubber find protection under these agreements? Specifically, the following questions occur to me:

Is the small-business man to bring private suits; and if so, under what theory of the law? And what is the likelihood that the courts will say to an individual businessman that he has a right to sue as a third-party beneficiary of the United States Government? Since no small-business man is mentioned in these contracts, but the Government merely purports to try to protect an indeterminate class in these contracts, can the indeterminate members of this class have any standing before the courts as third-party beneficiaries?

Then may I ask the question as to which of these proposed purchasers the small-business man would sue? Is there any mechanism by which he would know which of these companies were failing to sell their agreed proportion to small business? Is there any requirement that the proposed purchasers make public their sales and customers or open their books for inspection?

What specific rights does a fabricator have under this agreement? Would there be any difficulty arising from the lack of a definition of "small business"? And does a small fabricator have a right to demand that a particular rubber company sell him supplies, or does the rubber company have the right to choose its customers?

Assuming that the small-business man can sue, then, as a practical matter, how much would such a suit cost a small fabricator, and how long would it take to conclude the litigation, and what would be the prospects of his concluding the litigation before he has gone out of business?

On the other hand, if the Government is to police these agreements, who is to do the job and how will it be done? More specifically, let us consider the following questions:

Can the Government sue on the basis of damage for a breech of contract, since the Government will not have suffered any damage? Could the Government sue for specific performance of contract, and what State law

would determine whether an action for specific performance could be brought? Would the right to sue differ according to where a plant is located, and would the Government have different rights under different laws in different States where the plants are located? If the Government is to police these agreements, what mechanism will it have for knowing whether or not the agreements are being lived up to, and what assurances are there that the Government will move promptly and that it can obtain relief before a substantial number of small-business men have gone bankrupt?

12. Judge Barnes, some of these so-called agreements in the contracts with the proposed purchasers are to the effect that the purchasers will make available certain specified percentages of rubber to small fabricators at competitive prices. I wonder whether to your mind this term "competitive prices" has any meaning other than that the integrated fabricator will make available to his small competitors rubber at the same prices and terms as he makes it available to himself.

13. Judge Barnes, I don't wish to go into the long list of past antitrust cases in which these big rubber companies and oil companies have repeatedly been found guilty or plead nolo contendere to charges of violating the antitrust laws, but I want to ask you about a few of the recent and pending cases which seem to have a particular bearing on this disposal plan.

I am told that there is a case now pending in the courts of the District of Columbia involving the Federal Trade Commission and 20 big rubber and oil companies, and I am told that the proceedings arose because the FTC attempted to relieve pressure on small tire distributors resulting from the tire companies discriminating in prices among their different customers; I am also told that these proceedings were started in 1947, so that they are not concluded after 8 years of litigation. I wonder if you are familiar with this case?

Would you venture an estimate as to how long it will take before this case is ultimately concluded?

Do you know whether or not the discriminations complained of by the FTC are still being practiced by these companies pending the outcome of this litigation?

It is your opinion that the rubber and oil companies will be less likely to discriminate against these small competitors than they have been to discriminate among their own customers?

14. Now I want to refer you to a few cases in which the big rubber companies have plead nolo contendere to charges of violating the Sherman Act.

In the Rubber Manufacturers Association case, the Big Four rubber companies pled nolo contendere on October 21, 1948, to a charge of conspiracy and combination to restrain trade in tires and tubes lasting from 1935, to date of filing the complaint in 1947—in other words, approximately 12 years.

Five days after the plea was entered in the Rubber Manufacturers Association case, the Government filed a criminal indictment charging Goodyear and others with fixing prices of rubber heels and soles, and in 1949 pleas of nolo contendere were filed.

In 1950 Firestone, Goodrich, Goodyear, Sears, Roebuck, and others, were defendants in 2 actions, 1 civil and 1 criminal, which charged these companies with fixing prices and exercising monopoly power to exclude competitors in the sale of batteries.

Now my question is this: Before approving the Commission's disposal plan, did the Department of Justice make investigations to find out whether or not the practices which were admitted in these cases have been stopped and whether or not the court orders are being complied with?

15. Judge Barnes, I understand that the case of *U. S.* v. *National City Lines* is still pending—that in this case you charge Firestone, Phillips, and Standard of California with a combination and conspiracy to monopolize trade in the sale of both petroleum products and tires and tubes. Can you assure us this, if you win that case you will effectively eliminate the trade restraints charged in this case?

16. Judge Barnes, I would like to ask you about another case which is still pending; this is *U. S.* v. *Standard Oil Company of California et al.*, in which the Standard California Co., the Shell Co., and the Texas Co. are charged with monopolizing the entire oil industry in the Pacific States area from point of production to point of retail distribution.

The complaint in this case alleges, in paragraphs 72 and 73, that a formal civil action filed in 1930, in which a consent judgment was entered, and a formal criminal indictment in 1939, to which pleas of nolo contendere were entered, were against the same defendants—Standard, Shell and Texas—but that these previous actions have been completely ineffective in preventing these companies from continuing to monopolize the oil industry of the Pacific coast area.

In paragraph 74 the Government further alleges that "defendants' domination and control of the petroleum industry in the Pacific States area, has become so entrenched and so overwhelmingly and generally accepted that it has persisted and will continue to persist and grow * * * and will continue to make it impossible for independents at any and all levels of the petroleum industry to compete effectively with defendant oil companies."

The same paragraph stated that the "business operations of defendant oil companies are conducted as if said oil companies were a single concern with single management."

(a) Now, first of all Judge Barnes, is not this an admission on the part of the Government that Texas, Shell, and Standard Oil of California have monopolized the petroleum industry since 1930, and that so far the Government has not been able to stop them even though it has been successful in two antitrust actions?

(b) Secondly, Judge Barnes, when the Government filed its complaint in the California case it in effect vouched for the truth of the charges made, did it not, so that even though there has been no final determination of the California case, the Department of Justice believes that the charges it made in its complaint are true?

(c) How does the Department of Justice therefore, Judge Barnes, reconcile its allegations made in the California case, with the assertions that the sale of the synthetic rubber plants to the defendants named in that case promotes free enterprise?

(d) Is it your personal opinion that if the allegations contained in the Government's complaint are true that the sale of the synthetic facilities to Standard of California, the Texas Co., and Shell will not enhance the monopoly position of these defendants and make it even more difficult for small independents to survive?

(e) Now check my memory on this: In the old Mother Hubbard case the Government had a similar charge against all of the major oil companies, concerning monopoly practices in markets all over the United States, and the Government dropped the Mother Hubbard case because it was too big to try—that is, there were too many companies to have in one suit; so it dropped that case with the intention of starting a series of smaller cases involving the separate regions of the United States, and this case of *U. S.* v. *Standard Oil of California et al.* was then filed as the first of a series of cases to replace the Mother Hubbard case. Can you put me straight on this?

17. Now about your current suit against the oil cartel. Four of the oil companies to which the Commission proposes to sell the rubber facilities are named as defendants in that suit—that is, Texas, Gulf, Standard (New Jersey), and Standard of California. I believe that a fifth oil company, Shell, is alleged to be a member of that cartel, although it is not named as a defendant. Now my question is this: Do you feel confident that you will successfully break up the restrictive features of that cartel, if any exists, and that the restrictions on competition between these companies alleged to exist as to the production and sale of petroleum and petroleum products will not spread to the production and sale of rubber and rubber products?

18. The Attorney General's report is silent on the background of cartel control over natural rubber; I would like to know if the Department took the cartel question into consideration and, if so, what conclusion it reached concerning probable future control over natural rubber by cartel action?

19. I now refer you to the announcement made by Attorney General Brownell on September 3, 1954, in which he expressed disapproval of the proposed merger of the Bethlehem Steel Co. and the Youngstown Sheet & Tube Co. and expressed the opinion that such merger would probably be in violation of the antitrust laws. In that announcement the Attorney General quoted with approval a statement in the report of the House Judiciary Committee on the Anti-merger Act of 1950 concerning the meaning of an illegal effect upon competition as follows: "such an effect may arise in various ways; such as an elimination in whole or in material part of the competitive activities of an enterprise which has been a substantial factor in competition; increase in the relative size of the enterprise making the acquisition to such a point that its advantage over its competitors threatens to be decisive, undue reduction in the number of competing enterprises or establishment of relationships between buyers and sellers which deprived their rivals of the same opportunity to compete."

I also point out that had the Bethlehem-Youngstown merger been consummated, Bethlehem would have then had approximately 30 percent of the steel capacity, although it would have still been the second largest steel company. In contrast, the Attorney General's letter has approved the sale of 31 percent of the country's butadiene capacity to a single company, and this will be the largest company in its industry.

In the light of the foregoing, I would like to know upon what basis the Department of Justice foresees an unsatisfactory degree of competition in steel and a satisfactory degree of competition in butadiene?

ANSWER TO QUESTION 1

In complying with the Attorney General's responsibilities under section 3 (c) and (d) of the Disposal Act, the Department of Justice relied largely upon information submitted by the Rubber Disposal Commission, as well as data already available in Department files. Accordingly, the Attorney General's approval letter to Chairman Pettibone expressly notes "that on the basis of the information furnished to me by the Commission, I do not view the proposed dispositions as being in violation of the antitrust laws." Such primary reliance on Commission data as well as Department data already gathered, it seems clear, was envisioned by Congress in the Disposal Act.

Initially, Disposal Act section 3 (c) expressly requires the Commission to supply the Attorney General with such information as he may deem requisite to enable him to provide the advice contemplated by this section. Section 4 further evinces congressional intent to make the Commission the prime data source. That section provides that the "Commisison shall be furnished upon its request all available information concerning the Government-owned rubber-producing facilities in the possession of any

department, agency, officer, Government corporation * * * concerned with Government-owned rubber-producing facilities." Because of these provisions, we were enabled to and did secure information we considered necessary to a determination through the Commission, from each of the companies submitting proposals.

This congressionally intended emphasis on Commission data seems firmly rooted in the realities of disposal negotiations. For it was the Commission, not the Department of Justice, that dealt directly with potential plant purchasers. Moreover, bidders were forced to submit to the Commission, before bids were approved, much of the data relevant to the Department's task.

Beyond these business realities, Congress—enacting the disposal law—well knew that the Department of Justice had no process to compel production of that data prerequisite to performance of our duties under section 3 (c) and (d). In addition, the congressional requirement in section 9 (a) of a January 31, 1955, deadline for submisison of the Commission's disposal plan suggests Congress realized the Department would have little chance for a necessarily voluntary information search. Against this background, we conclude the congressional design was that this Department would meet its obligations under 3 (c) and (d), by reliance on Commission data, viewed in the context of a considerable knowledge and experience gained elsewhere.

To specifically answer your question then, as stated in the last sentence before question No. 2, we were satisfied that the recommended disposal program as such would not violate the antitrust laws, nor would there result an unreasonable restraint of trade or other violation of the antitrust laws, the moment these plants were transferred. It has not been our intent, however, in our letter of advice to the Commission, to go beyond the act of disposal, and for this reason we carefully stated that our approval was limited to this fact. Any antitrust violations which would thereafter occur will be dealt with vigorously under the antitrust laws (1) since section 3 (e) of the Disposal Act carefully provides that the antitrust laws are not impaired or modified in any way by reason of the proposed disposal, and (2) by virtue of the reservations contained in the letter of the Attorney General.

ANSWER TO QUESTION 2

In essence, question 2 asks whether *United States* v. *Columbia Steel Co.* (334 U. S. 495 (1948), would bar the Government's proceeding, under either Sherman Act section 1[1] or Clayton Act section 7, against future acquisition by synthetic-rubber plant purchasers of added plants to round out, or fully integrate their facilities. To my view, this decision is no such bar.

In Columbia Steel there was no section 7 charge. The Government charged that acquisition by Columbia, a subsidiary of United States Steel, of Consolidated, a west coast fabricator, (1) restrained competition in the sale of rolled and fabricated steel products, and (2) constituted an "attempt to monopolize the market in fabricated steel products" (334 U. S. 495, 498–499). Rejecting these charges, the Supreme Court emphasized that the Attorney General had previously approved the sale of the Geneva rolled-steel plant to United States Steel, and there was evidence in the record (p. 506) that this plant was to be Consolidated's source of supply.

[1] Because of the obviously different histories of the steel and synthetic-rubber industries, I would consider Columbia Steel hardly relevant should an attempt to monopolize charge (sec. 2 of the Sherman Act) be leveled against any synthetic-rubber surplus purchaser.

Columbia Steel, apart from its market analysis guides, is direct precedent under Sherman Act section 1—not under Clayton Act section 7. Beyond that, even under Sherman Act section 1, Columbia Steel would be inapposite in any future proceeding involving a rounding out acquisition by any surplus synthetic rubber plant purchaser.

In Columbia Steel, the court noted that United States Steel's negotiations for acquisition of Consolidated began before the Attorney General approved United States Steel's purchase of the Geneva plant (334 U. S. 495, 506–507). Nowhere does that court emphasize, moreover, that these negotiations took place in secret—without the knowledge of the Attorney General. Accordingly, it might be urged that United States Steel's purchase of Consolidated could have been envisioned by the Attorney General before the Geneva sale was approved.

Under the rubber disposal program, in sharp contrast, maintenance of certain purchasers' imbalance capacity was stipulated as cruicial by the Department in approving disposal. Consider, for example, the disposal of the integrated west coast (GR–S) facility to the Shell Chemical Corp. Approving this purchase, the Attorney General expressly noted that the "prospective purchaser will have capacity for the production of styrene considerably in excess of the requirements of the adjacent copolymer plant, also to be acquired by the same purchaser. Shell has indicated that such excess capacity will be available for sale to other styrene users, both on the west coast and gulf coast. The purchaser intends to maintain stocks in both such areas to serve styrene consumers, principally operators of GR–S plants. In addition, the sale adds a new source of styrene supply for users of this raw material in the manufacture of polystyrene plastic."

For further example, note the sale of the Borger, Tex., plancor plant to Phillips Chemical Co. In its report to Congress, the Commission emphasizes that "Phillips has represented to the Commission" it deems its major market for the sale of copolymer to be the nonintegrated fabricators. Based on such representations, the Department of Justice granted antitrust approval. This virtual assurance not to integrate stands out in sharp contrast to the Columbia Steel-Consolidated negotiation prior to antitrust approval.

ANSWER TO QUESTION 3

There is an obvious distinction between the competitive importance of butadiene and GR–S. There are upward of 800 rubber fabricators of various sizes, including a substantial number of small-business enterprises in this Nation, dependent upon adequate supplies of rubber for their very existence. For practical purposes, the only source of synthetic rubber for these companies is found in the 11 copolymer plants to be disposed of under the proposed program. Within the limitations of transportation costs and similar factors, the potential operators of the 11 plants have a wide range of opportunity in which to dispose of their rubber production. On the other hand, the eight butadiene plants and their respective operators will be substantially limited in their choice of customers in the field of synthetic rubber because of the location and close physical connection between each of the butadiene plants and adjacent copolymer plants. Circumstances will dictate that in normal situations the dominant portion of the butadiene production used in the manufacture of synthetic rubber will be sold to such adjacent copolymer plants. It is evident, therefore, so far as practical competition is concerned, that there is a substantial difference between a partnership operating 31.8 percent of the butadiene capacity and a partnership operating 29.1 percent of GR–S capacity.

There is also a practical difference from a competitive point of view, between 4 companies operating through a single partnership 3 plants, and 4 companies operating 3 plants separately as proposed under the program. To the extent that there is the opportunity to sever a plant into two or more productive units for individual competitive operation, competition would of course be fostered. The operation of the three GR–S plants to be purchased by Goodrich, Gulf, Texas, and United States Rubber by a single partnership when not dictated by practical considerations would not be in harmony with the best interests of competition.

Finally, the 31.8 percent of butadiene capacity was concentrated at Port Neches, Tex., at the time of that plant's construction during World War II for reasons of technical efficiencies in the interest of national defense. Again, the Congress foresaw this problem of concentration in the butadiene field at the time of its enactment of the Disposal Act, but in its wisdom did not require that this plant be divided for purposes of sale. I can assure you that the Commission, at our urging, used every effort to secure separate bidders for a divided Port Neches butadiene facility with the view toward broadening the competitive basis in the butadiene field. Failing in this, the Commission resorted to the sole opportunity presented to it to avoid vesting the entire productive capacity of this plant in the hands of a single company by recommending the disposal of the Port Neches butadiene facility on an "undivided one-half basis" with safeguards in the contract of sale to assure competition between each of the participating companies. The alternative to permitting 4 companies to operate the plant would have been to permit 1 company to so operate (an alternative which the Congress did not see fit to prevent), which, purely from the point of view of concentration, would involve placing 31.8 percent of domestic butadiene capacity into the hands of a single company rather than having it divided among 4 companies as presently proposed.

Moreover, the commitments required of the 4 companies participating in the Port Neches purchase that they make approximately 24 percent of the plant's capacity available for sale on the open market, has the effect of mitigating the adverse factor of having a comparatively large share of total domestic butadiene capacity in the hands of 1 group.

Although the practical problems presented by the Port Neches butadiene disposal were not susceptible to a theoretically perfect solution from an antitrust point of view, the solution recommended was consistent with the standards set forth in the Disposal Act.

ANSWER TO QUESTION 4

I refer you to the letter of Deputy Attorney General Rogers to Congressman YATES, chairman of Subcommittee No. 3, House of Representatives Small Business Committee, dated March 14, 1955 (a copy of which is attached hereto) in which he stated that purchasers were still negotiating for patent licenses and had not as yet submitted any such licenses to the Commission or to this Department. Accordingly, we have not had an opportunity to examine them. The Commission stands ready to aid these purchasers and, in fact, is presently assisting them in obtaining the licenses called for by the wartime patent agreements. These agreements bind the private parties thereto to make available on reasonable terms to plant purchasers, on request of the Government, the same licenses which the parties received. We understand that the procedure is for the purchasers to indicate to the Commission which licenses are desired, whereupon the Commission specifically requests the patent

owners to grant such licenses as are required by the terms of the particular wartime agreements involved. In many cases, the purchasers will obtain licenses on their own initiative, or, as in the case of present plant operators, they may not need licenses.

MARCH 14, 1955.

Hon. SIDNEY R. YATES,
Chairman, Subcommittee No. 3,
House of Representatives Small Business Committee,
Washington, D. C.

MY DEAR CONGRESSMAN YATES: This refers to your telegram of March 9, 1955, addressed to the Attorney General, requesting information concerning synthetic rubber patent licenses and agreements in connection with your study of the report to the Congress of the Rubber Producing Facilities Disposal Commission.

The Rubber Commission has assured plant purchasers that it will assist purchasers to obtain patent licenses as provided for under the basic wartime agreements to which the Government is a party (see par. 3 of the appendices to each contract of sale set forth in exhibit F of the supplement to the Rubber Commission report). We have been advised by the Commission, however, that, in the main, purchasers are working out their own arrangements. Negotiations are still going on and no licenses as yet have been submitted to the Commission or to this Department.

The basic wartime Government-sponsored patent agreements have substantially been terminated except that licenses granted under existing patents prior to termination continue for the life of the patents, and such agreements are also in effect with respect to assuring similar licenses to plant purchasers.

In the copolymer field, the agreement of December 19, 1941, as amended June 21, 1942, provides for a royalty-free exchange of licenses (except as to buna rubber, for which a royalty is provided) among the signatories covering patents and technology on inventions reduced to practice up to March 31, 1949. In addition, the standard form cross license agreements (buna rubber) provide for free licenses to parties as to patents issuing prior to March 2, 1946. The Government as a party to these agreements has the power to transfer similar licenses to plant purchasers.

In the styrene field, the agreement of March 4, 1942, permits the use by plant operators of styrene patents of the parties signatory thereto subject to a royalty to be paid by styrene suppliers to the patent owners. Plant purchasers may obtain a license under the agreement as to patents and technology necessary to operate the plants, with a specified maximum royalty.

In the butadiene field, the general butadiene agreement of February 5, 1942, and the oil industry process agreement of February 5, 1942, as amended October 12, 1942, provide for royalty-free exchanges of licenses among the parties for patents up to April 28, 1952, with an obligation to license plant purchasers, at reasonable royalties under the general butadiene agreement, and not to exceed a maximum royalty under the oil industry process agreement.

The above constitute the primary wartime agreements. In general, it may be said that these agreements continue to the extent that the parties thereto retain licenses under existing patents up to respective cutoff dates, and that the Government may insist that plant purchasers be given licenses on the same patents upon terms specified in the agreements. In addition to the specific agreements mentioned herein, the Government has a continuing right to designate licensees under various research contracts as to patents developed in the course thereof.

The Commission, in reply to our inquiry, informed us that, in its opinion, the several wartime patent agreements in the copolymer, butadiene, styrene, and butyl rubber fields, to which the Government and the various patent owners are parties, will make available to purchasers of the plants all patents, technical information, and know-how necessary to competitive operation of these plants under private ownership.

I trust that the foregoing will answer the questions raised in your telegram.

Sincerely yours,

WILLIAM P. ROGERS,
Deputy Attorney General.

ANSWER TO QUESTION 5

Under the rules laid down by the Supreme Court in the Oil Cracking case (*Standard Oil Co.* v. *United States* (283 U. S. 163, 171)), this Department has attacked so-called closed patent pools, i. e., those whose advantages are restricted to members and are not freely open to all newcomers, in cases where the parties thereto were dominant in any industry or where there was an intent to unlawfully restrain trade. Cf. *United States* v. *General Instrument Co.* (87 F. Supp. 157).

ANSWER TO QUESTION 6

Your question assumes that a "patent pool will now be set up among the proposed purchasers." We have no knowledge that this assumption is correct. The wartime pooling arrangements in the synthetic-rubber industry were dictated by national-defense considerations. We understand that, initially, all companies desiring to participate were invited to do so. The licenses given were on a nonexclusive basis and no party was prevented from granting licenses independently. Thus, the cross-licensing arrangements, in our view, should not be characterized as closed patent pools.

You may have in mind that plant purchasers automatically will become members of existing patent pools. We do not consider this will occur. The cross-licensing arrangements in general have now been terminated except that (a) the parties retain nonexclusive licenses under patents issued up to certain cutoff dates (usually related to the end of World War II), and (b) the parties have agreed to grant the same licenses on reasonable terms to plant purchasers at the request of the Government (see Deputy Attorney General Rogers' letter to Congressman YATES, dated March 19, 1955). Plant purchasers as a rule are not obligated to cross-license their own corresponding patents, although this is a condition to obtaining royalty free licenses under the Buna rubber agreements.

The research contracts between the Government and the various patent owners entitle the Government to designate nominees to receive free licenses and this is not limited to plant purchasers. The other (cross-licensing) agreements do not specifically entitle others than plant purchasers to licenses under the patents covered, but, as has been mentioned, the individual patent owners are not precluded from granting licenses to others on their own patents. It should also be kept in mind that a great part of the technology in the synthetic-rubber industry is now in the public domain.

We understand that many plant purchasers have been negotiating licenses with individual patent owners outside of the wartime agreements, and it would appear that newcomers could obtain similar licenses on the same terms. The Standard Oil Co. (New Jersey), major owner of the butyl patents, has indicated an express policy of licensing all applicants on reasonable terms. Many patents in this and other fields are also available by virtue of the antitrust decree in *United States* v. *Standard Oil Co. (New Jersey)* (Civil 2091, D N. J.). If it should develop, however, that any dominant group of owners of significant patents in the synthetic-rubber industry, whether or not they purport to act under wartime agreements, should, in concert, refuse to license others on reasonable terms while enjoying cross-licenses themselves, the Department of Justice will take appropriate steps to remedy this situation.

ANSWER TO QUESTION 7

We can assure you an affirmative answer to this question. For example, we can specify "all product and process patents now necessary for successful operation" of the plants. The wartime patent cross-licensing agreements in the synthetic-rubber field all contain provisions binding the parties to grant similar licenses to plant purchasers, and the Department does not have any doubt as to the enforceable nature of such commitments. From discussions with the Rubber Disposal Commission, it appears that technology now in the public domain, together with that available under the wartime agreements, will be sufficient for plant operation, if indeed that technology is actually necessary in the GR–S field.

ANSWER TO QUESTION 8

The situation with respect to the sale of aluminum plants was different in significant respects from the present sale of the synthetic-rubber plants. The Aluminum Co. of America (Alcoa) had been practically the sole producer of aluminum ingot, and had been adjudged a monopolist in an antitrust suit (*United States* v. *Aluminum Co. of America* (148 F. 2d 416)). Furthermore, Alcoa offered to grant royalty-free licenses to plant purchasers only with respect to its alumina processing patents and this was conditioned upon the grant back of reciprocal licenses; as to other patents, it charged royalties. Presumably Alcoa made the offer to license its patents with some view, at least, to forestalling divestiture or other action by the court in the antitrust suit since relief proceedings therein had been postponed pending disposal of the plants built in wartime. (See *United States* v. *Aluminum Co. of America* (91 F. Supp. 333, 405–414)). It has been noted above that free licenses may be obtained by plant purchasers or by others in the synthetic-rubber industry as to patents developed under Government research contracts. Further, a free license may be obtained by a plant purchaser in the copolymer field under the buna rubber cross-licensing agreements although such purchaser must agree to license its own corresponding patents, if any.

ANSWER TO QUESTION 9

You inquired as to how much surplus production the major tire companies would have at their gulf-coast plants after supplying the requirements of their more eastern markets as a basis for determining whether the small rubber fabricators will have adequate supplies of rubber at fair prices. During the years 1952–54 inclusive, the four major rubber fabricators purchased from the Government a total of 376,100, 378,700, and 260,300 long tons. These purchases were for delivery to all of the fabricating plants of these companies wherever located.

Under the proposed disposal program, the total GR–S capacity to be purchased by the four major rubber fabricators is 444,600 long tons. In the extraordinarily high demand year of 1953, there was a GR–S demand of 658,000 long tons. This included a demand of 379,000 long tons on the part of the four major fabricator purchasers. Under the contracts of sale, these rubber companies are committed to make available to small business approximately 80,000 long tons, whenever production is as close to capacity as it was in 1953. This, of course, would reduce the amount of rubber available to the four majors from their own plants to 364,600 long tons. They would require from outside sources, therefore, only about 14,100 long

tons in order to balance their historic demand. This amount may come from Shell. In fact, it is very likely that in order to avoid the adverse freight factor involved in shipping rubber from the gulf coast to their west-coast plants, they may purchase more than this amount from Shell. However, should they do so, they would be releasing for sale to others from their gulf-coast plants, an amount equal to every ton in excess of 14,100 tons which they take from Shell. The Shell capacity is 89,000 long tons. Thus, even in a peak demand year, based on historic consumption as shown by Government sales figures, there will be available to others than the Big Four, either from Shell or on a matching basis from the Big Four, approximately 74,900 long tons.

Question 9 also asks for an explanation of why the major tire companies accounted for 90 percent of 1954 sales from the west-coast plant. With the program in Government hands, all production has been scheduled by the Government operating agency, all purchase orders have been filed in Washington, and all directions for shipments have originated in Washington. Because the Government applies a uniform freight charge to all purchases (which is an average programwide freight), the Government can order shipments from any plant in the program to any part of the country. The 90-percent figure in reference to the Shell plant includes shipments from that plant to eastern fabricating plants of the Big Four. Shipments to west-coast plants of the Big Four from the west-coast copolymer plant have averaged about 75 percent of that plant's production. This, too, however, was Government scheduling for Government convenience and cannot be relied upon as a guide for private distribution. As discussed above, should demand reach the high level it reached in 1953; the Big Four can be expected to require only about 16 percent of the capacity of the west-coast plant, and any amount which they may purchase in excess of this will release equal tonnages from their gulf-coast plants for sale to others.

ANSWER TO QUESTION 10

We are fully aware and have taken into consideration in our review of the proposed disposal program, the fact that certain of the major rubber fabricators who are prospective purchasers of the copolymer plants have contracts with petroleum companies relating to the distribution of rubber tires and tubes through petroleum company dealers and distributors. It is, of course, difficult to assess the effect of such contracts on other relations between these companies and whether such rubber fabricators would purchase rubber supplies from the petroleum company owners of rubber-producing facilities. You cite specifically the agreements between Shell Oil Co., the prospective purchaser of the Los Angeles copolymer plant, Plancor 611, and the Firestone Tire & Rubber Co., and the Goodyear Tire & Rubber Co., the prospective purchasers of copolymer plants in Ohio and on the gulf coast, discussed on page 158 of the supplement to the Rubber Commission's report to the Congress.

Whether the existence of these contracts between rubber and petroleum companies relating to the distribution of rubber products through petroleum company dealers, commission distributors and jobbers will result in the major rubber fabricators buying synthetic rubber from a petroleum company to the detriment of small-business enterprises, is difficult to answer definitely, since much will depend upon market conditions as they will exist at the time the Government-owned plants are placed in private hands, and the extent to which the major rubber companies will get their own demand for GR–S from their own producing facilities. It is reasonable to assume that the major rubber fabricators will have their own GR–S facilities and supply their own needs rather than purchasing on the open market, particularly in cases where GR–S rubber may be in short supply and may be selling at an inflated price, the type of circumstances wherein small nonintegrated rubber fabricators would be most apt to suffer. A GR–S rubber producer would not normally be expected to purchase GR–S on the open market or even from a producing company with whom it might have other contractual relations when there is available within its own integrated setup available capacity for GR–S production.

Figures available to us indicate that these two companies, whether considered together or individually, will have greater capacity for GR–S production if they become purchasers of the plants as proposed, than they consumed in the latest year for which figures were available. This fact coupled with the expressed intention of Firestone, Goodyear, and Shell to make available stated portions of their respective production to small business would appear to assure, as reasonably as can be expected, that small fabricators on the west coast will not suffer because of the existence of the agreements to which you referred. Moreover, Shell in the appendix to its contract of sale proposes to offer its entire production of GR–S rubber produced at Plancor 611 to consumers in the marketing area west of the Rocky Mountains on both contract and spot sale base, with excess production to be offered outside that area. Since it is logical to assume that Shell may have difficulty competing with the Gulf GR–S plants in areas east of the Rocky Mountains because of the differentials in transportation costs, Shell can be expected to attempt to initially dispose of its production in the Pacific coast area.

It was our expectation that the establishment of Shell (a nonrubber consuming, financially strong, integrated petroleum company), as a major producer of GR–S on the west coast would provide the predominant source of supply of GR–S for nonpurchasers of synthetic-rubber plants on the west coast, including the small rubber fabricators in that area, as well as to serve as a strong competitive factor to the major GR–S producers elsewhere against a rise in GR–S.

ANSWER TO QUESTION 11

Your question relates to the provisions of the contracts of sale between the proposed plant purchasers and the Rubber Commission concerning the availability of certain specific percentages of the production by these purchasers to be made available to small business, and you inquire generally and specifically as to the enforceability of these contracts and the rights of small business enterprises thereunder.

You will recall that the function of the Attorney General under the Disposal Act is limited to advising the Commission with respect to the antitrust considerations involved, and consequently it was not our purpose to, and we did not in fact, review each of these contracts as to legality other than from an antitrust point of view.

We of course did, however, have a major and direct interest in the provisions of these contracts, particularly those provisions in the appendix relating to the undertakings of the plant purchasers to make a portion of the plant product available to nonintegrated and small-business enterprises as defined in section 21 (h) of the Disposal Act. We consulted with representatives of the Commission on several occasions with respect to these very provisions and were given an opportunity to examine samples of the language proposed to be inserted in the several appendices to the contracts. During these consultations we advised the Commission that while we were not in a position to determine which of the forms would be best in any or all cases, we felt that the language used should be as definite as possible to minimize the chance that a prospective purchaser would subsequently attempt to avoid performance on his undertaking. We also urged that with respect to the amount to be set aside in each case, that such amount be as high as could be obtained. We also suggested that since there was the possibility that a plant purchaser might produce only enough rubber to account for his own needs, thus by indirection depriving small business of a fair share of the plant capacity, that the Commission consider the advisability of basing the undertakings on plant capacity rather than on actual production.

It is our view that these commitments by the prospective purchasers were inducements of such a nature as to warrant both the Commission and the Attorney General to approve the sales in the manner proposed to the Congress. We feel that these representations constitute a material provision of the several contracts and from an antitrust point of view are vital to these agreements. The language is not that which we would have preferred in every case. The individual appendices were drafted to suit the circumstances presented and as a result, various interpretations are entirely possible. While we do not rule out the possibility of a suit by small-business enterprises as third-party beneficiaries against plant purchasers, we do recognize the difficulties, both practical and legal, that may be faced by injured business enterprises.

We also recognize the difficulties that may be made in attempting to determine which business enterprises fall within the classification of "small-business enterprise" as defined in section 21 (h) of the Disposal Act. We called this deficiency to the attention of the Congress during its consideration of the disposal legislation in June 1953, by raising the question of the adequacy of the definition, pointing out that in our view the definition as drafted was not sufficiently descriptive of the type of company to be included within its terms.

It is our considered view, however, that in spite of the above problems that may be presented, these contracts are enforceable against the plant purchasers for the benefit of the small-business enterprises concerning whom they were drafted. It is our purpose to insure that the cognizant Government agency charged with the administration of these contracts guards the rights of the small-business beneficiaries.

I might add in conclusion that the Commission has informed us that in their view these contracts are enforceable against the plant purchasers.

ANSWER TO QUESTION 12

In our view the term "competitive price" would signify that price that would result from the forces of competition exerted by arm's-length competitors in the market place. It is our hope that the 9 companies who it is proposed are to purchase the 11 copolymer plants will provide a sufficiently broad competitive base to encourage such competition concurrently with the commencement of private operation of the plants. Out of this competition it would be expected that a market price would result which could be denominated a "competitive price" and which would be determinative of the price which the major integrated rubber fabricators would charge themselves, their subsidiaries or divisions. I realize that inherent in this situation is the possibility that the price that the integrated fabricators may charge themselves may in fact become the price that will be used in the marketplace. This, of course, would not constitute the "competitive price" contemplated by the provisions of the sales contract.

I am also cognizant of the dangers that are inherent in a situation where a substantial part of the GR–S capacity comes within

the control of integrated rubber fabricators with only an insubstantial amount free to be sold on the open market. Such a situation would provide an environment conducive to illegal manipulation of the market price. Should the integrated rubber companies utilize most of their output in their own integrated operations, they may exert only a limited influence in the determination of the market price, leaving the non-integrated sellers of GR–S to exert the primary influence. It is this factor that makes the commitments on behalf of the plant purchasers that they will offer a specified percentage or amount of their production to small-business enterprises so important.

I might also point out, however, that the fact that there is a difference between the price that the integrated rubber fabricators charge themselves for GR–S rubber and the price that will be found on the open market would not alone signify that the former is not a "competitive price." The price that the integrated rubber companies charge themselves will of course depend upon the manner in which those companies maintain their accounts, i. e., whether the GR–S consumed is to be entered upon the books at cost, at the prevailing market price, or in accordance with any one of the several other accounting methods available.

ANSWER TO QUESTIONS 13A, 13B, 13C, AND 13D

I am indeed familiar with the matter you describe. There are now pending in the District Court for the District of Columbia 20 suits for declaratory judgment and injunction against enforcement of the Federal Trade Commission's quantity-limit rule 203–1. Plaintiffs include 15 of the 21 manufacturers in the industry, 3 purchasers who buy tires on a cost-plus basis (Montgomery Ward, Western Auto, and American Oil), a farmer cooperative purchasing association, and a number of dealers who purchase on an annual volume basis.

The rule, which was issued pursuant to the quantity-limit proviso of section 2 (a) of the Clayton Act (15 U. S. C., sec. 13 (a)), provides, in effect, that the largest quantity discount that any seller of tires and tubes can grant is the one that he grants on a carload of tires and tubes. Its purpose is to aid independent dealers by abolishing the unjustly discriminatory volume discounts that have been granted a few large purchasers of tires for a number of years in the past.

The Commission initiated its investigation into quantity limits in the tire industry by resolution dated July 7, 1947, and held hearings on the proposed rule in February 1950. A suit by Goodyear Tire & Rubber Co. to enjoin the Commission from holding its hearings was dismissed by the District Court for the District of Columbia on the ground that the suit was premature because no quantity-limit rule had yet been issued (*The Goodyear Tire & Rubber Company, Inc.*, v. *Federal Trade Commission* (88 Fed. Supp. 789 (1950))).

The Commission issued its Quantity Limit Rule 203–1 on December 13, 1951. The complaints in these 20 suits for injunction against enforcement of the rule were filed between March and July of 1952. A motion by the Federal Trade Commission to dismiss the complaints for lack of jurisdiction over the subject matter was granted by the district court, but the order of dismissal was reversed on appeal. *American Oil Company* v. *Federal Trade Commission et al.* (208 Fed. 2d 829).

The Antitrust Division of the Department of Justice then took over the defense of the rule, under my direction. This was approximately a year ago. We answered the complaints in the 20 cases. In a serious effort to prevent delay we were successful in having all 20 cases consolidated for purposes of pretrial and trial. We are now endeavoring to effect consolidation for purposes of a motion for summary judgment, which we have notified opposing counsel we intend to file shortly. If the motion is granted, the litigation in the district court should be terminated sometime this spring. However, if plaintiffs prevail in their contentions that there are genuine issues of material fact involved in the cases, they will go to trial this autumn, according to the best estimate of the clerk of the district court.

The discriminations complained of by the Federal Trade Commission are still being practiced in the industry, the effective date of the rule having been stayed by an order of the district court.

The discriminations at which Quantity Limit Rule 203–1 is directed are discriminations by manufacturers against small dealers and in favor of large-volume purchasers, all of whom are customers of the manufacturers.

It is anticipated that the rule will eliminate the discriminations at which it was aimed, but it has its limitations in that the quantity limit proviso authorizes the Commission to abolish, by establishing quantity limits, only those discriminations which are based on quantity.

ANSWER TO QUESTION 14

U. S. v. *Rubber Manufacturers Association, Inc., et al.* (Cr. 126–193 (S. D. N. Y.)), involving rubber tires and tubes; *U. S.* v. *The Metropolitan Leather and Findings Association, Inc., et al.* (Cr. 128277 (S. D. N. Y.)), involving leather and shoe findings; and *U. S.* v. *Association of American Battery Manufacturers et al.* (Cr. 17652 (W. D. Mo.)), involving the distribution of used batteries were all criminal antitrust cases, and as such did not result in a court order which must be complied with by the defendants.

U. S. v. *Association of American Battery Manufacturers et al.* (Civil 6199 (W. D. Mo.)), was a civil case which charged the defendants with making illegal agreements involving the distribution of used batteries and lead salvage therefrom. Since there is little if any relationship between the field of synthetic rubber and that of the distribution of used lead batteries, we did not feel it requisite to determine whether the orders of the court in this case were being complied with in connection with our consideration of the disposal program. We have, in fact, made no independent investigation to determine whether the practices admitted or found in the above cases have been stopped by the defendants. We have, however, maintained the same degree of surveillance over the civil judgment involved as we do over all other antitrust judgments and decrees enjoining the continuance of illegal activities concerning which we have instituted proceedings.

You understand, of course, that a determination whether the court's enjoinders are being complied with is a matter which would require extensive and comprehensive field investigation and which would encompass a substantial period of time generally in excess of that provided for our consideration of the rubber plant disposals.

I might also add that I do not share the view that because a company has been charged with violating the antitrust laws and has pleaded nolo, has been convicted, or suffers restraining enjoinders by court order, it is thereby ineligible to become a purchaser of Government property, including synthetic rubber plants. I believe that had the Congress intended that such proceedings and adjudications be a bar to purchase, that such a criterion would have been included as one of the provisions of the Disposal Act. This would appear to be particularly true since the Congress had placed before it for its deliberation the antitrust record of the anticipated bidders, including the major rubber companies, at the time it was considering disposal legislation.

ANSWER TO QUESTION 15

You inquired whether I can assure the Congress that in the event the Department wins the case of *U. S.* v. *National City Lines, Inc., et al.* (Civil 49C1364 (S. D. Cal)), (a case involving a conspiracy to acquire ownership and control of local transportation companies in various sections of the United States and an alleged attempt to restrain and monopolize interstate commerce in motorbuses, petroleum products, tires and tubes sold to local transportation companies), that the trade restraints charged in this proceeding will be effectively eliminated. As you, Mr. PATMAN, particularly well realize, it is impossible to assure that any defendants will abide by the antitrust laws, or the Government's interpretation of those laws, in any particular set of circumstances. In this case we prayed (1) that the court grant an injunction against the continuance of defendants illegal practices, (2) for cancellation of the illegal supply contracts, (3) that supplier defendants be required to sell their stock in National City Lines and its affiliate companies, (4) for such divestiture of National's holdings in local transportation systems as is necessary to dissipate the effects of the illegal conspiracy, and (5) that the local transportation companies controlled by National City Lines buy their supplies by competitive bids.

As you are no doubt aware the Government is not always completely successful in securing all of the relief which it may request in a particular proceeding. The case to which you refer is, of course, still pending and I am unable at this time to assure you that the defendants will strictly adhere to such enjoinders as the court may grant, in the event the Government wins this case. I can assure you, however, that it is my purpose to be constantly vigilant in attempting to create and maintain a competitive economy in the fields covered by the National City Lines case.

ANSWER TO QUESTION 16

You ask about a pending antitrust case, *United States* v. *Standard Oil Co. of California, et al.* (Civil 11584–C, S. D. Cal.), which charges the major oil companies with a conspiracy to monopolize the production and transportation of crude oil and the production and distribution of petroleum products in the Pacific States area. I do not feel that it is proper for me to comment upon this pending case except to say that it is being actively prosecuted by the Department of Justice. It is for the court to pass upon this case after a full presentation of all of the evidence.

It is true that the so-called Mother Hubbard case (*United States* v. *American Petroleum Institute* (Civil 8524, D. C. for D. C.)) was dismissed by the Government without prejudice in 1951 to be superseded by separate actions involving fewer defendants. The Standard Oil Co. of California case involves similar issues.

We did not believe that we should turn down prospective purchasers for synthetic rubber plants on the ground that the Government had charged them with monopoly. Presumably, if they are found in violation of law in the oil industry, the court will provide adequate relief to reestablish competitive conditions therein. If found in violation as charged, it will be up to the court to determine what the remedy should be.

ANSWER TO QUESTION 17

The same comments given in answer to question 16 are applicable to your question with respect to the pending International Oil Cartel case (*United States* v. *Standard Oil Co. (N. J.) et al.* (Civil 86–27, S. D. N. Y.)).

ANSWER TO QUESTION 18

In our consideration of the disposal program we were aware of the various international meetings, conferences, and conclaves held to discuss the world rubber situation. We have, in fact, met with representatives of the Department of State to explore some of the problems involved in this field. In addition to the question of whether activities abroad in this field violate the antitrust laws, it is needless to point out that this subject involves a complex of many factors, not the least of which involves serious problems of international relations, our domestic tariff policy, national defense, and others.

The record shows that the Department of Justice is actively engaged in enforcing our antitrust laws with respect to illegal activities in foreign trade coming within the jurisdiction of our courts. Of course, we cannot legislate competition in foreign markets but we can insure that the free play of the forces of competition in foreign trade will not be obstructed or restrained by illegal agreements.

ANSWER TO QUESTION 19

The implications suggested by this question, in my opinion, are based upon a misconception as to the ownership and manner of operation that is contemplated at the Port Neches butadiene facility. While it is true that these facilities represent approximately 31 percent of the capacity of the industry for the production of butadiene, the proposed program does not contemplate their being placed under the ownership or control of a single company. Rather, four financially strong, sound companies will participate in this operation. This alone is an important distinction between this situation and the Bethlehem-Youngstown proposal. We have been assured by the Rubber Commission that the method of operation of these facilities will be such as to create competition between the participating companies with respect to the butadiene produced.

There is another important distinction between these two situations that should be mentioned. In the Bethlehem-Youngstown proposal there of course would be no competition between these two companies upon consummation of the merger proposal, whereas it is anticipated that competition between the two jointly owned companies participating in the Port Neches proposal will exist. The Commission believes that there will be genuine competition between them under the scheme of operations contemplated.

Further, the Port Neches situation involves facilities which, according to our information, cannot feasibly be physically divided. Thus, the alternative to permitting several companies to operate the Port Neches facility on a competitive basis would have been to permit 1 company to operate the plant, giving it approximately 31 percent of the total industry capacity. As we pointed out in a previous question, Congress was aware of this danger at the time the Disposal Act was enacted but gave no indication that a physical dissolution of these facilities was prerequisite to a sale. The Bethlehem-Youngstown situation, of course, involves numerous facilities not physically connected and not previously integrated, which would be brought under single ownership and control, a condition not found under the Port Neches proposal.

Mr. MORSE. Mr. President, I would like to bring up another aspect of this sale that disturbs me. I am thoroughly dissatisfied with the national-defense clause that is incorporated in the present contract. It seems to me that we should add some provisions to that clause. One of the basic changes that must be made in it, in my opinion, involves the question of what price the Government will have to pay for rubber in the event that another national emergency requires great military consumption of synthetic rubber.

The last item about this entire deal that I want to discuss is the sale price we are getting for these facilities. The Commission may add all kinds of figures and come up with a grand total of some $400 million as a sale price, but the hard fact remains that the actual price we are getting for these plants falls about $150 million short of that tidy sum. Even if the rubber manufacturers ask only the price that has been asked by the Government, they stand to make a profit—after taxes—that, at the very least, would amount to $25 million a year, and Senators can believe me when I say that that is a very conservative estimate. One immediate item of profit that they are going to receive, which the Government did not, is the 1-cent-a-pound fee that the Government paid them for producing rubber while these plants were under the Government. If we multiply 1 cent a pound times something like six or seven hundred thousand long tons of synthetic rubber that can be produced we have a tidy sum.

I want to make it clear, Mr. [illegible]nt, that my figure of profit for p[illegible]e industry does not include what would be their profit if they adopted a rapid rate of depreciation on these plants or raised the price of rubber. Remember, they have said that they will raise it.

In closing, Mr. President, I want to make it clear that I am for the sale of these facilities. But we are selling something that belongs to the people of the United States. We are selling something that they paid for and took the risk upon. We are selling it at a time when it is returning something like $50 million a year profit, on the average, over the last 4 or 5 years. Even after taxes, it is $25 million.

The Senate of the United States, as the representative of the interests of a people selling a tremendously profitable asset, does not have to go, hat in hand, begging these giant corporations for a fair sale price; nor does the Senate of the United States have to kindly ask these companies if they will please be real nice and not monopolize the synthetic-rubber industry of the United States.

It is our duty to tell them what the people want in the way of price and protection. This is our last chance to do it. It is our duty to tell them that we are going to write into the contracts protection against vertical monopolization of the rubber industry in this country. It is our duty to tell them that we are going to put a check on the trend toward economic fascism in this country on monopolistic control of our economy by big business.

I pray—and this is something that we should pray for—I pray that the Senate will come to its senses before it is too late, and reject the report of the Rubber Commission, and then proceed to live up to its clear duty of writing protection into these contracts along the line I have argued for this afternoon, in order to protect the people of this country.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point telegrams and letters I have received on this subject.

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

NASHUA, N. H., *March 16, 1955.*

Hon. WAYNE MORSE,
United States Senate,
Washington, D. C.:

Object to synthetic disposal program. Feel that it would jeopardize future of small rubber companies.

BEEBE RUBBER CO.,
E. COLEMAN BEEBE.

GETTYSBURG, PENN., *March 17, 1955.*

Hon. WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

We oppose the sale of synthetic rubber plants to private industry on information obtained as it will be detrimental to the independent rubber manufacturers of rubber commodities.

VICTOR PRODUCTS CORP. OF PENNSYLVANIA,
JOHN L. MILLARD, *President.*

DOYLESTOWN, OHIO, *March 14, 1955.*

Hon. WAYNE MORSE,
United States Senator From Oregon,
Senate Office Building, Washington, D. C.

DEAR SENATOR: As one who spent over 30 years of management in the rubber industry, I am writing to urge you and encourage you in your efforts to stop the sale of our (the peoples') synthetic rubber facilities, built by the sweat of taxpayers and blood of fighting men, when the present bids are for monopoly or control of the industry and mean our dependency on big capital at big profits in another emergency. Certainly this sale is not in the national health, safety, or interest, and as what looks like "a big steal" should be stopped before real damage is done, and it is too late. Republicans, flush with victory, are making a Democrat out of me too.

Sincerely,

E. P. WECKESSER.

PORTLAND, OREG., *March 8, 1955.*

The Honorable WAYNE MORSE,
United States Senate,
Washington, D. C.:

We protest the sale of our synthetic rubber plants to private enterprise at giveaway prices.

J. W. GILLESPIE.

PORTLAND, OREG., *March 7, 1955.*

Senator MORSE.

DEAR SIR: I am enclosing a clipping from the paper and am asking you to give it your consideration, if it is possible.

To me this appears to be some more of the present administration's giveaway policy. I would like to hear your views on this.

Sincerely yours,

PALMER ROBERTSON.

ALOHA, OREG., *March 9, 1955.*

Senator WAYNE MORSE,
Washington, D. C.

DEAR SENATOR: I am deeply concerned about an article in the Oregon Journal, March 7, which I am sending you and hope you will do something to remedy the situation.

I admire your sound judgment and the courage to stand by your convictions, so I know that you will take a hand in this sellout.

Most sincerely,

MAUDE E. MILSTEAD.

SOUTH PASADENA, CALIF., *March 11, 1955.*

DEAR SENATOR MORSE: We spent 2 days this week with friends from Oregon. A portion of the time was spent in trying to convince them it was necessary these days to read and study all the facts concerning our national interests instead of accepting one train of thought. If they did, they wouldn't vote just because it is Ike running.

Hope you receive some cooperation from them and their group.

Another reason I'm writing is our great concern about release of rubber factories to the various tire companies at such low figures. With the uncertain world conditions we face today, with the date of March 26 as deadline, if Congress doesn't act at once, another big-business grab is in the making.

I know you are well aware of this and the pressure of many other situations like it.

But we just want you to know we, too, are interested.

Wish you the best of luck always.

Sincerely,

Mr. and Mrs. H. B. KREBS.

MONROVIA, MD., *March 11, 1955.*

Hon. WAYNE MORSE,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: Enclosed is a clipping from today's Washington Post. Of course, I know that Drew Pearson has to grind out a column every day, but somehow, there seems to be substance to his story. I commend it to your attention as fides defendor.

I was fortunate enough to be present at George Washington University on Wednesday evening and was much impressed by your enunciation of standards of integrity in government and your belief in them.

Sincerely yours,

M. F. KAHN.

PORTLAND, OREG., *March 9, 1955.*

Senator WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR SENATOR: In yesterday's Portland (Oreg.) Journal, Drew Pearson wrote about the giveaway proposal of the Nation's rubber plants, even citing that in 1954 they earned $73 million profit, yet are being offered in total for $260 million, and while you undoubtedly know about this, as a taxpayer, I wish to urge your immediate attention in checking into the matter.

I am a registered Republican, but it seems to me that the big idea with the Interior Department and others in the Cabinet as well as a lot of Congressmen is to try to make the big boys bigger, and this at the expense of the taxpayer.

Appreciating your attention, I am,

Sincerely yours,

CARL J. BAILER.

LITITZ, PA., *March 12, 1955.*

Senator WAYNE MORSE,
Washington, D. C.

DEAR SENATOR: I see by the papers, Drew Pearson's column as of March 11, that unless Congress acts to block it before March 26, the synthetic rubber plants will virtually be given to private interests. Mr. Pearson figured at about 15 cents on the dollar. What is the matter with Eisenhower? He should have his head examined.

May I urge you to oppose this treacherous motion with all the vigor that lies within you. Eisenhower must be stopped before he strips the country of its resources.

Then, too, I think we are meddling too much in Asia. Chiang Kai-shek does not deserve our support when it may ultimately drag us into a war that might destroy all civilization.

Thank you for the invaluable services you have rendered our country, and your bold and fearless opposition against all forces of evil. I am eternally grateful to you for that.

JEROME K. GREINER.

SCRANTON, PA., *March 12, 1955.*

Senator WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR SENATOR: I am troubling you because I feel sure our two Senators from Pennsylvania are not in favor of my idea. I think we should keep the synthetic rubber plants. To me it seems that we are making a present of these plants to a few companies. I understand that the production has been cut down thus creating a shortage in rubber.

Mighty nice for those taking over these plants. I remain,

Yours truly,

WILLIAM BARTLEY.

USEPPA ISLAND CLUB,
Boca Grande, Fla., March 11, 1955.

DEAR SENATOR: I like to think of you in a national crisis, or scandal, or gyp, and so I turn to you as a last resort, it is getting late. Our synthetic-rubber plants are to be handed over—lock, stock, and barrel—to the big rubber interests on March 26 (on a golden platter). Two hundred million dollars for all that investment; the plants bring in a profit of more than that in 4 years. In the final, the plants won't cost 'em anything, scot free. Gad, Wayne, don't let it happen. Make 'em pay a reasonable price and take all of them, not just the cream, it would be wise for the Government to retain 'em, the way the Commies are closing in, in the Far East. Please get in there and block this lousy deal, for God sake—if you can. If you start the ball rolling you will have help surely.

C. E. JEWELL.

PORTLAND, OREG., *March 8, 1955.*

Senator WAYNE MORSE,
Washington, D. C.

DEAR SENATOR MORSE: We wish you to know that we are very opposed to the Government selling the rubber plants to private industry as these plants are much too necessary in case of war. Private industry would only increase the price of rubber and make profits for a few.

There is too much talk of the partnership plan—when that plan is only to help the rich become richer.

We appreciate your efforts in trying to work for the good interest of our State and our country.

Sincerely,

JEAN MCNEEL.
J. C. MCNEEL.

SCOTTSBLUFF, NEBR., *March 14, 1955.*

Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR MR. SENATOR: We wish to commend you on your efforts to promote publicly produced power projects, most economically, as in the current Hells Canyon controversy. I am not familiar enough with the two possibilities to know exactly but it seems you are urging the better project, in that private power interests will not have the advantage.

Also just as difficult is to check the turning over of publicly built synthetic rubber plants to three or four private companies. While the Senate haggles over a $20-plus cut in income tax, the rubber users, which include us all, may lose thousands of dollars every year in increased cost of rubber and associated products. It is a critical time to lose our partial control of that important commodity.

God bless your work in behalf of people in general.

Yours respectfully,

ELIZABETH GROSS.
R. G. GROSS.

SANTA BARBARA, CALIF., *March 8, 1955.*

Senator WAYNE MORSE,
Senate Building,
Washington, D. C.

DEAR SIR: Surely the Senate will not let the President give away our synthetic rubber plants when they have made about $78 million profit the last year and when the Communists are pushing closer and closer to the rubber producing part of the world. I hope you will oppose this giveaway.

I would also like to know why the United States has refused to let about 2,000 Chinese students go home who have been trying to get the permission to go for a year or more? We have raised a great hullabaloo about 20 Americans being held by the Chinese Communists. Seems rather inconsistent does it not? Maybe if we would play the game they might also.

I understand this will be done March 21.

Yours truly,

HARLAN R. STONE.

MARCH 14, 1955.

Senator WAYNE MORSE:

We are utterly opposed to the Government sale of synthetic rubber plants. Thus far we could get no positive assurance from prospective purchasers as to deliveries or price and we are afraid this will eventually put us out of business. Please do your best to prevent the sale.

BRADSTONE RUBBER CO.,
I. V. STONE, *President.*

TROY, PA., *March 14, 1955.*

Hon. WAYNE MORSE,
Senator, Senate Office Building,
Washington, D. C.

DEAR SENATOR MORSE: Since I have more confidence in you than any other Member of Congress, I seem to trouble you most with the things over which I feel concern about in the Government.

Perhaps you read Drew Pearson's column Synthetic Rubber Already Short as United States Sells Plants, in which he said that unless Congress acts to prevent it, the plants will be sold by March 26 to private companies for a price just four times the annual profit average of these plants. It seems absolutely tragic to us, that this, and other Government projects or property, in which the taxpayers' money was invested, should be turned over to private interests to take the profit on the investment which rightfully should go back to the United States Treasury in order to lessen the burden of taxation, especially for the lower income group who need a subtantial tax break so much. ($20 per person is inadequate at present prices and $10 isn't a drop in the bucket—the whole $10 could be spent at one time just for groceries alone, and still not have more than a market basket full.)

Besides, with a constant threat of war facing the United States, the Government may need these rubber factories at any time, for war supplies. Why should the Government be allowed to sell them to private companies and then have to buy the rubber from them at a much higher cost to the taxpayers?

It just sends my blood pressure soaring every time I think of the way President Eisenhower and his Cabinet have been turning over publicly owned Federal property to private interests without the knowledge or consent of the public, whose money was invested in these projects and who should receive the benefit of the returns on these investments, instead of some selfish private concern being allowed to take over and reap all the profit from the public's investment.

I know that you have already fought hard and long to prevent the "giveaways" and to protect the public interest; and I truly hope that you have not become too exhausted or discouraged from it to fight some more to prevent all present and future giveaway

plans of this administration. (How we wish that you were the President of the United States—I am sure that there is no one better qualified or more deserving of it than you. The Democrats should be flattered to have you join their party and since you have, I plan to suggest your name for the Presidency to the Democratic National Committee.)

Hope you are successful in your efforts to secure Federal construction of Hells Canyon Dam.

Is it not possible to rally enough public-minded Congressman to act before March 26 and prevent the administration from turning the Government rubber plants over to private companies? I truly hope so, for I am deeply disturbed over the loss it would mean to the public.

We have always felt deeply grateful to you for sacrificing your time and energy to make the long speeches which you did in Congress to alert the public and prevent other giveaway plans of this administration. It is an excellent way to attract the attention of the public; since many people do not pay much attention to what occurs in the Government unless it is making headline news.

While writing, I wish to say that we fully supported your stand on the Formosa resolution, too. We certainly hope that enough Members of Congress will exert as much influence as possible to prevent the administration from making any aggressive moves which would involve us in a war with Red China; or would cause American lives to be sacrificed for any of the coastal islands, including Quemoy and Matsu. We believe that Formosa should be protected from Communist aggression, but it should be a U. N. action, and not undertaken by the United States alone.

It is our understanding that the people of China starved by the millions under Chiang's rulership, and that they did not like Chiang—the reason they turned to the Communist leader and drove Chiang out. It seems to us that Chiang should be grateful enough that the United States allowed him to take refuge on Formosa without asking anything more of the United States, and we think that the American taxpayers have done enough for Chiang's benefit, both before he was chased out of China, and since; without having to sacrifice any lives just to save his wounded pride, or to pay off someone's personal obligations to the China lobby.

We do not understand how the President can expect to get a cease-fire agreement from the Red Chinese, while he allows Chiang to blockade their coast and make aggressive attacks on them. It seems to us, that the best way to obtain a cease-fire would be to force Chiang to abandon the coastal islands, cease all aggressive moves, and withdraw to Formosa and the Pescadores; then enlist the support of our allies in issuing an ultimatum to the Red Chinese to leave Formosa alone or risk retaliation from our allies, as well as from the United States. If you approve this policy, could you not do something to help bring it about and prevent our involvement in another war, please? We think the honorable thing for the United States to do would be to make Formosa a U. N. trusteeship with provision for free elections. This would probably eliminate Chiang and his unreasonable demands of the United States.

Respectfully yours,

(Mrs.) L. W. PRENTICE.

ROGUE RIVER, OREG., *March 12, 1955.*

Dear Mr. WAYNE MORSE, esteemed Senator and fellow Democrat from Oregon: Am one among hundreds of men and women in our State that commend you in your sincere and deep thinking and decision in joining our great Democratic party. More power to you in your efforts in all the tasks that confront you in your daily duty as our Senator from our great State.

I for one heard your wonderful talk in Medford, your last appearance there, and thoroughly enjoyed every bit of it.

When you and I shook hands and greeted each other that day I asked you what about an inquiry to you from any of us taxpayers on subjects that might be bothering us and you said to write you at any time and you would sure answer it. You no doubt have seen the enclosed clipping from the Portland, Oregon Journal.

This along with all the other giveaway deals like tideland oil, timberlands, now our rubber industries, and what next? Guess the Republicans would sell the White House too if they thought they'd get by, by so doing.

I truly hope that the efforts of our great Democratic Party in November 1956 will make a picture of success and victory that will be stamped in everyone's memory from now on.

With all success and victory to you in your efforts for our benefit and in general for our U. S. A. I am with you 100 percent and more people are doing the same as I.

We are having Democratic meetings now and intend to until November 1956 which I am sure will see a Democratic victory hands down.

I am,

Very respectfully yours,

Mr. C. J. BABB,
A long-time Democrat.

OSWEGO, OREG., *March 11, 1955.*

The Honorable WAYNE MORSE,
United States Senator.

DEAR SIR: I am writing you for an opinion on something I've been kicking around in my mind. Isn't there some way to tax advertising, I mean big advertising at its source? It would seem to me that the billions of dollars that are paid out practically indiscriminately should be taxed and heavily after a reasonable fixed amount has been exempted. It gripes me to think that the full bill, including all entertainment can be written off as a legitimate business expense, while I could not even write off a funeral.

I should like to hear from you on this as I value your opinions. Also I hope to hear from you, DICK NEUBERGER and HERBERT LEHMAN and a lot more of you I hope on the following items: The proposed sale of Government-owned synthetic rubber factories, the $20 per person tax cut, and the public power issue. With felicitations to you and yours, I am

Respectfully yours,

PRENTISS BAKER.

P. S.—I am also writing to my friend RICHARD NEUBERGER on this—may you both have lots of luck.

P. B.

PORTLAND, OREG., *March 17, 1955.*

Senator WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR SIR: It has come to our attention that the Government is about to sell the synthetic rubber plant built with tax money, to the large rubber companies at a very low percentage-on-the-dollar cost.

These plants are showing a good profit to the Government. It is also contended that the large companies intend to hold production low enough that the small companies will be unable to buy rubber from them.

This certainly stinks. We have too much of this squeezing the little guy. If big business cannot hold its own against small business, we had better go back to small business again.

We understand that March 26 is the deadline at which time the sale is consummated, unless Congress intervenes.

We are a small group of engineers working for a large chain store. We are 100 percent behind you and Senator NEUBERGER in your championship of the little guy.

As our representative, please give this matter your attention. We would like to have an answer.

Respectfully yours,

FRANK BURLINGAME,
DARYL SUNDBY,
Aloha, Oreg.
LYLE K. HUNTINGTON,
Portland, Oreg.
R. A. HAMEL,
Milwaukie, Oreg.

SEAL ROCK, OREG.

Senator WAYNE MORRIS.

SIR: I have been reading Drew Pearson on the synthetic rubber plant giveaway.

He only had two different pieces in the Portland Journal.

It seems funny that we must go to a news commentator to see what is going on as we have never heard about it from any other source that I know of.

The whole thing adds up to this as I see it if the big rubber plants are so crazy to buy them why in the world don't they put the price where it belongs.

Seems like they spend so much time trying to beat us out of a little relief in taxes, and getting themselves a great big raise in pay that something like giving plants worth billions away for two or three hundred million is not to be noticed or are they afraid they will hurt themselves with the administration. I didn't write sooner, for I wanted to see what others had to say about it.

But, sorry to say, that seems to be the only times it has ever been mentioned that I can find.

Drew Pearson said or I mean wrote that if something wasn't done before the last days of the month the sale would automatically go through.

As a taxpayer I feel that I am a part owner in them, so to speak, and if they are going to sell them, looks to me like they would get as much as they are worth then take that away from the original cost and even that much would help a lot.

Drew Pearson wrote that everyone was so busy trying to beat the $10 tax cut as far as he knew only one Senator was working against it, why is it so hush hush?

Seems like the American people would have some say in the sale of Government property, for they are the ones that own it and not only the President and a few of his special chosen men, giving it away.

Seems like if they sold the plants for what they were worth, they could give us the cut in taxes out of the difference in what they want to sell it for and what it is worth.

They are making money now, then why give them away for a little?

Well, I won't keep boring you with any more of this for I believe you know about it anyway.

If I am wrong in this, I would like to know it, but I will ask, what is to be done in this matter?

Sincerely,

AUGUSTUS S. BOSLEY.

P. S.—You are the only one I feel free to write to.

PORTLAND, OREG., *March 13, 1955.*

United States Senator WAYNE MORSE,
Of Oregon.

DEAR SENATOR: In the newspapers I read many things that happen in the Government which are quite disturbing to me.

According to my information the Government is going to give away all our synthetic rubber plants but one, to the big rubber and oil companies—or I should say "practically give away." The one exception is a plant which is not wanted by any of these rubber and oil companies. This giveaway is going

to take place on the 26th of this month, unless someone in Congress puts a stop to it.

How about it, Senator?

Yours truly,

J. BREVET.

OREGON CITY, OREG., *March 11, 1955.*

DEAR SENATOR: Something should be done if possible to block the sale of the Government synthetic rubber plants on March 26. Drew Pearson has the information on this.

Yours very truly,

MARTIN L. COWHERD.

GRESHAM, OREG., *March 21, 1955.*

Senator WAYNE MORSE,
Washington, D. C.

DEAR SENATOR MORSE: I certainly am opposed to this giveaway program of the President. The taxpayers bought these synthetic rubber plants, and why shouldn't we have a voice concerning the disposal of them? I am really disappointed in our President. It seems he is really letting big business take over.

I heard someone remark the other day that "Senator WAYNE MORSE is presidential timber."

I am enclosing three clippings which I trust will interest you.

Respectfully yours,

Mrs. P. O. RILEY.

[From the Gresham (Oreg.) Outlook of March 10, 1955]

WHO ARE WE?

To the OUTLOOK:

In the February 17 issue of the Outlook there appears a paragraph in the editorial column that I feel needs either clarifying or modification. I quote:

"Interesting to note that national commentators on the political scene all agree that the placing of Senator NEUBERGER and Representative EDITH GREEN on three committees each was done more to curry favor with the voters than to honor these new Members of Congress or to recognize in them particular talents for the assignments."

It so happens that I follow the daily comments of Drew Pearson and Roscoe Drummond and a dozen other commentators whose writings appear in weekly magazines and papers, and yet I cannot recall reading a derogatory remark about either Senator NEUBERGER or Mrs. GREEN. And goodness me, if anyone is adept at dragging out skeletons and rattling them, or at rigging up dirt, it's Drew Pearson.

What do you mean by the term "all?" All the Republicans, or all the commentators whose opinions coincide with yours?

You must remember that Senator NEUBERGER has been an author of articles and books for several years and no doubt many people all over the country have become acquainted with him through his writings. He also traveled a good deal.

As for EDITH GREEN—there is a saying that after 40 we are responsible for our face. And so, anyone who has seen EDITH GREEN or even her picture, will see in her the embodiment of high moral standards and honesty and kindness. She will never become well known by endorsing "Four Roses" or "always milder, better tasting," or by appearing before various men's organizations in a Bikini bathing suit. But I feel she will have the backing of men and women with children, or grandchildren, who want Government officials with adherence to the old-fashioned morals and Christian principles.

And this reminds me of an anecdote. Last summer when Mrs. Floyd Davis, of Gresham, was touring New England with her daughter from Pittsburgh, they eventually arrived in Washington, D. C.

An elderly, retired Army officer agreed to escort them around the city and give them the historical data.

When they arrived at the Senate Building, the guide pointed to a certain place and said, "That's where Senator MORSE stood and gave his 22½-hour (?) speech." Whereupon Mrs. Davis told the guide she was from Oregon and began apologizing. The guide then said, "Oh, don't apologize for him, we're mighty proud of the Senator here." (He didn't explain who the "we" is.)

Don't you think it would be a good idea if we took off our glasses and wiped off the political mud so that we might give a fair chance to those that are chosen by a majority of the people?

Mrs. ARTHUR DEMING,

TROUTDALE, OREG.

[From the Oregonian of March 8, 1955]

IS THIS FREEDOM?

To the EDITOR:

Some years ago De Tocqueville, of France, visited America and remarked: "I know of no country in which there is so little independence of mind and real freedom of discussion as in America."

Lord Northcliffe: "America is the home of the brave and the land of the free where each man does as he likes, and if he doesn't you make him."

One merely wonders what these two thinkers would have said had they been able to see us today when we have a license, a fee, a required permit, etc., to hunt, fish, park a car, to drive one, to own one, to be a citizen, to build a house, to lay bricks, to work, to conduct auction sales, to teach, to preach, and if things continue, there might be a required license to breathe and live.

As for taxes, never has history seen the like—excise, sur, Federal, State, county, city (is there a tax on taxes yet?), etc. I've barely mentioned some of the hedges, curbs, restrictions, checks, etc., that modern man is subject to. Perhaps, a great many more of these will be added in order to make it possible to live on such standards as we do. The big question, of course, arises, Is this freedom? Or the abuse of freedom?

One is reminded of the statement made during the French Revolution: "Oh, Liberty, what crimes are committed in thy name." Or of what Napoleon once did in a rescript he issued: "I give you perfect liberty, but he who disobeys these rules will be summarily shot."

PAUL BRINKMAN, Jr.

[From the Oregonian]

TOO MUCH POWER

To the EDITOR:

I note that a bill has been introduced in the House of Representatives to abolish the State board of control and to put its institution-directing powers in the hands of the governor. Several of the sponsors of the bill are men of highest standing.

For some time, a bill has been pending in the California Legislature to abolish the treasurer, the controller, and those who have charge of the income-tax division and all offices relating to finance. Their bill, like this one proposed in Oregon, seems to have the purpose of throwing practically all the important matters of the State of California into one giant structure with the governor the supreme commander. He would make all appointments in the departments that would be merged into his keeping, with the accompaniment of power and patronage. If that measure passes it will give California a virtual one-man government.

We, in Oregon, are not too far removed from the pioneer state when men and women, too, were individually strong. When they laid the basis for our government, they certainly never envisioned any such plan as that proposed in this measure.

If one is looking for complete efficiency, the only way to achieve it is to vote ourselves into the Russian system where the ruler is in supreme command and the rest of the people don't have to bother about choosing their candidates or voicing any opinions.

If a majority of our legislators will pause and look at this proposed plan objectively, I think they will realize that, while we have a beneficent ruler in our governor now, there is no assurance that we will have that kind of person in the future. It would make the office of Governor of Oregon extremely attractive—to those who would abuse its power.

I plead earnestly with the able men and women in our Oregon Legislature who are intensely patriotic, who believe in the 2-party system, who believe in the system of checks and balances, to hold fast to the present board of control made up of the secretary of state, the State treasurer, and the governor.

Mrs. GEORGE GERLINGER.

COTTAGE GROVE, OREG., *March 18, 1955.*

Senator WAYNE MORSE,
Washington, D. C.

DEAR SENATOR: Enclosed is article by Drew Pearson I removed from the March 18 issue of the Portland (Oreg.) Journal.

The article is self-explanatory and my reason for forwarding same to you is that I, as a log trucker, am directly affected.

In the past 3 months, truck tires have had two 5-percent increases, and a tire salesman tells me that another raise is expected in a week or 10 days.

Do hope that you will be able to dig into this and see if it is possible to stop these increases.

Respectfully yours,

RAY NEVIN.

PORTLAND, OREG., *March 15, 1955.*

Senator MORSE.

DEAR SIR: In reading Drew Pearson's article about giving the rubber plants away, I am wondering if the Congress is going to permit it to pass on March 26. We sure hope not.

Yours truly,

Mr. and Mrs. RALPH L. CARSON.

WEST LINN, OREG., *March 14, 1955.*

Senator WAYNE L. MORSE.

MY DEAR SENATOR: I admire the things you and Senator NEUBERGER are trying to do for Oregon as a State and for the small taxpayers in general. Therefore, I feel compelled to call to your attention the enclosed clipping and implore you to bring it to the attention of other representatives of the taxpayers.

Can't something be done about so many giveaways?

Yours for success,

Mr. and Mrs. EARL HEREFORD.

BIG RUBBER PLANT DEAL NEAR CLOSE

(By Drew Pearson)

WASHINGTON.—It has been ignored in the congressional hoopla over pay raises and tax cuts, but the Nation's rubber tycoons are quietly waiting for another type of windfall from Uncle Sam—all wrapped up and ready for delivery in 20 days.

The prize is 11 synthetic rubber plants, built by the Government at tremendous expense during World War II, but now about to be sold to private industry for a song.

For some time the rubber companies have cast a covetous eye on these profitable plants owned by the taxpayers. But now they won't have to wait much longer—due to a quirk of law and the anxiety of the Eisenhower administration to "get the Government out of business."

In 3 weeks—on March 27—the synthetic plants will be sold at bargain prices to a group of private companies unless Congress intervenes to stop the transaction. Strangest aspect of the deal is that a great majority of Senators and Representatives, busily

occupied with the tax and pay-raise battles, is completely unaware of what is going on.

However, here are the facts:

The Rubber Producing Facilities Disposal Commission, appointed by President Eisenhower to sell the Government's synthetic rubber plants, sent a letter to Congress on January 27 outlining the bill of sale to Firestone, Goodyear, United States Rubber Co. (subsidiary of General Motors), Goodrich, Shell Oil, Phillips Petroleum, and others.

Under the law the deal goes through 60 days later, or on March 27, unless either House of Congress adopts a disapproving resolution before the deadline. The proposed sale price for the 11 synthetic plants—about $260 million—is far out of line with either their original cost or their current worth.

These factories made a profit of $73 million for Uncle Sam a year ago, and with the Communists now in virtual control of Indochina and inching rapidly down toward the vital rubber areas of southeast Asia, many military men feel this is no time for the Government to abandon its rubber factories.

Incidentally, not one single small-business concern is among the preferred purchasers selected by the Rubber Producing Facilities Disposal Commission to take over these plants. Besides the big rubber companies, the list includes Sears, Roebuck, Texas Oil, Armstrong Rubber, Anaconda Copper, Endicott Johnson, and the American subsidiary of Dunlop Tires, Ltd., of Great Britain.

SID YATES, Democrat, of Illinois, a member of the House Small Business Committee, is making last-minute moves to stop the sale.

LYONS, OREG., *March 21, 1955.*

The Honorable WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR SIR: Why haven't we heard your voice in protest about the sale of these United States owned synthetic rubber plants?

Yours very truly,

EDWARD E. CRUSON.
FRANCIS G. CRUSON.

MICHIGAN COLLEGE OF MINING AND TECHNOLOGY,
Sault Ste. Marie, Mich., March 19, 1955.

HON. WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR SENATOR MORSE: May we express our full sympathy and appreciation to you for your efforts in behalf of the people's interest and investment in the synthetic rubber plants, and the opposition to their sale to the already monopoly sized rubber corporations.

We regret likewise the limited support which your efforts received, but it does put "on the record" the facts and information of trends and actions by these interests. And we hope these facts can be still marshalled for more effective opposition in the future.

Very truly yours,

Prof. MILTON E. SCHERER,
Chairman, Social Science Department,
M. C. M. T.

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

The PRESIDING OFFICER (Mr. PASTORE in the chair). Is there objection? The Chair hears none, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. PASTORE in the chair). Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the distinguished Senator from Utah [Mr. WATKINS].

COLORADO RIVER STORAGE PROJECT AND PARTICIPATING PROJECTS

Mr. WATKINS. Mr. President, it is my extreme pleasure to announce to this body that the Congress of Industrial Organizations has now joined forces with the 3 million residents of Colorado, New Mexico, Utah, and Wyoming who are actively supporting S. 500, a bill to authorize the Colorado River storage project and participating projects.

This action is especially gratifying to me, because this great water development project is of primary interest to all of those who work in the 4-State Upper Basin and who would like to see that area expand industrially and economically to provide jobs to support the inevitable population growth of the future. It is a forward-looking economically sound program that all labor unions and anyone else interested in the welfare and security of America can support with full confidence.

The CIO news release announced that it had reversed its previous stand of opposition to the Echo Park unit of this great project. This indicates that another organization which has publicly opposed the project, because of misleading information issued by the southern California water lobby and by certain self-styled spokesmen for conservation groups, has now taken a look at all the facts and concluded that it can support the project without reservation. More will do that between now and the time when the implementing measure comes before the Congress for a vote later this session.

I will have more to say in a day or two about the misstatements and misconceptions that have been deliberately fostered by people who would like to deprive 3 million people now living, and their descendants for untold generations to come, of vitally needed water.

Meanwhile, a grass roots citizens' group in our area has just compiled a list of statements by wildlife and conservation experts which indicate that this project already has generated considerable support from such individuals and groups throughout the country. I request unanimous consent to have these statements printed at this point in the RECORD as a part of these remarks.

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

CIO VOICES SUPPORT FOR CONSTRUCTION OF ECHO PARK DAM IN COLORADO

CIO support for the construction of the Echo Park Dam in Echo Park, Colo., as part of the upper Colorado River storage project, has been voted by the CIO Committee on Power, Atomic Energy, and Resources Development, it was announced today by Chairman O. A. Knight.

Mr. Knight, who heads the CIO Oil, Chemical, and Atomic Workers International Union, said the decision followed an extensive meeting of the committee in Denver late last month.

In reversing its previous stand of opposition to the dam, Mr. Knight said the committee now supports the dam project as a means of securing maximum benefits of water for irrigation and municipal purposes, as well as the development of electric power for expansion of the upper Colorado Basin area.

Mr. Knight's statement:

"From a careful study of the facts which have been presented to me and my committee, I am persuaded that the maximum benefit to mankind will result from the earliest possible completion of the upper Colorado storage project including Echo Park Dam. The engineering prospects provide facilities for recreation for those now interested in the scenery and wildlife aspects of this area, as well as substantial regulation of the water flow in the river and a head of water for the production of electric power. This power is needed for the expanding population and industrial growth in the Mountain States. Salt Lake City, Utah, and Denver, Colo., and the total area between these two growing cities will greatly benefit from the earliest possible development of the total upper Colorado storage project."

HOW CONSERVATIONISTS FEEL

Here is what conservationists who are informed and acquainted with the area affected say about this proposed project.

The following resolution was adopted by the 11-State Western Association of State Game and Fish Commissioners, May 5, 1954:

"Whereas President Franklin D. Roosevelt, in his proclamation enlarging the Dinosaur National Monument, published in the Federal Register of July 20, 1938, specifically stipulated that 'the administration of the monument shall be subject to the reclamation withdrawal of October 17, 1904 * * * in connection with the Green River project,' and

"Whereas the post-project wildlife and recreational values of the upper Colorado River project will be far greater than the undeveloped river now possesses: Now, therefore, be it

"*Resolved*, That the Western Association of State Game and Fish Commissioners go on record as approving the report of the Secretary of the Interior, recommending the development of the upper Colorado River storage project, including the construction of Echo Park Dam; and be it further

"*Resolved*, That a copy of this resolution be sent to the Budget Director and to the appropriate congressional committee."

Seth Gordon, California: Noteworthy at this 11-State meeting was the stand of the California representative, Seth Gordon. Mr. Gordon, one of the foremost conservation experts in the United States, not only voted for the Echo resolution but was instrumental in strengthening the original language.

"I know I'll get a lot of abuse from the Sierra Club out home in California," Mr. Gordon said. "However, when a thing is right, it is right and I have to stand up for it—abuse or no abuse.

"When Dinosaur Monument was enlarged, it was promised that it would not interfere with future water and power development and we cannot go back on a bargain."

Herbert F. Smart, Utah: Mr. Smart, secretary and former president of the Utah Wildlife Federation, Finance Commissioner of the State of Utah, and member of the Land Policy Committee of National Wildlife Federation, says:

"The Echo Park Reservoir will greatly enhance the wildlife and fisheries resources of Colorado, Utah, and Wyoming. It will improve our fisheries resources, aid our waterfowl population, increase our upland bird population when new irrigated lands are put

under cultivation, and will not be detrimental to our big game. Conservationwise, construction of Echo Park Dam means that we will drown a few rocks in the lower levels of these high canyons (for which the country was named because of its superabundance of rocks) and by so doing materially increase our wildlife resources in a desert land."

Thomas L. Kimball, Colorado: After having biologists of the Colorado Game and Fish Department make an extensive study of post-project benefits from the construction of the Echo Park Dam, Thomas L. Kimball, director of Colorado Game and Fish Department, found the post-project fisheries benefits in the affected areas would be more than 50 times those found in the river in its present condition. He therefore concludes: "There can be no other conclusion drawn than the fact that the construction of Echo Park Dam would provide significant enhancement to the region from the fisheries standpoint." He further found there would be no material adverse effect on game and game birds and a probable great increase in waterfowl development.

Lester Bagley, Wyoming: Mr. Bagley, Game and Fish Director of the State of Wyoming, says: "I am firmly convinced that the area as it now stands is so inaccessible and will always remain so unless large sums of money are spent for roads—that wildlife potential would be increased many fold if these proposed dams were constructed."

J. Parry Egan, Utah: The director of Utah's Fish and Game Department, after study of the proposed project found a fisheries benefit many times in excess of what presently exists and no adverse effects on other wildlife. He is an enthusiastic supporter of the project from a conservation standpoint.

Leo Young, West Virginia: Editor, Wild Life Notes, the official publication of West Virginia's Sportsmen Limited, Inc., says, after running an article favorable to the project: "Remember, those people who live out West know what they want."

Roy Despain, veteran professional Colorado River runner, makes this corroborative statement: "The proposed Echo Park Dam in Whirlpool Canyon would stop my river trips and my desire to have my posterity have this experience would be denied. Yet with this loss I feel that this project would create more beauty than it would destroy. Where in the world could a clear blue lake extending up this majestic gorge be duplicated? The possibility of adventure by boat on this body of water is exciting.

"Considering the limited number who are now able to take this river trip, as compared to the thousands who could enjoy it if it were developed, and considering the danger presently involved, I feel that if I were to oppose this dam I would be selfish and narrow minded. So I wish to add my support to this project and request that you do all in your power to assure the building of this dam."

Harry Aleson, Colorado River boatman, who knows the area like the palm of his hand, says:

"This Colorado River boatman has gained a little knowledge in the rugged domain where he earns his livelihood.

"Yet he feels that to fight against the building of dams, reservoirs, powerplants, irrigation projects, recreational areas would be highly unintelligent, even if for purely selfish reasons.

"To those who know, the building of an Echo Park Reservoir would inundate perhaps one-one hundredth part of the beauty of Dinosaur National Monument. It would spoil river running in the area for a handful of adventurers. On the other hand, within comparatively few years, the visitor count into the new recreational area would mount into the hundreds of thousands. These many persons would have ready access by lake and roads to this great beauty, where but a small handful visit now by river boats."

Mr. and Mrs. G. E. Untermann have been closely associated with the area for more than 30 years. They have mapped the geology of the entire area.

Mr. Untermann served as ranger-naturalist at Dinosaur National Monument for many years. At present, he is director of the Utah Field House of Natural History at Vernal, Utah. He says:

"Our lives have been devoted to conservation, and we see the need for the proposed project. We know the area and realize that its beauty won't be destroyed."

Mr. Untermann pointed out that the proposed project will not inundate dinosaur beds, despite the statements of some opponents of the project.

"The dinosaur quarry is miles downstream from the damsite and high above the river bed," according to Mr. Untermann. Actually, most fossils have been removed and placed in museums. About all that is left is a hole in the ground from where they came.

"It's amazing to me how irresponsible, misguided and uninformed some people are about this area," Mr. Untermann said.

"If this upper Colorado River situation could be resolved on a basis of merit, right, and justice, it would be materially simplified."

Speaking just before going to Washington to appear before the House Committee studying the upper Colorado River project, Mr. Untermann added:

"The task of obtaining approval of the project has become unnecessarily difficult because of the legal shenanigans, economic dishonesty, and emotional fantasies created by misguided 'conservationists.' "

"We will do all we can to contribute our wee mite to the clarification of this stupid hullabaloo and get a bit of realism into the whole thing," he said.

Finis Mitchell, explorer and photographer, said he decided to photograph Lodore Canyon "because I read so much of how construction of the Echo Dam would forever flood and destroy the Dinosaur National Monument.

"I found such reports were utterly false and completely and deliberately misleading. Construction of the Echo Park Dam would merely make it possible for people to travel the canyon by boat in safety and view the entire monument. In other words, this dam would simply develop this monument to a point where people would have something to enjoy.

"From 2,000 to 2,600 feet of the canyon always will remain untouched, for people to view and enjoy, after the dams are built.

"The problem is to tell our story to the people of the United States."

George Harris, New Mexico: In letters to the editor, Deseret News, July 31, 1954, George Harris, of Albuquerque, N. Mex., writes:

"For several years I have been interested in the Echo Park Dam controversy, mainly siding with the 'conservationists,' although without too strong a conviction either way.

"During the past summer I visited this area again and included a trip down the Yampa from Lily Park to Echo Park, and I believe many of the arguments against the building of this dam are without a solid basis.

"The area involved in Dinosaur National Monument is classed as semidesert, with its accompaniment of deep dry gorges, a scrub type of vegetation, and comparatively little water. The dam itself would be confined, in the main, to a very narrow gorge, not much wider than the present river, and would still be below the rim of the confining canyon walls. The bulk of the monument would still be as inaccessible as it is today."

William E. Scheele, naturalist, Cleveland, accompanied a party of Clevelanders representing the Cleveland Museum of Natural History, and visited Dinosaur National Monument in search for dinosaur fossils in the summer of 1954. Writing for the Cleveland Post about their findings, Mr. Scheele (who is director of the Cleveland Museum) said:

"As we learned more about this country (Dinosaur National Monument), we became aware of a very deep current of feeling among the residents about the proposed Echo Park Dam. We were questioned within the Park and in Vernal by many citizens who felt that since we represented the Natural History Museum we must be against the proposed dam.

"I must admit that I had written so previously, but I must also admit that I was wrong in doing so. Seeing the country in which the canyon waters will be impounded we also saw the good that such stored waters could do this arid but fertile region.

"It was proven to us beyond doubt that many of the arguments that had been advanced by conservation groups opposing the dam were without basis in fact and the opposition unjustified.

"The Dinosaur Monument and adjacent beauty spots will not be spoiled by this dam and its impounded waters. In fact, the development of this lake will make the area 100 times more accessible to those who would like to see it, and the water will cover only 500 feet of a dangerous canyon bottom that is more than 2,700 feet deep.

"It seems as though 3 or 4 Far Western States are confusing the issue in their efforts to permit more water from the upper Colorado River to reach their own home States before it is distributed."

Dr. J. Leroy Kay, Pittsburgh, curator of vertebrate paleontology, Carnegie Museum, Pittsburgh, Pa. (who spent 8 years excavating dinosaurs in Dinosaur National Monument):

"I feel sure that the building of Echo Park and Split Mountain dams and the reliefing of the dinosaur bones at the Dinosaur quarry will make the Dinosaur National Monument one of the outstanding attractions of our national parks and monuments."

Wildlife conservation organizations of Arizona, New Mexico, Utah, and Wyoming have unanimously endorsed the Echo Park Dam. Other wildlife conservations groups of the mountain west have withdrawn their opposition.

The above statements from experts who know the proposed project or have visited it cover but one phase of the subject. Other benefits too numerous to mention here await the west and the Nation if Echo Park Dam and related projects in the upper Colorado River storage plan become realities.

Dr. Kay's complete testimony relative to Echo Park Dam before the 1954 Senate hearings is appended herewith.

STATEMENT OF DR. J. LEROY KAY, CURATOR OF VERTEBRATE PALEONTOLOGY, CARNEGIE MUSEUM, PITTSBURGH, PA., BEFORE SENATE IRRIGATION AND RECLAMATION SUBCOMMITTEE, 1954 SENATE HEARINGS

Mr. KAY. Mr. Chairman and members of the committee, I am very grateful to you for calling me at this time so that I might catch my plane for Butte, Mont. I have commitments on the 1st with a party from Princeton University and one from the American Museum in New York to gather some data for the Geological Society of America. I cannot very well delay the arrival.

Senator WATKINS. You tell us who you are, I assume, in your statement.

Mr. KAY. I am J. LeRoy Kay, curator of vertebrate paleontology at the Carnegie Museum, in Pittsburgh, Pa. I spent 8 years excavating dinosaurs at the Dinosaur National Monument—1915–23—and several summers in the area since that time.

There has been considerable controversy in regard to the benefits and damage to the Dinosaur National Monument by the construction of Echo Park Dam within the con-

fines of the monument. I have read with much interest the pros and cons of this controversy as I have a deep personal interest in the matter, having spent many years in the area as a paleontologist. During this time I visited by boat, horseback, and on foot most all of the present accessible places in the study of the natural history of the area.

In the early days of the controversy the opponents of the dam maintained that the backed-up waters would cover the dinosaur beds for which the monument was primarily established. This argument is no longer used as it is well known that the waters from the Echo Park Dam will not cover the dinosaur beds.

Senator WATKINS. How about the Split Mountain Dam? Will that cover them?

Mr. KAY. No. Now the argument seems to be that it will establish a precedent for invading other monuments and parks and will distract too much from the natural beauty of the area. The opponents suggest other dam sites to replace the one at Echo Park.

When the President, by proclamation, enlarged the original Dinosaur National Monument to take in the Green and Yampa River Canyons and adjacent areas, he reserved the right for the Reclamation Service to build a dam, called the Brown's Park Dam site, within the confines of the monument area. This dam site is on the Green River below Brown's Park and would flood the upper part of the canyon and Brown's Park. So, in building the Echo Park Dam it would only mean building it at a more strategic spot but in no way establishing more of a precedent than at the Brown's Park site. Actually, reclamation has priority over monument rights in the area.

At the present time the only way to visit the canyons of the Green and Yampa Rivers is by boat and only by experienced river boatmen, so the only safe way for the tourist or vacationist to do this is to hire a boatman at considerable expense to take them through parts of the canyons, some parts not being safe for even an experienced boatman.

Senator WATKINS. May I ask you a question to qualify your testimony? Have you visited the Echo Park area?

Mr. KAY. Yes.

Senator WATKINS. More than once?

Mr. KAY. Many times.

Senator WATKINS. You were working in that area for how many years?

Mr. KAY. I was working there for 8 years steady and then I have been back nearly every summer since 1923.

Senator WATKINS. Are you a naturalist?

Mr. KAY. Yes.

Senator WATKINS. You may proceed.

Mr. KAY. It is true that trails, or even roads, could be constructed to the canyon rims where people could view the canyons at a distance but few would ever see many miles of the canyon walls close up where they could study the geological structures and fauna and flora, both living and extinct. A number of people have gone through the canyons of Lodore, Yampa, Whirlpool, and Split Mountain by boat and a few have lost their lives in the attempt. Which is the better judgment—to preserve these canyons as they are for a few daredevils to have the thrill of shooting the rapids or thousands of people visting these canyons by boat on still water?

One only needs to compare the additional number of visitors that each year visit the areas of the Hoover Dam in Nevada, the Roosevelt Dam in Arizona, the Grand Coulee Dam in Washington, or the Fort Peck Dam in Montana, to mention a few, to see what the results will be at the Dinosaur National Monument if the Echo Park Dam is built.

The alternate dams proposed by the opponents of the Echo Park Dam would not control a considerable amount of tributary water which empties into the Green and Yampa Rivers between these and Echo Park Dam site. From a naturalist's standpoint, the rocks covered by the waters from the Echo Park Dam are of less importance than those that would be covered by the alternate dams. The waters from the Echo Park Dam would cover, for the most part, the lower section of the Lodore formation—a nonfossiliferous Paleozoic formation which occurs and is much more accessible outside the monument. The waters from the Cross Mountain and Brown's Park Dams would cover most of the Brown's Park formation, which is not known at any other place. Such vertebrate fossils as proboscideans, rhinoceroses, camels, and carnivores of Upper Miocene and Lower Miocene age have been collected from the Brown's Park formation.

Senator WATKINS. That is the site where it is claimed that the President reserved a right to build a reclamation dam is it not?

Mr. KAY. Yes.

Senator WATKINS. And where the opponents say they would not object to us now building a dam?

Mr. KAY. The opponents, yes, sir. Being the youngest consolidated sediments in the area the Brown's Park beds are an important key to the geological history of the area.

There are many unique natural resources in the upper Colorado drainage area which need electric power and water for development and some of these are strategic minerals.

Senator WATKINS. May I ask you this question: You heard the propositions for alternate dams. Suppose these alternates would be of equal value as far as the production of power and the saving of water is concerned to Echo Park. What would you, as a naturalist, do? Would you be willing to take the alternate dams or what would be your judgment as to what should be done under those circumstances?

Mr. KAY. I would not take the alternate dams against the Echo Park Dam.

Senator WATKINS. Why?

Mr. KAY. Because the Echo Park Dam in my estimation is the only way, or dams within the park, to make traffic on still water for the many people that might visit the park possible, and the alternate dams outside the park would leave the tremendous burden on the national-park service which they wouldn't be able to meet; they don't have enough money to build roads, trails, or in any other way make the area, which is a beautiful area, accessible to a great many people.

Senator WATKINS. You have been at the dam site proposed for Echo Park?

Mr. KAY. Yes.

Senator WATKINS. What would be the situation there or what would it look like—I suppose you can project your mind to cover the situation—if the water were 525 feet deep at that point? What would happen to the scenery there?

Mr. KAY. The water impounded there, I think, would be about 500 feet. The dam is something like 525 or 550 feet high. There would be about four-fifths of the canyons as they are now still above the water if you built the Echo Park Dam and dammed the water to 500 feet. It would take 500 feet away from way over 2,000 feet at the dam site. And as it went up the river it would keep lowering on account of the stream, until when you got to the upper reaches of the stream, there would be a smaller amount of water.

Senator WATKINS. And the Lodore Canyon?

Mr. KAY. It would be 50 feet or so.

Senator WATKINS. Describe the canyon walls above it at that point.

Mr. KAY. It would be more than 2,000 feet above the water. Probably about 2,500 feet.

Senator WATKINS. What is the condition of the canyon floor at the present time from the standpoint of the scenic value?

Mr. KAY. There is one place where, as I stated, the Lodore formation which the Echo Park Dam would cover is better developed outside the monument than it is within the monument. We know nothing about it. It is nonfossiliferous. It would not cover all of the Lodore formation. It would cover about a third of it. There would be two-thirds of it above the water for future geologists to study. But the importance of the history of the area is found in the rocks above that. As the rocks of the earth's crust have been upheaved into a fold, which caused the Uintah Mountains, and by the way the only large mountain in the Western Hemisphere that runs east and west, it has thrown those rocks up and the last rocks deposited, whether they have been tilted or whether they have not been tilted, whether there is an unconformity between those and the rocks below, is the key to the history of when all of this upheaval took place.

So the rocks of the Brown's Park beds which the alternate beds would cover, is the key rock to the geology of the area.

Senator WATKINS. In other words, they ought to be trying to protect Brown's Park area rather than Echo Park?

Mr. KAY. That is why if I had the say-so, I wouldn't take the alternate dams in preference to Echo Park or Cross Mountain Dams.

Senator WATKINS. What vegetation grows on the canyon floor through the Echo Park area?

Mr. KAY. There are cottonwood all along the Colorado River. Along the sides there are some junipers, some bush brush, 1 or 2 berry bushes, like the buffalo berry bush, usually called the mulberry, and a few things like that.

Senator WATKINS. There are thousands of places in the West like that, are there not?

Mr. KAY. Yes; and within other parts of the monument that will not be covered by the water.

Senator WATKINS. What about the condition of the water through the area called Echo Park? I think that is a misnomer. I think it is a handicap the Reclamation has to overcome. The idea of many people is that Echo Park must be a park. That is just a geological name, is it not?

Mr. KAY. That is the name of that little area where the dam will be built.

Senator WATKINS. And was given to it by the first settlers, was it not?

Mr. KAY. Yes; given to it by the various first settlers. A lot of the area was named by Powell when he went down on his trip to the Colorado.

Senator WATKINS. What about the water with respect to carrying silt at that point?

Mr. KAY. Carrying silt? The USGS has been making estimates. I can remember when they were studying the silts in the water as far back as 1917. And they have been making studies since that time, about the silt. Of course, any obstruction that you put in there will retard the silt carried down the river.

Senator WATKINS. There is a naturalist in my own State, named Mark Anderson of Provo, Utah, who was a great conservationist. He described the river at that point as belching red mud. Would that be a correct description of it?

Mr. KAY. The river at that point, for most all of the year, is very heavily silted, and especially during high water. It sort of rolls instead of flows. But later on it clears up some in low water but never entirely. It carries a lot of silt. Naturally any stream that is with a gradient that great will carry silt.

Senator WATKINS. You may proceed with your statement.

Mr. KAY. There are millions of tons of hydrocarbons such as gilsonite, wurtzilite, nigrite, tabbyite, lusterite, ozokerite.

That is the only place they are found in commercial quantities.

Senator WATKINS. You are talking about the area and not the canyon?

Mr. KAY. Most of those are found within a short distance of Echo Park.

Senator WATKINS. How far away?

Mr. KAY. As the crow flies, 15 or 20 miles.

Senator WATKINS. You are not indicating that any of these would be covered by water, are you?

Mr. KAY. No; they would not be covered by the water. It needs the water and the power for the development of those.

Senator WATKINS. They exist in the area 15 to 20 miles away from there?

Mr. KAY. Yes, Some of them are 75 miles away.

Senator ANDERSON. So that actually the construction of this dam will greatly assist in the development of strategic minerals?

Mr. KAY. It is the only way they can develop them. Not entirely because they need water for the milling of these, but they need water for the people who would develop them. I think my next statement will answer that.

It is estimated that at 1 place 800 million tons of bituminous sandstone occurs and there are many such outcrops of this material in the area. There are mountains of phosphate, iron, and large deposits of coal, copper, silver, lead, zinc, uranium, etc. Aside from the electric power that is needed for the development of these resources, many of the areas lack enough water for every culinary use, to say nothing of water for other uses for the development of these resources.

I think Senator WATKINS knows that for many years some of those towns have been hauling water in tanks drawn by horses for culinary purposes, and now some of them are hauling it by truck. Now the water for drilling and so on is hauled by trucks, for great distances at great expense. Many of the towns have reached the peak of development due to the lack of water. The only practical way for many of these areas to acquire water for their future growth is from the development of the waters of the upper Colorado River.

It is estimated by the engineers of the United States Reclamation Service that the increased evaporation from the widespread waters of the alternate dams as against the narrow strips of water in the canyons from the Echo Park Dam would be considerable and while water is at a premium why waste it for sentimental reasons.

Probably 1,000 people have visited parts of the canyon areas of Dinosaur National Monument since the National Park Service took over and by far the majority, from various nature groups, visited there last year so they could say, for argument's sake, they had visited the area.

It is true that flooding the bottoms of the Green and Yampa River Canyons will change their appearance to some extent but there will still be a minimum of four-fifths of the canyon walls above the water, which will distract very little from the beauty of the area that is so glowingly described by the opponents of Echo Park Dam. To me there seems only one practical way to make an attractive area of Dinosaur National Monument so that it can be safely visited by the greatest number of people and that is to cover the present rapids with still water for safe boating.

If there are a few who would like the thrills of shooting the rapids let them try going through the Cross and Split Mountain Canyons and if they survive they will have something to tell their grandchildren.

Of course, the cost of building these dams would be prohibitive for the development of the monument for its scenic and eductional values alone, but so long as it is practical to build the dams for irrigation, power, and conservation of water, and the power will pay most of the cost, why not build the dams where they will do the most good?

Senator WATKINS. When you say the most good, to what do you refer?

Mr. KAY. The development of the Dinosaur National Monument as well as for power and water which the district needs.

Senator WATKINS. And for the purpose of making it available to the millions of people instead of a few thousand.

Mr. KAY. Millions instead of a few hundred. I might state that for the last 2 years I have been through the gates of the canyon north of Helena, Mont., in a boat. They built a dam at Wolf Creek, at the lower end of the canyon, and flooded it with about 50 to 75 feet of water. The canyons are less than one-third the height of what the canyons would be, say Whirlpool Canyon or Lodore and Yampa, if the dams are built in the park, and yet last year, on Sunday that I was there, there were more people that went down that canyon to view those walls which are a few hundred feet to maybe at the most a thousand feet high, there are more people that went on that Sunday than have gone through the Whirlpool, Yampa, and Lodore Canyons in its entire history and it wasn't built for that purpose.

I feel sure that the building of Echo Park Dam and Split Mountain Dam, and the reliefing of the Dinosaur bones at the Dinosour Quarry will make the Dinosaur National Monument one of the most outstanding attractions of our national parks and monuments, and that this can be accomplished in no other way.

Senator WATKINS. Any questions?

Thank you, Dr. Kay.

SALE OF RUBBER-PRODUCING FACILITIES

The Senate resumed the consideration of the resolution (S. Res. 76) disapproving the sale of the rubber-producing facilities.

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Illinois [Mr. DIRKSEN], 5 minutes.

Mr. DIRKSEN. Mr. President, I am not disposed to detain the Senate very long. It occurs to me, however, that the basic issue involved here can be summed up in about one question, namely, whether a major industry should remain nationalized when there is a profitable opportunity to get the Government out of it.

Mr. President, I ask unanimous consent to submit the remainder of my remarks for inclusion in the RECORD at this point.

There being no objection, the remainder of of Mr. DIRKSEN's remarks were ordered to be printed in the RECORD, as follows:

For almost 15 years, the manufacture of synthetic rubber has been a Government monopoly. There were good reasons for it after Pearl Harbor, but this is 1955, almost 10 years after World War II.

If you vote to keep the rubber plants under Government ownership, would you vote to take over the steel industry, the aluminum industry, or the coal mines? Of course you wouldn't.

When we can recover over $400 million for the Federal Treasury by the sale of the rubber plants, why are we hesitating?

Simply because advocates of public ownership are being heard again. Old arguments in new surroundings. They tell us we will be in the hands of big business monopolies. They ignore entirely the competitive aspects of American industry.

They suggest that the price of synthetic rubber will soar to fantastic figures under private ownership. What is keeping steel from going to $200 a ton? What is keeping a Ford car from going to $4,000? The answers are obvious.

The fact is that every country in the world would welcome the aggressive, hard-hitting competitive marketing that we have throughout the length and breadth of this land.

I submit that the buyers of these plants will direct that same knowhow and technical competence to the manufacture of synthetic rubber, when they acquire the plants. They testified that they were planning to spend millions of dollars to modernize these properties. These expenditures mean jobs. They mean building up the structure of American industry. They mean better products at lower cost.

No industrialist I ever heard of deliberately cut production to control price. He wants to run his plant at maximum capacity. These plant buyers have testified that they want to flood the market with rubber, and they have already started their salesmen out. They have solicited hundreds of small rubber fabricators for business at current prices charged by the Government.

I do not presume to know, nor can anyone know, how much money the buyers of these plants will make. I hope they make some. If and when they do not, we are in a depression. Depressions do not come along when people are making money. I am satisfied that no unreasonable profits will be made at the expense of the rubber consumer, whether he be large or small. Competition will take care of that.

And do not forget that for every profit dollar, Uncle Sam takes 52 cents. There has been a lot of loose talk about the Government profits in the synthetic rubber industry. Back in 1953, the Government did make about $60 million, but of course it paid no Federal taxes. Neither did the Government pay its full share of local taxes to local tax authorities. Some people talk about $60 million as an average profit. The Government has not come close to that figure before or since.

As a matter of fact, the total deficit of the Government since the plants were built, as of June 30 last year, is $194 million. Add to this the net book value of the plants as they stand today, and it will be found that the recommended sales of the Commission will recover 96.6 percent of the Government's investment in the entire rubber program since its inception. I call this achievement "full fair value."

And yet we are told: "Do not hurry. There is plenty of time to get the Government out of the rubber business."

When is a better time than now? When will the plants be worth more? When they are twice as old as they are now? They are already 13 years old.

If we pass up this opportunity to sell the plants, I can see no time in the foreseeable future when we can dispose of them so advantageously. I think the Commission has done a wonderful job. Consider the record and experience of its personnel.

Holman D. Pettibone, of Chicago, is chairman of the Board of the Chicago Title & Trust Co. He has been with that company 44 years. He has sold millions of dollars of industrial property. As the Chairman of the Commission, he applied the same standards to selling the Government properties as he has in private transfer of property.

Leslie R. Rounds of New York is a retired First Vice President of the Federal Reserve Bank of New York. He has dealt with business problems and balance sheets all his life. As a banker, he knows something about plant values, fair return on investment and depreciation charges.

Everett R. Cook of Memphis is a cotton merchant and exporter. He has been a shrewd trader in that commodity all his life. During World War II, he served as an Air Force colonel in the European theater. He

is now a brigadier general in the Air Force Reserve. He paid particular attention to the national security aspects of sale of the rubber plants, and he concurs in the Commission's findings that the national security clause in the sales contracts give the Nation ample protection for any emergency.

Under Public Law 205, these three gentlemen could have no recent experience or connections with the rubber, chemical, or petroleum industries. They approached their assignment as competent, experienced business men. They have been at their job for 16 months. They surrounded themselves with capable experts in engineering and production. They went into every phase of the problem.

They are typical of many business executives who have come to Washington at the call of their Government. They have completed their task. Early in their assignment, they publicly stated that they would not recommend a "giveaway" program. They said they would recommend no sale rather than do that.

Their report—unanimously made—speaks for itself. At no time has the Government ever obtained anywhere near the prices for surplus plants that it has received for these rubber facilities. The Commission got $30 million more from the buyers than their original proposals offered. I call this astonishing negotiations.

Without exception, the plants went to the highest bidder.

In my opinion, the Commission met every criteria of the legislation which we passed in the 83d Congress. Full fair value, national security, establishment of a free, competitive industry, safeguards for adequate supplies of rubber for the small-business fabricator—all of these have been achieved as detailed in the Armed Services Committee report.

The Attorney General has approved the sales. His assistant, Judge Stanley Barnes, in charge of antitrust violations, has given his assurance that the least trace of monopoly practices will be a matter of immediate Government action. The Government has ample machinery to police the activities of business.

Industry alone built this country to its tremendous productive and economic power. Now we have the opportunity to turn loose competitive, creative, competent industries to the manufacture of synthetic rubber. Bear in mind, we are not talking about one industry. We are talking about three major industries as buyers of the plants—the rubber, chemical, and petroleum industries.

They are important contributors to our national wealth and welfare. They are guardians of our national defense. They have responded at every call our Government has sounded for assistance. They did, as a matter of record, develop the synthetic-rubber industry almost overnight with Government financing after Pearl Harbor.

They will continue to stand on guard, producing more and more of this vital rubber in the plants they will own and modernize. Their vast research programs foreshadow even more and better products. I say this disposal program is an evolutionary step in our economic progress in which this Congress should be proud to have played a part.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the Senator from Minnesota [Mr. HUMPHREY].

Mr. HUMPHREY. Mr. President, there has been brought to my attention today a statement which has been made before the House Armed Services Committee concerning the proposed sale of synthetic rubber plants to private owners. This statement was made by Mr. George J. Burger, vice president of the National Federation of Independent Business, the largest organization of its kind in the United States. Mr. Burger is also the Washington representative of that organization of established independent business houses throughout the United States.

Mr. President, I ask unanimous consent to have Mr. Burger's statement printed in the RECORD at this point.

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

NATIONAL FEDERATION OF INDEPENDENT BUSINESS,
Washington, D. C., March 21, 1955.

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

MY DEAR SENATOR: I believe it would be worth your while to review the attached.

Sincerely yours,

GEORGE J. BURGER,
Vice President.

BURGER URGES CAUTION IN PLANT DISPOSAL PROGRAM—ASKS WHO WILL ASSURE ADEQUATE SUPPLIES AT FAIR PRICES TO SMALLS—NOTES DANGER OF INFLUENCE BY INTERNATIONAL RUBBER GROWERS

WASHINGTON, D. C., March 15.—Following is the text of a statement by George Burger, submitted today to Representative CARL VINSON, chairman, House Armed Services Committee, on the proposed sale of synthetic plants to private owners:

"In lieu of personal appearance before your committee now considering the disposal of Government-owned synthetic rubber plants, will you kindly read this statement into the record of the hearings, and have it made a part of the permanent record?

"We support all action to get the Government out of business in competition with private industry. However, with respect to this particular action, the Government operation has never been in competition with private industry, namely, in the overall production of synthetic rubber. The Government only moved in during the critical days of World War II, and through the action of the Government established definitely the productive satisfactory use of synthetic rubber.

"We believe in view of this that the Congress should move very cautiously from a national security standpoint before releasing these plants to private industry. We repeat, the Congress should move very cautiously.

"The writer has been an independent member of the rubber industry for close to 50 years, and is well acquainted with the actions of certain big interests in that industry to monopolize all segments of that industry. The Congress should be very careful of no "squeeze play" taking place which would bring about no real competition in the sale of synthetic versus crude rubber. If this should happen the public would be the victim of unfair practices.

"Who is going to control the distribution of synthetic rubber should the plants be sold to private industry, to see that the small factors in that industry will, at all times, get their equal share of synthetic rubber at the same price as the larger factors of the industry?

"Small business is concerned, and rightfully so, as to whether so-called cartels or international price fixing on crude rubber will be utilized by private industry if they should become owners of the Government plants. This could happen unless proper safeguards are initiated by Congressional action.

"Due to the splendid results obtained through the Government-owned and operated synthetic rubber plants, the Government should continue its control of synthetic rubber insofar as research and development is concerned, so that all factors in the industry may have advantage of any progress made in these developments. This would be a very definite protection to the Nation as a whole and to small factors in the rubber industry.

"Our first interest is national security, and secondly, for small business.

"GEORGE J. BURGER."

Mr. HUMPHREY. Mr. President, I should like to invite especial attention to 1 or 2 points which Mr. Burger raises in his comments concerning the proposed sale of these rubber plants at this particular time. He states:

We support all action to get the Government out of business in competition with private industry. However, with respect to this particular action, the Government operation has never been in competition with private industry, namely, in the overall production of synthetic rubber. The Government only moved in during the critical days of World War II, and through the action of the Government established definitely the productive satisfactory use of synthetic rubber.

We believe in view of this that the Congress should move very cautiously from a national security standpoint before releasing these plants to private industry. We repeat, that Congress should move very cautiously.

Then he goes on to say:

The writer has been an independent member of the rubber industry for close to 50 years, and is well acquainted with the actions of certain big interests in that industry to monopolize all segments of that industry. The Congress should be very careful of any "squeeze play" taking place which would bring about no real competition in the sale of synthetic versus crude rubber. If this should happen the public would be the victim of unfair practices.

Since the entire statement has been incorporated in the RECORD, Mr. President, I do not intend to read the remainder of it. I do, however, wish to make 1 or 2 points:

First, it was considered desirable and was resolved by the Congress to dispose of these plants to private industry, in full knowledge of the very efficient manner in which the plants were being operated by the Government. I feel that we have to take into consideration two important factors.

First, the national security interests of our country. I wish I could get some assurance from the executive branch of the Government that all is going well in the Far East. I wish I could get some assurance that Indochina, Malaya, and Indonesia will not fall into the hands of the Communist conspiracy. I wish I could get some assurance about anything from the executive branch of the Government with reference to our international policy, and particularly as it relates to southeast Asia. Then I think the question should be looked into, as on other occasions, as to what might happen to our country if this area of the world to which I have referred, the southeast Asian area, should fall into enemy hands.

If we now turn these rubber plants over to private industry, does the Government have any assurance that we shall not be gouged in price? I do not think so. As a matter of fact, had it not

been for the Senate Subcommittee on Preparedness, headed by our able and distinguished majority leader [Mr. JOHNSON of Texas], the Government of the United States in the Korean action would have had to pay hundreds of millions of dollars more for crude rubber than it did pay. It took a committee of the Congress, Mr. President, to save the taxpayers hundreds of millions of dollars, and it also took the synthetic-rubber plants in Government operation to act as a yardstick and as a regulatory agency to see that the taxpayers of America were not literally fleeced out of hundreds of millions of dollars.

Mr. President, I only remind my colleagues that at times we become very much concerned about waste, inefficiency, corruption, and large expenditures by the Government. The money of the citizen can be taken just as easily by private industry as it can be taken by Government, unless there is fair play.

There are two ways of regulating business. One is by Government and the other is by competition. We are going to see to it that Government does not regulate, and we are not going to provide any competition——

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

Mr. HUMPHREY. Mr. President, may I have an additional 5 minutes of time?

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes additional to the Senator from Minnesota.

Mr. HUMPHREY. I thank the majority leader.

Mr. President, I am not laboring under the delusion that we are going to be able to prevail in this debate. I am not even of the mind that we are going to change any votes, but I will wager anything anyone wants to wager that in 1 or 2 years the action which we are about to take will cost the American people hundreds of millions of dollars. I predict that within a year the rubber industry will be raising prices to pay for all the plants they are now buying, and they will have the plants—lock, stock, and barrel.

Is it not interesting that under the Surplus Property Act we turned over a hangar at an airport to a city, and there is a recapture clause, providing the Government can take it back? Is it not interesting that although the Government may have built an airport during World War II, when it is disposed of under the Surplus Disposal Act the Government has a right to reclaim it and take it away from the municipality at any time it so desires?

Is it not interesting that in the particular contract now being considered, the Government has no rights whatsoever?

All we are doing is this: Having perfected, first, scientific processes for synthetic rubber production; having built plants which are operative and efficient; having proved that the plants will make money; having perfected the plant management, scientific processes, distribution, and everything else that goes with the manufacture of synthetic rubber, we now propose to turn the plants over to private industry, not competitive industry. We propose to turn them over, as the Senator from Oregon [Mr. MORSE] has documented in the RECORD, to people who have been guilty of the violation of Federal statutes.

I have heard many pious speeches made in the Senate about corruption and statements made to the effect that the Government should not be doing business with these nefarious characters. What is the difference between violating one Federal law and violating another? Apparently it is becoming commonplace to violate the Sherman Antitrust Act, apparently it is good morals to violate the Clayton Act, because the rubber companies are perpetual violators of Federal law.

How do we punish the violators? We reward them by selling them rubber plants. We reward four large companies by giving them, for all practical purposes, a full monopoly of the rubber production facilities of the United States.

I suppose it has become a principle that the way in which one is benefited by the Government is by proving that he is a Federal violator. Make no mistake about it. The record is replete with cases of violations of Federal Statutes by the companies involved.

Finally, I would say that if we want to have a competitive enterprise, we should adhere to the idea of competitive enterprise. I wholly support the resolution of the Senator from Oregon because I am of the opinion that the national security is not being properly cared for in the disposal of these plants. I am of the opinion that the price of rubber will rise drastically, and I predict that it will.

I predict also that the Government will by this action supplement and encourage monopoly. Of course, this is nothing new. There have been more mergers in the past 2 years than in the preceding 20. Monopolies continue to grow stronger and stronger, while from the White House and the Department of Justice the talk is of free enterprise. It is neither free nor enterprise; it is becoming more monopolistic by the hour.

I, for one, will not contribute to what I consider to be the growth of monopoly.

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the distinguished junior Senator from New York.

Mr. LEHMAN. Mr. President, I have prepared a statement giving my views on this subject and explaining why I am unwilling to turn over to private enterprise these very valuable and important synthetic rubber resources which are now owned by the Government. I think we shall be making a very great mistake in doing so.

But I do not wish to take up the time of the Senate unnecessarily. I know that we who oppose the sale will not be able to prevail. However, I desire that my views be known, because I believe that history will record that we have made a mistake.

Therefore, I ask unanimous consent to have printed at this point in the RECORD a statement which I have prepared on the subject.

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

STATEMENT BY SENATOR LEHMAN

What in the world situation today so encourages us that we should consider a proposal to divest the United States Government of control of strategic facilities vital to our defense—facilities so necessary to our economic well-being and to our military strength that their alienation might conceivably mean industrial and defense paralysis for our country.

Our military machine rolls on rubber. Without a supply of rubber, either natural or synthetic, our military forces would be critically handicapped.

What do we hear of the situation in the Far East, in Malaya, Indonesia, Thailand, or Indochina which encourages us to believe that our supply of natural rubber, which for the most part comes from those four countries I have named, might not be suddenly cut off? I am most hopeful that we will not become embroiled in a far eastern conflict, but if we do, the countries which provide us with natural rubber will be most likely cut off from us and we will be denied natural rubber.

The synthetic plants which are proposed to be sold would, I assume, remain in operation under private ownership, if the sale is consummated, and should produce approximately the same amount of synthetic rubber as they do today under Government ownership. But the Government would have no control over these plants. Moreover, there might well be a disruption accompanying the change in ownership. This is no time to take that risk. The Government should and must have complete control over these facilities in these crucial times.

More important, however, is the question of cost. I am willing to predict that if these plants are sold now, there will be an increase in the price of synthetic rubber, even without the pressure of a possible emergency. In the event we do have an emergency, the Government will not be able to clamp price controls on quickly enough to prevent a substantial rise in the price of synthetic rubber. We do not even have a price-control law on our statute books.

Nearly a year ago an official of the Natural Rubber Bureau in Washington, D. C., was quoted to the effect that Federal taxes and additional costs of advertising or a sales organization would result in an increase of 5 to 7 cents a pound in the price of general-purpose synthetic rubber if the plants were privately operated. Although the price of natural rubber has fluctuated widely, it has been running recently between 30 and 32 cents per pound. The price of synthetic rubber is 23 cents per pound. Over the past few years fabricators have developed means and methods of using synthetic rubber so that at the present time a large percentage of the United States demand for rubber can be met interchangeably by either synthetic or natural rubber. As a matter of fact, new rubber now being used in the United States is about half natural and half synthetic. All this, of course, indicates that there is a basic relationship between the price of natural rubber and that of the synthetic product. I am convinced that the Government's price of 23 cents a pound for synthetic has been an important factor in keeping down the price of natural rubber.

When we talk about rubber prices we refer to price per pound. But when we talk about use for stockpiling we talk about long tons, or, in some cases, thousands of long tons. Thus, if the price of synthetic rubber increases 5 cents per pound we must multiply that 5 cents by 2,240 pounds per long ton and then by the number of long tons consumed in the United States. In

1953 we consumed 1,338,000 long tons. This increase of 5 cents per pound in the price of synthetic rubber would, on the basis of the above figures, mean an added annual cost to the consumers of America of $149,856,000. We will be paying $150 million in price premium—on a price rise of 5 cents per pound—as the first cost of selling these plants to private industry. Much of that would be paid by the Government, one of the major purchasers of rubber in this country.

According to RFC reports, the Government made a handsome profit on these plants on a price of 23 cents per pound. In 1954 that profit was $42.1 million plus $29.7 million for depreciation of capital investment, or a total of $71.8 million—and 1954 was the second best year. The same figures for 1953 show a total profit of $91.3 million.

It can be shown that in the past 4 years the Government has received in profits and recovery of capital more than the proposed sale would bring. It is fair to assume that operation in the next 4 years, under Government control and at the present price, would again provide more in profits than would be realized from the sale of these facilities.

Important as is the price consideration, while important, I feel that it is a secondary consideration. The real question in my mind is one of self-protection. Why should the Federal Government sell control of a vital weapon in its arsenal at a time when everyone recognizes our need for strength?

At this moment the warships of the 7th Fleet are patrolling the Strait of Formosa. What are our chances of avoiding some kind of conflict in Southeast Asia? Who is willing to guess at Russian intentions if we become involved with Communist China? How long will it be before the Reds have digested northern Indochina and start on a second course?

Is this the time to give up Government ownership and control of our synthetic-rubber industry?

I do not know what the prospects for peace are. I certainly cannot predict the future actions of the Communists, and neither can anyone else.

Even though we have a thriving synthetic rubber industry, we still imported 596,900 tons of natural rubber in 1954. Obviously, if this supply were cut off, there would be a greatly increased demand for synthetic and an increase in price. It is true that the Federal Government could place rubber under price control even if it were in private hands, but how quickly and effectively could this be done?

Let's look at the record. Immediately prior to June 25, 1950, natural rubber was selling at about 30 cents per pound. When the Korean war began on June 25, 1950, the price of natural rubber zoomed upward. It was not until January of 1951 that the Federal Government placed price controls on rubber. By this time the price of natural rubber had risen to over 70 cents a pound.

If we would avoid a duplication of this experience at great cost to the taxpayers and consumers of America, let us keep control of these plants so vital to our national security.

The pending proposal to sell these plants is unjustified. It is unwise. Those responsible for it will have an accounting to make with the public. It fits in with the pattern of the giveaway.

The present administration has sometimes been characterized as a "business administration," and certainly we now have a more than generous recruitment of businessmen in the Federal Government. But if this proposed sale is a sample of good business judgment on the part of businessmen who are now running things for the Federal Government, I can say only that business judgment is not what it used to be when I was in business.

INSTALLATION OF MILK VENDING MACHINES IN THE SENATE OFFICE BUILDING

Mr. PURTELL. Mr. President, I yield 3 minutes to the distinguished Senator from Vermont.

Mr. AIKEN. Mr. President, some 2 or 3 weeks ago I wrote a letter to the Senate Committee on Rules and Administration, urging that milk vending machines be installed in the Senate Office Building for the convenience of Senators and their staffs. I called attention to the benefits which would be derived by having milk readily available through the installation of such machines.

I called attention to the fact that, according to the press, the Arthur Murray Dancing Studio provided milk "breaks," and also that the House of Representatives now has milk conveniently available for Members of that honorable body.

I was therefore keenly disappointed to learn that my request, which had been approved by others, had been rejected this morning by the Committee on Rules and Administration.

The disappointment, however, was tempered somewhat by the fact that today the Republican Policy Committee of the Senate unanimously voted to request the Senate Committee on Rules and Administration to install milk-vending machines in the Senate Office Building and the Capitol, where milk will be readily available for persons who work or visit here.

I hope the Senate Committee on Rules and Administration will reconsider its decision not to permit milk to be sold through vending machines in the Senate Office Building and the Capitol, and I hope that the Senate as a whole will be as much concerned about milk for human beings as apparently it is about nuts for the White House squirrels.

RESOLUTION DISAPPROVING THE SALE OF RUBBER-PRODUCING FACILITIES

The Senate resumed the consideration of the resolution (S. Res. 76) disapproving the sale of the rubber-producing facilities.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the distinguished junior Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, the Federal Government now owns a modern, profitable synthetic rubber industry in good repair. Two years ago the Congress voted to dispose of this industry provided that certain criteria were followed in the disposal plan. The Rubber Producing Facilities Disposal Commission was established to do this job. The Commission has completed its work and has reported its recommendations to the Congress. Senate Resolution 76 requests the Senate to disapprove the sales plan; and I speak in favor of Senate Resolution 76.

I am opposed to the sale of the Government-owned rubber producing facilities under the terms and conditions recommended by the Disposal Commission. I believe that the Commission's plan is deficient in the following respects: It fails, first, to return full fair value to the Government; second, to assure small-business men a fair share of synthetic rubber at fair prices; third, to foster development of a competitive synthetic rubber industry; and fourth, to adequately protect the national security.

All these items were specific criteria in the law under which the Commission operated. While I do not question the Commission's diligence or good intentions, I am convinced that the sale of these plants to the proposed purchasers, at the proposed prices, and under existing contract provisions, is not in the public interest at the present time. I think that given a little more time, and a little more specific congressional guidance, a more acceptable sales program could be worked out. In this hope, I favor the passage of Senate Resolution 76. For passage of this resolution is the only way to gain the time necessary to negotiate sales contracts which meet the criteria of the law.

Let us look at the Commission's plan from the standpoint of the four criteria I have mentioned. The first item is "full fair value." Section 17 (5) of Public Law 205 required the Commission to obtain full fair value for the facilities to be sold. The record is fairly clear as to the meaning of this term and the Commission's report expresses this meaning quite well. Page 17 of the report states, in part:

> It was the decision of the Commission that because the disposal program made possible the purchase of a going profitable business, for negotiating purposes potential earning power should be the prime factor in the establishment of an appropriate price.

So we see that "earning power" should be the basis of "full fair value." A determination of earning power depends upon certain assumptions regarding volume of production, sales price of end products, costs of production and distribution, amortization of investment for tax purposes, amount of Federal income tax, fire and hazard insurance, and other factors. The Commission's assumptions on some of these factors are as follows: First, selling price of GR–S and butyl rubber, 23 cents per pound; second, depreciation rates, 7½ to 10 percent; third, Federal income-tax rates, 47 to 52 percent; fourth, volume of production, 67.4 to 100 percent of rated capacity—all but 1 GR–S rubber plant and both butyl rubber plants were rated at 80 percent of capacity; fifth, costs of administration, selling, research, and development, 3½ to 8 percent of sales; and, sixth, working capital, 12 to 24 percent of sales.

Most of these assumptions may be sound. It is my opinion, however, that it was most fanciful to assume that the selling price of synthetic rubber would remain at 23 cents per pound—the present price charged by the Government. Why, even during the hearings in 1953, a competent witness testified that the price would probably move immediately to around 26 cents per pound. Furthermore, we all know that the only effective ceiling on the price of synthetic rubber at present is the price and availability of natural rubber. Natural rubber is now selling at about 30 cents per pound.

I think it would have been more reasonable to assume that some of this price gap would be closed by a rise in the selling price of synthetic.

Using the commission's assumptions down the line, the purchasers can expect a profit after taxes of about $25 million per year and a capital return through depreciation of from $20 million to $26 million per year. Thus, even at a 23-cent selling price, total capital investment can be recovered in from 5 to 6 years, which is not unreasonable. I can think of no comparable industry which is selling today on our major markets on any such basis as this. I also may say that it is very likely that the price of rubber may go far higher than 5 cents a pound if the developments in southeast Asia continue to be as unsatisfactory as they have been in the last year. If we assume a price rise of 5 cents a pound for synthetic rubber, which is not unreasonable, complete recovery of investment could occur in less than 3 years of operation.

Now, if other assumptions of the commission are as unrealistic as I believe its synthetic rubber price to be, the prospect for "full fair value" becomes even more doubtful.

The Government is not selling a white elephant. We are selling a thriving, profitable industry. What risk are these purchasers assuming? The market for synthetic rubber is certain and is rising. The ability of these plants to produce at a profit has been demonstrated by the Government. The possibility that some other product will emerge to take the place of present types of synthetic rubber is very remote. The only question facing these purchasers, as far as I can tell, is "how much more profit can we make than the Government is making?" From the purchasers' standpoint, this is a very happy outlook.

I believe that this industry is worth more money, and that further negotiations could result in more reasonable selling prices.

The second criterion I mentioned is protection for small-business men. Section 17 (1) of Public Law 205 requires that the disposal program be designed best to afford small-business enterprises and users an opportunity to obtain a fair share of synthetic rubber and at fair prices. Here is how the commission proposes to satisfy this criterion.

In the first place, all synthetic rubber output will be placed in the hands of large rubber fabricators, or large retailers of rubber products, or both. Thus the small-business man must obtain his supply of synthetic rubber from producers who are also his competitors. That is not a pleasant situation for the little fellow.

Think about this for a moment. The small manufacturer of rubber goods must obtain his rubber supply from companies which compete with him in the manufacture and sale of the same products. The Disposal Commission was apparently well aware of the untenable position of the small user of synthetic rubber. But look what the Commission did to resolve this problem.

The sales contracts contain clauses which represent and warrant that percentages of output will be available to small users at going prices, or market prices, or fair prices. This is all the small-business man has—a warranty to the Government that uncertain quantities will be available at uncertain prices. How can a small-business man derive any practical benefit from such flimsy protection? Can he sue one of the producers? This is doubtful; but even if he can, which producer should he sue? How can he know which producer is not selling the required quantity to small users?

Can he persuade the Government to enforce the contracts? Perhaps; but what can the Government achieve? Probably only an injunction to restrain future actions in violation of the contracts.

It is my opinion that the small-business man will not be able to survive the economic squeeze involved in the inevitable delay which enforcement of these contracts would require. Public Law 205 certainly contemplated something better than this. I believe that with time for further negotiation, something better can be achieved.

The third criterion concerns the development of a competitive synthetic rubber industry. The Commission was charged to sell these plants in a manner which would foster competition. This is the record.

The proposed sales plan contemplates that 88 percent of the synthetic rubber capacity sold will be controlled, individually or jointly, by United States Rubber Co., Goodyear Rubber Co., Firestone Rubber Co., Goodrich Rubber Co., Shell Oil Co., Standard Oil Co. of New Jersey, Texas Oil Co., Gulf Oil Co., and Phillips Oil Co. The remaining 12 percent of synthetic rubber capacity will be sold to combinations of other relatively large rubber fabricators, users, or retailers of rubber products. The overwhelming majority of these prospective purchasers are now, or recently have been, involved in antitrust suits brought by the Government. The usual outcome of such suits, after lengthy litigation, is a finding or an admission of guilt or a plea of no contest—resulting in a relatively insignificant fine.

Can we expect purchasers with such a record to conduct the synthetic rubber industry any more competitively than they have conducted their other enterprises? I see no evidence to support such an expectation. Can we expect the antitrust laws, in their present form, to be a more effective deterrent in the future than they have in the past? I confess to some skepticism on this point.

If the sales of these plants must vest ownership in these companies, and perhaps this may be inevitable, then I believe that the disposal law, or the contracts, or both, must contain additional safeguards against the possibility of monopolistic practices in the synthetic rubber industry. These safeguards can be achieved only by disapproving the recommended sales program and by negotiating new contracts.

The fourth criterion is to my mind the most significant of all. We must not sell out the national security. This Nation has two primary sources of rubber—natural rubber from southeast Asia and these synthetic rubber plants. We have absolutely no control over the natural rubber supply. It comes from an area which was quickly lost in World War II, and which is now in danger of further aggression. This danger is much greater than it was in 1953, and we cannot overlook it in considering this sales program.

Rubber is indispensable to the national defense. In the face of this fact and of the critical situation in southeast Asia, the negotiated contracts offer this protection. The plants must be kept in condition to produce at rated capacity within 6 months after notice by the Government. If such condition is satisfied, there are no provisions for recapture by the Government, for prices the Government would pay for rubber, or any other provisions designed to protect the public interest in time of emergency. Are such contracts consistent with national security in view of present world conditions? I do not believe so.

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

Mr. FULBRIGHT. Mr. President, I request 4 additional minutes.

Mr. JOHNSON of Texas. I yield 4 additional minutes to the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, the Senate has an obligation to the public to be very deliberate in this matter of national security. The synthetic rubber industry is a vital part of our defense. We should not permit the sale of the plants unless we are sure that the sales are consistent with national security. I am not sure; and I am convinced that more assurance should and can be achieved by further negotiation.

Let me assure my colleagues that I am not opposed to the sale of these plants under the proper terms and conditions. I think such proper terms and conditions can be worked out. Since the only way to do it is to disapprove the recommended sales program, I am in favor of disapproval. I hope that a majority of the Senate will share this view. If so, I hope we can then take the action necessary to enable the negotiation of contracts more consistent with the public interest.

Mr. President, I urge the Senate to adopt the resolution disapproving the sale of the rubber plants. I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Arkansas has yielded back the time remaining to him.

Mr. FREAR. Mr. President——

The PRESIDING OFFICER. The Senator from Delaware.

Mr. JOHNSON of Texas. I yield the Senator from Delaware such time as he may desire.

Mr. FREAR. I thank the Senator from Texas.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. FREAR. Mr. President, I shall be brief.

The Senate Committee on Banking and Currency has studied the Commission's report, has examined the report in light of Public Law 205, and has held hearings to elicit both favorable and unfavorable reaction to the work of the Commission. After thorough consideration of the law, the report, and testimony of public and private witnesses, the committee believes that the Commission has complied substantially with Public Law 205, 83d Congress, and can see no reason to disapprove the entire recommended sales program.

The law under which the Commission worked contained four major criteria:

First. That the disposal program be designed best to afford small-business enterprises and users the opportunity to obtain a fair share of the end products of the facilities sold and at fair prices.

Second. That the sales program provide for the development of a free, competitive synthetic-rubber industry.

Third. That full fair value be obtained for the facilities sold.

Fourth. That the disposal plan be consistent with the national security.

Those criteria were observed by the Commission in recommending to the Congress the sale of 24 synthetic rubber-producing facilities.

The committee voted 10 to 5 in adversely reporting the resolution, and I sincerely hope that action will be upheld by the Senate.

Mr. JOHNSON of Texas. Mr. President, I yield 10 minutes to the distinguished Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 10 minutes.

Mr. DOUGLAS. Mr. President, I certainly do not favor Government ownership of rubber plants as a permanent measure. I would like to see the Government rubber plants owned instead by a series of small, medium, or moderately large businesses, so that there might be full and free competition in the rubber industry, as there should be in other industries.

Such an arrangement as that, which we designate as free enterprise would, by competition, tend to keep down the price of the synthetic rubber to the processors and to the ultimate consumers. Had we had such a system as that in the rubber industry, we would also have had more competitive bidding for the plants themselves, and the Government would leave secured better prices on the sale.

LITTLE COMPETITION IN BIDDING ON PLANTS

I think I am right in saying that every copolymer plant, which is the plant which ultimately produces GR–S synthetic rubber, but one, was bought through negotiations with one bidder. The one exception was the copolymer plant out on the Pacific coast, at Los Angeles. Each butyl rubber plant, moreover, was bought through a single bidder. In other words, there was almost no competitive bidding.

I wish to say that this was not the fault of the Commission in any respect. I think the Commission worked honestly and tried to protect the public interest, but the difficulty arose from the inherent nature of the rubber industry and the past record of the combination between the rubber companies, which I believe continues to the present. So in practice there was no competitive bidding for the rubber plants, with the exception of what was termed the "California complex" outside of Los Angeles.

BIG RUBBER AND OIL COMPANIES WILL DOMINATE RUBBER INDUSTRY

There are only four major rubber companies which dominate the industry, namely, Goodrich, Goodyear, Firestone, and the Du Pont satellite, United States Rubber, and which, with General Rubber, are in a supreme position in the rubber industry. The big four rubber companies and the big oil companies which will get most of these copolymer and butyl plants will have, as I understand it, approximately 87 percent of the productive capacity.

It may well be that the introduction of Shell into the picture will bring an added element of competition. I hope that may be so. But it is also true that the rubber companies and the oil companies are tied to each other, to a large degree, in that some of the rubber companies have agreements with the oil companies whereby the tires the rubber companies make shall be sold in the gas stations under the direction of the oil companies. So that the industry is interlocked as between rubber and oil. Certainly in the field of rubber the record of the industry is an almost continuous one of antitrust suits filed by the Department of Justice, in which violations of antitrust laws were either admitted by the rubber companies, or judgments were obtained against them. The record of antitrust proceedings against the oil companies, as submitted by Judge Barnes, of the Department of Justice, is also a long one.

So, Mr. President, what we have is not a free, competitive enterprise system for the rubber industry. The proposal before us really means the substitution, instead, of a monopolistic or quasi-monopolistic control in place of Government ownership. Even that might be waived in ordinary times. I was disposed to favor the objectives of the sales program when it was proposed 2 years ago, although I doubted the adequacy of the safeguards against monopoly.

NATURAL RUBBER SUPPLIES ENDANGERED BY WORSENED SITUATION IN SOUTHEAST ASIA

But what has happened in the last 2 years has been a deterioration in the situation in Southeast Asia, from which almost our entire supply of natural rubber is obtained. Since then the northern portion of Indochina has gone into the Communist realm. The southern portion of Indochina is also in a very ticklish position, with internal dissension. The Communist movement is spreading inside of Indonesia. Malaya may be caught between Communist Indonesia from the south, and Communist Indochina from the north.

Under those circumstances it is quite possible that we will find the supply of natural rubber either shut off or greatly curtailed in the event of an emergency, and the prospect of such a reduction in the supply of natural rubber would, of course, send up the price of rubber by a large proportion.

So what I am afraid we are likely to face is a great increase in the price of natural rubber. In that event, what will happen to the price of artificial rubber or synthetic rubber?

SYNTHETIC RUBBER PRICE RISE PROBABLE BY COLLUSIVE ACTION EVEN UNDER PRESENT CONDITIONS

At the present time the facts, as I understand them, are approximately as follows: Yesterday, the price of natural rubber in New York City was 30½ cents a pound. Although the Government has not actually operated its synthetic rubber plants, it has controlled their price policies, and has fixed the price of synthetic rubber at 23 cents a pound. That includes a management fee of approximately 1 cent a pound and a profit which the year before last was $60 million; last year, approximately $40 million; and for the current year, would be at the rate of approximately $46 million.

So, as I understand it, the profit on each pound of artificial rubber has been approximately 3 cents. With a 23-cents-a-pound selling price, from which are deducted a 1-cent-a-pound management fee and a 3-cents-a-pound profit ratio, that means that the production costs of artificial rubber under the present plan are approximately 19 cents a pound. In other words, artificial rubber can be produced at a cost of approximately 11 cents a pound less than natural rubber is now selling for in New York. Possibly that differential may actually be 12 cents a pound or something more than that.

With the past record of combination of the rubber companies and the disparity between the price of artificial rubber and the price of natural rubber, which now is 7½ cents a pound and which in the future is likely to increase rather than to diminish, what are the rubber companies likely to do? In view of their past record of combination, and, I say, collusion, I submit that in all probability they will combine, and will increase the price of artificial rubber.

If conditions do not worsen, and if the price of natural rubber remains at approximately 30½ cents a pound, I would certainly expect some increase in the price—possibly as much as 5 cents a pound. If the increase were only 5 cents a pound, that would mean an added profit of close to $75 million a year, which added to the present profit of $45 million a year, would make a profit of approximately $120 million a year, on a purchase price of between, on one basis, $260 million and, on another basis, approximately $300 million. That would be a tremendous rate of return. Although one cannot prophesy the future precisely, I would expect that something like that would happen if we approve the proposed sale.

TREMENDOUS PROFITS WILL BE MADE AT EXPENSE OF AMERICAN PEOPLE IF SOUTHEAST ASIA SITUATION DETERIORATES FURTHER

But if the military situation in southeast Asia were to deteriorate further, and if the price of natural rubber were to rise to 35, 40, 45, or 50 cents a pound—and, as everyone knows, the price of rubber is a very volatile affair, with tremendous fluctuations—if we were as I say to have

such a rise in the price of natural rubber, just think of the tremendous profits which could be made by raising the price of artificial rubber.

I know it may be asked, "Why would it be any worse if these companies controlled the output and price of the synthetic rubber? Cannot they fix the price of the finished product, anyway? Therefore, what incentive will there be for them to raise the price of the raw material."

The answer is that they sell approximately one-third to one-fourth—I am dealing only in round numbers—of their output to the small processors, who are scattered all over the country; I refer to those who make rubber heels, rubber boots, rubber coats, rubber gloves, rubber mats, industrial belting and hundreds of such products. By raising the price of artificial rubber to the small processors, the manufacturers of artificial rubber, namely the Big Four and the big oil companies, would make enormous sums of money. Therefore, Mr. President, the transaction will not be merely a bookkeeping one. It will raise the costs of the small processors. The public will ultimately pay.

I have hesitated a long time in deciding how I should vote on this matter. But Mr. President, I cannot bring myself to vote for the transfer of these properties, under these conditions, and with the possibility and, indeed, the probability that the American people will "pay through the nose," thus making it possible for enormous profits to be made by the Big Four and by the big oil companies as a result of the transfer of these assets.

Furthermore, if the price of natural rubber skyrockets—as will most certainly happen if conditions in southeast Asia worsen to such an extent that the supply from that area is reduced or shut off—the Members of Congress who vote for these transfers will have a heavy burden upon their consciences.

I do not wish to have that load upon my conscience. I do not want to see the American people and the United States Government forced to pay enormous prices for a material which will be vitally needed in time of war, when survival itself may be at stake.

RECAPTURE OF PLANTS IN EMERGENCY MAY COST FAR IN EXCESS OF PRESENT SALE PRICE

I know it may be said that if war were to break out, we could recapture these plants. I suppose it is possible that we could commandeer them. However, the question is, At what price would that be? We have embodied—properly—in our Constitution the provision that property shall not be taken without due process of law; and therefore a fair price must be paid. If we turn over these plants to these companies now, and if the companies make very large profits, they will be entitled—and justly so, under the law, I believe—to exact a very high price for the properties. As a result, we may find that we are selling properties at this time for $260 million, which in the course of a few years we shall be compelled to buy back for $500 million or $750 million or $1 billion.

The PRESIDING OFFICER. The time allotted the Senator from Illinois has expired.

Mr. DOUGLAS. Mr. President, I should like to have an additional minute, if that will be satisfactory.

Mr. JOHNSON of Texas. Mr. President, I yield 1 more minute to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized for an additional minute.

Mr. DOUGLAS. I thank the Senator from Texas.

So, Mr. President, I conclude by saying that I believe that these considerations should make us pause; and I believe that when we closely examine them they should make us decide to vote against turning over these plants, at this time and on the proposed terms, and to vote in favor of agreeing to the resolution submitted by the Senator from Oregon [Mr. MORSE].

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I desire to make a brief announcement; and for that purpose I yield to myself whatever time I may consume.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. JOHNSON of Texas. Mr. President, on next Monday, it is planned to have a call of the calendar. I have already made an announcement to that effect, and I make it again, and call it to the attention of both the majority and the minority calendar committees.

We also plan to consider at the earliest possible date on which we can sandwich them in the following measures: Calendar No. 107, Senate bill 1325, to amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; Calendar No. 108, Senate bill 1326, a similar bill; Calendar No. 109, Senate bill 1327, a similar bill; Calendar No. 110, Senate bill 1436, to preserve the tobacco acreage history of farms which voluntarily withdraw from the production of tobacco, and for other purposes; and Calendar No. 111, Senate bill 1457, to redetermine the national marketing quotas for burley tobacco for the 1955–56 marketing year, and for other purposes.

I understand that there is little, if any, opposition to four of those bills. As I have indicated, they propose amendments to the Tobacco Marketing Act. I understand there will be opposition to perhaps one of those bills.

We hope that if we can obtain a vote on the resolution now before the Senate we shall be able to take up tonight Calendar No. 116, Senate bill 691, to amend the Rubber Producing Facilities Disposal Act of 1953, so as to permit the disposal thereunder of Plancor No. 877 at Baytown, Tex. That is the bill introduced by the Senator from Texas [Mr. DANIEL] and myself, providing for the sale of a plant at Baytown, Tex. So far as I know, there is no opposition to that bill.

Next, it is our present plan to return to the consideration of the cotton acreage allotment bill tomorrow, and, if we can dispose of it, to take up the postal pay bill.

RESOLUTION DISAPPROVING SALE OF RUBBER-PRODUCING FACILITIES

The Senate resumed the consideration of the resolution (S. Res. 76) disapproving the sale of the rubber-producing facilities.

Mr. JOHNSON of Texas. Mr. President, I have no further request for time on this side.

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

Mr. JOHNSON of Texas. I yield 1 minute to the Senator from Oregon.

Mr. MORSE. Since I spoke this afternoon about the great danger of vertical integration and the monopolistic danger to be created by the proposed sale, my attention has been called to a direct example of what I spoke about, involving the United States Rubber Co. I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an explanation, as further proof of my claim that we must be on guard against the monopolistic dangers of this particular report of the Rubber Plants Disposal Commission.

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

I should like to discuss what this sale of our rubber plants to the rubber and oil monopoly in this country is likely to have in the way of effects upon United States Government purchases of rubber items. As we all know, the United States Government is the largest single purchaser of many items sold and consumed. Particularly is that true with respect to items that are usable in defense and in preparation for the defense of our country. Well do we remember how in the early days of World War II the requirements of our Armed Forces for items made of rubber exceeded the supply.

In my opinion, it is a sad mistake to place any such supply in the hands of a few big rubber companies and a few big oil companies. We spend millions of dollars each year opposing monopoly and the tendencies toward monopoly. To dispose of the synthetic-rubber plants in the manner in which the present administration proposes will enhance the degree of monopoly that presently exists in the rubber industry and, in my opinion, will result in higher prices that will be paid by the taxpayers for rubber items purchased by the United States Government. That is the result that history teaches us inevitably is reaped when we have monopoly control. When we have a monopoly situation, we cannot expect anything except trade restraints.

Heretofore the taxpayers have suffered from the trade restraining activities of the big rubber companies. In that connection, I cite you to the case of *United States* v. *the Cooper Corporation* (Civ. 2–396 S. D. N. Y. 442). (See also CONGRESSIONAL RECORD of Mar. 21, 1955, p. 3296.) Now, that case involved a proceeding by the United States Government against the Cooper Corp. and a number of the large rubber companies to secure for the taxpayers of the United States penalties as damages for the injuries which had been suffered as a result of the agreements which had been entered into by these large rubber companies in fixing the prices at which the United States Government made purchases from them. While the Government proved its case in that instance, it lost the decision on a technicality. The Supreme Court held that under the existing antitrust laws the Government is not a person within the meaning of the antitrust laws and, therefore, cannot sue for the damages it suffers

as a result of violations of the antitrust laws. We hope that in the future Congress will amend the laws in that respect. However, the point that I am making now is simply this: We should not approve the disposal of our rubber plants to a known monopoly and thereby probably increase the cost to our taxpayers for all of the rubber items purchased by the Government.

Now, another instance has just been called to my attention involving what appears to be a trade-restraining practice on the part of the United States Rubber Co. respecting the sale of rubber cushions to be used as carpet underlay. I was amazed when I learned of this situation. I know it will surprise the other Members to learn today that one of the big rubber companies to whom the present administration proposes to hand over our synthetic-rubber plants has treated the taxpayers in the manner it did a few days ago. The facts regarding the rubber cushion carpet underlay to which I refer were as follows:

In November of 1954 the General Services Administration issued invitations for bids on what was known as item 27C–3867–30, class 27, part I, floor coverings, in seeking supplies of rubber cushion carpet underlay, as will be required by the Federal Government for the period from March 15, 1955, through March 14, 1956. Only a few bids were submitted in response to that invitation. The bids were opened about 3 weeks ago. The bidders included dealers who distribute the products of these major rubber manufacturing companies. Two of the bidders were dealers distributing products of the United States Rubber Co. One of those bid $1.69 per square yard. The other bid $1.55 per square yard. The latter was the low bidder. Both of those bidders had bid upon a United States Rubber Co. product. However, the award was not made to the low bidder in that instance. The award was made to the high bidder. It was made to the high bidder because the United States Rubber Co. has a practice whereby it has not sold this product to or through any distributor for resale to the United States Government, but has sold it only to a single distributor located in New York City which submitted the high bid in that instance. Now, a little investigation has disclosed that the high bidder in that instance is not one of our best citizens, but he is good enough for United States Rubber to use as a factor in this arrangement. According to a report prepared by Dun & Bradstreet, Inc., dated March 14, 1955, this successful bidder is Carpet Distributors Corp., room 801, 247 Park Avenue, New York, N. Y. Now, the name Carpet Distributors Corp. is the corporate veil under which a man by the name of Leonard Rosenblatt does business. He organized that corporation in May of 1953 immediately after he had paid a fine on April 2, 1953, because he had been convicted for having used a previous corporation, namely Contract Carpet Corp., as a device for making false and fraudulent statements on invoices he submitted to various Government departments. There were 17 counts in the indictment in that case. On March 24, 1953, Rosenblatt entered a plea of guilty to that indictment before Judge Noonan, according to the records of the United States District Court for the Southern District of New York.

In closing, I would like to refer to another aspect of this synthetic rubber plant proposal. As you know, for the last several years our Government has operated these synthetic rubber plants in partnership with members of private industry. Private industry not only appeared willing but anxious to engage in that partnership. Please do not misunderstand me—I am not complaining that they failed to handle their end of that bargain in an efficient manner. What I desire to do at this time is to call your attention to how this partnership is being closed out. It is being liquidated by the private industry members of the partnership taking over all of the public's assets. No longer will the Government be in partnership with private industry.

Mr. JOHNSON of Texas. Mr. President, I have no further requests for time, and I am informed that the minority leader has no further requests for time. If it is agreeable to him, we will both yield back our remaining time, and proceed to a quorum call and then a vote.

Mr. KNOWLAND. Mr. President, I am prepared to yield back my remaining time under those conditions.

The PRESIDING OFFICER. All remaining time is yielded back.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. I ask unanimous consent that the order for the quorum call be rescinded.

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

The question is on agreeing to Senate Resolution 76, disapproving the sale of the rubber-producing facilities.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays.

Mr. KNOWLAND. Mr. President, I join in that request.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. Will the Chair state the pending question?

The PRESIDING OFFICER. The question is on agreeing to Senate Resolution 76, disapproving the sale of the rubber-producing facilities. A vote of "yea" is a vote in opposition to the sale, and a vote of "nay" is a vote in favor of the sale.

Mr. JOHNSON of Texas. If a Senator is opposed to the sale he will vote "yea," and if he favors the sale he will vote "nay."

The PRESIDING OFFICER. The Senator is correct.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from Tennessee [Mr. GORE], the Senator from Arizona [Mr. HAYDEN], the Senator from Montana [Mr. MURRAY], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

The Senator from Massachusetts [Mr. KENNEDY] is absent by leave of the Senate because of illness.

I further announce that on this vote the Senator from Tennessee [Mr. GORE], the Senator from Arizona [Mr. HAYDEN], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Montana [Mr. MURRAY], if present and voting, would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Maryland [Mr. BUTLER] and the Senator from Pennsylvania [Mr. DUFF] are absent on official business.

The Senator from Delaware [Mr. WILLIAMS] is necessarily absent.

If present and voting, the Senator from Maryland [Mr. BUTLER] and the Senator from Delaware [Mr. WILLIAMS] would each vote "nay."

The result was announced—yeas 31, nays 56, as follows:

YEAS—31

Anderson	Jackson	Morse
Barkley	Johnson, Tex.	Neely
Clements	Johnston, S. C.	Neuberger
Douglas	Kefauver	O'Mahoney
Ervin	Kilgore	Pastore
Fulbright	Langer	Scott
George	Lehman	Smathers
Green	Magnuson	Sparkman
Hennings	Mansfield	Symington
Hill	McClellan	
Humphrey	McNamara	

NAYS—56

Aiken	Dworshak	Millikin
Allott	Eastland	Monroney
Barrett	Ellender	Mundt
Beall	Flanders	Payne
Bender	Frear	Potter
Bennett	Goldwater	Purtell
Bible	Hickenlooper	Robertson
Bricker	Holland	Saltonstall
Bridges	Hruska	Schoeppel
Bush	Ives	Smith, Maine
Byrd	Jenner	Smith, N. J.
Capehart	Kerr	Stennis
Carlson	Knowland	Thurmond
Case, N. J.	Kuchel	Thye
Case, S. Dak.	Long	Watkins
Cotton	Malone	Welker
Curtis	Martin, Iowa	Wiley
Daniel	Martin, Pa.	Young
Dirksen	McCarthy	

NOT VOTING—9

Butler	Gore	Murray
Chavez	Hayden	Russell
Duff	Kennedy	Williams

So the resolution (S. Res. 76) was not agreed to.

DISPOSAL OF BAYTOWN, TEX., COPOLYMER PLANT

Mr. JOHNSON of Texas. Mr. President, I now call up Senate bill 691.

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

The LEGISLATIVE CLERK. A bill (S. 691) to amend the Rubber-Producing Facilities Disposal Act of 1953, so as to permit the disposal thereunder of Plancor No. 877 at Baytown, Tex.

The Senate therefore proceeded to consider the bill (S. 691) to amend the Rubber Producing Facilities Disposal Act of 1953, so as to permit the disposal thereunder of Plancor No. 877 at Baytown, Tex. which had been reported from the Committee on Banking and Currency with amendments on page 2, line 8, after the word "exceed", to strike out "30" and insert "60"; in line 10, after the word "the", to strike out "expiration", and insert "termination"; in line 11, after the word "the", to strike out "30 day" and insert "actual negotiation"; in line 12, after the word "to", to insert "the"; in line 15, after the numeral "(1)", to strike out the comma and "(2), and (3)", and insert "to (5), inclusive, and paragraph (8)"; in line 17, after the word "of", to insert "the"; and in line 25, after the word "period", to insert "The failure to complete transfer of possession within 30 days after the expiration of the period for congressional review shall not give rise to or be the basis of rescission of the contract of sale."

On page 3, after line 3, to strike out:

(d) Section 23 shall apply to resolutions disapproving a sale recommended in the report submitted under this section.

(e) Section 24 shall not apply in the event of the disapproval by either House of Congress of a sale recommended in a report submitted under this section.

After line 9, to insert:

(d) If, upon termination of the transfer period provided for in subsection (c), no contract for the sale of Plancor No. 877 has become effective, the operating agency last designated by the President shall, as promptly as possible consistent with sound operating procedures, take said Plancor out of production and place it in adequate standby condition under the provisions of section 8 of the Rubber Producing Facilities Disposal Act of 1953: *Provided*, That the provisions in said section relating to the time for placing facilities in standby condition shall not apply to Plancor No. 877.

After line 20, to insert:

SEC. 2. Notwithstanding the provisions of section 3 (d) of the Rubber Producing Facilities Disposal Act of 1953, the Rubber Producing Facilities Disposal Commission (hereinafter referred to as the "Commission"), before submission to the Congress of its report relative to Plancor No. 877, shall submit it to the Attorney General, who shall, within 7 days after receiving the report, advise the Commission whether, in his opinion, the proposed disposition, if carried out, will violate the antitrust laws.

On page 4, after line 4, to insert:

SEC. 3. Notwithstanding the provisions of sections 14 and 22 of the Rubber Producing Facilities Disposal Act of 1953, the Rubber Act of 1948, as amended, is hereby extended with respect to the rubber-producing facilities covered by this act to the close of the day of transfer of possession of Plancor No. 877 to a purchaser in accordance with the provisions of section 25 of the Rubber Producing Facilities Disposal Act: *Provided*, That if no such transfer is made, the Rubber Act of 1948, as amended, is hereby extended to the close of the day upon which Plancor No. 877 is placed in standby condition pursuant to the provisions of this act.

After line 16, to insert:

SEC. 4. Notwithstanding the provisions of section 20 of the Rubber Producing Facilities Disposal Act of 1953, the Commission established by that act shall cease to exist at the close of the 30th day following the termination of the transfer period provided for in section 25 (c) of that act, unless no sale of Plancor No. 877 is recommended by the Commission pursuant to section 25 (c) of that act, in which event the Commission shall cease to exist at the close of the 130th day following the date of enactment of this act.

On page 5, after line 2, to insert:

SEC. 5. Except as otherwise provided in this act, disposal of Plancor No. 877 shall be fully subject to all the provisions of the Rubber Producing Facilities Disposal Act of 1953 and such criteria as have been established by the Commission in handling disposal of other Government-owned rubber producing facilities under that act: *Provided*, That the provisions of sections 7 (j), 7 (k), 9 (d), 9 (*f*), 10, 11, 15, and 24 of that act shall not apply to the disposal of Plancor No. 877. As promptly as practicable following the date of transfer of possession of Plancor No. 877 to a purchaser under this act, the operating agency last designated by the President shall offer for sale to such purchaser the end products produced at such plant and held in inventory for Government account on the day of such transfer of possession, together with the feedstocks then located at such plant or purchased by the operating agency for use at such plant. Sale of such end products shall be made at the Government sales price prevailing on the business day next preceding the date of transfer of possession of such plant. Sale of such feedstocks shall be made at not less than their cost to the Government. In the event the purchaser declines to purchase such end products or feedstocks when first offered to it by the operating agency, they may be thereafter disposed of in such manner as the operating agency deems advisable. In the event Plancor No. 877 is not sold under the provisions of this act, any end products produced at such plant and held in inventory for Government account on the day such plant is placed in standby condition pursuant to section 25 (d) of the Rubber Producing Facilities Disposal Act of 1953, as added by this act, and any feedstocks then located at such plant or purchased by the operating agency for use at such plant shall be disposed of in such manner as the operating agency deems advisable, at the prevailing market price for such end products and feedstocks.

On page 6, after line 13, to insert:

SEC. 6. Notwithstanding any provision of the Rubber Producing Facilities Disposal Act of 1953 and notwithstanding any other provision of this act, the Commission or, after it ceases to exist, such agency of the Government as the President may designate, may, after securing the advice of the Attorney General as to whether the proposed lease or sale would tend to create or maintain a situation inconsistent with the antitrust laws, enter into leases or contracts of sale for all or any number of 448 pressure tank cars (ICC classification ICC–104AW) for which the Commission invited proposals to purchase pursuant to that act. Each such lease may be for such duration and each such lease or contract of sale may be made on such terms (including type of use) as the Commission or such other agency deems advisable in the public interest: *Provided*, That each such lease or contract of sale shall contain, among other provisions, a national security clause, and each such lease shall contain provisions for the recapture of the tank cars leased by the Government and the termination of the lease, if the President determines that the national interest so requires. The rental or price for any such tank car or cars shall be an amount which the Commission or such agency determines to be the maximum amount obtainable in the public interest, but not less than fair value as determined by the Commission. Any of such tank cars not under lease or contract of sale to non-Federal lessees or purchasers may be transferred without charge by the Commission or such agency to any Government department or agency upon request for such use as the Commission or such agency deems advisable and subject to national security and recapture provisions of the type hereinabove provided for in this section running in favor of the Commission or other agency transferring the tank car or cars. Any of such tank cars not sold or under lease or transferred as hereinabove provided shall be placed and maintained in adequate standby condition pursuant to the provisions of section 8 of the Rubber Producing Facilities Disposal Act of 1953.

And at the top of page 8, to insert:

SEC. 7. The provisions of this act shall not be applicable to the disposal of any Government-owned rubber-producing facilities other than Plancor No. 877 and 488 pressure tank cars (ICC Classification–ICC 104AW); and all action taken pursuant to the provisions of the Rubber Producing Facilities Disposal Act of 1953 prior to the enactment of this act shall be governed by the provisions of that act as it existed prior to the enactment of this act and shall have the same force and effect as if this act had not been enacted.

So as to make the bill read:

Be it enacted, etc., That the Rubber Producing Facilities Disposal Act of 1953 is amended by adding at the end thereof the following new section:

"SEC. 25. (a) Notwithstanding the second sentence of section 7 (a), the period for receipt of proposals for the purchase of the Government-owned rubber-producing facility at Baytown, Tex., known as Plancor No. 877, shall not expire until the end of the 30-day period which begins on the date of the enactment of this section.

"(b) If one or more proposals are received for the purchase of Plancor No. 877 within the time period specified in subsection (a), the Commission, notwithstanding the expiration of the period for negotiation specified in section 7 (f), shall negotiate with those submitting the proposals for a period of not to exceed 60 days for the purpose of entering into a definitive contract of sale.

"(c) Within 10 days after the termination of the actual negotiation period referred to in subsection (b), the Commission shall prepare and submit to the Congress a report containing, with respect to the disposal under this section of Plancor No. 877, the information described in paragraphs (1) to (5), inclusive, and paragraph (8) of section 9 (a). Unless the contract is disapproved by either House of the Congress by a resolution prior to the expiration of 30 days of continuous session (as defined in section 9 (c)) of the Congress following the date upon which the report is submitted to it, upon the expiration of such 30-day period the contract shall become fully effective and the Commission shall proceed to carry it out, and transfer of possession of the facility sold shall be made as soon as practicable but in any event within 30 days after the expiration of such 30-day period. The failure to complete transfer of possession within 30 days after the expiration of the period for congressional review shall not give rise to or be the basis of rescission of the contract of sale.

"(d) If, upon termination of the transfer period provided for in subsection (c), no contract for the sale of Plancor No. 877 has become effective, the operating agency last designated by the President shall, as promptly as possible consistent with sound operating procedures, take said Plancor out of production and place it in adequate standby condition under the provisions of section 8 of the Rubber Producing Facilities Disposal Act of 1953: *Provided*, That the provisions in said section relating to the time for placing facilities in standby condition shall not apply to Plancor No. 877."

SEC. 2. Notwithstanding the provisions of section 3 (d) of the Rubber Producing Facilities Disposal Act of 1953, the Rubber Producing Facilities Disposal Commission (hereinafter referred to as the "Commission") before submission to the Congress of its report relative to Plancor No. 877, shall submit it to the Attorney General, who shall, within 7 days after receiving the report, advise the Commission whether, in his opinion, the proposed disposition, if carried out, will violate the antitrust laws.

SEC. 3. Notwithstanding the provisions of sections 14 and 22 of the Rubber Producing Facilities Disposal Act of 1953, the Rubber Act of 1948, as amended, is hereby extended with respect to the rubber-producing facilities covered by this act, to the close of the day of transfer of possession of Plancor No. 877 to a purchaser in accordance with the provisions of section 25 of the Rubber Producing Facilities Disposal Act: *Provided*, That if no such transfer is made, the Rubber Act of 1948, as amended, is hereby extended to the close of the day upon which Plancor No. 877

is placed in standby condition pursuant to the provisions of this act.

SEC. 4. Notwithstanding the provisions of section 20 of the Rubber Producing Facilities Disposal Act of 1953, the Commission established by that act shall cease to exist at the close of the 30th day following the termination of the transfer period provided for in section 25 (c) of that act, unless no sale of Plancor No. 877 is recommended by the Commission pursuant to section 25 (c) of that act, in which event the Commission shall cease to exist at the close of the 130th day following the date of enactment of this act.

SEC. 5. Except as otherwise provided in this act, disposal of Plancor No. 877 shall be fully subject to all the provisions of the Rubber Producing Facilities Disposal Act of 1953 and such criteria as have been established by the Commission in handling disposal of other Government-owned rubber producing facilities under that act: *Provided*, That the provisions of sections 7 (j), 7 (k), 9 (d), 9 (f), 10, 11, 15, and 24 of that act shall not apply to the disposal of Plancor No. 877. As promptly as practicable following the date of transfer of possession of Plancor No. 877 to a purchaser under this act, the operating agency last designated by the President shall offer for sale to such purchaser the end products produced at such plant and held in inventory for Government account on the day of such transfer of possession, together with the feedstocks then located at such plant or purchased by the operating agency for use at such plant. Sale of such end products shall be made at the Government sales price prevailing on the business day next preceding the date of transfer of possession of such plant. Sale of such feedstocks shall be made at not less than their cost to the Government. In the event the purchaser declines to purchase such end products or feedstocks when first offered to it by the operating agency, they may be thereafter disposed of in such manner as the operating agency deems advisable. In the event Plancor No. 877 is not sold under the provisions of this act, any end products produced at such plant and held in inventory for Government account on the day such plant is placed in standby condition pursuant to section 25 (d) of the Rubber Producing Facilities Disposal Act of 1953, as added by this act, and any feedstocks then located at such plant or purchased by the operating agency for use at such plant shall be disposed of in such manner as the operating agency deems advisable, at the prevailing market price for such end products and feedstocks.

SEC. 6. Notwithstanding any provision of the Rubber Producing Facilities Disposal Act of 1953 and notwithstanding any other provision of this act, the Commission or, after it ceases to exist, such agency of the Government as the President may designate, may, after securing the advice of the Attorney General as to whether the proposed lease or sale would tend to create or maintain a situation inconsistent with the antitrust laws, enter into leases or contracts of sale for all or any number of 448 pressure tank cars (ICC Classification ICC–104AW) for which the Commission invited proposals to purchase pursuant to that act. Each such lease may be for such duration and each such lease or contract of sale may be made on such terms (including type of use) as the Commission or such other agency deems advisable in the public interest: *Provided*, That each such lease or contract of sale shall contain, among other provisions, a national security clause, and each such lease shall contain provisions for the recapture of the tank cars leased by the Government and the termination of the lease, if the President determines that the national interest so requires. The rental or price for any such tank car or cars shall be an amount which the Commission or such agency determines to be the maximum amount obtainable in the public interest, but not less than fair value as determined by the Commission. Any of such tank cars not under lease or contract of sale to non-Federal lessees or purchasers may be transferred without charge by the Commission or such agency to any Government department or agency upon request, for such use as the Commission or such agency deems advisable and subject to national security and recapture provisions of the type hereinabove provided for in this section running in favor of the Commission or other agency transferring the tank car or cars. Any of such tank cars not sold or under lease or transferred as hereinabove provided shall be placed and maintained in adequate standby condition pursuant to the provisions of section 8 of the Rubber Producing Facilities Disposal Act of 1953.

SEC. 7. The provisions of this act shall not be applicable to the disposal of any Government-owned rubber-producing facilities other than Plancor No. 877 and 448 pressure tank cars (ICC Classification–ICC 104AW); and all action taken pursuant to the provisions of the Rubber Producing Facilities Disposal Act of 1953 prior to the enactment of this act shall be governed by the provisions of that act as it existed prior to the enactment of this act and shall have the same force and effect as if this act had not been enacted.

The PRESIDING OFFICER. The question is on agreeing to the amendments reported by the Committee on Banking and Currency.

The amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. CASE of South Dakota. Mr. President, I should like to have a statement from the author of the bill or from a member of the committee as to why we are considering this proposed legislation, in view of the fact that there was general legislation. Why was this plant not included in the general legislation which previously came up for consideration?

Mr. FREAR. Mr. President, the report of the Commission was that in the case of this particular copolymer plant at Baytown, Tex., it did not think the bid was sufficiently high to be accepted.

Mr. CAPEHART. Mr. President, will the Senator from South Dakota yield?

Mr. CASE of South Dakota. I yield to the Senator from Indiana.

Mr. CAPEHART. Mr. President, the Commission refused to sell the plant at the amount offered, and this proposed legislation would give the Commission the right to make another effort within 30 days' time under exactly the same terms and conditions as provided for in the original act. The bill was unanimously approved by the committee.

Mr. CASE of South Dakota. Will it permit the sale of the plant without competitive bid?

Mr. CAPEHART. No.

Mr. CASE of South Dakota. When the plant was offered for sale previously, was there more than one bid?

Mr. CAPEHART. There was not.

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

Mr. CASE of South Dakota. I yield.

Mr. JOHNSON of Texas. The bid was too low and it was rejected. This bill gives authority to the Commission to renegotiate and to sell this plant if it can secure a bid which the Commission believe is sufficient.

Mr. CASE of South Dakota. If the Commission can secure a proper bid. Does the bill require that more than one bid shall be received?

Mr. JOHNSON of Texas. I do not think so.

Mr. CAPEHART. Mr. President, will the Senator from South Dakota yield?

Mr. CASE of South Dakota. I yield.

Mr. CAPEHART. All we are doing is extending the time for 30 days under exactly the same conditions, the same disposal law procedures, and the same regulations as were provided for in the original act.

Mr. CASE of South Dakota. I may have been misled, but I was somewhat mystified by noting the vote on the adoption of the resolution previously considered. As I understand, that resolution would have prevented the sale of the plants. The vote of some of the Members in favor of the resolution misled me.

Mr. FREAR. Mr. President, I may say to the Senator from South Dakota that the vote on the previous resolution did not include this plant.

Mr. CASE of South Dakota. If it was good business to vote for the previous resolution and to kill all authority to dispose of any plants, why should it be good legislation to pass this bill?

Mr. FREAR. I think the previous vote is an indication that we should permit the 25th plant to be sold.

Mr. CASE of South Dakota. If we make 24 mistakes, we may as well make 25?

Mr. FREAR. I do not agree with that.

Mr. CAPEHART. Mr. President, a few moments ago I referred to 30 days. I meant, not to exceed 60 days for negotiation. Under the original act this plant, not having been sold, would go into standby status for 3 years. It is the desire of the committee that the Commission be given an opportunity to dispose of this plant, and it is given not to exceed 60 days of negotiation within which to do so, under generally the same terms and conditions as those provided for by the original Disposal Act.

Mr. CASE of South Dakota. If the Commission receives some bids for this plant and recommends sale, will its approval be required, or will there be opportunity for disapproval by the Congress?

Mr. CAPEHART. It will come back to the Congress for consideration.

Mr. CASE of South Dakota. Mr. President, I thank the Senator from Indiana, and I have no further questions.

The PRESIDING OFFICER. 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, read the third time, and passed.

The title was amended so as to read: "A bill to amend the Rubber Producing Facilities Disposal Act of 1953, so as to

permit the disposal thereunder of Plancor No. 877 at Baytown, Tex., and certain tank cars."

AMENDMENT OF COTTON MARKETING QUOTA PROVISIONS

The Senate resumed the consideration of the bill (H. R. 3952) to amend the cotton marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended.

Mr. JOHNSON of Texas. Mr. President, since we are back to the consideration of the cotton bill, I should like to announce to the Senate that we do not expect to have a vote on the bill this evening. I wish to give all Senators an opportunity to make any statements or any insertions in the RECORD they may desire to make before I suggest a recess. We will resume consideration of the bill tomorrow as soon as the morning hour is concluded.

Mr. ANDERSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ANDERSON. What is the question which is actually before the Senate at this time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Mississippi [Mr. STENNIS] for himself and other Senators to the amendment reported by the committee.

Mr. ANDERSON. May I inquire whether the yeas and nays have been ordered on the question?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. ANDERSON. The yeas and nays having been ordered, will it be possible to vacate the order except by unanimous consent?

The PRESIDING OFFICER. It would require unanimous consent to rescind the order for the yeas and nays.

Mr. ANDERSON. I wonder if I may have the assurance of the majority leader that no such request will be acted upon without a quorum call?

Mr. JOHNSON of Texas. If any Senator makes such a request the majority leader will see to it, if he is present, that there will be a quorum call; and if he is called out of the Chamber, he will ask whoever occupies his seat to suggest the absence of a quorum.

I am very anxious to have the yeas and nays on this particular amendment. I am glad to hear the distinguished Senator from New Mexico join in the request. We have had at least one conversion overnight. Perhaps if we can have more tomorrow, the cotton bill can be disposed of.

Mr. ANDERSON. Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the allotted acreage for 1955; a table showing the number of acres which would be allotted under the action taken by the Committee on Agriculture and Forestry this afternoon; and a table showing the effect of the amendment offered by the distinguished junior Senator from Mississippi [Mr. STENNIS].

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

1955 State acreage allotments

State	1955 State allotment (1)	Acreage required to increase each farm allotment to smaller of 4 acres or 75 percent of highest acreage planted in 1952, 1953, or 1954 plus extra for Nevada and Illinois (2)	Stennis amendment (1½ percent of 1955 allotment) (3)
Alabama	1,101,804	20,724.7	16,527
Arizona	333,933	134.5	5,009
Arkansas	1,529,704	3,309.7	22,946
California	778,686	0	11,680
Florida	36,283	5,064.6	544
Georgia	950,818	17,799.0	14,262
Illinois	3,056	444.0	-------
Kansas	35	2.2	-------
Kentucky	8,374	298.1	126
Louisiana	648,442	8,860.7	9,727
Mississippi	1,750,852	28,132.9	26,263
Missouri	399,627	1,062.0	5,994
Nevada	2,324	1,176.0	-------
New Mexico	182,194	158.7	2,733
North Carolina	515,714	38,580.2	7,736
Oklahoma	872,532	1,807.5	13,198
South Carolina	773,945	12,641.3	11,609
Tennessee	593,868	14,274.7	8,898
Texas	7,612,779	11,061.5	114,192
Virginia	18,238	4,071.5	273
United States	18,113,208	169,679.3	271,612

Mr. HENNINGS. Mr. President, I ask unanimous consent to have printed at this point in the body of the RECORD a statement which I have prepared relative to the committee amendment to the cotton acreage bill.

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

STATEMENT BY SENATOR HENNINGS

I am opposed to the committee amendment on cotton acreage and I would like to make clear the reasons for my opposition.

I have studied the Senate report very carefully. I have also studied the House-passed bill and report. There is no question in my mind that the amendment of the Senate committee, which is in the nature of a substitute, would penalize the cotton producers in Missouri and would do so in order to provide a premium to cotton producers in some of the other States which have made no effort to take care of their small cotton farmers out of their reserve acreage.

In Missouri the State allotment has been used to bring most of our small cotton farmers up to the 5-acre minimum, or to the maximum amount they had ever planted, and the remainder has been divided on a percentage basis. Some other States made no provision for bringing small farmers up to the minimum and divided their allotment on a percentage basis. Now, Missouri farmers are being asked, under the amendment of the Senate committee, to sacrifice a part of any additional allotments in order to provide for the small cotton producers in other States who have previously been ignored. I think we should do everything possible to alleviate the hardship of the small producers by increasing their acreage, but not by this means, and I think the bill approved by the House provides a far more equitable way of doing it.

Moreover, the House bill retains the policy of the 5-acre farm, whereas the amendment of the Senate committee would permit a reduction to 4 acres, which, I am advised, is too small for efficient and economical operation.

Under the proposal of the committee, my State of Missouri would lose almost 9,000 acres, as compared with other States that would stand to gain substantial acreage at our expense. I believe this is an injustice to the cotton producers of my State.

APPOINTMENT OF HAROLD STASSEN AS SPECIAL ASSISTANT FOR DISARMAMENT POLICY

Mr. SYMINGTON. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an editorial entitled "Secretary for Peace," published in the St. Louis Post-Dispatch of March 20, 1955.

The editorial relates to the appointment of former Governor Stassen to his new position and also to the economic disarmament plan, as provided for in Senate Resolution 71, which has been referred to the Committee on Foreign Relations.

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

[From the St. Louis Post-Dispatch of March 20, 1955]

SECRETARY FOR PEACE

The deep public yearning for some escape from the blind alley of the atomic arms race received recognition when President Eisenhower appointed Harold Stassen a special assistant for disarmament policy.

Mr. Stassen evidently will be free to make his new job pretty much what he wants it to be. We trust he makes it a big one—that he becomes, in effect, the first "secretary for peace." As an American delegate to the San Francisco conference which wrote the United Nations Charter 10 years ago, he should be well qualified.

One of the first things on Mr. Stassen's desk probably will be Senator SYMINGTON'S resolution on economic disarmament, which has now attracted more than half the Members of the Senate to its list of sponsors. It urges limitations on the proportion of each nation's key resources devoted to military purposes.

In setting such ceilings, allowance would be made for the special economic needs of each nation. Not all nations, that is, would be held to the same percentage of military potential. One main problem, of course, would be to reach agreement on the proper percentages. Another would be to agree on a system of foolproof inspection, which Senator SYMINGTON rightly considers essential.

At bottom the proposal is not so much a disarmament plan as it is one of several methods for checking up to insure compliance with a plan. As Senator SYMINGTON has told the Senate, "economic disarmament" should be regarded as an integral part of broader arrangements for balanced, enforceable reduction of all arms, atomic and conventional alike.

To us the significance of the Symington resolution is that it expresses a belief on the part of its many sponsors that disarmament is, despite much talk to the contrary, technically and practically feasible.

Because hydrogen bombs might be hidden from inspection, it is sometimes said, any disarmament agreement would be basically unenforceable and hence would involve a foolhardy risk. But Senator SYMINGTON and his more than 50 cosponsors evidently do not agree.

As the Senator says, once a nation has committed its resources to peaceful uses, a significant length of time must elapse before they

can be converted to war. This conversion time would become a sort of "time lock," which would have to be broken open before a nation's resources could be shifted to war-like purposes—and that interval would give other nations time to prepare for self defense.

So, as a statement of faith that disarmament can be achieved where the will to achieve it exists, the Symington resolution deserves applause and commendation. But there remains the problem of creating a truly powerful will to achieve disarmament. Mr. Stassen might give himself that assignment, among others.

EXECUTIVE SESSION

Mr. JOHNSON of Texas. I move that the Senate proceed to the consideration of executive business, for the consideration of new reports.

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

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

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of Ellis O. Briggs, of Maine, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Peru.

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

The Chief Clerk read the nomination of William S. B. Lacy, of Virginia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Korea.

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

ROUTINE DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk proceeded to read sundry nominations in the routine Diplomatic and Foreign Service.

Mr. JOHNSON of Texas. Mr. President, I ask that the nominations in the routine Diplomatic and Foreign Service be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the routine Diplomatic and Foreign Service are confirmed en bloc.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. JOHNSON of Texas. Mr. President, I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

Mr. JOHNSON of Texas. I ask that the President be immediately notified of all nominations confirmed this day.

The PRESIDING OFFICER. Without objection, the President will be immediately notified.

LEGISLATIVE SESSION

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

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

RECESS

Mr. JOHNSON of Texas. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 56 minutes p. m.) the Senate took a recess until tomorrow, Thursday, March 24, 1955, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 23 (legislative day of March 10), 1955:

DIPLOMATIC AND FOREIGN SERVICE

Ellis O. Briggs, of Maine, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Peru.

William S. B. Lacy, of Virginia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Korea.

ROUTINE DIPLOMATIC AND FOREIGN SERVICE

To be consul general

E. Allan Lightner, Jr. of New Jersey.

To be Foreign Service officers of class 2, consuls, and secretaries in the diplomatic service

Sidney B. Jacques, of New York.
Jeremiah J. O'Connor, of the District of Columbia.

To be Foreign Service officers of class 3, consuls, and secretaries in the diplomatic service

John S. Barry, of California.
Joseph T. Bartos, of Colorado.
Edward W. Harding, of New York.
A. Guy Hope, of Virginia.
Cass A. Kendzie, of Michigan.
Homer W. Lanford, of Alabama.
Henry F. Nichol, of Virginia.
Philip D. Sumner, of Maryland.

To be Foreign Service officers of class 4, consuls, and secretaries in the diplomatic service

Willis B. Collins, Jr., of Alabama.
John E. Crawford, of Minnesota.
Charles W. Falkner, of Oregon.
Miss Sofia P. Kearney, of the Commonwealth of Puerto Rico.
Kenneth A. Kerst, of Wisconsin.
Paul D. McCusker, of Colorado.
Franklin H. Murrell, of California.
G. Etzel Pearcy, of California.
Harold D. Pease, of California.
William A. Root, of Maryland.
Frederick L. Royt, of Wisconsin.
Robert R. Schott, of Oregon.
Charles C. Sundell, of Minnesota.
Maurice E. Trout, of Michigan.
Donald L. Woolf, of California.
Henry D. Wyner, of Virginia.

To be a Foreign Service officer of class 5, consul, and secretary in the diplomatic service

J. H. Cameron Peake, of New York.

To be Foreign Service officers of class 5, vice consuls of career, and secretaries in the diplomatic service

Henry T. Andersen, of Connecticut.
John G. Bacon, of Washington.
William E. Berry, Jr., of Virginia.
William W. Blackerby, of Texas.
Walter S. Burke, of California.
Wallace Clarke, of California.
Miss Alice M. Connolly, of Washington.
Miss Virginia I. Cullen, of Pennsylvania.
Charles W. Davis, of Virginia.
Robert E. Dowland, of Tennessee.
William B. Dozier, of South Carolina.
Xavier W. Eilers, of Minnesota.
Miss Shirley M. Green, of Missouri.
Oscar H. Guerra, of Texas.
Ernest B. Gutierrez, of New Mexico.
Malcolm P. Hallam, of South Dakota.
George A. Hays, of Pennsylvania.
Roy R. Hermesman, of Pennsylvania.
Miss Margaret Hussman, of Idaho.
Samuel M. Janney, Jr., of Virginia.
Miss Thelma M. Jennssen, of Minnesota.
Robert S. Johnson, of Michigan.
Hugh D. Kessler, of Florida.
Arthur C. Lillig, of Oregon.
Edwin H. Moot, Jr., of Illinois.
John A. Moran III, of New Jersey.
John Patrick Mulligan, of Colorado.
Robert C. Ode, of Michigan.
Glen S. Olsen, of Utah.
Robert H. Rose, of Utah.
James T. Rousseau, of Florida.
Irving I. Schiffman, of Virginia.
Robert W. Skiff, of Florida.
Robert T. Wallace, of Michigan.
Robert A. Wooldridge, of Indiana.

To be Foreign Service officers of class 6, vice consuls of career, and secretaries in the diplomatic service

Francis L. Foley, of Colorado.
William T. Keough, of Pennsylvania.

To be secretary in the diplomatic service

Alfred C. Ulmer, Jr., of Florida.

To be vice consul

Charles P. Kiteley, of Tennessee.

To be Foreign Service officers of class 2, consuls, and secretaries in the diplomatic service

Wilson T. M. Beale, Jr., of the District of Columbia.
Samuel D. Boykin, of Alabama.
Bernard A. Bramson, of New York.
Edward G. Cale, of Maryland.
William W. Chapman, Jr., of Maryland.
W. Pierce MacCoy, of Virginia.
Harold W. Moseley, of Massachusetts.
Donald L. Nicholson, of Pennsylvania.
Walter K. Schwinn, of Connecticut.

To be Foreign Service officers of class 3, consuls, and secretaries in the diplomatic service

John A. Birch, of Maryland.
Lee B. Blanchard, of Oklahoma.
Perry H. Culley, of California.
Edgar A. Dorman, of the District of Columbia.
Edwin M. Duerbeck, of Virginia.
Coulter D. Huyler, Jr., of Connecticut.
Donald B. McCue, of Virginia.
Charles J. Merritt, Jr., of Massachusetts.
Jack B. Minor, of New Jersey.
Thomas G. Murdock, of North Carolina.
Albert Post, of the District of Columbia.
John T. Sinclair, of Maryland.
Edward J. Thomas, of Ohio.
Alfred E. Wellons, of Maryland.

To be Foreign Service officers of class 4, consuls, and secretaries in the diplomatic service

Sverre M. Backe, of California.
LeRoy E. Colby, of Maryland.
James A. Dibrell, of Texas.
Michael J. Dux, of Florida.
Nels E. Erickson, of Virginia.
Robert C. F. Gordon, of California.
Miss Betty C. Gough, of Maryland.
Homer C. Kaye, of Missouri.
Emery R. Kiraly, of Maryland.
Joseph B. Kyle, of Virginia.
Seymour Levenson, of California.
Ralph K. Lewis, of California.
William P. McEneaney, of Michigan.
Bruce H. Millen, of Louisiana.

Joseph F. Proff, of California.
Miss Marie E. Richardson, of Arkansas.
Earle J. Richey, of Kansas.
Norman V. Schute, of California.
Charles H. Taliaferro, of Virginia.
Miss Ruth J. Torrance, of Virginia.
Joseph E. Wiedenmayer, of New Jersey.

To be Foreign Service officers of class 5, vice consuls of career, and secretaries in the diplomatic service

Robert A. Brown, of California.
Harrison W. Burgess, of Virginia.
Stephen A. Dobrenchuk, of Massachusetts.
Miss Dorothy J. Dugan, of New Jersey.
James J. Ferretti, of Connecticut.
William H. Gleysteen, Jr., of Pennsylvania.
Leaman R. Hunt, of Oklahoma.
Alexander C. Mancheski, of Wisconsin.
Louis B. Marr, of Pennsylvania.
William M. Olive, of Missouri.
William W. Sabbagh, of Maryland.
Ree C. Shannon, of North Carolina.
George W. Small, of West Virginia.
J. Harlan Southerland, of the District of Columbia.
Robert N. Wellman, of Ohio.

To be Foreign Service officers of class 6, vice consuls of career, and secretaries in the diplomatic service

John T. Bennett, of California.
G. Ryder Forbes, of Virginia.
Elmer G. Kryza, of Michigan.
Miss Mary Manchester, of Texas.
James D. Mason, of Indiana.
Miss Nancy V. Rawls, of Georgia.
Robert P. Smith, of Texas.

The following-named Foreign Service officers for promotion from class 2 to grade indicated:

To class 1

John K. Emmerson, of Colorado.
Edward S. Maney, of Texas.
Gordon H. Mattison, of Ohio.
George A. Morgan, of the District of Columbia.
Woodruff Wallner, of New York.

The following-named Foreign Service officers for appointment to grade indicated:

To class 1, consul, and secretary in the diplomatic service

George H. Emery, of North Carolina.

The following-named Foreign Service officers for promotion from class 3 to grade indicated:

To class 2

R. Austin Acly, of Massachusetts.
N. Spencer Barnes, of California.
Leo J. Callanan, of Massachusetts.
Sterling J. Cottrell, of California.
Robert C. Creel, of New York.
Fulton Freeman, of California.
Edward L. Freers, of California.
Richard D. Gatewood, of California.
Wesley C. Haraldson, of Virginia.
Landreth M. Harrison, of Minnesota.
Owen T. Jones, of Ohio.
Sidney K. Lafoon, of Virginia.
John M. McSweeney, of Massachusetts.
John Ordway, of the District of Columbia.
Walter W. Orebaugh, of Oregon.
John M. Steeves, of the District of Columbia.
Robert C. Strong, of Wisconsin.
Alfred T. Wellborn, of Louisiana.
H. Bartlett Wells, of New Jersey.
Eric C. Wendelin, of Massachusetts.

The following-named persons for appointment as Foreign Service officers in the grade indicated:

To class 2, consuls, and secretaries in the diplomatic service

Bernhard G. Bechhoefer, of the District of Columbia.
William I. Cargo, of Maryland.
Sam P. Gilstrap, of Oklahoma.
John W. Jago, of California.
Charles H. Mace, of Ohio.
Alfred Puhan, of Wisconsin.
Joseph W. Scott, of Texas.
Richard S. Wheeler, of Michigan.
William D. Wright, of the District of Columbia.

To be consul general

Gerald Warner, of Massachusetts.

The following-named Foreign Service officers for promotion from class 4 to grade indicated:

To class 3

James M. Byrne, of New York.
Keld Christensen, of Iowa.
Clyde L. Clark, of Iowa.
Merritt N. Cootes, of Virginia.
Roy T. Davis, Jr., of Maryland.
Juan de Zengotita, of Pennsylvania.
Donald P. Downs, of Nevada.
Philip F. Dur, of Massachusetts.
James R. Gustin, of Wisconsin.
David H. Henry 2d, of New York.
William P. Hudson, of North Carolina.
William E. Knight 2d, of Connecticut.
Roswell D. McClelland, of Connecticut.
William D. Moreland, Jr., of Oregon.
Clinton L. Olson, of California.
Norman K. Pratt, of Pennsylvania.
Robert Rossow, Jr., of Indiana.
John H. Stutesman, Jr., of New Jersey.
Cyril L. F. Thiel, of Illinois.
Edward L. Waggoner, of Ohio.
Joseph J. Wagner, of New York.

The following-named persons for appointment as Foreign Service officers in the grade indicated:

To class 3, consul, and secretary in the diplomatic service

George H. Alexander, of Maryland.
Morton Bach, of Minnesota.
Edward P. Dobyns, of Virginia.
Bryan R. Frisbie, of Arizona.
Robert A. Hancock, of Michigan.
John E. Hargrove, of Mississippi.
Marshall P. Jones, of Maryland.
Warren H. McKenney, of Florida.
Robert M. Marr, of Ohio.
Howard Meyers, of Maryland.
Trevanion H. E. Nesbitt, of Maryland.
Nils William Olsson, of Illinois.
Nestor C. Ortiz, of Virginia.
Lawrence A. Phillips, of Maryland.
Arthur J. Waterman, Jr., of Virginia.

The following-named Foreign Service officers for promotion from class 5 to grade indicated:

To class 4

Robert B. Dreessen, of Missouri.
Harry F. Pfeiffer, Jr., of Maryland.

To class 4 and consul

Theo C. Adams, of Texas.
Willard Allan, of Colorado.
John Q. Blodgett, of the District of Columbia.
Archer K. Blood, of Virginia.
Robert W. Dean, of Illinois.
Richard H. Donald, of Connecticut.
Adolph Dubs, of Illinois.
John W. Fisher, of Montana.
Wayne W. Fisher, of Iowa.
John I. Getz, of Illinois.
Robert S. Henderson, of New Jersey.
Edward W. Holmes, of Washington.
Thomas D. Kingsley, of Maryland.
Herbert B. Leggett, of Ohio.
Edward V. Lindberg, of New York.
Edward T. Long, of Illinois.
James A. May, of California.
Cleo A. Noel, Jr., of Missouri.
LeRoy F. Percival, Jr., of Connecticut.
Jordan T. Rogers, of South Carolina.
John A. Sabini, of the District of Columbia.
Dwight E. Scarbrough, of Minnesota.
John P. Shaw, of Minnesota.
Francis T. Underhill, Jr., of New Jersey.
Milton C. Walstrom, of the Territory of Hawaii.
Park F. Wollam, of California.
Parker D. Wyman, of Illinois.
Sam L. Yates, Jr., of California.

The following-named persons for appointment as Foreign Service officers in the grade indicated:

To class 4, consuls and secretaries in the diplomatic service

Paul C. Campbell, of Pennsylvania.
Roger P. Carlson, of Minnesota.
Antonio Certosimo, of California.
Asa L. Evans, of South Carolina.
Mrs. Florence H. Finne, of California.
Harry George French, of Wisconsin.
Harrison M. Holland, of Washington.
William S. Krason, of New York.
Frederick D. Leatherman, of Ohio.
Allen F. Manning, of Maryland.
Ralph J. Ribble, of Texas.
Charles M. Rice, Jr., of Montana.
Robert M. Schneider, of Iowa.
Peter J. Skoufis, of Maine.
Harry R. Stritman, of California.

The following-named Foreign Service officers for promotion from class 6 to grade indicated:

To class 5

Richard H. Adams, of Texas.
William G. Allen, of Vermont.
Robert J. Ballantyne, of Massachusetts.
William R. Beckett, of Michigan.
William D. Broderick, of Michigan.
North C. Burn, of Washington.
Alan L. Campbell, Jr., of North Carolina.
Frederic L. Chapin, of the District of Columbia.
Maxwell Chaplin, of California.
Edward R. Cheney, of Vermont.
James D. Crane, of Virginia.
Franklin J. Crawford, of Ohio.
John E. Cunningham, of Pennsylvania.
David Dean, of New York.
François M. Dickman, of Wyoming.
James B. Freeman, of Ohio.
Alexander S. C. Fuller, of Connecticut.
James Robert Greene, of California.
Herbert M. Hutchinson, of New Jersey.
Kempton B. Jenkins, of the District of Columbia.
Richard E. Johnson, of Illinois.
George R. Kenney, of Illinois.
Lucien L. Kinsolving, of New York.
John F. Knowles, of New Jersey.
Henry Lee, Jr., of Massachusetts.
William W. Lehfeldt, of California.
Harry R. Melone, Jr., of New York.
Thomas N. Metcalf, Jr., of Massachusetts.
George C. Moore, of California.
Benjamin R. Moser, of Virginia.
Harvey F. Nelson, Jr., of California.
Richard D. Nethercut, of Wisconsin.
G. Edward Reynolds, of New York.
Ralph W. Richardson, of California.
William E. Schaufele, Jr., of Ohio.
Kennedy B. Schmertz, of Pennsylvania.
Talcott W. Seelye, of Massachusetts.
William C. Sherman, of Illinois.
Robert K. Sherwood, of Nebraska.
Christopher A. Squire, of Virginia.
Heywood H. Stackhouse, of Virginia.
William W. Thomas, Jr., of North Carolina.
Lewis R. Townsend, of New Jersey.
Charles L. Widney, Jr., of Tennessee.
Frank S. Wile, of Michigan.
William D. Wolle, of Iowa.
Chester R. Yowell, of Missouri.

The following-named persons for appointment as Foreign Service officers in the grade indicated:

To class 5, vice consuls of career, and secretaries in the diplomatic service

Robert Anderson, of Massachusetts.
Miss Mildred J. Baer, of Maryland.
Miss Edna H. Barr, of Ohio.
Miss Dorothy V. Broussard, of Texas.
M. Lee Cotterman, of Ohio.
Ray H. Crane, of Utah.
A. Hugh Douglas, Jr., of Rhode Island.
Elden B. Erickson, of Kansas.
Richard V. Fischer, of Minnesota.
Ralph C. Fratzke, of Iowa.
John H. Hermanson, of Massachusetts.

Miss Olive M. Jensen, of Iowa.
Richard N. Kirby, of Ohio.
Nicholas S. Lakas, of Connecticut.
Kenneth W. Linde, of Connecticut.
Charles G. Mueller, of Montana.
Virgil E. Prichard, of Oklahoma.
Joseph H. Quintanilla, of Texas.
Miss Martha Jean Richardson, of Illinois.
Robert F. Slutz, Jr., of Maryland.
Miss Violet Smith, of New York.
Miss LaVerne L. Thomsen, of Washington.
Paul E. Woodward of Pennsylvania.

To Class 6, vice consuls of career, and secretaries in the diplomatic service

Robert J. Allen, Jr., of the District of Columbia.
Harvey J. Cash, of Texas.
Brewster R. Hemenway, of New York.
Adolph W. Jones, of Tennessee.
William H. McLean, of Kentucky.
Paul J. Plenni, of West Virginia.
Miss Elizabeth J. Rex, of Pennsylvania.
Miss Betty A. Robertson, of Pennsylvania.
Carl G. Seasword, Jr., of Michigan.
Miss Alice M. Smith, of North Carolina.
Nicholas A. Veliotes, of California.

The following-named Foreign Service staff officers to the grade indicated:

To be consuls

John A. Birch, of Maryland.
Gordon Dale King, of Texas.
James P. Parker, of Connecticut.

POSTMASTERS

ARKANSAS

Richard E. Williams, Rogers.

CALIFORNIA

Evelyn O. Lesley, Mount Baldy.
Burnice C. Wellband, Pine Valley.

DELAWARE

Clarence A. Willis, Jr., Laurel.
David W. Steele, Ocean View.

IOWA

Doris M. Beaman, Mondamin.

LOUISIANA

Melva E. Robinson, Mandeville.

NORTH CAROLINA

Harry C. Robbins, Blowing Rock.
James L. Chestnutt, Edenton.
Lee G. Phipps, Grassy Creek.
Victor F. Harris, Harrisburg.
Kathryn H. Perry, Kitty Hawk.
James L. Oakley, Providence.
James D. Glisson, Stokes.
Iris S. Powell, Wentworth.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 23, 1955

The House met at 11 o'clock a. m.

His Grace Athenagoras, bishop of the Greek Orthodox Church in America, offered the following prayer:

Almighty and ever-living God, King of the universe, in gratitude we turn our hearts unto Thee for the priceless gifts that Thou hast bestowed upon us, Thy faithful people.

For a rich and bountiful land whose blessings reach across the wide seas to enrich others.

For the freedom to live and work and worship under the dictates of conscience and not of tyrants.

For a way of life that acknowledges first the dignity of the human entity.

For a pattern of living that offers endless opportunities for many who have talents and faith.

For all that makes us a great nation not in wealth nor in power but great with the greatness of humility and the willingness to share our blessings with those in need and suffering all over the world.

We thank Thee for the great achievements of all the nations that offer under Thy sight enlightenment and example unto us and especially for the gallant Greek nation in the struggle of liberation and freedom.

As we observe this nation's day of independence this week we beseech Thee, O Lord of all nations, to strengthen all those who fight for peace and freedom, grant to the oppressed hope and courage, and, to those who live in the bondage of fear, faith and patience to preserve their integrity and keep intact the treasure of human dignity.

Bless, O Lord, the leaders of this our Nation and all those unto whom Thy faithful people have entrusted the protection of their freedom and rights.

Guide the leaders of all the nations and enrich their minds and hearts with the spirit of the Gospel of Thy Son, our Lord, who liveth and reigneth with Thee and Thy Holy Spirit, now and ever. 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 agrees to the amendments of the House to a bill of the Senate of the following title:

S. 913. An act to eliminate the need for renewal of oaths of office upon change of status of employees of the Senate or House of Representatives.

The message also announced that the Senate agrees to the amendment of the House of Representatives to the amendment of the Senate in line 7 of the bill (H. R. 2576) entitled "An act to further amend the Reorganization Act of 1949, as amended, so that such act will apply to reorganization plans transmitted to the Congress at any time before April 1, 1958."

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate to the title of the above-entitled bill.

ANNIVERSARY OF GREEK INDEPENDENCE

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

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

There was no objection.

Mr. FERNANDEZ. Mr. Speaker, we reverently listened, as the session opened this day, to the prayer by His Grace, Bishop Athenagoras, of Boston, Mass., the spiritual leader of the Greek Orthodox faithful in New England, who said the invocation at the invitation of our beloved Chaplain, Dr. Bernard Braskamp.

It is a coincidence, but in a sense an appropriate one, for this week, March 25 to be exact, marks the anniversary of the independence of Greece in 1821 from the powerful Ottoman Empire after 400 years of subjugation.

For centuries and centuries since ancient times Greece had been a free democracy. During the golden age of the Greek people, democracy flourished, and our civilization borrowed much from their experience and teachings. That democracy and the love of freedom has been carried through the years in the Western World and is still with us today in this great country of ours and in many other free nations.

The Greek people also gave us of the arts, the sciences, medicine, architecture, and other attributes to our civilization. This and much more we owe to Greece.

The aggressive Ottoman rule left her impoverished but with spirit unbroken, and so it came to pass that in the present era, this little nation of 7 million people dared to fight back a Mussolini, a Hitler, and a Stalin in rapid succession. From this example others took courage and the tide of nazism and communism was stemmed.

In the process, the Greek people suffered great losses in lives and blood, it suffered from want, disease, and economic disaster as the result of its heroic stand. It was well that our own America was in position to repay Greece by coming to its aid financially. They responded to that aid by restoring their economy to a sounder basis. No greater appreciation of that financial aid could be shown than to use it wisely and well. This they have done.

American descendants of this great Greek Nation have watched with loving concern her struggle to remain and retain the proud place in the family of nations to which her heritage and valor entitles her. On this anniversary of their independence, we pay tribute to the heroic people of Greece.

UNEMPLOYMENT IN COAL FIELDS OF PENNSYLVANIA

Mr. FLOOD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. FLOOD. Mr. Speaker, yesterday for 6 hours this House discussed an important matter dealing with national security, the disposal of rubber plants. Today we will discuss for 2 hours a resolution dealing with the same matter. That is as it should be, and the House will decide.

I see where employment is at a very high scale in America. Commerce and business is increasing, and the goose hangs high. I do not like to be an unpleasant relative to my colleagues, but may I direct your attention again to the coalfields of Pennsylvania, where there is a serious and distressed economic condition affecting the welfare of millions of American citizens. In my district

there are 25,000 unemployed men, 15.5 percent of the total population.

You can speak well, and I am sorry I bring these unpleasant things to your attention, but it is my duty in your gay and happy mood to tell you this is a serious blight upon the economy of this Nation, a reflection upon this Congress and upon this Government. When will the time come that we will discuss other than foreign welfare? What about the welfare of the coal industry, as much a part of national security as the rubber industry—and coal is not a synthetic, but a gift from God to this Nation—and like so many things God has given us we have failed miserably to help and aid this treasure. Why do you refuse to believe that thousands of American citizens in the coalfields of Pennsylvania at this very moment must live on public assistance and eat Federal surplus food to stay alive? Do you not like to hear this? This House can no longer pretend this is not so. This Government must stop its ostrichlike performance with reference to the terrible unemployment in the coalfields. What do you want these Americans to do—drop dead and thus solve your problem. We do not want charity or the dole—we want jobs—jobs—jobs. Talk of your rubber, cotton, tariff treaties—but what about your coal—coal—coal—coal—coal—coal—coal—coal.

CRY OF FREEDOM

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

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

There was no objection.

Mr. GARY. Mr. Speaker, fourscore and 100 years ago today a great Virginian stood in a pew in a small church in my native city of Richmond, Va., and made a speech which will never be forgotten as long as freedom is secure in the world. In St. John's Church, which still stands, Patrick Henry proclaimed:

> I know not what course others may take; but as for me, give me liberty or give me death.

That proclamation became the foreword of our early Republic and is today an accepted tenet of our political faith.

The premier performance of the play Cry of Freedom, based on the remarkable career of this great American, will be given next Monday evening at the Lisner Auditorium, here in Washington, under the sponsorship of the District of Columbia Department of the American Legion.

Today, in commemoration of the 180th anniversary of Patrick Henry's famous speech, Mr. Benjamin E. Hinden, coauthor of the play, will deliver an address over radio station WOL.

I take pleasure in inserting Mr. Hinden's speech at this point in the RECORD:

CRY OF FREEDOM

For many years millions of patriotic Americans have been greatly disturbed about the international Communist threat to freedom and the future of our country. Robert Clark and I decided that something must be done to counteract the poisonous lies being spread by brutal dictatorship and godless tyranny. We are convinced that we have undertaken a project which will prove highly beneficial to all who share America's cause in the battle for the minds of men, a battle we are forced to fight.

As writers, we turned to authentic sources for research and information about these United States—the history book, the National Archives, and the Library of Congress. We searched for an answer to this question: What started our country on the road to freedom? As we progressed, we confided to each other a slight feeling of shame at reaching this stage of our lives, living here in our Nation's Capital, among the very symbols of America's struggle for freedom, and understanding so little of the dramatic story behind these United States.

We soon became conscious that our Founding Fathers furnished a light to guide us. That light was sparked through the efforts of a man determined to be free—a man who inspired his countrymen to rise above subjugation, to assure Americans, then and now, the God-given rights of freeborn people. How many people realize that it was the pioneering work of this man, almost alone, who started the movement for freedom that brought about these United States? That man was Patrick Henry, of Virginia.

Patrick Henry had to battle his own friends in the House of Burgesses, against his contemporaries whom he admired and respected. They agreed the tyrannical rule of King George III must cease, but they disagreed violently in debate as to what course to pursue. During his first term in the Virginia House of Burgesses, Patrick Henry astounded the colonial leaders of his day with resolutions to the King, demanding termination of the infringements of the rights of freeborn British subjects in the Virginia colony. For 10 long years he led his fight calling for action against ever-increasing violations by the British of their own constitution, designed to protect the liberties of British subjects. His popularity spread like wildfire, not only through the colony of Virginia, but throughout the other 12 colonies as well. He was their champion, their spokesman for what was just and right, a man of action, a true leader.

We set out to tell this story in a way that would be most noticed, because this is a story of supreme importance to all Americans, and to all freedom-loving people. All who are truly interested in the fundamental principles of our Government and its dramatic origin, sooner or later, visit the Nation's Capital. The play, therefore, will be staged in Washington, D. C., not only because it ties in directly with the historic sites of this area, but because it also vividly demonstrates the reasons behind the marble and bronze statues that mark the landscape of the Nation's Capital.

For more than 2 years we continued our effort—research, writing, more research, more writing, inserting, cutting the script. We knew we had to have the best play possible for the American public. If it were less than the best, we would be letting down the public, as well as the very people whose lives we were endeavoring to portray in dramatic fashion. At last we had the script. It was warm and human; it was strong with the fierce conflict of debate, enriched with humor—with the tenderest love story ever told. And Patrick Henry is given his due credit at long last.

This play Cry of Freedom will move audiences. Its strong emotional appeal, its deep conflicts, and, most of all, its patriotic inspiration for each of us today will be long remembered.

The script was finished and we searched for a competent director. Many applicants were considered. The best was selected—a man who has directed outstanding stage plays, as well as acted in them, and who realized the challenge presented by the dynamic theme of Cry of Freedom. He is John X. Ward, creator of the role of Patrick Henry in the production presented in Washington a few years ago—Faith of Our Fathers. We have an excellent cast of actors and actresses with professional experience, including such players as James Ward and Theodore Zarpas, who are TV directors; Edgar Ford, radio and television; and Mary Ford, performer on the Olney Theater stage; and an excellent choir under the direction of Eleanor Starr. Miss Starr has written an original composition called The Ballad of Patrick Henry, especially for this production, and previews of the song indicate that it may catch on as the Ballad of Davy Crockett has captured the American public.

The opening night performance is sponsored by the District of Columbia Department of the American Legion who will receive the entire net proceeds of this performance. Our cast, the director, the stage manager, the authors, the sponsors, are all confident that we are working on a project of importance as a means of entertainment and that it is a device for carrying the patriotic message.

Cry of Freedom was the cry of Patrick Henry and the colonists against tyranny. It will be shown at Lisner Auditorium, opening on Monday, March 28. This patriotic theme based upon the American precedent becomes more and more important and timely. The Communist conspiracy with which we are now forced to grapple desires to humble us in a cold war. This play will fortify the minds that are politically immature to clearly understand the true meaning of our heritage and inspire greater devotion to the fundamental principles of our Government.

BRITAIN SUFFERING FROM FRUITS OF PROSPERITY

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

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

There was no objection.

Mr. GROSS. Mr. Speaker, buried on an inside page of the Washington Post and Times Herald of last Friday is a news item. It reads as follows:

PROSPERITY IS CHIEF ILL, BRITONS TOLD

LONDON, March 17.—Chancellor of the Exchequer R. A. Butler told members of his own Conservative Party today that Britain's only economic trouble is having too many of the good things of life.

"If I were to have any anxiety at present it would be due to the idea that we are suffering in some ways from the fruits of prosperity," he said.

Mr. Speaker, the foreign giveaway bill will come before us in a few weeks, and I suppose it will be in order to pour out some more offshore procurement contracts for the British to build some more warplanes for us and so on and so forth, and I suppose it would be rude at this time to ask Sir Winston Churchill to return a few million of the billions of dollars that we have given them over the past few years.

SPECIAL ORDER GRANTED

Mr. POWELL (at the request of Mr. MCCORMACK) was given permission to address the House for 1 hour on March 31, following the legislative program of the day and the conclusion of any special orders heretofore entered.

CALL OF THE HOUSE

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

The SPEAKER. Evidently a quorum is not present.

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

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 28]

Barrett	Dawson, Ill.	Sadlak
Bell	Eberharter	Shelley
Bolton, Oliver P.	McIntire	Vursell
Byrd	Morrison	Withrow
Canfield	Moulder	Yates
Chiperfield	Preston	Zelenko
Christopher	Prouty	
	Reece, Tenn.	

The SPEAKER. On this rollcall 418 Members have answered to their names, a quorum.

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

ITALY

Mr. ADDONIZIO. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

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

There was no objection.

Mr. ADDONIZIO. Mr. Speaker, among the voices that have stood resolutely forth in the political struggle in which the nations of the world are now engaged, have been those of the postwar leaders of the Republic of Italy. In the perilous condition of world affairs, that Government has affirmed time and time again, in ringing tones, its support of the democratic ideal. And the fulfillment of these affirmations may be noted today by the interested observer within Italy itself, and in the spirit with which Italy links herself to other free nations.

Within Italy the task of fostering the democratic ideal of the dignity and equality of every citizen has not been easily accomplished. It has not been easy—partly because life itself is not always easy in Italy and partly because a strong diabolical force directed from outside Italy is constantly at work there—attempting to win that country away from its democratic principles.

The large population of Italy is one of the elements that makes it difficult to earn a livelihood in Italy. There are more people who need jobs than there are jobs to be had; there is more land that is useless than there is land that can be tilled and made to yield food. The mountain dweller who must break rocks in order to plant a small field, the tenant farmer of Tuscany, the shepherd of Sardinia who shares the solitary and nomadic life of his flocks—these people by necessity give the overwhelming portion of their time and energy to the gaining of bread for themselves and their families. In their preoccupation with this struggle to obtain a livelihood, some of these people have at times fallen prey to the Communists' persuasion and their beguiling by hypocritical promises of a better life. Indeed the Communists have made inroads into Italian life and politics; they have taken advantage of the economic weakness of the country; they have sought to undermine the programs for land development and land reform put forward by the Government, and at the same time they have tried to steal the credit for the reforms that have been the most successful.

In spite of all these hardships and the heavy opposition, the democratic government of Italy has been one of the most stable in Europe and democratic institutions continue to grow stronger. Credit for this hard-won progress in Italy goes, on the one hand, to the strong dedicated leaders of post-war Italy, whose first concern has been the over-all good of their country and of the free world, and, on the other hand, to the Italian people themselves. Even in the face of great social and economic hardship, Italy's standard of living is slowly but continuously rising and the whole economic picture is improving.

In the broader picture of international affairs, the leaders and the people of Italy have guided Italy into a new and stronger relationship with the family of Western nations. Italy is an enthusiastic supporter of European integration and of the Atlantic Community. In the spring of last year, Italy held the record for trade liberalization in Europe. A member of the Coal and Steel Community. Italy also favors European agricultural integration and the development of the European Political Community. Last fall, after the collapse of international plans to form a European Defense Community, the country joined in the nine-power agreement for bringing the Federal Republic of Germany into the Western Defense system.

Of the many impressive leaders which Western Europe has given to the free world since World War II, surely those of Italy have been outstanding. Our own city has the honor to welcome to our shores this week, Mario Scelba, Premier of Italy. We are especially happy for this opportunity to be able to pay our deepest respect to this man who has given so unstintingly of his energy and talent for the welfare and safety of his country. Specifically, Scelba has met head-on the challenge of Communist subversion in Italy; he is developing programs for public works, housing and new tax enforcement laws. These programs are not easily carried out because Scelba has had to face strong opposition from both the right and left.

The achievements of Italy have by no means been limited to the domestic scene. One of the recent impressive achievements in Europe in international relations during recent months has been the peaceful settlement that has been reached by Italy and Yugoslavia with regard to Trieste. By the use of the processes of negotiation and diplomacy, both countries exercised moderation in the interest of agreement. Not only did Italy and Yugoslavia gain peace, but the whole southern European area is gaining thereby in unity and strength. The Trieste settlement may pave the way for the development of a new partnership of collective security in this area of the world.

We welcome Premier Mario Scelba to the United States. May this visit renew in our minds the impulse which draws us together—the impulse toward freedom in cooperation. Italy and America—whose close friendship springs from their common ideals will not allow themselves to be driven apart. For if the well-springs of our deep common purpose be dried up and if this bond is threatened with rupture—the very foundations of our democratic way of life may be seriously threatened. Certainly it is upon these common foundations which have already been established between free nations that the future security and well-being of our civilization will be established.

SALE OF RUBBER-PRODUCING FACILITIES

Mr. VINSON. Mr. Speaker, I call up the privileged resolution (H. Res. 171) to disapprove proposed sale to Shell Oil Co. of certain synthetic rubber facilities as recommended by the Rubber Producing Facilities Disposal Commission report, and move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the resolution.

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 House Resolution 171, with Mr. DODD in the chair.

The Clerk read the title of the resolution.

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

Mr. VINSON. Mr. Chairman, I yield myself 30 minutes.

Mr. Chairman, if the Committee will indulge me, I will try to briefly state the issue involved in House Resolution 171, which is submitted by the gentleman from California [Mr. DOYLE], a member of the Committee on Armed Services. This resolution is somewhat different from the one we considered yesterday. The gentleman from California is clearly within his rights in filing this resolution in opposition to the disposal of three facilities in the State of California. Those facilities are a copolymer plant, a butadiene plant, and a styrene plant. The contention of my good friend the gentleman from California is that the Commission did not follow the law in accepting the bid. The contention is that a different procedure was followed with reference to the sale in California than was used with other plants. Let me respectfully ask your indulgence while I try to make the case as clear as I am able to.

Mr. Chairman, the Committee on Armed Services by a vote of 28 to 4 recommends that House Resolution 171 not pass.

Now the question involved in this resolution is a very simple one. Should the House reject the sale of three facilities located in California, because the recommended purchaser submitted a package bid?

The Shell Chemical Corp. offered to buy a styrene plant, a butadiene plant, and a copolymer plant, if they could buy all three, but they did not propose to buy any one of the three facilities separately. And the question is whether or not the Congress should approve that sale.

Now section 7 (b) (4) of the Disposal Act states that proposals shall be in writing and shall contain, among other things:

> The amount proposed to be paid for each of the facilities, and, if such amount is not to be paid in cash, then the principal terms of the financial arrangement proposed.

Shell Chemical Corp. did not propose to pay anything for the copolymer plant by itself; nor did they propose to pay anything for the styrene plant by itself; and likewise they did not propose to pay anything for the butadiene plant by itself; but they did offer to pay $27 million for all three.

Now you will hear a great deal of discussion about the word "shall." You will hear that the law says the Commission shall do thus and so; and the Attorney General shall do that, so the advocates of this resolution say that the whole bid is illegal because Shell Chemical Corp. did not name a specific amount for each facility.

They concede that if Shell Chemical Corp. had bid $1 for each facility, then the bid would have been legal, but they contend that since Shell bid nothing for each separate facility, that the bid for all three is illegal.

Now remember that under the Disposal Act this entire program had to come to the Congress for examination. Therefore, it is Congress who shall decide whether or not the proposal submitted by the Shell Chemical Corp., is sound and proper.

Now who are the complainants in this matter?

Well, they are Mr. Edwin Pauley and the Minnesota Mining Co. Now let us see what this boils down to insofar as the Congress is concerned and insofar as the taxpayers are concerned.

The Minnesota Mining & Manufacturing Co. proposed to pay $2½ million for a copolymer plant that the Commission valued at $3½ millon. During negotiations Minnesota Mining Co. raised their offer to $3 million, but never went beyond that. And Mr. Pauley, in his own right, offered to pay $4 million for a butadiene plant that the Commission thought was worth $7 million.

Thus, Minnesota Mining and Edwin Pauley offered $7 million maximum, for two plants that in the Commission's opinion were worth $10½ million.

Several bids were submitted for the styrene plant alone, starting at $3,900,000, and eventually being negotiated upward to $18 million. Insofar as Mr. Pauley is concerned, the Standard Oil Co. offered to pay more for the butadiene plant than Mr. Pauley, and in addition the Standard Oil Company of California offered to pay more for the GR–S plant than the combined bid of Minnesota Mining Co. and Mr. Pauley.

Now the contention is made that the sale to Shell should be disapproved because Shell did not submit the separate amount for each facility.

Mr. Chairman, the objective of the Disposal Act was to sell the plants for their full fair value, establish a competitive pattern, provide for the needs of small business, and protect the national security.

The Commission accepted the Shell proposal in the best interests of the Government. They succeeded in raising Shell's final offering from $27 million to $30 million.

Now consider this $30 million for a moment. The aggregate amount offered separately for the three facilities by bidders other than Shell amount to $24 million. Dow Chemical offered $18 million for the styrene plant alone, but was disqualified by the Attorney General, since this would have given Dow too great a portion of the styrene production in the United States. Pauley offered $4 million for the butadiene plant, and Midland offered $3 million for the copolymer plant. Other proposals were made based upon guaranteed markets and were not considered as legitimate bids.

Thus the aggregate total of the acceptable bids offered for the facilities separately amounted to $24 million. Shell offered $27 million and were negotiated upward to a final figure of $30 million.

The Commission knew that the program would have to be submitted to the Congress. The Commission was not entering into contracts that were final and binding until Congress had an opportunity to pass upon them. And therefore I say it is up to the Congress to decide whether the Shell bid is in the best interests of the taxpayers, the small businessman, the national security, and the establishment of competition in the synthetic rubber business.

Now Shell Chemical Corp., operating as an integrated unit will make a large supply of synthetic rubber, some 20,000 tons annually based upon capacity, available to small business. This is far in excess of the needs of small business in the west coast area, and in addition will be an assured source of supply for small business.

Now I ask you, is it in the best interests of the taxpayers for the Congress to approve a sale that will make available a large supply of rubber to small business on the west coast? I think so.

I ask you, is it in the best interests of taxpayers that the Commission enter into a contract with a company that will provide the largest amount of money in the aggregate for all three plants? I think so.

I ask you, is it in the interest of national security that these plants be sold to a company that has had experience in the synthetic rubber field? I think so.

I ask you, is it in the best interests of free competition that a large integrated operation be sold to a company that does not use the end product of GR–S rubber and thus will be available on the market in competition with the purchasers of facilities who do use their own product? I think so.

Now the Armed Services Committee is not alone in approving this sale to the Shell Chemical Corp. The Comptroller General stated in effect that any other conclusion would be absurd; and the Comptroller General says that the sale meets the requirements of the Disposal Act.

The question of whether or not "shall" is directory or mandatory is, in the long run, of little importance.

What is important is that the framers of this law insisted that the program be submitted to the Congress for examination before it went into effect. So the Congress will decide whether the sale shall be made. The Congress is the final authority on this subject. And I say that this sale to Shell Chemical Corp. is in the best interests of the Government.

I say that it complies with the objectives of the Disposal Act, and with all the criteria established by that act.

The one important provision in the law that controls this whole argument is that provision which says that the Disposal Commission shall submit the recommended sales program to the Congress and that the Congress shall have 60 days in which to examine the program to decide whether or not they wish to disapprove all or any part of the program. That is the "shall" that controls.

Supposing Shell had bid $1 for each facility and finally had been negotiated up to the $30 million sales price they agreed to. What difference would it have made to any other bidder?

Minnesota Mining and Ed Pauley had their chance and they did not bid enough.

Are we to throw out this transaction now, which is in the best interests of the Government, and let these plants close down on the west coast with the hope that Congress will pass new legislation authorizing new proposals to be received.

During this period of shutdown—for remember that under the law these plants will shut down if this resolution is adopted—where will small business on the west coast obtain their rubber? Where will the employees now working in the copolymer plant, and the butadiene plant, and the styrene plant find employment?

Mr. Chairman, since the Congress is the final arbiter on this matter, and since the Congress will decide whether or not this sale will be approved, I say that we must look at it on its merits, and on the basis of what is best for the taxpayers, and the country.

In my opinion, the sale to the Shell Chemical Corp. of these three plants is in the best interests of the American people.

I hope the resolution will be overwhelmingly defeated.

Now, I will be glad to answer questions.

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

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

Mr. SHORT. In many instances they got much higher prices than the original bids?

Mr. VINSON. Certainly. In that connection, as a result of these negotiations that went on for a period of 7 months the Commission was able to get $30 million more for these facilities than was originally bid. You would be astonished, and I will repeat the case in a minute, to show the great advantage that we wrote in the law requiring the negotiations to extend over a period of 7 months. These people are like anybody

else, they naturally wanted to buy these facilities as cheaply as they could. If we had a Commission that did not have backbone, probably they would have obtained them for a great deal less than they finally did.

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

Mr. VINSON. I yield.

Mr. SHORT. Are not these three plants in California so interrelated and interconnected and interlocked, integrated, that it would be very unwise to try to sell them separately?

Mr. VINSON. The gentleman from Missouri is absolutely correct.

Mr. SHORT. It would be like having an automobile in perfect condition except that it lacks a battery or a gas tank.

Mr. VINSON. Or a steering wheel or something else. It is an integral unit.

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

Mr. VINSON. With pleasure.

Mr. ARENDS. Would the gentleman state by what vote the committee decided this was the proper procedure?

Mr. VINSON. By a vote of 28 to 4. Some members of our committee filed a minority report. They are splitting hairs about the word "shall." It is up to the Members of the House, in the final analysis, to say whether the bid submitted by Shell was fair and in the best interests of the Government.

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

Mr. VINSON. I yield to my colleague on the committee.

Mr. PRICE. Actually, the vote of the committee is not indicative of the full opposition to the sale.

Mr. VINSON. No. I stated that there was a minority report, which is signed by the gentleman from California [Mr. DOYLE] by Mr. MILLER, by the distinguished gentleman from Illinois [Mr. PRICE] by Mr. GREEN of Pennsylvania, Mr. PHILBIN, of Massachusetts, and by Mr. MOLLOHAN, of West Virginia.

Mr. PRICE. Would the gentleman agree with me that we are not exactly splitting hairs over the word "shall," for this reason. Serving on that committee as we do, when we bring out a selective-service bill we understand what the word "shall" means. I think the members who serve on that committee regard "shall" in this instance in the same way as we regard it when we bring out a selective-service bill.

Mr. VINSON. When the gentleman from Illinois [Mr. PRICE] and the gentleman from California [Mr. MILLER] present their views, the only thing they are going to talk about is the word "shall." The law says that the Commission shall do so and so.

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

Mr. VINSON. With pleasure.

Mr. DINGELL. Should the House sustain the committee by positive action, am I correct in assuming that the word "shall" virtually and automatically becomes "must"?

Mr. VINSON. If the House sustains the committee, the result will be that the House will have considered, irrespective of the word "shall," that this is the proper thing to do under the facts and circumstances, and that the Government should go ahead and negotiate the contract with Shell.

Mr. DINGELL. But I want to get this straight. I want to be sure that if the House sustains the position of the committee, that any action on the part of the Commission will become a mandatory action under direction of the Congress. In other words, they will have to sell it for the top dollar.

Mr. VINSON. That is exactly right; of course, they will have to sell it for the $30 million. And they are to be commended in approaching this matter in this way instead of selling to Mr. Pauley for $4 million and the Minnesota Mining Co. for $3,500,000.

What happens if it does not sell? Let us assume that the House rejects this proposal. What does the law provide? The law provides that where the facility is not sold, it is put in a standby condition. It cannot be operated by the Government and cannot be sold within 3 years.

What effect is it going to have upon small industries, who are looking for 20,000 tons from this plant? What effect is it going to have on the employees on the west coast in the three great plants? Out of jobs they go.

That is what happens under the law, the law that you passed by 317 to 58. If you approve this resolution, these plants are put in a standby condition, and under the law that you wrote cannot be sold for 3 years and cannot be operated.

That is the very reason why next week we are going to bring a resolution in here dealing with a plant down in Texas, because we are worried about the situation in that plant, not having a purchaser.

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

Mr. VINSON. Always a pleasure.

Mr. HOLIFIELD. Is that plant in Texas the so-called Baytown plant?

Mr. VINSON. That is correct.

Mr. HOLIFIELD. Has that been offered for sale and withdrawal?

Mr. VINSON. Yes; that was offered for sale, and the Commission could not get a good price for it, and it did the right and proper thing not to sell it.

Mr. HOLIFIELD. So the committee is planning to bring in a special bill to obviate the mothballing of this plant; is that true?

Mr. VINSON. No. The committee is planning to bring in a bill to breathe life into the Commission so that they can stay in existence and see if they can dispose of this facility. Then it has to come back here just like this one.

Mr. HOLIFIELD. Exactly. And they can do the same thing on the California plant, can they not?

Mr. VINSON. I do not know whether they can or not. Passing bills through Congress is not as easy as some of you think it is. I have been here a long time, and I know what it takes. If you are a friend of small business in fact and deed, here is an opportunity to show you are a friend of small business by giving them the privilege of having a place to get GR–S.

Mr. KELLEY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. VINSON. I yield.

Mr. KELLEY of Pennsylvania. The gentleman from Georgia said there would be 20,000 tons of rubber available for the market.

Mr. VINSON. From this plant, for small business.

Mr. KELLEY of Pennsylvania. Yes. It would be interesting to know who owns the Shell Oil Co. and controls it. Where is this 20,000 tons going?

Mr. VINSON. I do not know who owns the Shell Oil Co., but I know one thing: Shell has to pay for it in United States currency.

Mr. Chairman, I ask the Members to vote "no" on this resolution and approve this sale, because it is fair, and it is right. I am not going to be splitting hairs here about "shall" or "shall not." I know we have to pass a resolution, and you alone are to determine whether or not this is a good trade.

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

Mr. VINSON. I yield to the gentleman from North Carolina.

Mr. DURHAM. I do not believe that the gentleman from Georgia pointed out one condition that is important in connection with the sale of these plants. I recall the statement made by the Commission that all of the bidders on these plants except Shell had a condition in their proposals that they wanted a guaranteed market for the end products, synthetic rubber.

Mr. VINSON. I am glad my distinguished colleague called attention to that. Even if they had been the high bidder, it would not have been right for the Commission to accept. It would not have been right for the Commission to accept it because in the very heart of their bid, they said they wanted a guaranteed market before they bought these plants.

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

Mr. VINSON. I yield.

Mr. DOYLE. I think at this point I want to challenge, with all due respect, the observation made by the gentleman from North Carolina [Mr. DURHAM], because I think it is not a matter of fact. I invite the gentleman from North Carolina to point that out in the RECORD. All of the bidders except Shell put a provision on their bids, and it does not apply to the 2 bidders for the 3 California plants, as I recall.

Mr. VINSON. I think my colleague from California is in error. I pointed out and I read it in the RECORD. One of the conditions in the bids of some of them out in California was that they wanted a guaranteed market.

Mr. RIVERS. I wish our chairman would point out the position of the Comptroller General who says this is a legal contract.

Mr. VINSON. This contract was referred, by Senator FULBRIGHT, to the Comptroller General. We had the Comptroller before us, at least we had his representative, and we had a letter from the Comptroller. The Comptroller General held, and it is in the RECORD, that this contract, this package sale to

Shell, is in accordance with the Disposal Act.

In conclusion, I want to say I have high regard for my two good friends from California. They are most distinguished Members and work hard and they are very capable on all matters coming before the Committee on Armed Services, but nevertheless I am going to ask all of my other colleagues in the House to vote "no" on this resolution and extract my colleagues from the hole that they are in.

Mr. DOYLE. Mr. Chairman, I yield myself 25 minutes.

Mr. Chairman, I am certainly proud to be a native son of California, where these three plants are located in my home county of Los Angeles. I very much appreciate the generous and gracious suggestion by the distinguished gentleman from Georgia [Mr. VINSON], chairman of the Committee on Armed Services, that he is going to try to extract the two California Representatives from a hole. Of course, the hole, if there is one, is so shallow it would not take any part of his strength to lift us out of it. I am not aware of any hole but I appreciate his cordial suggestion.

This is the first time that I have appeared on the floor of the House in opposition to any bill which has come from the Committee on Armed Services of which I am happy to have been a member during part of the five terms I have been here. But in this case, I feel it is incumbent upon me, as a Member of the House, and if you please as a member of the subcommittee that wrote this bill, to urge H. Res. 171. I was also on the subcommittee which wrote the bill and I traveled to the several States with the committee and inspected all these plants and sat in on the briefings which we received from the great corporation executives. Then, too, I was present at every meeting of that subcommittee and present at every meeting of the later subcommittee when we were hearing the report of the Disposal Commission. As I say, I feel it is incumbent upon myself to propose this resolution, because I believe so sincerely the proposed sale to Shell of these three plants in Los Angeles County contravenes the clear intent of this House, as set forth in Public Law 205.

Mr. Chairman, this is not a technical matter as has been claimed by the distinguished committee chairman. In my esteem it is a question of whether or not we in Congress had an intention that was undisclosed by the wording of the act we passed when we passed Public Law 205. I use that expression whether or not we had an intention that was undisclosed, because not only in common parlance, not only according to Mr. Webster, but also according to the great bulk of American law, relating to statutory enactment such as this one before us, it is as clear as crystal, from the great bulk of American court decisions, that under such circumstances, the word "shall" is mandatory; and, that no discretion can be exercised. When the words "shall" and "may" are both used in the same statute—and there are many cases in the statutes similar to Public Law 205 where the words "shall" and "may" are used in the same paragraph—I need not argue to the lawyers who are Members of this great legislative body that "shall" means "mandatory" in such circumstances.

Now, may I lay down just two fundamental premises and propositions to touch on during my brief debate? First, the distinguished chairman has laid down the premise, and in part the burden of most of his argument was that because we will get six, seven, or eight million dollars more from Shell than we would from the other bidders for these three plants therefore we should accept it and not hold for a strict construction of the statute passed. I want to say, Mr. Chairman, that as I view the intent of Congress in such statutory enactments as this one, Public Law 205, the making of money does not justify us in violating the clear as crystal intent of our own statutes. May I repeat to you, therefore, that I do not think the gain of four, five, six, or seven million dollars which manifestly we could make if we ratify the Shell sale, is any justification for this Congress violating its own intent, by approving the Commission's reported sale to Shell Oil—money is not that important, ever.

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

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

Mr. DINGELL. What I would like to know in addition to the question I asked of the chairman is whether in the gentleman's estimation the sale of these three distinctly different plants to Shell alone under the bulk bid or package bid, will further create a monopoly to the detriment of small business?

Mr. DOYLE. I may say to the gentleman from Michigan that when this bill was originally on the floor, the Rubber Disposal Act, I voted for the bill; I voted against the motion to recommit. I want that clear.

Mr. DINGELL. But that does not answer my question. Will it stimulate monopoly?

Mr. DOYLE. I felt that when the time came that these rubber plants could be legally and properly and at a reasonable figure and in the interest of competitive free enterprise and under such conditions of sale that the Government's interest would be protected, I felt then it would be timely to dispose of these Government-owned rubber facilities. I still feel that way, I may say to the gentleman from Michigan, but I do not feel that under this proposed disposal those elements are sufficiently present. I favor private industry—but never illegal monopoly.

Mr. DINGELL. But that still does not answer my question, I will say to my friend from California. What I am fearful of is that when these large corporations grab in a package grab three distinct types of plants producing synthetic rubber, whether this will create an artificial rubber monopoly. Six million dollars difference in cash means nothing, of course.

Mr. DOYLE. The Attorney General of the United States said in his judgment it would not, but I am not sure the Attorney General had all the facts presented to him when he wrote a letter saying he was thus basing his opinion.

Mr. DINGELL. What is the gentleman's opinion?

Mr. DOYLE. I would like to finish my statement, if the gentleman does not mind.

Mr. DINGELL. Would not the gentleman give me the benefit of his opinion?

Mr. DOYLE. My opinion is that the sale to Shell under these conditions would logically lead to monopoly for practically every long ton of rubber west of the Mississippi River unless Shell most exactly and scrupulously tries to not grow into monopolistic practices.

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

Mr. DOYLE. No; I have only 20 minutes, and I wish to proceed with my statement.

Apropos of the chairman's statement, I call the gentleman's attention to section 8 on page 4 of the act. It states this:

> No facilities shall thereafter be operated as a rubber-producing facility for the account of or by the Government except pursuant to further act of Congress.

So this act, 205, expressly took into account the fact that some of these plants and facilities might not be disposed of by this Commission. They made special provision that Congress could enact legislation to protect such a situation and keep the plants going. I may say that at my request the distinguished lawyer for the Armed Services Committee, Mr. Smart, our chief counsel, has prepared such a resolution for me. If this sale to Shell is disapproved today I intend to file this resolution in the House to take care of this emergency immediately. It will not take the Chairman of Armed Services many hours to push it through if he wants to do so.

A bill has also been filed by the gentleman from Texas [Mr. THOMAS] to take care of a similar situation in Texas. So that you already have such a resolution filed in the House regarding the Texas plants that were not sold. I will file another to take care of the Shell situation.

Mr. Chairman, I want the RECORD to show that I began to express my interest in the question of the sale to any California bidders of the three Shell plants in my home county of Los Angeles on February 7, 1955, which was several weeks before anyone came to Washington so far as I know in connection with the sale. I have a letter here from the Rubber Disposal Commission signed by their general counsel, Harold W. Sheehan, answering a written communication which I sent to the Commission on February 8, 1955, inquiring as to this sort of situation.

As long as the distinguished chairman of the Committee on the Armed Services has dwelt so much on the fact that he thought we would keep talking about the word "shall" only, I shall disappoint him.

May I call your attention to section 7 (b) (4). Among the six requirements,

the "shall" requirements that the Commission must follow, section (4) says:

Proposals shall be in writing and shall contain among other things (4) the amount proposed to be paid for each of the facilities.

Did you intend, when you voted for this law last time, that the Commission should be required to demand bids on each plant and facility? I certainly did not intend, as a Member of Congress, to allow the Commission any discretion on this point. I certainly intended that they should get bids on each facility to help them in their negotiations to know what a fair price for each plant was. And I think you intended the same thing when you voted for the law. I am quite sure you did. You knew the difference between "shall" and "may" in statutory construction, and when you voted for this law you took it for granted that your understanding of the difference between "shall" and "may" obtained in this statute. I believe you then believed "shall" did mean it was mandatory. The Commission must follow these six requirements as set forth on pages 2 and 3 of the act. They had no discretion as to these. There were also other mandatory provisions.

There is no question, in my judgment, but that the word "shall" is mandatory as used by us in the Public Law 205, and that the Commission violated the intent of Congress when it did not require separate bids from Shell.

May I state, too, that the Commission itself at all times recognized that subdivision (4) was mandatory. They recognized that in their public release No. 1; their first advertisement for bids for all the plants. The Commission adopted the exact language of subdivision (4) in its first public advertisement for bids. Listen to what they publicized in the ads. If they did not think that it was mandatory on them to demand separate bids on each plant, why did they include it in their notice of bids? That was on November 25, 1953. Here it is in their own report to this Congress.

Then what happened? They, the second time, gave public notice they would require that the bids be on each plant or facility.

On March 16, 1954, listen to what the Commission again said; again quoting the exact law as we wrote it to all possible bidders. Here is the wording applicable:

The proposal shall state the amount proposed to be paid for each of the facilities.

They again adopted the exact language of the statute. If they had intended to vary from that or, if they had intended to construe that to mean that they had any discretion or that they had the right to accept a one-package bid, why did they not say so in their advertisements for bid proposals? You cannot find 1 word or 1 sentence in the hearings or in the Commission report either where they ever indicated to the bidders, in writing, at least, that they were going to claim the exercise of their discretion and accept a one-package bid such as Shell made. You cannot find a single notice to any of the bidders from the Commission at any time that they intended to make a one-package transaction to Shell. All other bidders for the other plants bid on each plant as required in the law.

Then, on the third public advertisement they did not change the text or intent of their previous two advertisements in which they specified what bidders must do.

Now, I am not going into the question of law at great length. I do not have time. There are a great number of high court decisions. I just want to read 1 or 2. In the case of *Vaughan* v. *Winston* (82 F. 2d, 370), the court said:

Whether a statutory requirement is mandatory in the sense that failure to comply therewith vitiates the action taken, or directory, can only be determined by ascertaining the legislative intent. If a requirement is so essential a part of the plan that the legislative intent would be frustrated by a noncompliance, then it is mandatory.

I quote *Ballou* v. *Kemp* (92 F. 2d, 556):

The word "shall" in its ordinary sense is imperative. When the word "shall" is used in a statute, and a right or benefit to any one depends upon giving it an imperative construction, then that word is to be regarded as peremptory.

Finally, the last I will refer to is *Escoe* v. *Verbst* (295 U. S. 490):

Statutes are not directory when to put them in that category would result in serious impairment of the public or the private interest that they were intended to protect.

So, we find that the Commission in all their printed statements referred to or relied on subdivision 4 which said that they must obtain bids on each facility.

Then you take the Shafer committee report on June 17, 1953, page 11 thereof, and here is what it says:

Bidders, however, shall be permitted to submit whatever bids for each facility—

This showed our congressional intent in 1953. We are still bound by intent when we passed the law.

Then, in the full hearings before our committee just the other day, I was questioning the president of the Shell Corp., Mr. McCurdy. I did not feel I had all the time I would have liked to have taken, but the chairman was very gracious, I will say, as he always is; I would like to have taken more time, but it is not exactly a comfortable position, and you know it is not, for a member of a committee to sit on a great committee like the Armed Services and find himself in a position where it might be taken by some that he is cross-examining the witness. I never feel comfortable in that relationship; but that was the position I was beginning to feel I was getting into with Mr. McCurdy. I read to you from page 1160. Here is what Mr. McCurdy, the president of Shell, testified in this matter. I asked him in the committee hearings as follows:

Mr. DOYLE. You mean, then, when the Commission called you in, they hadn't noticed that, is that correct?

And then the Commission called you in, did it not?

Mr. MCCURDY. They did.

Mr. DOYLE. And what did the Commission tell you about your one-package bid?

Mr. MCCURDY. They asked us to break our bid down.

Do you get it? The Commission officially asked Shell to bid on each facility. This is after Shell had bid, and the Disposal Commission had received it. Why did the Commission ask him to break down the bid if it was not necessary? Mr. McCurdy, the president of Shell, further said in answer to one of my questions:

They asked us to break our bid down.

Why did they ask them to break it down if they felt a one-package bid was O. K.? So, the record shows, instead of breaking their bid down as the law required, Shell raised its bid by $3 million.

Mr. MCCURDY. I believe that the Commission thought that we had indeed formed this bid by adding up three numbers and they said, in effect: "Look, tell us what these numbers are," and we said, "There are no numbers." They didn't believe me, I am quite sure.

Mr. DOYLE. Well, the document showed there were no numbers, didn't it, on its face? The Commission had your bid before it. It showed that there were no figures except a total bid, didn't it?

Mr. MCCURDY. It did; that is right.

Mr. DOYLE. You mean, then, when the Commission called you in, they hadn't noticed that; is that correct?

Mr. MCCURDY. Of course they noticed it. They wanted me to break it down.

There you have it, right up to the last minute the Commission called them in and said, "We want you to break it down." Why did they say that? Because they knew that if they accepted the one-package bid, they would be taking a chance of having that sale not confirmed by Congress. So they let Shell raise their bid by $3 million and took the chance of having their whole disposal program confirmed. I quote further:

Mr. DOYLE. Well, did you break it down?

Mr. MCCURDY. No.

Mr. DOYLE. They told you, then, that they wanted you to break it down. They told you why, didn't they?

Mr. MCCURDY. Yes.

I want you, Mr. Chairman and my colleagues, to notice his answer.

Mr. DOYLE. What did they tell you?

Mr. MCCURDY. They told me it would be helpful if these figures could be broken down.

Mr. DOYLE. Well, they not only told you it would be helpful if you would break the figures down, but they told you that is what the law required, didn't they, and they showed you the section of the law?

That was purely a fishing expedition on my part. I had no idea whether they had showed him the law or not.

Mr. DOYLE. Well, they told you, though, didn't they?

Mr. MCCURDY. They told me that it would be helpful, but on the understanding that the figures would mean something.

Mr. DOYLE. Well, did they tell you why it would be helpful?

Notice his answer, if you please. This president of this great corporation was being called in by the Commission, less than a year ago for the express purpose of discussing their one-package bid. Remember, he had told me previously,

a few minutes before, twice that they had told him it would be helpful. Then I asked him this question:

Mr. DOYLE. Well, did they tell you why it would be helpful?

And here was the gentleman's surprising answer:

Mr. MCCURDY. I don't remember that they told me why.

Think of it. Here Mr. McCurdy positively contradicted himself on a very material point:

Mr. DOYLE. You don't remember?
Mr. MCCURDY. No.

That answer, that he did not remember, was surprising and disappointing to me. If you please, I think it was also surprising and contradictory to some of the rest of the members of the committee. I cannot believe he had such a failing memory.

Mr. DOYLE. I don't make my question clear, apparently. I am not asking you what they thought. I am asking you what they told you. Why did they tell you it would be helpful for them to break down your bid?

Mr. MCCURDY. I don't know, actually, that they did tell me it would be helpful.

There you have it again, all within the same 1 minute or so from the Shell president. Twice he told me, and I have read you his answers, they told him it would be helpful. Then he said:

I don't know, actually, that they did tell me it would be helpful.

This Congress is, of course, no court of law, but if I were before a jury I think the jury would question the gentleman's recollection at least. His testimony before our committee gave no evidences of failure of memory on other points.

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

Mr. DOYLE. I yield to the distinguished gentleman from New York.

Mr. COLE. I am wondering if the gentleman would agree with the position taken by the counsel to the Minnesota-Ed Pauley group when he admitted that if the Shell people had bid $1 for each of these three plants and $27 million and $3 for the total of the three plants, that would have complied with the provisions of the law.

Mr. DOYLE. Of course not. I recall the gentleman asked the attorney that question in committee. Such a bid would have been facetious and not in good faith.

Mr. COLE. The gentleman also recalls that the counsel to this group admitted that in his opinion it would have qualified it.

Mr. DOYLE. He is not my counsel and I have no connection with him. I do not agree with him.

Furthermore, every bidder except Shell observed subdivision 4 and bid on each facility separately. Every bidder in connection with every other sale bid on each facility and each plant except in the case of the Shell transaction. I would like to refer to this quickly because there are several other Members who want to speak in support of the resolution.

I call your attention to page 584 of the transcript of the committee hearings. May I say to my chairman, I am not referring to the printed copy of the hearings but to the transcript. In this connection, I have asked Mr. Blandford, one of our distinguished counsel, to find for me the reference in the printed hearings where it was stated that the Shell bid or the Pauley or the Minnesota Mining bids were conditional bids. Mr. Blandford read it and I now want to read the language to you. I refer to page 130 of the Commission's supplemental report, the last paragraph, No. 7. Mind you, it had been stated in the committee hearings that the Minnesota Mining Co. and the Pauley bid and other bids on these three plants except in the case of Shell were conditional bids. In other words, unless certain provisions were fulfilled, they should not be considered as bids. Notice this language. Here are the terms of the bid by Minnesota Mining. Here was their statement which was interpreted in the hearings as a condition and to which, I think, my distinguished colleague, the gentleman from North Carolina [Mr. DURHAM] referred.

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

Mr. DOYLE. I yield.

Mr. DURHAM. My reference was not only to the Minnesota Mining Co. bid, but it also was to other bidders who placed conditional bids.

Mr. DOYLE. Here is the kind of thing that was construed as a conditional bid. This is the kind of thing that was construed by some as a condition. I ask you if it was a condition:

Offeror respectfully suggests to the Commission that in disposing of the other Government-owned rubber-producing facilities that each of the ultimate purchasers who operate a plant west of the Rocky Mountains * * * should agree as a condition of acquiring such other facilities that it will for a minimum period of 5 years from the effective date of sale purchase the requirement for such west coast plants GR–S from the facility in question at current market prices.

I submit first that that is not a condition at all. I state it was no condition. It expressly shows it was merely a suggestion. It said "it respectfully suggests."

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

Mr. DOYLE. I yield.

Mr. DURHAM. How does the gentleman interpret the word "should"?

Mr. DOYLE. It is a recommendation.

Mr. DURHAM. I should say it is a directive.

Mr. DOYLE. Let us go get the definition from Mr. Webster and see what he says.

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

Mr. DOYLE. I yield.

Mr. MASON. The definition by Webster is that the words "should" and "shall" are the same, only the one is a different tense than the other, they both mean exactly the same. So if you insist upon "shall" you must insist upon "should."

Mr. DOYLE. I know that the gentleman was a high-school teacher at one time and no doubt he remembers all the definitions by Mr. Webster; he may be right but I am referring now to page 584. This is in the committee hearings. It is the report by Mr. Pettibone, Chairman of the Disposal Commission. When I read this, this is my own explanation of the only reason in the world I think the Commission made this sort of a disposal report to Shell in violation of the intent of Congress. Here is what Mr. Pettibone said. This is Mr. Pettibone, Chairman of the Commission, reporting to the Committee on Armed Services and to the Congress. Notice this carefully, I quote Mr. Pettibone:

Here is the Commission finding itself in mid-December uncertain as to whether there would be any program they could recommend to the Congress. Some bidders were not bidding enough. One matter seemed very clear to the Commission, a program which would put the four California facilities in standby would not be acceptable to either the Commission or to the Congress.

It is, then, no accident that our first sales contract was signed with Shell.

There you have it. That was not until December 16. The final date for signing with Shell and the others was December 27.

The report shows that the contracts with the Big Four bidders were signed on the following dates: Goodrich on December 17; United States Rubber, December 17; Goodyear, December 22; Firestone, December 22; Standard of California signed on the last day, December 27. So, Mr. Chairman, with the utmost respect to the Commission, the way I interpret what they did with Shell and the reason they did it is that it was a matter of convenience in trying to close a sales program on time. Their letter I just read frankly said so. They needed to sell the three Los Angeles plants before the 27th. They wanted to make the best showing possible. That was natural.

Mr. DINGELL. Mr. Chairman, will the gentleman yield to me for an important question relating to taxes?

Mr. DOYLE. I yield.

Mr. DINGELL. I should like to know, and it is mighty important, whether under these terms of sale proposed here before the House under the bill, whether it is possible for Shell under this package deal later to sell a plant for $29 million and say that is the amount they valued that particular plant at and made no profit on it because that is what they considered the purchase price, and holding the two other plants ad infinitum? In such case the Government would be deprived of its share of revenue on the particular sale and the particular plant.

Does the gentleman understand that it is possible to conceal the profit on the sale of one of these plants? That is more important than the immediate $6 million profit?

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

Mr. VINSON. Mr. Chairman, we have but one more speaker on this side. Will the gentleman from California consume the balance of his time?

Mr. DOYLE. I will; yes. We have several requests for time and will require all of our time.

I yield 10 minutes to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Chairman, I rise in support of the resolution and I do so because I believe there was a direct violation of the law, at least the spirit of the law was not adhered to in this case. But before getting into that, because it has been pretty well discussed, I want to comment on the statement made by our distinguished colleague from Texas [Mr. KILDAY] yesterday when in his opening remarks he said:

> I want to reiterate my opposition to the procedure of bringing back to Congress the actions taken by the executive department.

He expresses a thought that has concerned many of us.

Frankly, in these cases the Congress is encroaching on the powers properly assigned to the executive department.

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

Mr. MILLER of California. I yield briefly.

Mr. BROOKS of Louisiana. I will say to the gentleman from California that when this came before the Congress 2 years ago I took the floor and spoke out openly against the proceeding whereby on the one hand we sent something to the executive department to be solved and then retained it with the other hand and asked that it be brought back for us to pass upon. We are not competent as a legislative body to perform efficiently the details of the executive department of the Government; and I hope the process is not repeated in the future.

I say this now because I made the same statement when this came up originally. I saw what was going to happen.

Mr. MILLER of California. Thank you. This is the position in which we find ourselves in today when without the facilities or the time to go into the problems and the ramifications of the problems such as are presented here we try, as a legislative body, to execute our own law. That is what we are doing in these cases. I hope that we soon learn "to render unto Caesar the things that are Caesar's." We would be better off if we practice that Biblical admonition in our work.

Mr. Chairman, I am not a lawyer and I cannot skillfully discuss before you the ramifications of the law as it appears in this case, including the fine distinctions between "shall" as being mandatory or "shall" as being discretionary. I remember when this bill was before the Armed Services Committee last year, when it was reported out it was my thinking at that time that we were requiring each plant to be sold and to be bid individually. Maybe my thinking was not that of the majority of the committee, but I am satisfied that at that time had the committee been polled each man would have given it that interpretation. Now we come in with some fine nebulous definitions of "shall."

In order to support this case for "shall," we have to go to sections of the law where no directive language is used but where the plural of "facility" is used. We take the plural of that word and through some fancy trick known only to lawyers we tie it all together in a sweet "forget-me-not bow" in order to rationalize and bring out the fact that where the law is apparently directive and says "Each plant shall be bid individually" we say, "This means a package of certain facilities."

The courts, over the years, have established precedents. If we are going to keep up the practice of acting as an executive as well as a legislative branch of Government, the Congress had best start establishing a complicated set of precedents for the people's guidance as well as its own.

Mr. Chairman, this House is going to be asked to pass a resolution or a bill breathing life into the Commission for the purpose of handling the Baytown plant. There is no reason that that particular bill cannot be amended or the one that the gentleman from California [Mr. DOYLE] proposes bringing in cannot be passed, giving it additional life to renegotiate the sale of these plants. Nowhere that I can find in the hearings and nowhere was it brought out, to my satisfaction, that the Commission had ever dealt with any other bidder on the matter of the package deal for these three facilities.

If this package deal is so good, and if this package deal is justified in law, then, certainly, the other bidders for these Plancors should be in a position to bid on a package basis for them. If they are worth $30 million to Shell today, they will be worth $30 million to Shell a month from now. Midland or any of the others mentioned here should be given the right to organize groups or syndicates to bid on these three plants as a package. That would be equitable and fair and to the interest of the Government. If they must be operated as a package, then we have lost nothing and we might get more money for them. Who knows?

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

Mr. MILLER of California. I yield to the gentleman from Massachusetts.

Mr. BATES. Is the gentleman suggesting that no package deal was made?

Mr. MILLER of California. No; I did not say there were no package awards. I said that there were no package invitations with respect to these three plants. There was a package. Shell came in and said, "We come in as a package." The other people came in individually. Now, the other people were put on notice that they would bid as a package deal. It makes a lot of difference, because these are integrated plants.

Mr. BATES. The gentleman knows that a package deal was made.

Mr. MILLER of California. I am not talking about the package deals in other than the California area.

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

Mr. MILLER of California. I yield to the gentleman from Minnesota.

Mr. McCARTHY. Is it not correct, too, that when other bidders did include more than one facility in a package bid they specified to them that they were bidding for each unit in the package?

Mr. MILLER of California. Certainly they did, and if this fine fiction that they have tried to draw for us here were put into effect and Shell came in and said, "We will bid $27 million for one plant and $1 for a second plant and $1 for a third plant," those of you who believe in the money matter advantage to the Government would have been in a position to say to the Commission, "Accept the $27 million for the one plant and turn them down on the other two plants," and we would have been money ahead. So, that does not hold water.

Now, it is just a matter of where you are going to go.

Somebody asked about the genealogy of the Shell Chemical Co. It is interesting and I will put it in the RECORD. This data is taken from page 156 of the supplemental report to Congress recommending disposal of Government-owned rubber producing facilities. It is in the blue book.

> IDENTIFICATION OF PROSPECTIVE PURCHASER
>
> Shell Chemical Corp., a Delaware corporation is a 100 percent subsidiary of Shell Oil Co., also a Delaware corporation. A controlling interest (65.44 percent) of the stock of Shell Oil Co. is beneficially owned by Shell Caribbean Petroleum Co., a New Jersey corporation which, in turn, is beneficially owned by Canadian Shell Limited, an Ontario company. Canadian Shell Limited is beneficially owned by the Batavian Petroleum Co., a Netherlands corporation, which is owned 60 percent by Royal Dutch Petroleum Co., a Netherlands corporation, and 40 percent by the Shell Transport & Trading Co., Ltd., a British corporation.

Mr. KELLEY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Pennsylvania.

Mr. KELLEY of Pennsylvania. I asked the distinguished chairman for that information, and I did not get it.

Mr. MILLER of California. It is in the blue book. I do not think the distinguished chairman withheld that information for any particular reason, but I wanted to put it in.

Mr. DOYLE. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. SISK].

Mr. SISK. Mr. Chairman, I rise in support of the resolution offered by the distinguished gentleman from California, and I would like particularly to commend him on his excellent presentation of the points of law that we are concerned with in the consideration of this particular sale. I am aware that the gentleman from California [Mr. DOYLE] is an excellent attorney, and I do not propose to belabor the points of law but rather to cite the attitude in this case of the proposed purchasers as reflected in their own statements. Now, this is found in the supplemental report of the Disposal Commission on page 157. This is quoting the Shell people:

> We do not state the amounts we propose to pay for any of the facilities on an individual basis as we do not propose to purchase individual facilities.

Now, after listening with a great deal of interest to the things that were said on this floor yesterday, it seems to me that the thing we are concerned with, or certainly should be concerned with, is whether or not we wish to help, aid, and abet, monopolies in this country.

It appears to me that by the action of this body yesterday in voting down a resolution to forbid those proposed sales, this Congress has placed its stamp of approval on monopoly domination of our rubber industry.

I voted in favor of the resolution yesterday, and I shall vote in favor of the resolution before us because certainly, the very attitude, the very arrogance, of this particular purchaser shows that what we are doing is simply helping to place our supplies of rubber in the hands of a monopoly. It seems to me that it was the intent of the Congress in passing Public Law 205 to make it impossible that a monopoly be brought about.

I may not have correctly understood our distinguished chairman, the gentleman from Georgia [Mr. VINSON], but it seemed to me that in part of his discussion he was putting more importance on the dollar sign than in protecting our moral obligation to discourage monopolies in this country.

Mr. DOYLE. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Chairman, we have a very simple proposal before us today. That is whether we will, as a legislative body, make a decision on what the words in a contract mean. It all hinges upon two words. I quote to you the first line in section 7 (b):

> Proposals shall be in writing and shall contain among other things—

Then I get down to section 4:

> The amount proposed to be bid for each of the facilities—

The key word in that language is the word "each." You do not have to be a Philadelphia lawyer to know what the meaning of the word "shall" is. And you do not have to be a Philadelphia lawyer to know what the word "each" means. If I say there are three apples on the table and ask each of you to come up and take one of those apples, you know that you are not to take all of them. That is all there is to it.

Today we had a marvelous demonstration by the distinguished chairman of the Committee on Armed Services of how he can adroitly twist the meaning of the word "shall" into "maybe." "Shall" now becomes "maybe" in the vocabulary of the gentleman from Georgia, and in proposed legislation in the future which he will offer I expect that any time he writes the word "shall" we may just substitute the word "maybe."

Then when we get to the word "each," in legislation which the gentleman may bring out, we will understand that he means "all." I have a great admiration for the gentleman and a personal liking for him. There is no man in the House who is more adroit than he is, who is more personable on the floor or who has a greater personal appeal to the membership.

But the contract says that the bid to be proposed shall be for each of the facilities. It has not been argued that there are not three facilities here. The gentleman from Georgia [Mr. VINSON] wants us to believe that the word "each" means "all"; all of the facilities. I submit to the membership of this House that the Shell Co., a foreign-owned company, bidding against American bidders, did not comply with the terms of the bid. They did not propose a separate price for each of the facilities. They proposed a lump price for all of the facilities. I should be glad to yield to the gentleman from Georgia [Mr. VINSON] if he does not believe that his interpretation of this language means that the word "shall" becomes "maybe" and the word "each" becomes "all."

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

Mr. HOLIFIELD. Is the gentleman speaking for the gentleman from Georgia or in his own right?

Mr. BROOKS of Louisiana. In my own right.

Mr. HOLIFIELD. The gentleman from Georgia apparently does not want to contest the meaning of the word "shall" and the word "each."

Mr. BROOKS of Louisiana. May I say this to my distinguished colleague from California, who, by the way, was born in Kentucky and lived in Arkansas, so he has a colloquial interest in the things we represent.

Mr. HOLIFIELD. That is right.

Mr. BROOKS of Louisiana. This morning in the committee I was attending the question of the meaning of the words "shall" and "may" came up. They produced several lawyers to give legal interpretations showing that in legal matters "shall" very often is considered to mean "may." I give that to the gentleman for what it is worth.

Mr. HOLIFIELD. I read the testimony and I read the reports, and I also read the minority report by the gentleman from California. Anyone can read that minority report and see the cases he has cited, which clearly prove that the word "shall" is mandatory. If you will just take the common, ordinary meaning of the word "shall" in the dictionary, you must concede that it is mandatory and not discretionary.

Mr. BROOKS of Louisiana. My colleague the gentleman from Illinois [Mr. PRICE] was sitting in the committee and we discussed it at that time.

Mr. HOLIFIELD. I have a great deal of respect for the gentleman from Louisiana and the gentleman from Illinois [Mr. PRICE] as well, but this involves the meaning of language. When the word "shall" is used it is mandatory and does not mean "maybe." When the word "each" is used it does not mean "all." The whole argument for the sale of these plants to this foreign-owned corporation bidding against American companies is on the meaning of the word "shall" and the word "each." The contention of the gentleman from Georgia is that they mean maybe and all. I trust the Members will vote to pass the resolution of the able gentleman from California [Mr. DOYLE].

This will make it possible for American bidders to consider the purchase of these rubber plants on the same terms as has been given to the Shell Co.

Mr. VINSON. Mr. Chairman, I yield 5 minutes to the gentleman from Louisiana [Mr. BROOKS].

Mr. BROOKS of Louisiana. Mr. Chairman, I want this time to remind some of our legal experts here on the floor of the interpretation of the type of agreement we entered into in this matter. We said by law in 1953 that this entire matter should be brought back to the Congress, and at this later date we should try to review the actions of the executive branch of the Government in executing the law. If they executed it according to our ideas, we would approve it. If they did not execute it according to our ideas, we would disapprove it. That is the condition today.

On June 25, in the course of that debate I brought this special provision to the attention of the House. I think this is bad law, and I said so on June 25, in the CONGRESSIONAL RECORD, volume 99, part 6, page 7324. I concluded my remarks with these words:

> As I say, I voted for the bill in the committee, but I question the wisdom of saying to the executive department: "You make a mistake; that is all right; Congress will backstop you, and we will catch your mistakes, and we will correct everything in a 30-day period of time." That is an executive function; it is not a legislative function. We are attempting to assume an executive function.

Those are only a few sentences from the remarks I made at that time. We did make a mistake in asking that this sort of matter be brought back to the Congress. We are not competent as a legislative body to pass judgment upon the advisability of the execution of a law such as this that deals with large sums of money and technical contracts involving the operation of a huge industry.

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

Mr. BROOKS of Lousiana. I yield to my distinguished friend.

Mr. HOLIFIELD. I compliment the gentleman on his statement and want to say that I took exactly the same position, which the gentleman from Texas [Mr. KILDAY] took on that point and I voted against the bill for that very reason.

Mr. BROOKS of Louisiana. At that time we had very few friends with that viewpoint. I think most of us today would have followed him in that viewpoint.

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

Mr. BROOKS of Louisiana. I yield to my distinguished colleague from California.

Mr. DOYLE. I thank the distinguished gentleman. Of course, Congress, in answer to your objection as to Congress considering this section 2 of the act, Public Law 205, declared that the disposal of rubber-producing facilities pursuant to the provisions of this act is consistent with national security and will further effectuate the purpose with respect to the development within the United States of a free, competitive synthetic-rubber industry.

May I say to the gentleman, the reason this bill is here, remembering what I do, having been a member of the Subcommittee on Armed Services, is that we all agreed, and so did the full Committee on Armed Services agree, that it

was important that it come back to this Congress in order that we could protect and would protect the free, competitive enterprise of our Nation in the synthetic industry.

Mr. BROOKS of Louisiana. If I may answer my distinguished friend from California, it is all right for us to establish policies; certainly it is right that we follow through on national defense policies and see that our land is properly protected from invasion and from foreign foes; but so far as attempting to write out a program for the sale of three or four hundred million dollars of synthetic rubber plants, we are not in shape as a legislative body to take that kind of action. I, for one, hope that we do not continue on that course.

Now coming back in the few moments that I have remaining to this particular feature of the case—on page 1156 of the hearings, we find the contracts set forth. Mr. Blandford read the contract into the record, and this contract protects small business on the west coast. I asked Mr. McCurdy, president of this company, what action he was going to take with respect to small business. His answer is on page 1167 of the record, that he had set aside 20,000 tons to take care of small business west of the Rockies, and that he estimated small business would require only 9,000 or 10,000 tons. He has a productive capacity of 89,000 tons, and he is taking out 20,000 tons to take care of small business. He produced his own record and I went through his files because he handed his files to me concerning his efforts with one-hundred-ninety-odd companies to obtain orders for the production so that he could operate his plant at maximum capacity. What he is worried about is not in getting orders, and he uses the word "blanket" that he will blanket the west coast with synthetic rubber so there will be no scarcity of this commodity to anyone, big or small, on the Pacific coast.

Mr. DOYLE. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. Mr. Chairman, I think I find myself in the same position here that many of the Members of the House find themselves. In other words, we are called upon to ratify or pass upon a contract involving millions of dollars of the assets of the people without being in a position to intelligently pass upon that question. Yesterday I voted against the ratification of that proposal because from the cursory examination I had an opportunity to make, it appeared to me, as I stated on the floor, that here was a series of plants which would make over $100 million in 2 years and we were selling them for $259 million. It seems to me that it was an inadequate consideration for so much property.

Today I have been unable to get any facts on this proposition. I do not know whether it is a good proposition or a bad proposition. I would like to know. I seriously doubt that there is a single Member outside of the committee who is competent to pass on it. Frankly, in my present attitude, I feel more like voting "Present" than for or against, because I do not feel competent, and voting "present" is a thing I have never done. I want someone to give me in the limited time that we have here something regarding the adequacy of the consideration for this sale. That is the only question which concerns me.

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

Mr. COLMER. I yield.

Mr. VINSON. I am glad the distinguished gentleman from Mississippi has raised that question. Yesterday he propounded the same line of thought to someone who was addressing the Committee.

Mr. COLMER. The gentleman from Missouri [Mr. SHORT].

Mr. VINSON. The gentleman left an impression in my mind; and may I say we are not worrying because of the fact that these plants are making money. He pointed out that the plant was going to make $50 million this year. The inference I drew from his line of reasoning was: Why should the Government sell the plants if they are making money?

I followed that line of thought and said probably the gentleman from Mississippi might be in favor of selling them if they were not making money, but since he has the record and since it is publicly known, and since we have stated that they are making the $50 million he was a little puzzled about selling them. So I was a little disturbed about the line of reasoning running in the mind of my good conservative friend yesterday.

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

Mr. VINSON. Mr. Chairman, I yield the gentleman 4 additional minutes.

Now the gentleman asks a question today as to adequacy. This Commission was composed of three distinguished businessmen. The record shows they employed some of the greatest engineering firms of the country. They recognized the fact that it was a going business when they evaluated the plants; and then they proceeded to sell these plants out individually and then as a group as referred to in this resolution.

Should they conclude taking all the factors into consideration, taking into consideration that the plants are 12 years old, taking into consideration that $400 million is set aside for depreciation, that what they will receive, which is a total of $25 million, is a fair and adequate price?

We did not, of course, go down there. I cannot say whether it is or not; I have got to rely on facts and figures. The record shows to me, my mind is clear, the mind of 27 other members of the committee was clear from the testimony, Mr. Chairman, that this was one of the best deals the Federal Government has ever made.

From a dollar viewpoint, we are collecting about 62 percent in comparison with going concerns that we sold to Kaiser and some other people for which we got about 32 cents on the dollar.

I have done the best I could to answer my friend's question.

Mr. COLMER. I hope the gentleman from Mississippi has disabused the mind of the distinguished gentleman from Georgia that what motivated his question was not the fact that the Government was making money, but whether the Government was getting adequate consideration for a concern which was making that much money.

Mr. VINSON. I am glad I am in error, but the inference was left in my mind that because the Government was making money it should not sell.

Mr. COLMER. I am asking the gentleman if I have disabused his mind on that?

Mr. VINSON. I am responding to the gentleman; he had doubt about selling them if the Government was making money on them, but the inference was that if the Government was not making money he would then get the Government out of business.

Mr. COLMER. The question bothering me, sir, may I repeat, is whether the Government is getting dollar value by the sale of this property; and as I said yesterday, the only question that concerned me was this, Mr. Chairman: What did this series of plants make last year or what do they propose to make this year from their operations?

Mr. VINSON. That is not broken down into testimony because all of them are a unit operation and there is no record how much this copolymer plant makes or how much the other one made under Government ownership or what that might be. The Government has a monopoly. We are trying to break the Government monopoly up and put these in 24 competing hands.

Mr. COLMER. Let me say again to the gentleman that I do not favor Government ownership in principle. The only thing I want to see is that the taxpayer gets a dollar back for every dollar spent. I must confess I am still in the dark.

Mr. DOYLE. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Illinois [Mr. PRICE].

Mr. PRICE. Mr. Chairman, I have only one reason for opposing the California sale and for supporting the resolution of the gentleman from California. It is based strictly on my belief that the Commission in this instance was not in compliance with the law in making the package sale. I do not think that any Member of this House would have given his approval to a sale by the Commission of all the facilities involved in this matter to any one company. They would have deplored such a package sale. I see no provision in the law giving the Commission any authority to make a package deal.

Mr. Chairman, we rely a lot on legislative intent in determining the legality of this sale. We talk a lot about legislative intent when we try to interpret the meaning of statutes. The Supreme Court at times has rendered decisions based on legislative intent. The legislative intent in this case has been set forth in a House report that was introduced at the time the disposal bill was considered by the House in June of 1953. Further than that it was made known to every Member of both bodies of the Congress during the debate on the disposal bill and it was strongly discussed in the other body of this Congress at the time of the debate on the disposal plan.

Only recently in the consideration of this particular sale one of the authors of this bill thoroughly indicated that he gave assurances to the Congress that these facilities would be bid upon and proposals would be submitted on the basis of each individual facility. There is no question in my mind but that legislative intent was that in the effort to fulfill one of the criteria here in order to spread these plants into a competitive market was the obtaining of more bidders for them and that they would be considered on an individual basis. There was no authority given for a package sale. There were no regulations set up for a package sale. The Commission itself, in making its first announcement in its first release, indicated all proposals would be on an individual-facility basis.

Mr. DOYLE. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. KING].

Mr. KING of California. Mr. Chairman, I hesitate to venture into this discussion, and I do so briefly because the plants in question are in the district that I represent. I think I could venture to say here that there are definite differences of opinion within the committee and within the membership of the House, and I cannot see why it will not be possible, and I think highly cogent, to adopt the resolution offered by the gentleman from California [Mr. DOYLE] and allow these interested parties to again come in strictly in accordance with the statute and acquire, if that is the will of the Commission, these properties without leaving the ground for recrimination, giveaway, and all that sort of thing that is now in the air. I do not know of one good, valid reason, in view of the wide divergence of opinion here as to whether or not the law was complied with, that it cannot be set aside, redone in proper fashion, and make for happiness all over the field. That is all I have to say.

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

Mr. KING of California. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. The inference has been made here that possibly these people who bid on these facilities were not aware that the Commission was considering a package deal. Now, here is a statement from the Commission, a memorandum discussing objections by Minnesota Mining & Manufacturing Co. to Commission's recommended sale of the three west coast plants to Shell Chemical Corp. They say:

> The one change in west coast negotiating procedure involved fuller disclosure of the Commission's position, and thus was an aid to the bidders on those facilities. They were put on notice of the possible existence of package proposals. They were told the procedure to be employed by the Commission in such situations. The Commission said that it would consider the total of the amounts which it would receive on an individual basis in relation to the amounts represented by a package bid.

So, evidently all bidders had some knowledge or were aware of the fact that the Commission was considering a package bid.

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

Mr. KING of California. I yield to the gentleman from California.

Mr. DOYLE. May I briefly state my interpretation of the act? I interpret Public Law 205 requiring that if the Commission was going to claim they had discretion to change the fundamental requirements of subdivision 4, they then had to do it in writing. In other words, the law requires express terms for advertisements for bids. Certainly there is no claim here that the Commission in writing ever gave notice in writing to any bidders that they were going to use their discretion and allow bids for one package sales. I recognize the statement of the gentleman from Pennsylvania that Mr. Pettibone said that they were put on notice, but the only way they could have been put on legal notice under the intent of the act was for the Commission itself to again give written notice of the fact that it was going to allow one-package bids, in spite of the fact that the law required under subdivision 4 bids on each facility. There is no evidence any place in the record that there was ever any legal notice given in terms of changing or intending to change the bid or conditions of subdivision 4 requiring bids on each plant or facility.

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

Mr. KING of California. Yes.

Mr. HOLIFIELD. Is it not entirely possible that if this resolution of the gentleman from California [Mr. DOYLE] is voted favorably, these American companies that desired to acquire these facilities separately would be able to come in now with separate bids, which possibly might result in the Government's obtaining a higher total price than $30 million which they are expecting to receive from the Shell Co.?

Mr. KING of California. I think that is quite possible.

Mr. HOLIFIELD. Because this is a desirable property. It is very much needed in the West. Its operation is needed. It seems to me that the best interests of the Government could well be served by prolonging this negotiation for another 6 months.

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

Mr. KING of California. I yield.

Mr. VINSON. Then will the gentleman tell us why they did not do it in the first instance? Why did Mr. Pauley offer only $4 million for a plant that the Commission told him was worth $7 million?

The CHAIRMAN. The time of the gentleman from California [Mr. KING] has expired.

Mr. DOYLE. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. PRICE].

Mr. PRICE. Mr. Chairman, I think the answer to the question raised by the distinguished chairman of our Committee on Armed Services is the key to this present situation. Under the package deal, the successful bidder submitted no offer for individual plants. There was no figure that the other bidders, who bid in compliance with the law, were bidding against. Had they submitted a proposal, as they should have done under the provisions of the law, they would have been negotiating against a certain figure set for each facility. I think that is why these other bidders did not go any higher than they did. They did not have any goal to exceed. The weakness in the position of the Commission is that they were not negotiating with prospective buyers of each facility.

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

Mr. PRICE. I yield.

Mr. COLE. The gentleman from California [Mr. KING] indicated that those who opposed the package sale were guilty of participating in a giveaway operation.

Mr. PRICE. Of course, I do not share that view. I think this is a matter of compliance or noncompliance with the law. I do not think the gentleman from California [Mr. KING] said that.

Mr. COLE. It is difficult to reason how you are giving away property of the Government when you are advocating a proposal which brings into the Treasury a substantial percentage more than the alternative proposal.

Mr. PRICE. I did not understand the gentleman from California [Mr. KING] to have made that remark. If he did, I do not think he intended it to be interpreted in that manner.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. PRICE] has expired.

Mr. DOYLE. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. KING].

Mr. KING of California. Mr. Chairman, I must say to the gentleman from New York [Mr. COLE] that if what I said could have been taken to mean what he indicated, that if that is the way he understood it, I was certainly misunderstood. What I meant to do was to get this message over. I did not want to have charges leveled in the event that this sale were consummated that there was good ground, in view of the wide divergence of opinion as to what was or was not complied with, for believing that improper operations or giveaways were again being allowed to take place.

Mr. DOYLE. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. MCCARTHY].

Mr. MCCARTHY. Mr. Chairman, I was surprised to find the gentleman from Georgia [Mr. VINSON] advocating a new kind of trickle-down theory. The gentleman is an ardent supporter of the small farmer and of the small-business man. But in the last 2 days he has been arguing that we give these rubber facilities to the big rubber companies, and then he has told us that this would be good for the small-business man because eventually the small-business man will get some of the rubber. That may be true, but it sounds to me like an application of the trickle-down theory.

The gentleman from Georgia [Mr. VINSON] has made the argument that we ought to oppose this resolution because the Armed Services Committee vote was 28 to 4 against it. That seems a strange argument, since this proposal has come back to us as the result of legislation which was, I believe, unanimously supported by the Committee on Armed Serv-

ices, and which proposed that once these sales had been arranged Congress should examine them again. One or two members of the committee have said that Congress is not competent to examine a question as technical as this. The gentleman from Georgia [Mr. VINSON] has said that Congress should examine it, and then has said, "Do not really examine it, but do what the committee says because we voted 28 to 4." Those of us who have had the opportunity to observe the operations of the Committee on Armed Services know that in almost every case its recommendations are unanimous. When there is one vote in the committee against a bill one should be suspicious. When there are two votes against, one should inquire carefully. I suggest that when four members of the committee vote against a measure we probably ought to reject the recommendation of the committee altogether.

In the 81st Congress a pay bill was brought in, I believe it was unanimously recommended by the Armed Services Committee. The House recommitted it by a vote of 227 to 163.

In the 82d Congress the Armed Services Committee recommended a manpower bill. The committee vote was 27 to 7. Congress recommitted that by a vote of 236 to 162.

Let me make one more point, namely, that Minnesota Mining will not get, on the basis of its present bid, these facilities. Minnesota Mining has raised a question about the legality of these contracts; let us not be misled by the argument that the Minnesota Mining bid was low, because that is completely irrelevant.

Postponement of sale of the Los Angeles facilities will not prevent Shell Oil Co. from bidding on separate facilities as part of a package bid as other companies did bid. It will permit other companies to place their bids in competition. Minnesota Mining & Manufacturing Co. is, insofar as I can determine, asking no more than this.

Mr. KILDAY. Mr. Chairman, I ask unanimous consent that the gentleman from California [Mr. JOHNSON] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. JOHNSON of California. Mr. Chairman, I listened to practically all the testimony regarding the proposed sale of a large part of the synthetic rubber plants which the Government owns and which the Commission recommends be sold.

The Rubber Producing Facilities Disposal Act of 1953—Public Law 205, 83d Congress—provided for a Commission of 3 persons who were to dispose of these plants in accordance with section 9 (a) of the above act.

The members of this Commission proved to be exceptional men and the recommendations they made were excellent and also very profitable to the Government.

The bill very wisely provided that notices for bids on these plants should be given 6 months before the bids were to be opened and then gave the Commission 7 months for negotiation. The latter provision enabled the Commission to obtain $30 million more than the bids which were originally submitted.

The total amount recovered for these plants is far in excess in percentage over the sales of surplus property by the General Services Administration.

Also the transfer of these plants to private industry was a good step which had been recommended by President Truman and others.

The objections voiced in Resolutions 170 and 171 have been conclusively answered in the debate in several of the many excellent speeches on the bill.

The transfer of these plants to private enterprise will enable the industry to take good care of the need for rubber and rubber products. In fact, the plea that small business was not given a chance is not a true appraisal of the evidence submitted by the Commission.

The chairman and our counsel made a record which shows that the successful bidders will produce 50 percent more than the proponents of small business said was required. Also the questions and answers on this phase of the hearings show that the successful purchasers of the plants are, in fact, committed to furnish the amounts of tonnage which they gave in the hearings to small purchasers.

The simple question is this: Do we wish to support the Commission which determined by the criteria of the laws involved in their finding of the fair value for the facilities sold? A reading of the testimony of the chairman would convince any unbiased person that the Commission received an excellent price for the facilities.

The record is full of evidence that the only sensible thing to do is to accept the bids recommended by the Commission and reject Resolutions 170 and 171. Thus the rubber situation will be improved and we may look for competition to bring down the prices to the great advantage of the consumer.

Mr. VINSON. Mr. Chairman, I yield the remainder of my time to the distinguished gentleman from Texas [Mr. KILDAY], a member of the Committee on Armed Services, to close debate for the committee.

Mr. KILDAY. Mr. Chairman, I find myself in complete sympathy with the gentleman from Mississippi [Mr. COLMER] in his inability to analyze the proposals that have been made and then brought back to us. Of course, it goes back to what I had to say yesterday about the intermeddling of the legislative branch in the affairs of the executive branch of Government.

We were organized and through the years our rules and procedures have been designed and perfected to make us efficient as legislators, but we do not have the equipment, the staff, or the ability to execute the laws we pass. Under the Constitution, of course, that is committed to the executive branch of Government. So it is only natural that we are not in a position to examine into the costs, the financial structures, the engineering data, and things of that kind in connection with these matters. It only emphasizes what has been said here by a number of Members as to the procedure we have fallen into in recent years of bringing things back from the executive department to go over them again.

However, today we find ourselves not only intermeddling in the affairs of the executive branch but attempting to apply the laws we have passed and to construe them, a field which is very definitely committed to the judicial branch of our Government. We have arguments come up as to whether "shall" could be "may" and "may" could be "shall."

All of those who have had any experience with statutory construction know that is nothing new. Maybe that is a device lawyers have of making sure that nobody but lawyers can understand what we are talking about. But that also emphasizes the fact that we ought not to be intermeddling in the affairs of the judicial branch; and as to the legal effect of the application of the law to the facts, that belongs to the judicial branch. It is not a question of what the man in the street may have thought "may" and "shall" meant.

I believe it is reasonable to assume that people going into bids of this magnitude are represented by about the most able counsel available.

Now we find ourselves again in something we are not capable of handling because it is out of our line. We have no legal adviser as does the executive department. The executive department has the Attorney General who is by law the legal adviser of the executive department. The only officer we have who could be comparable to that, of course, is the Comptroller General. The Comptroller General is an agent of the Congress. He is our lawyer and accountant insofar as he can function in that field. As to whether it was proper to accept a proposal—not a bid—for the three plants in California in a package, the Comptroller General has written a letter which was addressed to the committee having jurisdiction in the other body of which Senator FULBRIGHT is the chairman, the Committee on Banking and Currency, which handles that problem in that body. The Comptroller General went into this in very considerable detail, and he says that this is a legal proposal. He is our legal adviser so far as we have one. He analyzed it out saying that the bidder proposed to buy three plants for a given amount of money and that it is equivalent of having bid zero on each plant separately, but $27 million if they got the package. I assume they wanted to be self-sufficient. Perhaps the things we heard here yesterday were in their minds. Some of the big boys were getting into this thing with other plants and they wanted to be self-sufficient and that they would pay $27 million for three plants but they would not give a dime for two plants or for one plant. They negotiated that up to $30 million. This was analyzed out before our committee with charts showing the bids made and how high they were on negotiation with the Commission, and it is clear that this was by far more money than was offered in the total of any other proposal for these plants. So they did get the best amount which was available, and I think

they did a very good job on the total amount. But the bare question of law would probably not control in the courts. You would have to show some injury. If the proposition is made that they had no opportunity to negotiate up, that is not correct. The record shows that the bid was submitted for $3 million and by negotiation went as high as $3½ million. So they did have an opportunity to negotiate.

The next point which we heard such a great deal about and spent so much time on yesterday is small business. Where are our small business defenders today? Where are those who took so much time here yesterday on the question of small business? They have not even spoken here today.

What is the situation now with reference to small business in this connection? Complaint was made yesterday that the Big Four—the four big rubber companies—each bought themselves a plant and that they had placed themselves in a position where they would get their rubber and use it all and small business would be left out. Now we come in with a plant being sold to Shell which fabricates no rubber, not 1 ounce of rubber, and they are going to have 40,000 tons of raw rubber on their hands, and it does no fabrication and it has no way to use it, and has to get rid of it. The argument was made yesterday that the Big Four were taking care of themselves with plants so that the Big Four will not get this rubber. I assume that is true of these 40,000 tons and it is true of the production that Phillips is buying. This is one of the major protections for small business that you have—40,000 tons of raw rubber in the hands of a company which makes nothing out of rubber, but produces raw rubber to be sold to fabricators of rubber. So here are 40,000 tons to be made available to small business. A representative of Shell testified before us it was his intention to saturate the west coast with the rubber he produces in this plant so that it will be available to small business. The Commission was created to analyze the situation and has reported back and not one fact has been brought out to the contrary of this being in the very best interest of all concerned and in accordance with the Disposal Act.

I yield to the gentleman from New York.

Mr. MULTER. May I suggest to the gentleman that the Small Business Committee, which voted in favor of the resolution yesterday against disposal of these rubber plants, assumes the same position with reference to this resolution today and advocates its adoption.

Mr. KILDAY. That the Government keep the plants?

Mr. MULTER. Not that the Government keep the plants, but that this method of disposal be rejected by the Congress. I call the gentleman's attention to the fact that many members of the committee have been on the floor, spoke yesterday during the debate, and felt there was no need to repeat the arguments today.

Mr. KILDAY. Mr. Chairman, I yield no further. The next best thing to stopping the sale is to delay selling them as long as possible, hoping something might happen.

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

Mr. KILDAY. I yield to the gentleman from New Jersey.

Mr. TUMULTY. In this debate thus far I have not heard what happens to the public employees who are in these plants when the plants are sold.

Mr. KILDAY. There are no public employees. The plants are being operated by rubber and chemical companies under contract with the Government, and these are employees of the contractors. By refusing to sell them the plants will be closed and they will be out of work.

Mr. MURRAY of Illinois. Mr. Chairman, will the gentleman yield?

Mr. KILDAY. I yield.

Mr. MURRAY of Illinois. As I recall the cases on the meaning of the words "may" and "shall," "may" means "shall"; and "shall" means "may" when there is something in the expressed statutory language indicating the legislative intent for the meaning. Is there anything in this statute which indicates a legislative intent that the word "may" shall mean "shall" or that the word "shall" shall mean "may"?

Mr. KILDAY. As I say, that is a question of the application of the law. The Comptroller General has held that there is, and that this bid for the 3 plants in a package is in accordance with the law, and that it is in accordance with the request for proposals.

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

Mr. KILDAY. I yield.

Mr. MORANO. If this resolution is rejected what then happens to these plants and to the small fabricators who are waiting for rubber to keep them in business?

Mr. KILDAY. These plants will be closed down in March 1956 and they will go into mothballs. The small fabricators I suppose will go to the big four for rubber, because this 40,000 tons will be out of production, it will not be available to the small fabricators of rubber. There will be that much lost for them; the plants will be idle and placed in mothballs.

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

Mr. KILDAY. I yield.

Mr. BROOKS of Louisiana. It is interesting to observe that one of the applicants who was a bidder but who did not get a separate plant was contacted by the representatives of the Shell Co. and it has been stated, according to the record, that this bidder has placed an order for 1,700 tons of synthetic rubber to be obtained from the Shell Co. when it becomes the producer.

Mr. KILDAY. That is correct, the Minnesota Mining & Manufacturing Co. has ordered 1,700 tons of rubber from Shell when they go into production.

Mr. MURRAY of Illinois. Mr. Chairman, will the gentleman yield further?

Mr. KILDAY. I yield.

Mr. MURRAY of Illinois. Is there anything in the Comptroller General's opinion disclosing language in this law indicating that the word "shall" shall mean "may" or that the word "each" shall mean "all"?

Mr. KILDAY. It does not go into a construction of the words. It applied also to the proposal submitted yesterday and was to the effect that the proposed action of the Commission is in accordance with the law.

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

Mr. KILDAY. I yield.

Mr. VINSON. The issue boils down now to this: Those in favor of the Government keeping those plants vote "yea"; those in favor of the Government getting out of the rubber business when their names are called will vote "nay."

Mr. KILDAY. I thank the gentleman from Georgia. I now yield to the gentleman from California [Mr. DOYLE].

Mr. DOYLE. If the distinguished gentleman from Texas will read the third and fourth lines of the letter from the Assistant Attorney General for the Comptroller General I think he will find where he purports to give a legal opinion he apologizes for the fact and explains that he has had very little time to consider it. I think if the gentleman will read those lines he will see that he said he had little time to consider it.

Mr. KILDAY. The gentleman must be speaking of another document; I do not think that is in this document.

Mr. DOYLE. No; in the gentleman's legal opinion.

The other question is: Is it not true that under the act we expressly provided that the Attorney General should be a legal counselor of the Commission?

Mr. KILDAY. Of the Commission, yes.

Mr. DOYLE. There is no place in the record where it is claimed by anyone that the Attorney General was asked for an opinion on the Shell transaction.

Mr. KILDAY. I do not know whether he was ever asked. I have seen no opinion by the Attorney General on that question.

Mr. DOYLE. Neither have I.

Mr. KILDAY. The Congress does not ask the Attorney General, or has no right to ask the Attorney General, for an opinion as to the law of the case. The Comptroller General was asked and the Comptroller General responded. The Comptroller General is an agent of the Congress and he held that the proposal was in accordance with the statute.

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

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

Mr. PRICE. I wonder if the gentleman from Texas would not agree with me that in a legislative act where both the words "may" and "shall" are used, when the word "shall" is used it is taken and considered as mandatory?

Mr. KILDAY. I think that would be the one thing to be inquired into when you are inquiring into the statute to determine what it meant, whether "shall" meant "may" or "may" mean "shall." Then you would go to the context of the statute for the purpose of determining the legislative intent. In that instance, the thing to be accomplished would be the controlling factor, I believe. So that I reiterate that you are

never going to settle the application of a statute on a given state of facts in a legislative body. It should not have been brought here. It is here. The only legal advisers we have say it is legal. I do not think the man in the street or a Member of Congress is going to be able to determine it. If the position taken by you gentlemen who are opposing this is correct that the bids as made are not in accordance with the advertisement and were accepted notwithstanding that, it will wind up in the courts, then you will get your decision.

Mr. PRICE. The Congress is the best agency to express its own intent. At the time of the passage of this law the intent was frequently expressed.

Mr. KILDAY. I do not know about that.

The CHAIRMAN. All time has expired. The Clerk will read the resolution.

The Clerk read as follows:

Whereas the Rubber Producing Facilities Disposal Act of 1953, Public Law 205, 83d Congress, provided for the disposal of the Government-owned rubber-producing facilities, pursuant to the provisions of said act; and

Whereas in the recommended sale of the butadiene-manufacturing facility at Torrance, Calif., Plancor 963; the styrene-manufacturing facility at Los Angeles, Calif., Plancor 929; and the synthetic-rubber (GR–S) facility at Los Angeles, Calif., Plancor 611, the Rubber Producing Facilities Disposal Commission has not conformed to the provisions and procedures established by the said act; and

Whereas the said purported sale by the Rubber Producing Facilities Disposal Commission was in violation of the provisions and procedures established and required by Public Law 205, 83d Congress; and

Whereas section 23 (a) of the Rubber Producing Facilities Disposal Act of 1953, provides for the introduction of this form or resolution: Now, therefore, be it

Resolved, That the House does not favor the sale of the butadiene-manufacturing facility at Torrance, Calif., Plancor 963; the styrene-manufacturing facility at Los Angeles, Calif., Plancor 929; and the synthetic-rubber (GR–S) facility at Los Angeles, Calif., Plancor 611, as recommended in the report of the Rubber Producing Facilities Disposal Commission.

Mr. VINSON. Mr. Chairman, I move that the Committee do now rise and report the resolution back to the House with the recommendation that it be not agreed to.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DODD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration House Resolution 171, had directed him to report the same back to the House with the recommendation that it be not agreed to.

The SPEAKER. The question is on the resolution.

Mr. VINSON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 137, nays 276, not voting 21, as follows:

[Roll No. 29]

YEAS—137

Addonizio	Flood	Marshall
Albert	Fogarty	Metcalf
Andresen, August H.	Forand	Miller, Calif.
Anfuso	Frazier	Mollohan
Ashley	Friedel	Morgan
Aspinall	Garmatz	Moss
Bailey	Gordon	Multer
Barrett	Granahan	Murray, Ill.
Bass, Tenn.	Gray	Natcher
Blatnik	Green, Oreg.	O'Brien, Ill.
Blitch	Green, Pa.	O'Hara, Ill.
Bolling	Griffiths	O'Neill
Bowler	Gross	Patman
Boyle	Hagen	Perkins
Buchanan	Hays, Ark.	Pfost
Buckley	Hays, Ohio	Philbin
Burdick	Hayworth	Poage
Burnside	Holifield	Polk
Byrne, Pa.	Holtzman	Powell
Cannon	Hull	Price
Carnahan	Hyde	Priest
Celler	Jennings	Quigley
Chelf	Johnson, Wis.	Rabaut
Chudoff	Jones, Ala.	Reuss
Clark	Jones, Mo.	Rhodes, Pa.
Colmer	Karsten	Rodino
Cooper	Kee	Rogers, Colo.
Davidson	Kelley, Pa.	Rogers, Tex.
Delaney	Kelly, N. Y.	Rooney
Denton	Keogh	Roosevelt
Diggs	King, Calif.	Saylor
Dingell	Kirwan	Shelley
Dodd	Klein	Sisk
Dollinger	Kluczynski	Spence
Donohue	Knutson	Staggers
Donovan	Lane	Steed
Dorn, S. C.	Lesinski	Sullivan
Doyle	McCarthy	Thompson, N. J.
Edmondson	McCormack	Thornberry
Elliott	McDowell	Trimble
Engle	Macdonald	Tumulty
Evins	Machrowicz	Udall
Fascell	Mack, Ill.	Vanik
Feighan	Madden	Whitten
Fine	Magnuson	Wier
	Mahon	Zablocki

NAYS—276

Abbitt	Chase	Grant
Abernethy	Chatham	Gregory
Adair	Chenoweth	Gubser
Alexander	Church	Gwinn
Alger	Clevenger	Hale
Allen, Calif.	Cole	Haley
Allen, Ill.	Cooley	Halleck
Andersen, H. Carl	Coon	Hand
Andrews	Corbett	Harden
Arends	Coudert	Hardy
Ashmore	Cramer	Harris
Auchincloss	Cretella	Harrison, Nebr.
Avery	Crumpacker	Harrison, Va.
Ayres	Cunningham	Harvey
Baker	Curtis, Mass.	Hébert
Baldwin	Curtis, Mo.	Herlong
Barden	Dague	Heselton
Bass, N. H.	Davis, Ga.	Hess
Bates	Davis, Tenn.	Hiestand
Baumhart	Davis, Wis.	Hill
Beamer	Dawson, Utah	Hillings
Becker	Deane	Hinshaw
Belcher	Dempsey	Hoeven
Bennett, Fla.	Derounian	Hoffman, Ill.
Bennett, Mich.	Devereux	Holmes
Bentley	Dies	Holt
Berry	Dixon	Hope
Betts	Dolliver	Horan
Boggs	Dondero	Hosmer
Boland	Dorn, N. Y.	Huddleston
Bolton, Frances P.	Dowdy	Ikard
Bonner	Durham	Jackson
Bosch	Ellsworth	James
Bow	Fallon	Jarman
Boykin	Fenton	Jenkins
Bray	Fernandez	Jensen
Brooks, La.	Fino	Johansen
Brooks, Tex.	Fisher	Johnson, Calif.
Brown, Ga.	Fjare	Jonas
Brown, Ohio	Flynt	Jones, N. C.
Brownson	Ford	Judd
Broyhill	Forrester	Kean
Budge	Fountain	Kearney
Burleson	Frelinghuysen	Kearns
Bush	Fulton	Keating
Byrnes, Wis.	Gamble	Kilburn
Carlyle	Gary	Kilday
Carrigg	Gathings	Kilgore
Cederberg	Gavin	King, Pa.
	Gentry	Knox
	George	Laird
	Landrum	Pilcher
	Lanham	Pillion
	Lankford	Poff
	Latham	Prouty
	LeCompte	Radwan
	Lipscomb	Rains
	Long	Ray
	Lovre	Reed, Ill.
	McConnell	Reed, N. Y.
	McCulloch	Rees, Kans.
	McDonough	Rhodes, Ariz.
	McGregor	Richards
	McMillan	Riehlman
	McVey	Riley
	Mack, Wash.	Rivers
	Mailliard	Roberts
	Martin	Robeson, Va.
	Mason	Robsion, Ky.
	Matthews	Rogers, Fla.
	Meader	Rogers, Mass.
	Merrow	Rutherford
	Miller, Md.	St. George
	Miller, Nebr.	Schenck
	Miller, N. Y.	Scherer
	Mills	Schwengel
	Minshall	Scott
	Morano	Scrivner
	Morrison	Scudder
	Mumma	Seely-Brown
	Murray, Tenn.	Selden
	Nelson	Sheehan
	Nicholson	Short
	Norblad	Shuford
	O'Brien, N. Y.	Sieminski
	O'Hara, Minn.	Sikes
	O'Konski	Siler
	Osmers	Simpson, Ill.
	Ostertag	Simpson, Pa.
	Passman	Smith, Kans.
	Patterson	Smith, Va.
	Pelly	Smith, Wis.
	Phillips	Springer
		Taber
		Talle
		Taylor
		Teague, Calif.
		Teague, Tex.
		Thomas
		Thompson, La.
		Thompson, Mich.
		Thompson, Tex.
		Thomson, Wyo.
		Tollefson
		Tuck
		Utt
		Van Pelt
		Van Zandt
		Velde
		Vinson
		Vorys
		Vursell
		Wainright
		Walter
		Watts
		Weaver
		Westland
		Wharton
		Wickersham
		Widnall
		Wigglesworth
		Williams, Miss.
		Williams, N. J.
		Williams, N. Y.
		Willis
		Wilson, Calif.
		Wilson, Ind.
		Winstead
		Withrow
		Wolcott
		Wolverton
		Wright
		Young
		Younger

NOT VOTING—21

Bell	Eberharter	Reece, Tenn.
Bolton, Oliver P.	Henderson	Sadlak
Byrd	Hoffman, Mich.	Sheppard
Canfield	Krueger	Smith, Miss.
Chiperfield	McIntire	Yates
Christopher	Moulder	Zelenko
Dawson, Ill.	Norrell	
	Preston	

So the resolution was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Zelenko for, with Mr. McIntire against.

Mr. Eberharter for, with Mr. Chiperfield against.

Mr. Dawson of Illinois for, with Mr. Reece of Tennessee against.

Mr. Yates for, with Mr. Norrell against.

Mr. Smith of Mississippi for, with Mr. Preston against.

Mr. Moulder for, with Mr. Hoffman of Michigan against.

Mr. Christopher for, with Mr. Sadlak against.

Until further notice:

Mr. Sheppard with Mr. Oliver P. Bolton.

Mr. Byrd with Mr. Canfield.

Mr. Bell with Mr. Krueger.

Mr. RICHARDS and Mr. DEMPSEY changed their vote from "yea" to "nay."

Mr. LESINSKI changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

GENERAL LEAVE TO EXTEND REMARKS

Mr. DOYLE. Mr. Speaker, I ask unanimous consent that all Members of the House who desire to do so may have the privilege of extending their remarks in the RECORD just before the rollcall on House Resolution 171.

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

There was no objection.

HOUR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock on tomorrow.

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

Mr. BAILEY. Mr. Speaker, reserving the right to object, how long are we going to interfere with the normal duties of standing committees?

Mr. McCORMACK. Mr. Speaker, the hope is that if we dispose of the legislative calendar in order for tomorrow, I shall ask unanimous consent to adjourn over until Monday. Members are busy and will have plenty of work to do on Friday.

Mr. BAILEY. Mr. Speaker, I withdraw my reservation of objection, but I shall protest if the practice is continued.

Mr. CELLER. Mr. Speaker, reserving the right to object, may I ask the majority leader when he intends to take up the increased penalties bill for antitrust violations?

Mr. McCORMACK. I intend, if possible, to bring that bill up tomorrow. If not, I have an understanding with the gentleman to bring it up next week.

Mr. CELLER. That is correct.

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

There was no objection.

FOREIGN SERVICE ACT AMENDMENTS OF 1955

Mr. TRIMBLE. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 181 and ask for its immediate consideration.

The Clerk read 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. 4941) to amend the Foreign Service Act of 1946, as amended, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. TRIMBLE. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Ohio [Mr. BROWN], and at this time I yield myself such time as I may consume.

Mr. Speaker, this resolution makes in order consideration of the bill (H. R. 4941) to amend the Foreign Service Act of 1946, as amended, and for other purposes. The resolution was reported unanimously by the Committee on Rules. It has primarily to do with the integration of certain categories of those in the Foreign Service with the idea in view of improving the service and thereby making it more attractive to efficient personnel My recollection is that about 1,250 employees are involved. I know of no opposition to this rule.

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

Mr. Speaker, as the gentleman from Arkansas has stated, House Resolution 181 makes in order the consideration of the bill H. R. 4941, and provides for 1 hour of general debate, to be followed by the reading of the bill under the 5-minute rule in the Committee of the Whole. This bill has been unanimously reported by the Committee on Foreign Affairs.

The measure made in order by this House resolution would amend the Foreign Service Act of 1946 and provide certain compensation and other privileges for Foreign Service officers to meet that which is now being received by military and naval attachés and other representatives of the Federal Government assigned to diplomatic missions abroad.

The Rules Committee went into this measure rather exhaustively, and heard considerable testimony following which the Committee on Rules unanimously reported the rule.

Mr. Speaker, I have no further requests for time on this side.

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

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. RICHARDS. 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. 4941) to amend the Foreign Service Act of 1946, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 4941, with Mr. ENGLE in the chair.

The Clerk read the title of the bill.

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

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

Mr. Chairman, this bill to amend the Foreign Service Act of 1946, as amended, has been favorably and unanimously reported out by the Committee on Foreign Affairs. Members of that committee have often brought to this House bills that carry large sums for foreigners. Today we are presenting a bill that helps some of our own citizens who serve their country abroad.

Last fall the gentleman from Ohio [Mr. VORYS] and I traveled through the Far East, south Asia, and the Near East. We did not visit every place where our Foreign Service people are stationed. Those places we visited were usually the more important centers like the capital cities. But we soon recognized that living and working even in the best of those places is a far cry from living and working in this country. We found none of the fancy living that is sometimes attributed to our people overseas. The Forein Service officers are a loyal and devoted group of public servants who have chosen a career that keeps them away from the United States for most of their adult life.

I wish more Members of Congress would travel around the world to some of the remote places. It gives you an insight into the problems our people face in a way that hearings and speeches cannot portray adequately. Every American owes these men and women a debt of gratitude.

About a month ago Secretary of State Dulles was in south Asia and the Far East. When he returned, he made this comment about our Foreign Service people:

> I want to pay tribute to the Foreign Service and other representatives of the United States in the area I visited. Oftentimes they work under most difficult physical conditions. They do so without complaint and with a great sense of dedication to the service of our country. They are our first line of defense against an external peril which is perhaps the greatest our Nation ever faced. They deserve the respect and thanks of the American people.

I concur in that tribute.

The Foreign Service Act of 1946 was passed only after lengthy consideration by the Committee on Foreign Affairs and the Congress. It took as its basis the better features of earlier laws and added a number of improvements. The principles of that act are worth noting because this bill reaffirms them and, in my judgment, strengthens them. They are: A professional service, disciplined and mobile, serving without political influence, and adequately compensated.

The Foreign Service is a career service that a man enters at the bottom and works his way up. When the Committee on Foreign Affairs wrote the Foreign Service Act of 1946 which the Congress adopted, that principle was stressed. But we recognized that the immediate needs of the Foreign Service could only be met by adding people at the intermediate and upper levels. So we put in a provision to allow qualified individuals to transfer from the State Department and the Foreign Service reserve and staff to the Foreign Service officer corps. This is called lateral entry.

Since that act was passed, a number of commissions and committees have recommended that this lateral entry provision be used to enlarge the Foreign Service officer corps by bringing many of the State Department officers into the Foreign Service. That was the recommendation of the Hoover Commission in 1949, of the Secretary of State's Advisory Committee on Personnel in 1950, of the Brookings Institution in 1951, and of the committee appointed last year by Secretary Dulles, referred to as the Wriston committee.

Before I get into an explanation of what is involved in this transfer process, I want to inform the House who was on the Wriston committee. There were eight members. Four of them came from business, industry or finance. These were John A. McCone, president, Joshua Hendy Corp., Los Angeles; More-

head Patterson, chairman and president, American Machine & Foundry Co., New York; Charles E. Saltzman, partner, Henry Sears & Co., New York; and John Hay Whitney, partner, J. H. Whitney & Co., New York. Two members have had distinguished careers in the Foreign Service, namely, Norman Armour, an Ambassador, retired Foreign Service officer, and a former Assistant Secretary of State; and Robert Murphy, Deputy Under Secretary of State. The other two came from the field of education. Donald Russell is president of the University of South Carolina and a former Assistant Secretary of State, and Henry M. Wriston, president of Brown University. Mr. Wriston was chairman of the committee. There are only two educators in this group. I know of the fine reputation of the chairman and I can testify from personal knowledge of the splendid ability, character, and dedication to public service of Mr. Russell.

This Wriston committee recommended that there be integration of State Department people into the Foreign Service. That word integration is a fancy bureaucratic term. All it means is the transfer of State Department desk officers and other personnel—except clerical and specialists—and of senior State Department people overseas into the Foreign Service officer corps. That committee estimated that there were 1,300 in the Foreign Service in early 1954. That number would be tripled by adding about 1,300 from the State Department and 1,300 from the Foreign Service reserve and staff.

What is the reason for all these commissions and committees recommending this buildup of the Foreign Service officer corps? There are some mighty good reasons. A lot of these people in Washington are making and directing foreign policy, but they do not have the experience of overseas service. And that experience is important if they are to make correct analyses. They simply have to get the feel of the problems they deal with. It is just as important that our people overseas come back to this country more often. A representative of this country who loses touch with developments at home becomes a less effective spokesman for us. Last year the Wriston committee found that 43 percent of our Foreign Service officers had less than 1 year in the United States. One Foreign Service officer with 29 years' service had only 8 months at home.

There is another good reason why this transfer ought to take place. The Department of State is different from most other Government departments. It has two employment systems under the Secretary and each of them is pretty watertight. The people in Washington are under civil service, including its retirement system, they serve only in Washington, their pay scale is set by civil service, and they receive no allowances. On the other hand, the Foreign Service officers are appointed under the Foreign Service Act requirements, they have a more favorable retirement system, they spend most of their life abroad with only occasional tours in Washington, their pay scale is set by the Foreign Service Act and is different from the civil service, and, finally, when they are abroad they receive allowances depending upon the post and the responsibilities of the officer. In each of these two groups there is a lot of talent that our Government needs. But the Secretary cannot get the maximum use of it because some can only serve at home and some can only serve abroad. By requiring them to serve at home and abroad it would be possible to use their specialized knowledge wherever it is needed.

Let me make plain to the House that this integration will not add people to the payroll. It is essentially a transfer from the civil service system to the Foreign Service system, not of everybody in the State Department, but of about 1,300 out of about 5,000 and of another 1,300 in the Foreign Service staff and reserve who are now abroad but are not in the Foreign Service officer corps. This provision of the bill, similar in some ways to the one the last Congress passed, does not create more jobs in foreign countries nor does it increase American personnel abroad. It simply makes available a larger pool of qualified personnel for assignment abroad on a rotation basis.

One of the principal features of this bill is to encourage this integration or the transfer of State Department people to the Foreign Service officer corps. It is rather technical but I think the House ought to know what we are doing and how we are doing it. A man in the civil service of the Department who wants to transfer is reluctant to take a salary reduction. That is understandable. When he is transferred to the Foreign Service, one of the problems is to give him a salary that most nearly equals what he is receiving. Since the two salary scales are different, he cannot get exactly the amount he is receiving under civil service. Either he has to get a little more or a little less. The 1946 act allows him to receive only the minimum for the Foreign Service class to which he was appointed. Thus a man who was in a civil service grade for several years and had received several "in grade" salary increases would have to drop back to take the lowest salary for the Foreign Service class he was entering. In almost every case this meant a salary reduction of several hundred dollars and, in extreme cases, as much as $1,600. I am including in my remarks at this point a table of the different salary scales so that Members may see how they compare with each other:

Foreign Service officers (FSO)		Civil Service (GS grades)				Foreign Service staff officers (FSS)			
Class	Salary	Grade	Salary	Grade	Salary	Class	Salary	Class	Salary
6	$3,993					11	$3,927		
							4,047		
	4,193	7	$4,205				4,167		
	4,393		4,330				4,287	10	$4,323
			4,455				4,407		4,443
	4,593						4,527		4,563
			4,580	8	$4,620		4,647		4,683
	4,793		4,705		4,745	9	4,719		
			4,830		4,870		4,899		4,863
	4,993		4,955		4,995				
	5,093	9	5,060		5,120		5,079		5,043
			5,185		5,245		5,259		5,223
5	5,313		5,310		5,370			8	5,313
			5,435				5,439		5,493
	5,513		5,560	10	5,500				
			5,685		5,625		5,619		5,673
	5,713				5,750				
			5,810		5,875				5,853
	5,913	11	5,940			7	5,907		
					6,000		6,087		6,033
			6,140		6,125				
	6,113				6,250		6,267		6,213
	6,313		6,340				6,447		
	6,513		6,540					6	6,501
	6,713		6,740				6,627		6,681
4	6,963		6,940				6,807		6,861
		12	7,040			5	7,095		7,041
	7,263		7,240				7,275		7,221
	7,563		7,440				7,455		7,401
			7,640				7,635	4	7,689
	7,863		7,840				7,875		
			8,040						7,929
	8,163						8,115		8,169
		13	8,360						

Foreign Service officers (FSO)		Civil Service (GS grades)				Foreign Service staff officers (FSS)			
Class	Salary	Grade	Salary	Grade	Salary	Class	Salary	Class	Salary
4	$8,463					3	$8,481		$8,409
			$8,560						8,649
	8,763		8,760				8,721		
	8,863		8,960				8,961		
3	9,130		9,160				9,201	2	9,250
	9,430		9,360				9,441		9,470
		14	9,600						
	9,730								9,710
			9,800						
	10,030		10,000			1	9,950		9,950
			10,200				10,250		10,250
	10,330		10,400				10,550		
	10,630		10,600						
	10,930	15	10,800				10,850		
	11,030		11,050				11,130		
2	11,130								
	11,150		11,300						
	11,500		11,550						
	11,850		11,800						
	12,200	16	12,000						
			12,200						
	12,500		12,400						
	12,700		12,600						
1	12,800		12,800						
		17	13,000						
	13,200		13,200						
			13,400						
	13,600		13,600						
			13,800						
	14,000								
	14,300								
	14,300								
		18[1]	14,800						

[1] Career minister.

Last year Congress gave the Department some relief by allowing up to 500 State Department people to be appointed to the Foreign Service at other than the lowest salary for the Foreign Service class. We set a deadline of March 31, 1955, on those appointments so we could have a look at how the Department was doing. We find it is going along satisfactorily, and we support the Department's view that it be continued.

This bill affects the continuation of the integration program in two ways. In section 2 it removes the requirement that every lateral entry receive only the lowest salary for the class to which he is appointed. It allows the Secretary to decide what salary within the class he will receive. In section 4 we limit the number of lateral entries to 1,250, but we do not set a deadline.

I want to explain that figure 1,250. It is on page 3, line 3, of the bill. If you look down to line 5 of that page you will note that it reads "not more than 40," and then goes on to state some special provisions about those 40. What we are doing is dividing the 1,250 into 2 groups—1,210 and 40.

The 1,210 who may enter the Foreign Service laterally must be people who pass the examinations provided in this section and who have had the required number of years of employment in the Department or the Foreign Service, or both. More important, they must have been on the Department of State payroll on March 1, 1955. The reason for that provision is simple. If we did not have that requirement it would make it possible for a lot of other Government employees to enter. We want to make sure that the Department gives its full attention to finishing up the transfer of its own people before it considers people from other Government departments and agencies. Mr. Henderson, the Deputy Under Secretary for Administration of the Department of State, who will administer this act, estimated that that would be the number of lateral entrants who could be examined and appointed by early 1957. If that does not finish the job, the Department can come back then and ask for further relief.

May I say here that the man who has been brought in from the Foreign Service to carry out this integration program is Mr. Loy Henderson, a distinguished career Minister with many years of Foreign Service. He has just finished serving as Ambassador to India and Iran. He is honest, able, and, I believe, unusually selfless. I am convinced that he will never play politics with the personnel of either the State Department or the Foreign Service.

Now, let me explain about these 40 others who may enter laterally. Under exising law an outsider may become a Foreign Service officer only if he serves 3 or 4 years as a Reserve or staff officer or in the Department. Moreover, he must be in one of those categories at the time he is appointed a Foreign Service officer. The Department has occasion to need the services of a few specialists from outside the Department. We do not want to be so rigid that we deny our Government the right to employ unusually qualified individuals. In this bill, by allowing a little leeway, we let the Secretary add a few individuals who for the most part will be employed before their appointment in other Government agencies and meet all the other requirements. Originally the committee set the number of such individuals at 25. But Mr. Henderson explained a problem the Department had. In 1951 there were about 26 State Department people who were eligible for lateral entry who had applied. The Department moved slowly then, and before they could be examined they were transferred to FOA or USIA. Included in this 26 are 6 USIA employees who have reemployment rights in the State Department. The Department feels, and the committee supports this view, that there is a moral obligation to these people who were caught in a reorganization move. So we raised the number of what some may call exceptions to 40. The Department does not know how many of the 26 are still interested or how many will pass the examinations. In any case, if they do qualify, they will be counted against the 40.

The Wriston committee also recommended that the Foreign Service be improved and strengthened so that it can recruit and, equally important, retain qualified individuals. The other sections of this bill aim to do just that. I should say at this point that many of the specific recommendations made by the Wriston committee do not require additional authorization. They can be carried out administratively by the Department of State. Some of them may require more money, but that is a matter of appropriations, and not authorization.

As I stated earlier in my remarks, section 2 will allow the Secretary to appoint an individual who has transferred from the Department at his approximate salary. This will mean salary adjustments to fit in with the Foreign Service salary scale. We also include a provision, section 3, for payment of hardship post differentials to Foreign Service officers and Reserve officers. Under existing law this payment is limited only to Foreign Staff officers. Thus, the Foreign Service officers and Reserve officers are the only civilian employees serving overseas who receive no extra compensation when they serve at a hardship post.

This bill authorizes the payment of a home service transfer allowance when an officer is assigned to a tour of duty in the United States between tours of duty abroad. Such an allowance is already provided when the officer is transferred abroad. In a career service like the Foreign Service a tour of duty in Washington is just another transfer. It costs the officer as much, possibly more, to set up a temporary home here as it does abroad. Abroad he would receive various allowances to help him out; in Washington he does not. Once the integration program is completed the Department expects that an officer would serve about 4 years out of each 10 in Washington or one tour of duty. Thus, this allowance would be payable to an officer about once every 10 years.

The Department submitted draft language for an education allowance. We thought it was too loose and might lead to abuse in its administration. So our committee rewrote that provision and tightened it up. We started with three premises: First, the Government does not assume the responsibility for providing adequate education for Foreign Service children while overseas; second, a Foreign Service officer ought not to suffer financial hardship in providing for the education of his children while he is serving abroad; and, third, the parent should be free to determine the kind of education he wants to give his children.

We started with the standard of what educational services he would get free of charge if he sent his child to a public school in the United States. By serving abroad where he has to pay for these usual services he does incur an extraordinary and necessary expense. The yardstick set by this bill against which an officer may be reimbursed is what services are ordinarily provided without charge in our public schools. If he must pay for these when abroad he may be reimbursed. For example, public schools do not charge tuition fees for the usual courses. If the officer has to pay such fees, he can be reimbursed up to the amount set for that post.

In our committee report, we spell out the three types of allowance that may be set up for each post for primary and secondary education. No child could qualify for more than one such allowance.

(1) One allowance may be established for educating children at the nearest adequate school. This allowance may not exceed tuition and any other charges which must be paid to obtain services provided free by public schools in the United States plus board and room and periodic transportation between the post and the place where the school is located.

(2) A second allowance may be established for personnel who choose to send their children to a local school even though such local school is inadequate, provided the charges for this local school are less than the allowance for the nearest adequate school.

(3) A third allowance may be established for the post of personnel who wish to educate their children by the use of correspondence courses if the necessary costs involved in the use of this type of instruction are less than the allowance for the nearest adequate school.

Section 11 covers educational travel allowances. We want to encourage children of Foreign Service people to have some opportunity for an American education. But we cannot support a bill that would have the Government pay all the costs. This section provides that the Government will pay one round trip between the post where the parents are stationed and the United States for the purpose of attending high school and college. But no officer who receives a travel allowance can receive an educational allowance. If he sends his child to high school in the United States, he may collect the post allowance for secondary education, but he will have to pay his own travel expenses. This bill makes no provision for an educational allowance for college. All the officer can receive is the cost of one round trip for his dependent who is going to college.

Finally, in section 12 we authorize the department to give dependents medical

examinations and inoculations and vaccinations. Although the department estimates that this will cost $28,000 a year, I prefer to regard it as a provision that will save the Government money in the long run. A medical examination of dependents will often reveal symptoms that will not only permit the individual to be treated immediately but also determine whether an officer can be sent to a particular post. Let me give just one illustration. After a Foreign Service officer and his family arrived at a Far East post, it was discovered that his wife had tuberculosis. It was necessary to bring the family home. The estimated cost to the Government was $5,000.

A person entering the Foreign Service is required to join the Foreign Service retirement and disability system. He may only obtain credit toward retirement for prior military service if he contributes 5 percent of his annual salary for each year of service for which credit is sought. People in civil service are given credit for such service without cost. Section 8 simply extends the benefits of civil service retirement to the Foreign Service officers.

One question the House is interested in is how much is all this going to cost. Based on the best estimates we could get the total annual cost would be less than $1.3 million. By sections the costs are estimated as follows:

Salary adjustment for lateral entrants (sec. 2)	$75,000
Hardship post differential (sec. 3)	480,000
Home service transfer (sec. 10a)	200,000
Education allowance (sec. 10b)	442,000
Medical examinations (sec. 12)	28,000
Military retirement credit (sec. 8)	67,000
Total	1,292,000

The refund provided for those who bought their military retirement credit after April 1, 1948, would be about $110,000. But that is a one-shot payment and not an annual charge.

Finally, there are provisions in this bill that will permit the Secretary to make administrative improvements in his department in the interest of more efficient operations. I want to touch those briefly.

Section 6 permits the Secretary of State to extend the 4-year limit on the assignment of Foreign Service personnel to duty in the United States to an additional 4 years. It also authorizes the Secretary to make arrangements with other Government agencies for reimbursement of Foreign Service personnel detailed to those agencies.

Section 5 increases the maximum duration of Foreign Service Reserve appointments from 4 years to 5 years. The department asked for this authority because of the difficulty of working out two tours of duty of 2 years each with an intervening home leave during a 4-year period.

Section 7 extends selection out to Foreign Service officers of class 1. Under existing law officers in classes below 1 can be selected out. This is necessary to prune the deadwood and allow the more capable younger men to move ahead. In the same section the amount of retirement benefits paid to class 4 and 5 Foreign Service officers who are selected out is limited to a maximum of 1 year in lieu of the present law that gives such an officer one-twelfth of his current salary rate for each year of service without limit as to the number of years. The department estimates that this provision will result in a saving of about $28,000 a year.

This is a better bill than the department sent up. The committee closed some loopholes and set up more rigid conditions for lateral entry. The first job of the department is to complete its internal reorganization. This bill forces it to do just that. At the same time we are anxious to raise the morale of the service. The few benefits extended by this bill, in my judgment, will help. If an officer is burdened by financial problems, he can not do a proper job. In this bill we give some measure of relief. If it helps to keep capable people in Government service, it will be worthwhile use of Government funds.

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

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

Mr. GROSS. What does this mean percentagewise by way of an increase in pay?

Mr. RICHARDS. I will say right now that it does not increase any pay, and it does not add anybody to the Foreign Service. It does a few other things in regard to educational allowances, retirement benefits, military credits, and so forth.

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

Mr. RICHARDS. I yield.

Mr. SCHWENGEL. I would like to preface my remarks by saying to the gentleman, I agree with his philosophy, and I think it is a move in the direction which we should go as far as the Congress is concerned with reference to these employees. But, as I read this bill, this comes to my attention. On page 2, beginning on line 13, through the page to line 9 on page 3, in reference to who is eligible to serve out of this great group, you have set aside 40 employees, you say, who may be employed by the Department who happen to have these qualifications. The qualifications are 4 years' experience under 31 and 2 years' experience over 31. As I read this, had the Department hired these 40, you with your broad experience, should your administration sometime win, which we do not hope to see on this side, but you with all your broad experience could not be appointed by the State Department; is that correct?

Mr. RICHARDS. Under the planned integration program, about 2,600 people could be transferred. This bill provides for only 1,250. We want that done gradually and then have the Department come back to the Congress to ask for further authority if it needs it. They will still have about 1,400 who are eligible for transfer. With reference to the 40 in this bill, 26 are people who were in the Department in 1951 and filed an application for transfer. Before they were examined, they had been transferred to another Government agency as part of the reorganization plans. We felt it would be an injustice to them, because they had been transferred somewhere else not to allow them to be eligible. If they had remained in the Department, as they wanted to, they would have continued their eligibility. That leaves about 14 who could enter, provided they had previously held some responsible Government position. It so happens that the Foreign Service needs specialists from time to time. There may be just a few such qualified men appointed. We want just a few, because we do not want any political element to enter the picture. But we felt that the Secretary of State should have some latitude to take in 14 or so people, if he had to have, let us say, an industrialist or an engineer or an economist. That is the reason the 40 figure is there—first, to take care of the 26 and the balance to permit the appointment of qualified specialists. The general rule is that the individual must be in the Department of State or the Foreign Service reserve or staff for 3 years. That still holds, except for the 40.

Mr. SCHWENGEL. One further question: In determining who are to have this privilege, or this advantage, the gentleman states the qualification is they must have served in positions of responsibility in the Department. My question is, Who determines whether they have served in positions of responsibility?

Mr. RICHARDS. There you get down to something you cannot get away from. I do not care who is in charge. As a matter of fact, the Secretary of State will decide that.

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

The CHAIRMAN. The gentleman from Ohio is recognized.

Mr. VORYS. Mr. Chairman, the purpose of this bill, as the chairman of our committee has so ably stated, is to improve and strengthen our Foreign Service.

Mr. Chairman, our foreign relations nowadays involve the whole planet, all the time. Our Secretary of State has traveled 250,000 miles since he took office. Congressional committees probably have covered an equal mileage during that period. I know that the gentleman from South Carolina, Chairman RICHARDS and I traveled over 28,000 miles last last year visiting 20 countries. I think such travel is extremely valuable to give Congress and the Executive first-hand, on-the-spot information and background about the countries and peoples of the world, but such travel is no substitute in forming foreign policy for the organized, daily observation and reporting of our Foreign Service officers as they go about their duties of looking after the interests of the country and our citizens in 244 posts in 113 countries, colonies, protectorates, and so forth, abroad.

Our President has stayed close at home. He understands organization and teamwork, staff work, as few if any of his predecessors have. He is profoundly aware of his own heavy individual responsibility in foreign affairs under our Constitution, but has not gone in for personal diplomacy, and I am glad he has not.

The recent publication of the Yalta papers should remind us of the disastrous results that can come from secret, high level, international conferences. I hope we have learned our lesson. I have the highest confidence in President Eisenhower and Secretary of State Dulles, but the success of any international conference in which we participate will depend on careful preparation, organization, and staff work before and during the conference and should not be based on personal diplomacy by our chief representative, whoever he may be.

This requires a well-organized State Department and a strong, able, and devoted Foreign Service.

Secretary Dulles recently paid this tribute to our Foreign Service:

I find them a most devoted, loyal, and capable group of people, many of them functioning under conditions of real hardship.

That is the kind of Foreign Service we have now. It needs improvement. If it were perfect we would not need this bill.

This legislation is necessary, first, to build the Service up to strength by lateral entry, as described by our chairman; second, to make sure we not only attract but hold our best personnel; and, third, to get rid of the deadwood by a better system of selection out.

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

Mr. VORYS. I yield.

Mr. MEADER. I notice the gentleman mentioned his visits abroad in 20 countries. It happens that I had the privilege of visiting with several of the younger Foreign Service officers last fall. I may say to the gentleman that I was surprised at the concern they showed over the implementation of the Wriston report through the lateral entry from the State Department of Foreign Service Staff people into the Foreign Service, above the heads of the younger Foreign Service officers who had to take a rigorous examination before they got their positions. They were disturbed that their prospects of promotion would be retarded because of these lateral entrants who did not go through the rigorous examination process Foreign Service officers have to go through. Can the gentleman assure me this bill does not put the stamp of approval on those objectionable features of what was done under the Wriston report?

Mr. VORYS. I think I can assure the gentleman in a couple of ways. Based on what the departmental officers have done so far, and an analysis of that is shown in our report, they have not picked out all the good jobs and given them to lateral entrants. They have spread them through the Service. Eighty-five percent have entered classes 3, 4 or 5, the intermediate classes of the Foreign Service. Five percent have entered class 6 at the bottom. Only 10 percent entered classes 1 and 2 at the top.

Furthermore, the increase in the Foreign Service itself which is contemplated by this bill, which does not add additional Federal employees at all but transfers up to 1,250 into the Foreign Service, that expansion of the Foreign Service gives more opportunities for advancement.

I may say that in our travels and during the course of our hearings we heard of some misgivings by younger Foreign Service officers and others. However, we have a study and questionnaire conducted by Senator WILEY, of the other body, of over a hundred Foreign Service officers in the European area. The compilation is there at the committee desk. It shows that by and large a substantial majority of the Foreign Service officers were in favor of the implementation of the Wriston report.

I can give the gentleman one other line of assurance. This program is going to be administered by George Wilson, Assistant Controler for Personnel in the State Department, under the direction of Loy Henderson, Deputy Under Secretary of State. The fact that Mr. Henderson has had long experience and has proven his devotion to the Foreign Service as an organization and as a career I am sure is insurance to those in the Foreign Service that their interests will be protected, that they will not be crowded out by premature promotions.

Mr. MEADER. I share the gentleman's admiration for Mr. Henderson, and I believe he can do as much as any man could to alleviate the friction and uncertainty that results from a rapid integration of this character; but I wonder if the gentleman feels as I do that the morale of the existing Foreign Service has been materially affected by the rapid integration of persons from other branches of the State Department service?

Mr. VORYS. No. I will answer the gentleman in this way: I do not think that the integration of the 500 under the Wriston program has undermined the morale or prestige of the Foreign Service. I think that something which is still unfinished business has undermined the morale and prestige of the Foreign Service.

We have approximately 6,700 in FOA and about a thousand in USIA, serving here and abroad, who are not in the Foreign Service. Many of them receive pay and prerequisites that are not comparable to those in the Foreign Service. I think that one of the first chores that lies ahead for the Committee on Foreign Affairs, to be attended to before we adjourn this year, is the problem of organization and personnel when FOA goes out of existence as provided by law on next June 30, and the determination of how to integrate them into existing departments as provided by law.

Our committee felt that since the provisions of this act had received long study, it would be extremely important to enact them on their own merits. But, as has been stated by our chairman, the committee decided that not more than 50 could come by lateral transfer from FAO or other organizations outside the State Department at this time and under this legislation. The reason for any deadline or speed in this legislation is that the provision for the 500 lateral entries expires March 31, so that it is important to have continuing machinery for integration under the Wriston report, at least to the extent of 1,250. But, we have some chores with reference to personnel and organization of those serving abroad now in FAO and other organizations which will have to be faced by Congress before we adjourn this year. We expect to bring that up later. What we do and how we do it will involve the morale and prestige of the Foreign Service.

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

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

Mr. BOW. The gentleman from Michigan has referred to the Foreign Service officers. Can the gentleman from Ohio tell me what has been done so far as foreign staff officers are concerned who are overage and perhaps not eligible to entry into the Foreign Service through lateral entry? Have they been protected so that their years of service will be recognized?

Mr. VORYS. Well, they have their own retirement system.

Mr. BOW. Some are not ready for retirement and want to continue in service.

Mr. VORYS. There is still to be a Foreign Service staff, but the service is to integrate and amalgamate those who are capable of serving as foreign staff officers from the staff and the reserve and the Departments into the Foreign Service officers' branch. The staff will still remain and is not to be liquidated by this act. Certainly it could not be under the provisions that we have adopted so far, and those persons that you have mentioned will be protected by their retirement system.

Mr. BOW. I am speaking of the staff officers abroad who are now overage. Would they not be eliminated from advancement? They are not particularly interested in retirement; they are interested in remaining in the service. Would they not, because of this bill, be eliminated from further advancement in the service and the country deprived of their services in the future?

Mr. VORYS. No, not if they have still advancement availability under the present staff provisions. However, one of the things we have to guard against is loading up the Foreign Service with a lot of overage staff or civil-service personnel who would be seeking service merely for retirement privileges. Certainly, with overage staff officers, it is not expected that they would be transferred to the Foreign Service in order to take advantage of the retirement provision.

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

Mr. VORYS. I yield to the gentleman from Minnesota.

Mr. JUDD. Will not the gentleman agree that those Foreign Service staff officers will be no worse off under this bill than they are under existing law?

Mr. VORYS. That is correct.

Mr. JUDD. Their positions and privileges will continue as they are now. The bill does not deny them anything they have. Some of them will not be eligible for integration into the Foreign Service.

Mr. VORYS. That is correct.

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

Mr. VORYS. I yield to the gentleman from Connecticut.

Mr. MORANO. I wish to refer to the concern expressed by the gentleman from Michigan regarding the morale of the Foreign Service. This bill is designed to bolster the morale of the Foreign Service by the very provisions in it, is that not correct?

Mr. VORYS. Only one provision has to do with facilitating lateral entry. The other provisions have to do with retention of personnel, bolstering their morale, through improved conditions of service.

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

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

Mr. GROSS. Does this mean an increase in the number of personnel in the Foreign Service?

Mr. VORYS. Yes; there has been an increase. The service dropped down after the war to, I think, about 1,297 in 1954. There has been or will be an increase of 500 under the existing lateral entry law. But the Wriston committee and the Department contemplate that they need about 3,900 Foreign Service officers to staff these posts that I have mentioned.

Now, one other word. The Foreign Service must compete with other Government agencies and with private business both in this country and abroad in maintaining the quality and the quantity of its personnel. An interagency committee studied 16 private companies operating overseas back in 1952. Their report, which is contained on page 126 of the basic information document, says:

> Retention rather than recruitment is a primary reason for offering extra incentive for overseas service.

If that is true in private employment it is equally true in the Foreign Service of the United States. This bill is based on the theory that if conditions are such as to retain the best, this will help us to recruit the best. I hope the bill is adopted.

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

Mr. CHATHAM. Mr. Chairman, I have for the last several years traveled rather extensively and have been amazed and distressed at the situation in our Foreign Service. I would say that by and large the Army and Navy follow where our diplomats lead. We have a Foreign Service that, of course, is loyal and hardworking and of very high caliber. We are losing rather than gaining.

I have been in business all my life. The purpose of a committee in business is to strengthen every department of that business. There is not a Member of this House who is not personally and through his district intimately and vitally interested in our Foreign Service. Negotiations of the most delicate character are carried out throughout the world in matters of defense, trade agreements, the handling of our exports, and other matters, every day. But we are losing out by not bringing strong, young men into the Service.

I would like to say to the gentleman from Michigan [Mr. MEADER] that I think this bill will do more to help bring in young men and help lift their morale. We are integrating into the Foreign Service people who are already in the State Department under civil service doing certain jobs. We have really two Foreign Services. We have the Foreign Service that goes abroad and then comes back here, and we have the civil-service people who are doing foreign-service jobs here in Washington. That is aside from staff and aside from reserves. If we can bring them all under one roof, we will not be adding anybody to the payroll. But we will be providing a pool that can be sent anywhere in the world. A young man may come in and get these better educational allowances. He may see the chance of advancement. He may see that he will not be held down because these people here are already above him doing these jobs in Washington. There are so many jobs to be done.

One of the objects of this bill is to bring in young men whom we are not now getting. The gentleman says that it will hurt the morale of the people in class 6 and class 5. I would say that it will help the morale of those people because I have talked to them. I have seen them, certainly throughout Europe for the last 6 or 7 years, and their morale is bad and resignations are coming in at an alarming rate.

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

Mr. CHATHAM. I am glad to yield.

Mr. MEADER. I call the attention of the gentleman to page 5 of the hearings. Mr. Henderson of the State Department testified concerning the transfer of civil-service employees of the State Department into the Foreign Service. He recommended an elimination of the requirement that they enter the Foreign Service at the lowest grade in the class, saying that they would have to sacrifice $1,900 a year if the provisions of the present law were applied. It seems to me that illustrates graphically the complaint of these young Foreign Service officers who complained to me, namely, that the civil service salary rates were so much higher than they were in the Foreign Service that these civil-service officers were transferred into the Foreign Service above them. Thus, their possibilities of promotion were retarded. I was assured that this situation was affecting the morale among the lower-rank Foreign Service officers all over the world. That is what has disturbed me.

Mr. CHATHAM. It does not disturb me at all, because I do not believe the civil service rates for the same work are higher. But he has to go down to the lower part of the class. He will be doing work higher in the class but he has to go to the lower part, and he can lose up to $1,600, as I remember. Of course, they are not going to do it.

If I were a young man—and I have a son that I personally hope is going into the Foreign Service—I would believe that under this bill, under this lateral entry, bringing these people into the Foreign Service and getting all under one roof, as I would say, I would feel I had a better chance of advancement through one unit like the Army or the Navy, where I could be sent anywhere and where adequate personnel would be there, and proper personnel. We are trying to get better personnel.

You cannot have a youngster of 26 do the job of a man of 35 who has had 5 or 6 or 7 years of experience here in Washington on a desk handling the affairs of, say, one country like the Argentine or Great Britain.

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

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

Mr. FULTON. In further answer to the gentleman from Michigan as to the requirement of mental examination for people who come in by lateral entry on this integration program, the committee on pages 8 and 9 of the report has specifically required that there be a comprehensive mental examination for these people. We have felt that the Department procedure was insufficient, just in line with the gentleman's question, and I believe we have completely corrected it.

Mr. VORYS. Mr. Chairman, I yield 7 minutes to the gentleman from Michigan [Mr. BENTLEY].

Mr. BENTLEY. Mr. Chairman, it is with many varying memories that I take the floor on this occasion to speak in support of H. R. 4941, memories of my own 9 years in the Foreign Service with which this bill is concerned. The memories of those 9 years abroad are sometimes pleasant and sometimes not so pleasant, but underlying all of them is a deep admiration and respect for the men and women who serve our country throughout the four corners of the globe. There have been and probably will continue to be individual undesirables and misfits, just as in any similar organization, whether Government or private, but I can tell you from my own personal and intimate knowledge that this country possesses a Foreign Service of which it can be justly proud.

I do not intend to make a section-by-section analysis of this bill but shall leave that to other members of the committee who I feel sure will do a thorough and adequate job. I should like to tell you of some of the current problems of the service, problems which this bill attempts to meet, problems with which I had a close degree of familiarity.

In the first place, let us remember one thing—we are dealing with the Foreign Service of the United States, not the Foreign Service of the State Department or any other Government agency. The officers of the Foreign Service are commissioned by the President of the United States and they take great pride in this fact. Indeed, one of the most important duties of Congress in this matter should be to preserve that spirit of pride in the career service which our diplomatic and consular personnel enjoy at the present time. This pride should be every bit as great as that which an officer of the armed services has in his particular branch, whether it is the Army, Navy, or Air Force. It is with the idea of strengthening this sense of pride and improving the morale of the officers and employees of the Foreign Service that our committee is bringing this bill to the floor today.

One of the great criticisms which many Americans have had of the service

is that its members seem to have lost the viewpoints and opinions of their own countrymen back home. It has been said in the past that a foreign service officer tends to so thoroughly identify himself with the people and the customs of the particular country to which he may be assigned that he loses his American contacts and sometimes becomes almost un-American in his thinking and feelings. That criticism does not lack a certain amount of justification and the foreign service people themselves would be the first to admit it. What is the answer? It means that not only do we have to recruit our foreign service people in this country even on a broader basis than in the past but also that once they are sent abroad, we have to bring them back to this country as often as budgetary and other limitations will permit.

All foreign service personnel of my own knowledge welcome and, indeed, anticipate the opportunity to return stateside, whether for assignment in Washington, for home leave or for temporary detail elsewhere in this country. But if a man is brought home for anything more than a few weeks he has got to be replaced in the field. You cannot bring him home for a longer period, no matter how desirable his services may be in Washington, until a replacement is available. Therefore, the State Department, following the recommendations of the Wriston committee, has been in the process of integrating many of its people with the foreign service so that a man or woman can be interchanged between Washington and the field with greater freedom and flexibility, so that we can get more of our State Department people and so that more of our foreign service people can come home, not only for purposes of service in Washington, but also to better acquaint themselves and keep in closer touch with the American scene. The continuation of this process of integration is 1 of the 2 main purposes of H. R. 4941, and one of the many reasons why this bill should receive the overwhelming support of the Committee of the Whole House and later of the House itself.

In order to attract into the service even a higher type of American than we find today and in order to keep the fine men and women that we have there at the present time, there must be an improvement in the conditions of employment in certain respects. Such an improvement is the second main purpose of H. R. 4941, and I wish to devote the balance of my remarks to this theme.

Mr. Chairman, I think it is obvious that we want to encourage and assist our Foreign Service personnel to be able to raise and bring up their families in a truly American way. But the problems faced in this respect are perhaps among the most difficult which our foreign representatives face today. Again I speak from personal experience because I remember the problems encountered by my three children when I was serving overseas.

Foreign travel and education in foreign countries is in many ways a broadening experience for a child and can certainly be listed as a desirable asset for children of Foreign Service families. But, in my opinion, the drawbacks certainly equal the advantages. Imagine the problems of raising children who never have a permanent fixed home and who lack the security that goes with such a home. Think of the youngsters whose folks have to pack them up every 2 or 3 years and move them, along with all the rest of the bag and baggage, from some place say, like Reykjavik in Iceland to perhaps Leopoldville in the Belgian Congo in the heart of Africa. How much chance does a child like that have to acquire an American background when he or she has to spend perhaps 12 out of the first 15 years in foreign countries?

A Foreign Service youngster who grows up speaking Spanish or Polish or Arabic better than his own tongue is going to have an awful lot of adjustment to make when he finally gets back to the States. And then, too, there are many overseas posts where anything like decent educational facilities are nonexistent. Take our people who serve behind the Iron Curtain, for example. They cannot send their kids to public schools and have them educated into little Communists. If the posts are small, as most of them are there, there are not enough families to form a school of their own. At the present time, the Foreign Service officer with a family who is assigned to that area has to send his children at his own expense to some school in a free country or just give up 2 years of their education. That is not a fair or equitable burden to ask our Foreign Service people or their children to assume. But that is exactly what is happening today—it happened in my own case and I know it is happening in the case of a great many others.

Our Foreign Service people are proud of being Americans and they want their children to be educated in the best American tradition even if they have to be sent back to America for this purpose. It is hard enough to be separated from your own children for a couple of years or more but our Foreign Service people are willing to make this sacrifice. But sometimes it is impossible from a financial standpoint even to do this. Sometimes our people have to keep their children in these foreign lands because they just do not have the money to send them back home. The bill, H. R. 4941, which the committee has before it, is an attempt to at least partially correct this situation and to provide some financial assistance for the Foreign Service family who want to see their children brought up in American schools with an American educational background but who find this impossible because of money difficulties at present.

There are other similar attractions in this bill such as the extension of salary differentials for service at hardship posts that I will not go into now. But let us get one thing straight. The Foreign Service has been attacked in the past for being snobbish, for putting on airs, for being narrow-minded and restricted to high-income groups, for being a bunch of cookie-pushers and teacup jugglers and for being addicted to cocktail parties and striped pants. It has been criticized, in effect, for being a rich man's club. Now some of this criticism may be justified, most of it is not. But I can tell you that the surest and best way to remove such a label from the Foreign Service is to make it attractive enough so that a man or woman can come in without having outside means or an independent income and once in that he or she will want to stay in. It is the same type of problem we in Congress faced with regard to ourselves a few weeks ago and it should be solved generally in a similar way.

In the past Congress has not dealt especially kindly with the Foreign Service, with the outstanding exception of the Foreign Service Act of 1946. The service itself is somewhat to blame for this. At this point, Mr. Chairman, I ask permission to insert at the conclusion of my remarks the text of an article which I wrote for the July 1954 number of the Foreign Service Journal and which touches on some of the problems which have arisen in the past between Congress and the Foreign Service. However, I believe that these problems are disappearing to a large extent.

The men and women of the Foreign Service, our Foreign Service, are called on to face many hardships and dangers during their Government careers. They face them cheerfully and willingly as they keep our flag flying in all parts of the world. Because of the duties and responsibilities they undertake, because of the services they render to American individuals and American business interests, because of their vital role in the conduct of our foreign policy, we in the Congress should demand that the service be attractive enough to get the highest type of American men and women into its ranks. I myself am proud to have served in that organization and I want to see it continue its splendid record of service in the past on to the future. For that reason, and because I believe that this bill contains improvements which are vital to the continued welfare of our Foreign Service, I urge the adoption of H. R. 4941.

At this point, Mr. Chairman, I include the text of an article which I wrote for the July 1954 number of the Foreign Service Journal which touches on some of these problems:

CONGRESS AND THE FOREIGN SERVICE

As a former member of the Foreign Service and now occupying the unique (for an ex-FSO) position of a Member of Congress, I have had many occasions to come into contact with my former colleagues during the past year of congressional service. Membership on the House Foreign Affairs Committee and its subcommittee on State Department Organization and Personnel has perhaps given me more opportunity for such contacts than the average Congressman possesses, to say nothing of the advantages offered to a trip to Western Europe last October with the Merrow study mission.

On the other side of the fence I have discussed problems of the State Department and the Foreign Service with a large number of my congressional colleagues as well as others prominent in the Eisenhower administration. As evidence of my continuing interest in the service, I cite my introduction, during the last session of Congress, of H. R. 4538, a bill to make certain increases in the annuities of annuitants under the Foreign Service retirement and disability system.

As far as the American public is concerned in the last few years, the Foreign Service has received an extremely bad press, due perhaps more to ignorance than any other single reason. The uncovery of the presence of a relatively small number of undesirables, both from loyalty and security standpoints, within the Service and the widespread publicity which has consequently resulted has also been a contributing factor. It is a very real pity that steps cannot be taken to bring the Service and its splendid record of achievements more into direct public focus, such as, for example, is done with the armed services, the Federal Bureau of Investigation or even the agents of the Treasury Department.

When American diplomatic or consular officers are characterized in any form of entertainment media, whether radio, television, films or the legitimate stage, or even newspaper comic strips, the overwhelming impressions are, at best, those of cautious and timid individuals. Such persons always give the appearance of being hopelessly ensnarled in redtape and are usually attempting to hinder and frustrate others in the same way.

This public impression of the Foreign Service is most important for the Service itself to realize. As in so many other examples, public impression is transmitted from the people to their elected representatives in Washington. In other words, if the average voter or constituent has a fixed opinion of our diplomats and consuls, there are few Congressmen who are willing to take the time and trouble (and risk) to change this opinion. The best way to influence the Congress in a favorable manner is to work on the folks back home.

Continuing to speak frankly, there is another matter which should be brought to the attention of the Service, especially those in the field. There is a very definite impression among some members of the present administration, and concurred in by many members of the majority party in Congress, that officers and employees of the Service are by and large sympathetic to the programs and aims of the previous administration. There is no thought of criticizing any officer or employee for his personal political beliefs and this is not a subject for my discussion. But if an officer or employee should permit these personal beliefs or opinions to influence his own work, it is another matter. He should also remember that, when he is representing his Government abroad and when he discusses the American political scene with foreigners, even in private conversation, his words are given much more weight than he might generally believe.

It might only seem natural to criticize investigative individuals and methods of the Congress, especially where they have touched upon the Service itself. But in doing so, the Foreign Service officer runs the risk of committing two grave errors. In the first place, he is leaving the impression with his foreign listener that the American people as a whole are condemnatory of such individuals and methods, which is not at all the case. In the second place, he is merely building a case for those persons of extreme partisan nature who attempt to make a spoils system out of the entire Service and who would like to replace many of our trained diplomats and consuls with faithful party workers.

This is a matter of real concern to me since I have heard it voiced in high-placed circles within our Government and by individuals who are truly objective in their thinking. The administration is not demanding the votes of the Foreign Service but it is demanding its complete and unquestioning loyalty. For this reason, officers and their families should be extremely careful when discussing political developments in this country, especially, for obvious reasons, at social gatherings.

There is no desire within the Congress to cripple or emasculate the Service, not even on the part of Senator McCARTHY. On the contrary, there is a very real feeling that it should and must be strengthened, especially in view of our responsibility as the leader of the free world, a responsibility which we did not seek but which we have willingly assumed.

One more word of caution to my former colleagues who are in the field. You have been and will be visited by many congressional committees and study missions in your posts. Social functions are pleasant and sometimes have a certain value but they are often fatiguing to a person who is honestly trying to acquire a large amount of varied information within a short space of time. A Congressman worth his salt is trying to meet and talk with as large a number of people as possible and not just those on a certain social level. If you will put yourself in the position of a campaign manager and pretend they are running for office in your area, you will understand what I mean. I am now talking about the average hardworking, sincere Representative or Senator and not those misplaced individuals who give the word "junket" the unfortunate connotation it has today.

I sincerely trust that my former colleagues will take these suggestions in the same frank spirit with which they have been offered. There are many of us who really want to reinforce and improve the Service but who are constantly forced to battle its critics. To the extent that your own conduct will assist us to meet this criticism, to that extent will we be able to help you in turn. We are all of us interested in upholding the prestige and maintaining the security of the United States. The more that Congress and the Service can cooperate toward these objectives, the more certain they will be of continued fulfillment.

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

Mr. BENTLEY. I yield to the gentleman from Connecticut.

Mr. MORANO. The distinguished gentleman from Michigan has made a very fine statement. He has completely reflected my views on this measure.

Mr. BENTLEY. I thank the gentleman.

Mr. RICHARDS. Mr. Chairman, I yield 5 minutes to the gentlewoman from New York [Mrs. KELLY].

Mrs. KELLY of New York. Mr. Chairman, this is a bill long overdue.

Before I discuss some of its provisions, I, along with my colleague [Mr. BENTLEY], want to pay a tribute to the men and women in the Foreign Service of the United States. They are a devoted group of public servants whose work is often carried on under the most adverse conditions. They have been much misunderstood and even ridiculed by those who do not understand the nature of their work and of their responsibilities.

This bill aims to strengthen the Foreign Service. It should do much to raise morale and improve its administration.

Our hearings on this bill were lengthy. We were particularly concerned that, in continuing the transfer of individuals into the Foreign Service, the merit principle be left untouched. I think the provisions in section 4 give an assurance to the career officers that they will not be flooded with individuals whose qualifications are anything but professional in character. We specifically limit the transfer of 1,210 out of 1,250 to those who, on March 1, 1955, are on the payroll of the State Department. That means that any individuals from other departments or agencies can only come in, if at all, under the small margin of 40 we left. And that 40, as the committee report states, is to take care of some individuals who were caught in the reorganization and would otherwise have qualified. I can assure the Members of this House that all of these carefully phrased sentences in section 4 have one purpose—to preserve the merit system.

The other provisions of this bill have a general purpose—to provide more adequate incentives not only to recruit capable young men and women but, even more important, to hold them after they are employed.

Mr. Chairman, I have only the strongest admiration for the wife of the Foreign Service officer who is trying to carry out her responsibilities as a wife and a mother in a strange land. She often has to serve as a teacher for her children who may have no adequate school to attend.

In this bill we provide a small measure of relief by granting an educational allowance for primary and secondary school. It is not a luxury item—and the amount is intended merely to supplement the cost of education abroad. I want to make clear that it does not provide a finishing school education for the children. Section 10 (b) is so worded that the test of payment for educational allowance is how many services the public schools of the United States provide without charge. If those are available locally, the officer receives no reimbursement. If they are charged for, then the officer may be compensated.

In the case of secondary and college education the bill permits the officer to be reimbursed for one round trip between his post and the United States for each kind of education. But I want to point out that when that travel is paid for, the officer does not receive the costs of the education. In other words, he gets either the cost of travel or the post allowance for education—which, of course, will be far less than the cost of keeping his child in the United States.

I sincerely hope that the passage of this bill will result in the correction of certain undesirable aspects of administration of the Foreign Service. In its hearings on the bill, the committee encountered at least two instances in which the elementary principles of sound personnel administration were being disregarded. In one instance this involved a disregard of a specific provision of law.

The Foreign Service Act rightly provides firm requirements for the selection out of Foreign Service officers who do not measure up. Such a process is essential to the operation of a career service. It is necessary that no one appointed to the Foreign Service feels that he is guaranteed a job for the rest of his life regardless of his performance. It is essential also that the higher ranks should not become filled up with people who are merely trying to get by until they can retire.

No one can disagree with the objectives of the selection-out system. Nevertheless, there are two features of its operation which I believe call for improvement.

The first has to do with the right of a Foreign Service officer to see the efficiency reports which his superiors make with regard to his performance. The Foreign Service Act of 1946—section 612—dealt with this problem by requiring that "under such regulations as the Secretary may prescribe and in the interest of efficient personnel administration the whole or any portion of an efficiency record shall, upon written request, be divulged to the officer or employee to whom such record relates."

The reasons for this requirement are obvious. These efficiency ratings can either make or break a Foreign Service officer. There is always a danger that personal antagonisms and petty gossip may be reflected in such reports and the person affected may have no opportunity to refute unfavorable comments about him. If a superior officer is not willing to acknowledge and defend his evaluation of a subordinate, he should not be given such responsibility.

In spite of the administrative soundness of this requirement that a Foreign Service officer should be shown the efficiency reports about him and in spite of the provision of the law which I have read, the committee found that the State Department has been refusing to show Foreign Service officers such reports. Instead a summary of such reports has been shown. There is no way the officer can tell what has been omitted from such a summary or how accurate it may be.

I want to emphasize the statement made in the committee report on this bill which says:

> The committee can see no justification for this disregard of the explicit provision of law. It expects the law to be implemented.

There is one further problem which I want to refer to. This involves the situation of the Foreign Service officer who finds that he has been selected out. Under present practice, he is given no right to appeal.

I recognize that no person believes that he is justly being selected out and that there are many complaints which are not justified. Nevertheless, you are dealing in such cases with human beings and human weaknesses. The United States has many small posts where there are only 2 or 3 persons. People are assigned ordinarily for a minimum of 2 years. A man may have a very bad efficiency rating in such a post which reflects personal friction rather than poor work.

It seems to me there should be some sort of appeal procedure which will make sure that no one is selected out unless his performance record clearly justifies such action.

I am sure that this bill gives the Secretary of State the opportunity and the authority to build a strong Foreign Service which will represent the United States in the way in which this great Nation should be represented overseas. I am confident that effective use will be made of this opportunity.

Mr. Chairman, I trust this bill will be unanimously approved by the House.

Mr. VORYS. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, this bill has many provisions. The main ones have been described and all are fully explained in the very excellent committee report. May I take time only for a few general observations?

The first responsibility of a good government is to safeguard the security of the nation. The first line of defense in achieving this first objective of a good government is our diplomatic corps and those who direct and back it up in the Department of State. That simple truth is demonstrated by the fact that the highest post in the President's Cabinet is that of Secretary of State.

It is recognized that all of our accomplishments here at home will stand or fall in the end on whether or not we are secure in our relations with other countries around the world.

Just recently we passed a bill providing greater benefits and inducements for men to enter the armed services, to become better trained professionally, and then to stay in the armed services. Some 3 million men in our Armed Forces may never be required to go into battle if we succeed in our first line of defense, the skillful handling of our diplomatic, political, economic, military, and other relations with the rest of the world. There was only one vote against that bill to expand the benefits and provide greater inducements for first-class men to go into the armed services and to make it their career by staying in the armed services.

Mr. Chairman, this bill provides for those in our Foreign Service in approximately the same way as that bill provided for those in our armed services. It gives extra allowances and educational benefits for hardship posts, gives retirement credit for military service, and a half-dozen similar fringe benefits. It brings into one corps those who are doing essentially the same work. If we do for the some 3,000 who are our first line of defense, the kind of thing we are doing for the 3 million in our armed services, we may never have to use—I certainly hope we will not have to use—the latter in armed conflict. To send the 3 million into battle not only costs billions more in money but a lot of them lose their lives.

I do not know of any legislation that is of greater importance to us in the present dangerous state of the world than to do everything reasonably possible to expand our Foreign Service in a proper way, to integrate the elements in it, to strengthen it, to improve its morale, and to make possible its most effective functioning.

I hope there will be the same support for this bill as there was for the bill to strengthen our Armed Forces, and to give greater inducement for men to become career soldiers.

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

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

Mr. GROSS. After listening to the gentleman, and looking at two members of the Armed Services Committee who are present, I am wondering whether we need an Armed Services Committee or an Army if our security depends entirely on the State Department?

Mr. JUDD. I did not say "entirely." I said "our diplomatic corps is the first line of defense." We have to use the Armed Forces only when we fail to resolve our difficulties by nonmilitary measures. That is, war is like the ambulances, the fire trucks, and the police cars running down the road, upsetting traffic and endangering lives in an effort to retrieve something out of the disaster it was the business of diplomacy to prevent.

Mr. GROSS. I really rose to ask the gentleman what is the meaning of section 571 on page 3 of the bill. Why delegate that kind of power to the Secretary of State?

Mr. JUDD. Because of special needs and situations. A man is assigned to a special task for 4 years. Perhaps he is carrying on a research program or an administrative reorganization or a special project that has to do with estimating the capabilities of a potential enemy or of an ally, or something of that sort. His term expires in the middle of the project. Obviously it is advantageous to extend the assignment.

Mr. GROSS. But you do not limit it to technicians or specialists. This can cover anyone in the Foreign Service.

Mr. JUDD. Yes, but the language "except that under special circumstances, the Secretary may extend this 4-year period for not more than 4 additional years," means that the Secretary has got to make a finding that there are special circumstances which require such action by him. I cannot feel that the authority is going to be carelessly used. One of the major difficulties in handling our Foreign Service is that there has not been a big enough pool of officers to permit bringing them home more frequently and for longer periods of service here. We have erred in keeping them abroad too long instead of keeping them at home for too extended periods.

Mr. GROSS. They can be detailed to any Government agency. This is not confined to merely bringing them home. They can be detailed to any Government agency.

Mr. JUDD. Yes, by the Secretary at the request of that Government agency. Sometimes some other agency needs an expert on a particular country or area, or in a particular field and such an expert is available only in the Foreign Service. Under this authorization the Secretary may, in his discretion, detail that expert, an officer or employee of the Foreign Service, to the FOA, or the armed services, or the National Security Council, or the CIA, or the Department of Agriculture, or the Treasury Department to help with specific problems, at their request only.

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

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

Mr. VORYS. Is it not true that this provision for assignment to other branches of the Government has been in the law for many years?

Mr. JUDD. Yes, that is true.

Mr. VORYS. The only new thing was to put in that under special circumstances the period may be increased, and the section on the next page providing for reimbursement for the persons so assigned.

Mr. JUDD. That is right.

Mr. RICHARDS. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. GORDON].

Mr. GORDON. Mr. Chairman, I am pleased to support H. R. 4941, the Foreign Service Act Amendments of 1955. The House Foreign Affairs Committee considered this measure very thoroughly after exhaustive hearings. Since a substantial part of the drafting of the Foreign Service Act of 1946 was done by the Committee, it was in good position to consider amendments to that act designed to bring it up to date.

I have constantly supported the foreign aid program of the United States because I felt it was vital to our own national security and best interests, but I must say here that in my opinion, an efficient Foreign Service corps, well manned, and adequately compensated and with good morale, is more important for our security and best interests than a foreign aid program. I do not intend to minimize our foreign aid program, but rather to emphasize the importance of our representatives overseas upon whom we depend so much for our day-to-day negotiations and contact with foreign countries.

I believe this bill will have a profound effect on the vitality and efficiency of the Department of State as the Foreign Office of the United States. Through the integration of Department of State personnel into the Foreign Service, which is authorized by this bill, a larger pool of qualified personnel for assignment abroad on a rotation basis will be made available. No longer will we have a situation where a desk officer in the Department of State is passing on matters affecting a country with which he is not personally and directly familiar. No longer will we have two personnel systems administered by the Department of State, one for those individuals serving at home and another for those serving abroad. The mechanism of integration authorized by the bill should give us the type of mobile force which is needed in a world of fast moving events.

I have had many occasions to speak to Foreign Service officers with respect to their problems and their desire to do the best possible job unhampered by inequitable personal expenses, and afforded treatment equal to that given to other categories of overseas United States personnel. Under section 3 of the bill, payment of salary differentials for service at hardship posts, now limited to Foreign Service staff personnel, is extended to Foreign Service officers. Under section 9 of the bill, a Foreign Service officer serving in an unhealthful post will be given the choice of accepting a salary differential for service at such post, or one and one-half years' credit for each year of service at such post toward retirement.

In section 10 of the bill, the committee has removed one of the major obstacles to Foreign Service morale. At present, a considerable number of Foreign Service personnel find themselves with a financial burden confronting them in educating their children. The cases of such financial burdens described on page 15 of the committee report amply demonstrate this morale factor. I believe that we have met this problem fairly and justly by authorizing the payment of educational allowances to cover expenses incurred by Foreign Service personnel in obtaining educational services which are ordinarily provided without charge by public schools in the United States.

One other provision in the bill, which is particularly important, is contained in section 8, which permits participants in the Foreign Service retirement and disability system to receive credit for their military service without making special contributions, which contributions are required under present law. Section 8 removes a source of discrimination, since civil-service employees who have had military service have been given retirement credit for such military service without cost to them.

There are other provisions in the bill which strengthen the Foreign Service Corps and which will make possible a greater degree of morale in our first line of defense.

Truly, the Foreign Service of the United States constitutes our best investment abroad. Let us protect it.

Mr. RICHARDS. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, the gentleman from Ohio said just now:

> The recent publication of the Yalta papers should remind us of the disastrous results that can come from secret high-level international conferences. I hope we have learned our lesson.

Now, I do not know where Yalta comes into this, but I am not going to let the gentleman get by with that statement without comment. May I add this: Referring to the remarks of the gentleman from Ohio, the manner and timing of the release of the Yalta papers should also remind us of the disastrous results that might come both in the field of bipartisanship here at home and in international relations abroad from such ill-considered and devious action by the State Department in this connection.

Mr. VORYS. Mr. Chairman, I only rise to say that, looking toward the future, I hope we can join in bipartisan support of this measure to strengthen our Foreign Service and our foreign relations and to help implement our foreign policy.

Mr. ZABLOCKI. Mr. Chairman, I am pleased to join with my distinguished colleagues in urging favorable action on H. R. 4941, a bill to amend the Foreign Service Act of 1946.

This measure embodies the first major overhaul of the Foreign Service Act of 1946. As such, it has been needed for some time, and it constitutes a step in the right direction. The bill, when approved by this body, will go a long way in strengthening and revitalizing our foreign service.

For a number of years, I have had many contacts with our foreign service personnel. While I have had deep respect for our foreign service, I have felt that it could be greatly improved. We needed a broader base for our staff, consular and diplomatic personnel. The foreign service needs more recruits, drawn from all sections of our country, and from different backgrounds and environments. They need men with broader training in the field to which they are devoting their lives.

For this reason, I have repeatedly proposed the establishment of a foreign service academy, which would give our country a plentiful reserve of young, able, and well-trained people who could serve our Government in various capacities both abroad and in Washington. It is my hope that the academy will become a reality in the future. Until that happens, however, I feel that we should continue to exert every effort to better our foreign service through measures such as H. R. 4941.

The bill before us, based on the recommendations of the Wriston committee, will enable the Department of State to continue the integration of its personnel into the foreign service. Further, it will improve the conditions of employment of Foreign Service personnel so that qualified individuals will make it a career.

This legislation will not create any new jobs, it will not increase the salaries of Foreign Service personnel, and it will not add anyone to the Federal payroll. It will, however, strengthen and revitalize the Foreign Service by transferring into it individuals already employed by the State Department.

I have attended hearings on this legislation, and studied it very carefully. In my humble opinion, this is a sound, constructive bill, and it merits overwhelming support. It is my hope that the bill will receive such support from this body.

The CHAIRMAN. All the time has expired.

The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Foreign Service Act Amendments of 1955."

SEC. 2. Section 413 of the Foreign Service Act of 1946, as amended, is amended to read as follows:

"SEC. 413. A person appointed as a Foreign Service officer shall receive basic salary at one of the rates of the class to which he is appointed which the Secretary shall, taking into consideration his age, qualifications, and experience, determine to be appropriate for him to receive."

SEC. 3. Section 443 of such act is amended to read as follows:

"SEC. 443. The President may, under such regulations as he may prescribe, establish rates of salary differential, not exceeding 25 percent of basic salary, for Foreign Service officers, Reserve officers, and staff officers

and employees assigned to posts involving extraordinarily difficult living conditions, excessive physical hardship, or notably unhealthful conditions. The Secretary shall prepare and maintain a list of such posts."

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

Mr. Chairman, I am not impressed with arguments made here today that the Foreign Service requires frontline duty; that it is as hazardous as the service of a doughboy in the Armed Forces. We have had quite a dose of that here this afternoon in an effort to build up this bill on the basis that there is something tremendously hazardous in the Foreign Service. What was the rate of attrition of diplomats in Korea, for instance? I do not know of any diplomat who lost his life in the war in Korea, but it will be recalled that we had 35,000 dead American soldiers in that conflict. It is my observation that diplomats die in bed.

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

Mr. GROSS. I yield.

Mr. JUDD. I do not know anybody who has suggested that the life of a diplomat, on the average, is as hazardous as that of a doughboy. What I did suggest was that if we have as effective and efficient a Foreign Service as we ought to have and want to have, the doughboy may not have to go abroad in his obviously more hazardous occupation.

Mr. GROSS. I am still not impressed, I may say to the gentleman from Minnesota [Mr. JUDD]. I rose to ask whether section 443 in this bill is new or old. It says:

> The President may, under such regulations as he may prescribe, establish rates of salary differential, not exceeding 25 percentum of basic salary, for Foreign Service officers, Reserve officers—

And so forth. Is this new or old, or what? When I last made inquiry I was greeted with the answer that it is something that has been in the law. But is this new or is it old?

Mr. JUDD. Mr. Chairman, if the gentleman is yielding to me to answer that question, this provision authorizes allowances for posts considered unhealthful and extrahazardous. Such provisions already exist for people who serve abroad in FOA, or under the Agriculture Department, the Commerce Department, or various other agencies. They are already available to other employees of the Department of State, who are under civil service, or in the foreign staff—stenographers, technicians, and so forth. But such allowances are not now authorized for Foreign Service officers. This section merely extends to the Foreign Service officer the same allowances for extrahazardous posts as now are authorized for persons who go abroad in service for other agencies of the Government. That is approximately the situation created by this section.

Mr. GROSS. Here again is a new delegation of power to the President, any President, to increase certain salaries by 25 percent; is that correct?

Mr. JUDD. No; it only applies where certain posts are designated as unhealthful or extraordinarily hazardous.

Mr. GROSS. I said "certain salaries." Will not the gentleman agree with me that that is sufficient to cover it?

Mr. JUDD. I should have said salaries for certain posts which are designated to be unhealthful and hazardous. Suppose, for example, someone is to be sent to Saigon, which is certainly considered a very dangerous post. In the first place, there is a good deal of guerrilla activity there. Second, there is the question of the climate; excessive heat and heavy rains 5 months of the year. Third, housing; it is almost impossible to find housing that is satisfactory. There is no hot running water, and so forth.

Mr. GROSS. Will the gentleman now agree with me that this is a further delegation of power to the President?

Mr. JUDD. Certainly, it is a delegation for this group of power that he already has for other groups. We want him to have that power for the Foreign Service officers as well. They have cholera, typhoid, malaria, dysentery, dengue fever, smallpox, and other diseases at many of these posts, and the people occupying them are in considerably greater hazard than we in this Chamber or the officers in the Department face.

Mr. GROSS. Why does not the committee establish or decide which are hazardous posts?

Mr. JUDD. For the very same reason which was discussed in the discussion of the rubber plant bill earlier this afternoon. I do not think this legislative body, and I do not think the Committee on Foreign Affairs of the House is in a position to go through all of these hundreds of posts and designate that this one shall have a 10-percent hardship allowance, another one should have a 15-percent allowance, and still another one a 25-percent allowance. That has to be an administrative decision within the Department of State.

Mr. GROSS. Let me ask the gentleman this question. By how much has the personnel in the Department of State been reduced since January of 1953?

Mr. JUDD. The Foreign Service staff——

Mr. GROSS. I am asking now about the Department of State.

Mr. JUDD. I could not offhand give the gentleman the figures on that. I think they are to be found in the hearings somewhere. This bill does not deal with the Department of State.

Mr. GROSS. Why does it not?

Mr. JUDD. Because this is a bill dealing only with the Foreign Service.

Mr. GROSS. The Secretary of State can assign a man in the Foreign Service to any Government agency?

Mr. JUDD. Yes.

Mr. GROSS. Why does it not deal with the State Department? Any of the personnel can be assigned to work in the State Department if the Secretary so chooses.

I think the gentleman will agree with me that the personnel of the State Department has been increased since 1953 despite the fact that the gentleman and others came before the Congress back in 1953 and got a new Under Secretary of State or Assistant Secretary of State for the express purpose of reducing personnel in the State Department. The Assistant or Under Secretary of State did not reduce the personnel of the State Department. Is not that correct?

Mr. JUDD. I do not have the figures on that. Does the gentleman have the figures on it?

Mr. GROSS. No, I do not.

Mr. JUDD. When the bill that deals with number of employees comes before the Congress from the subcommittee that handles appropriations for the State Department it will have those facts. This is a bill to amend the Foreign Service Act. It deals with only that one corps within our whole diplomatic establishment.

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

Mr. GROSS. I yield to the gentlemen from Massachusetts.

Mr. NICHOLSON. I think the gentleman from Ohio said they were going to put 500 more on this year.

Mr. VORYS. We are in the process of putting 500 more, by March 31, into the Foreign Service through lateral entry from other Federal employees in the State Department. The personnel of the State Department as a whole has been reduced through reduction in appropriations, I understand, in the past 2 years. However, the number in the Foreign Service and the State Department combined will not be increased by virtue of this legislation.

Mr. GROSS. Did not the gentleman from Ohio in his remarks here say that in order to adequately staff the Foreign Service it would require 3,000 additional employees?

Mr. VORYS. No, I did not. If I did, it was an inadvertence. We will have about 3,000 Foreign Service officers after the completion of the program authorized by this bill. The Wriston committee recommended that there be 3,900 Foreign Service officers, and that that increase would be taken care of through lateral entry. Neither the Wriston committee nor this bill increases the total number in the State Department and the Foreign Service, because the whole program so far is by lateral entry.

Mr. GROSS. Will the gentleman answer this question: By transferring 500 people from the classified civil service, will 500 people be added to the classified civil service?

Mr. VORYS. No. The way the Wriston committee recommendations work out is by designating dual-service desks. That is the departmentese phrase for picking out positions in the State Department that could be served either by a civil-service employee or a Foreign Service officer. That is the only way to get Foreign Service officers home for home duty without increasing the total numbers in the State Department and Foreign Service. Therefore, they have designated a series of approximately 2,600 dual-service positions in the Department of State which could be filled by either Foreign Service officers or departmental people. It is contemplated that those places will be ultimately filled by Foreign Service officers during their tour of duty at home. Three thousand of the proposed 3,900 for the Foreign Serv-

ice could be filled under the provisions of this legislation in addition to legislation already on the books.

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

Mr. Chairman, I have listened to this debate with a great deal of interest. I am particularly interested in the objectives of this legislation, as I understand them to be. I understand this legislation is intended to alleviate hardship on the part of the Foreign Service personnel and to lift the morale of that personnel and to provide, perhaps, some incentive to improve the caliber of that personnel and increase its effectiveness. Am I about right in that general interpretation? Well, I certainly want to subscribe to those objectives. There are, however, a few questions that came to my mind as I listened to the debate, and I would appreciate it very much if the chairman of the committee would be good enough to assist me by answering those questions. There has been some reference made to the FOA. I would like to know, first of all, the extent to which this bill will permit the integration into the Foreign Service of FOA personnel.

Mr. RICHARDS. This bill could conceivably admit 40 people from FOA. In other words, there are only 40 who can be brought in from other than the State Department. Of that 40, there are 26 who have been in the State Department heretofore, and who will be eligible. Therefore, 14 would be the most that could be brought in from FOA. There will certainly not be any grand slam of the FOA going into the State Department or the Foreign Service.

Mr. HARDY. I am glad to hear that there will be no grand slam here, but we have a problem involved in this FOA proposition. I presume the functions of the FOA would be continued, or at least a great part of them. The FOA personnel will continue to represent this Nation of ours. If that is the case, I would like to know who is going to direct the policies? Will it be tied down to the Secretary of State or how is it going to be done so that we can be reasonably assured of a satisfactory representation on the part of those people?

Mr. RICHARDS. The gentleman has asked the $64 question. I have been trying for 3 months to find that out. Perhaps the President who comes from the other side could tell us. From what I hear, it is going to be proposed this year that the FOA personnel and the FOA operations be turned over to the State Department. The FOA, under existing law, dies on June 30 of this year.

Mr. HARDY. I call the gentleman's attention to the fact that the Committee on Foreign Affairs certainly has some responsibility in connection with this matter. I wonder if you are going to wait for the recommendation of the President or does the Committee on Foreign Affairs have any inclination to take any steps in this matter.

Mr. RICHARDS. We do have some responsibility certainly in the field of implementation of our foreign policy, but it is the custom here on the Hill, either under a Democratic or a Republican administration to await the recommendations of the executive department in this field because the executive department has the responsibility. We are still waiting and have been waiting for 3 months.

Mr. HARDY. I understood that that was the position but I just wanted to hear the gentleman confirm his attitude in that respect.

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

Mr. HARDY. I yield.

Mr. VORYS. As our distinguished chairman says, we have been ready, willing, and able to receive any executive recommendations along this line. I read in the papers recently that this question was going to be left to the Congress. I hope we do not have an Alphonse and Gaston act where both the executive and the legislative branches say, "You first, my dear Gaston," up until June 30. I think that what will probably happen is that we will receive the recommendations of the executive branch when we return here after the Easter recess and as our chairman sometimes says, "The Executive proposes and the Congress disposes."

Mr. HARDY. I hope the gentleman will not take all of my time, and I wish to thank him for his answer, but it surprises me a little here to hear this inference from the gentleman who is so close to the President and the Department of State that he depends upon the newspapers for his information. I hope the gentleman can provide us with something that is more authentic than that.

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

Mr. HARDY. I yield.

Mr. RICHARDS. This is an important question. We have not heard from the executive department. They have taken their time, and I want to assure the House that the Committee on Foreign Affairs is going to take its time when it comes up here.

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

Mr. HARDY. I am delighted to yield to the gentleman from Minnesota.

Mr. JUDD. The delay described by my friend is not an unusual problem. Under other administrations we have not had recommendations for FOA come from the executive branch to the Foreign Affairs Committee until May.

Everybody knows the President called back from private life Mr. Joseph M. Dodge, of Detroit, to make a study of precisely this problem and a number of others in order to integrate all these activities we are carrying on abroad and to have them operated under one foreign policy. He has a terrific job, but I am sure recommendations will come from him soon to help me in this matter.

Mr. HARDY. I appreciate the gentleman's contribution.

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

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

(On request of Mr. GROSS and by unanimous consent, Mr. HARDY was allowed to proceed for 3 additional minutes.)

Mr. HARDY. Before I yield to the gentleman from Iowa I would like to make this observation concerning the comments of my friend from Minnesota. I never thought the shortcomings of a previous administration would be frankly admitted in this way, and used to justify the shortcomings of this administration.

Mr. JUDD. We inherited so much trouble from our predecessors that it is taking quite a while to fix everything up.

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

Mr. GROSS. Let me see if I understand what this bill is about. It is designed, it seems, to pick up some 40 employees out of the Foreign Operations Administration, which presumably is going out of existence.

Mr. HARDY. As I understand, this bill apparently is designed to pick up 12 employees from FOA and a total of 40 from all agencies, which leads me to my next question.

I am and have been greatly concerned with the type of representation our Nation has overseas. I have been aware of the fact that not all of the people representing our Government are Foreign Service personnel nor State Department personnel, but there are representatives of various agencies overseas. I wonder if the gentleman could tell us how many such representatives other than those who depend upon direction from the State Department are operating in other countries.

Mr. RICHARDS. In reply to the question, I do not know whether you would call them representatives or not, but we have overseas in the neighborhood of 200,000 people employed by agencies of the United States Government. About 53 percent are aliens.

So far as people in the Foreign Service and State Department are concerned, we have 5,200 people employed overseas, and 9,300 aliens. I believe that is correct.

Mr. HARDY. I shall try to point out the problem I have in mind and enlist the assistance of the Foreign Affairs Committee in trying to see whether we can find something to correct the situation. It has been my observation that we have officials of every conceivable agency of the Government expressing themselves rather profusely overseas without any very coordinated policy direction from back home. It seems to me that that has gotten us into a good bit of trouble. It has the potentiality of getting us into a great deal more trouble. I hope the Foreign Affairs Committee can provide some integration in this matter.

Mr. RICHARDS. The gentleman knows the Foreign Affairs Committee has given a great deal of consideration to the matter. A lot of those employees are civilian employees from other departments of the Government such as the Defense Department, Commerce Department, and others. I assure the gentleman, so far as the Foreign Affairs Committee is concerned, we will try to do as good a job on that as we think we have done on this.

Mr. HARDY. I desire to express my appreciation to the gentleman.

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

Mr. HARDY. I yield.

Mr. JUDD. Let me call the gentleman's attention to the fact that last year this Congress took the attachés of Agriculture out from under the State Department against my judgment. And the same was proposed for Labor and Commerce attachés.

Mr. HARDY. It seems to me that this has complicated the problem.

The CHAIRMAN. The time of the gentleman from Virginia has again expired. The Clerk will read.

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that the balance of the bill be considered as read and printed in the RECORD.

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

There was no objection.

(The balance of the bill reads as follows:)

SEC. 4. Section 517 of such act is amended by striking out the first sentence and inserting in lieu thereof the following: "A person who has not served in class 6 shall not be eligible for appointment as a Foreign Service officer of classes 1 to 5, inclusive, unless he has passed comprehensive mental and physical examinations prescribed by the Board of Examiners for the Foreign Service to determine his fitness and aptitude for the work of the Service; demonstrated his loyalty to the Government of the United States and his attachment to the principles of the Constiution; and rendered at least 4 years of actual service prior to appointment in a position of responsibility in the service of a Government agency, or agencies, except that, if he has reached the age of 31 years, the requirement as to service may be reduced to 3 years. After the date of enactment of the Foreign Service Act Amendments of 1955 and until otherwise provided by act of Congress, not more than 1,250 persons who have not served in class 6 may be appointed to classes 1 to 5, inclusive; of such persons, not more than 40 may be appointed who were not employed on March 1, 1955, in the Department, including its Foreign Service Reserve and Foreign Service Staff personnel, and who have not also served in a position of responsibility in the Department, or the Service, or both, for the required period prior to appointment."

SEC. 5. Section 522 of such act is amended by striking out in paragraphs (1) and (2) the word "four" wherever it appears therein and inserting the word "five" in lieu thereof; and by striking out in paragraph (1) the phrase "of a specialized character."

SEC. 6. (a) Section 571 (a) of such act is amended to read as follows:

"SEC. 571. (a) Any officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed for duty in any Government agency, such an assignment or combination of assignments to be for a period of not more than 4 years, except that under special circumstances the Secretary may extend this 4-year period for not more than 4 additional years."

(b) Section 571 is further amended by adding at the end thereof a new subsection (e) which shall read as follows:

"(e) The salary of an officer or employee assigned pursuant to the terms of this section shall be paid from appropriations made available for the payment of salaries of officers and employees of the Service. Such appropriations may be reimbursed, however, when the Secretary enters into reimbursement agreements with heads of Government agencies for all or any part of the salaries of officers or employees assigned to such agencies and payment is received pursuant thereto, or when an officer or employee of the Service is assigned to a position the salary of which is payable from other funds available to the Department."

SEC. 7. Sections 633 and 634 of such act, and the headings thereto under "Part D," are hereby repealed and the following headings and sections are hereby enacted in lieu thereof:

"SELECTION-OUT

"SEC. 633. (a) The Secretary shall prescribe regulations concerning—

"(1) the maximum period during which any Foreign Service officer below the class of career minister shall be permitted to remain in class without promotion; and

"(2) the standard of performance which any such officer must maintain to remain in the Service.

"(b) Any Foreign Service officer below the class of career minister who does not receive a promotion to a higher class within the specified period or who fails to meet the standard of performance required of officers of his class shall be retired from the Service and receive benefits in accordance with the provisions of section 634.

"SELECTION-OUT BENEFITS

"SEC. 634. (a) Any Foreign Service officer in classes 1, 2, or 3 who is retired from the Service in accordance with the provisions of section 633 shall receive retirement benefits in accordance with the provisions of section 821.

"(b) Any Foreign Service officer in classes 4 or 5 who is retired from the Service in accordance with the provisions of section 633 shall receive—

"(1) one-twelfth of a year's salary at his then current salary rate for each year of service and proportionately for a fraction of a year, but not exceeding a total of 1 year's salary at his then current salary rate, payable without interest, in 3 equal installments on the 1st day of January following the officer's retirement and on the 2 anniversaries of this date immediately following; and

"(2) a refund of the contributions made to the Foreign Service Retirement and Disability Fund, with interest thereon at 4 per cent, compounded annually, except that in lieu of such refund such officer may elect to receive retirement benefits on reaching the age of 62, in accordance with the provisions of section 821. In the event that an officer who was separated from class 4 and who has elected to receive retirement benefits dies before reaching the age of 62, his death shall be considered a death in service within the meaning of section 832. In the event that an officer who was separated from class 5 and who has elected to receive retirement benefits dies before reaching the age of 62, the total amount of his contributions made to the Foreign Service Retirement and Disability Fund, with interest thereon at 4 percent, compounded annually, shall be paid in accordance with the provisions of section 841.

"(c) Notwithstanding the provisions of section 3477 of the Revised Statutes, as amended (31 U. S. C. 203) for the provisions of any other law, a Foreign Service officer who is retired in accordance with the provisions of section 633 shall have the right to assign to any person or corporation the whole or any part of the benefits receivable by him pursuant to paragraph (b) (1) of this section. Any such assignment shall be on a form approved by the Secretary of the Treasury and a copy therof shall be deposited with the Secretary of the Treasury by the officer executing the assignment."

SEC. 8. (a) Section 852 (a) (2) of such act is amended by inserting "Air Force," after "Marine Corps,".

(b) Section 852 (b) of such act is amended by deleting the period at the end of the first sentence thereof and adding the following: ", except that no special contributions shall be required for periods of active military or naval service in the Army, Navy, Marine Corps, Air Force, or Coast Guard of the United States prior to becoming a participant.".

(c) A special contribution to the Foreign Service Retirement and Disability Fund made by any participant on or after April 1, 1948, for the purpose of obtaining service credit in accordance with the provisions of section 852 (a) (2) of the Foreign Service Act of 1946 for periods of active military or naval service in the Army, Navy, Marine Corps, Air Force, or Coast Guard of the United States shall be refunded. Such refund shall not include any interest covering the period such special contribution, or any part thereof, was on deposit in the fund.

SEC. 9. (a) Section 853 of such act is amended by striking out the period at the end of the first sentence thereof and adding the following clause: ", but no such extra credit for service at such unhealthful posts shall be credited to any participant who shall have been paid a salary differential in accordance with section 443, as amended, for such service performed subsequent to the date of enactment of the Foreign Service Act Amendments of 1955."

(b) Section 853 is further amended by striking out the last sentence of that section.

SEC. 10. (a) Section 901 (2) of such act is amended by striking out the phrase "his post of assignment" at the end of paragraph (ii) of that section and substituting in lieu thereof the phrase "any post of assignment abroad or at a post of assignment in the continental United States between assignments to posts abroad."

(b) Section 901 (2) is further amended by adding at the end thereof a new paragraph (iv) which shall read as follows:

"(iv) that extraordinary and necessary expenses, not otherwise compensated for, must be incurred by an officer or employee of the Service, by reason of his service abroad, in providing for adequate elementary and secondary education for his dependents; allowances under this subparagraph for any post shall not exceed the cost of obtaining such educational services as are ordinarily provided without charge by the public schools of the United States plus, in those cases where adequate schools are not available at the post, board and room, and periodic transportation between the post and the nearest locality where adequate schools are available; if any such officer or employee employs a less expensive method of providing such education, any allowance paid to him shall be reduced accordingly; no allowance shall be paid under this subparagraph for a dependent for whom a travel allowance has been paid under section 911 (9);".

SEC. 11. Section 911 of such act is amended by changing the period in paragraph (8) to a semicolon and by adding at the end of the section the following new paragraph:

"(9) the travel expenses incurred by an officer or employee of the Service who is assigned to a foreign post, in transporting dependents to and from United States ports of entry designated by the Secretary, to obtain an American secondary or college education, not to exceed one trip each way for each dependent for the purpose of obtaining each type of education."

SEC. 12. Section 943 of such act is amended by adding the phrase ", and their dependents" after the words "United States" and before the comma, and again at the end of the section immediately before the period.

SEC. 13. Sections 432 (c), 804, and 864 of such act are amended respectively as follows:

(1) Section 432 (c) is amended by striking out the phrase "or 634" in the third sentence thereof.

(2) Section 804 is amended by striking out "633,".

(3) Section 864 is amended by striking out "634 (b)" at the end of the section and inserting "634 (c)" in lieu thereof.

SEC. 14. Notwithstanding the provisions of this act, existing rules, regulations of or applicable to the Foreign Service of the United States shall remain in effect until revoked or rescinded or until modified or

superseded by regulations made in accordance with the provisions of this act, unless clearly inconsistent with the provisions of this act.

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

Mr. Chairman, I think this is a good bill but I would like to ask one question, the answer to which I think could add considerably to the morale of our forces in the State Department at home and abroad.

Does this bill contain any provision for funds that would be adequate to give each of our stations overseas, or offices, adequate stenographic help?

Mr. RICHARDS. I may say that with respect to those folks on the Foreign Service staffs, it does not add anything to their present help or to their present emoluments.

Mr. SIEMINSKI. If I may take the time of the House, I simply wish to voice a concern in that direction. One of the things I deeply regret is the fact that a Foreign Service officer may submit a report today and 10 years later be in jeopardy for his prior ideas. I wonder if we cannot in the Congress get known to the people of America that when a man submits a report during the year 1955, voicing whatever observations he has made, based on good faith, that his efficiency report at the end of that year is an indication by the Secretary of State that the prevailing opinion of the time states that the man has an efficiency rating based on the judgments then in being in the country. If a man's efficiency report is made during a time of opinion on an issue in a particular year, O. K.'d by the Secretary of State, say in 1955, a man in the Foreign Service should then be able to rest assured or in peace in 1965 that you will not go back and impugn his motives or say that he was in 1955 a Fascist or an ism because of ideas then expressed, or a Communist because he might have said China was going under the hammer and sickle, or that China could be saved from Reds but wasn't. If we have adequate stenographic help, and Foreign Service officers' remarks, like ours in the House, and like ours in committee, were recorded for all to read particularly as related to key issues and conferences, then it would seem to me that the cause of peace and harmony and of personal security and confidence in being able to do a first-rate job in diplomacy and in Government is enhanced. This would force Monday morning quarterbacks to show how they were recorded, if at all, on an issue when it was hot and debate on it prevailed.

Had the Yalta reports, for example, been released in 1945 or 1946, open and prompt disclosure might have exerted fierce pressures for the Soviets to keep commitments made at that time. In 1945 and 1946 the Soviets were extremely sensitive to world opinion. Then, too, if it was known that the Yalta reports would be disclosed in 1945 or 1946, perhaps in them, more morality or greater regard for political sensibilities might have prevailed.

But here, 10 years later, in the Yalta reports, we reveal something that lacks with it the prevailing climate of opinion of the times with its concepts of strategy for the future peace of Europe, Asia and the world. Then, men, money, and materials were moved like pawns across the board. Strategic considerations seemed to permeate political thinking. The peace appears to have been a peace based on the principle of stalemate and checkmate which appears only now, in 1955, to have come about in Europe with the signing of the Paris Pacts, and in Asia, with Korea, Indochina, and Formosa in the deep freeze, political sensibilities notwithstanding. On that analysis, perhaps one could say that the Yalta reports were promptly published, or published when due, let the chips fall where they may.

Presumably, the Appropriations Committee made no provision then (1945), nor has it now, for automatically putting these Yalta or conference or diplomatic type reports out. Nor is there the provision even today for the prompt publication of United States foreign affairs data as there is for us in the printing of our committee hearings or the CONGRESSIONAL RECORD, two items that do much to give us sleepful nights and to help save our scalps come election every 2 years. The Foreign Service officer has no such automatic aids, other than his efficiency report which to date has had scant effect in his behalf when the heat was on, especially in ex post facto.

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

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

Mr. VORYS. In our report, on pages 12 and 13, the gentleman will find a reference to the provision of law which permits Foreign Service officers to see their efficiency reports, and a regulation which we felt prevented the carrying out of the law. The gentleman will find on page 13 that we said:

> The committee can see no justification for this disregard of the explicit provision of law. It expects the law to be implemented.

That is a partial answer to the gentleman's question.

Mr. SIEMINSKI. In closing, may I say that there are some who, though they could swim in money, say that foreign service officer morale could be improved if only we could avoid the very un-American approaches to each other that have been made on certain things that were submitted years ago in reports; that even 10 or 15 years from now, unless we do, foreign service officers could be shamed, under present procedures, for what they are reporting or in fear of reporting.

It would seem to me that an efficiency report rendered in 1955, signed or approved by the Secretary of State on behalf of his Foreign Service officers, should be valid in 1965. On it, the books should be closed; else the unsatisfactory man should be promptly retired. This procedure allows the public, it seems to me, to cast its ballot in every election, on the issues, be they foreign or domestic, with motives not impugned.

If we do not have ready information, if, as a matter of record, we do not make known our position at the time events shape up and reports are made, then, it seems to me, we have slept on our obligations and are in default. In democracy, I presume that is what is meant by the expression, "eternal vigilance is the price of liberty."

Quarterbacking is a great American pastime. It is constructive when it points to winning next week's game; otherwise, over our shoulders, we strike at windmills or go mad, and, like a certain animal, chew ourselves to death.

Mr. MEADER. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I take this time to ask the chairman of the committee if he will attempt to clarify my understanding of the last section in the bill, section 14 on page 10 which reads:

> SEC. 14. Notwithstanding the provisions of this act, existing rules, regulations of or applicable to the Foreign Service of the United States shall remain in effect until revoked or rescinded or until modified or superseded by regulations made in accordance with the provisions of this act, unless clearly inconsistent with the provisions of this act.

Now, just what is the meaning of that section?

Mr. RICHARDS. The gentleman is talking about section 14?

Mr. MEADER. Yes.

Mr. RICHARDS. That simply means that the correct rules and regulations not changed by this legislation or not requiring change by this legislation will be in force and effect in the implementation of the resolution we have introduced here, and those regulations were made by the State Department itself.

Mr. MEADER. In other words, what I was trying to get at was this. A year or so ago the so-called Wriston committee was established within the State Department——

Mr. RICHARDS. No; by the State Department.

Mr. MEADER. By the State Department. They had public members, and so on. The committee on which I served in the last Congress, the International Operations Subcommittee of the House Government Operations Committee, got out a report last December challenging some of the actions taken as the result of the Wriston committee report on the ground that they stretched, if not violated, existing law. Now, does section 14 put the stamp of congressional approval and ratification upon all the regulations issued by the State Department as the result of the Wriston committee report?

Mr. RICHARDS. No; it does not. It says that insofar as this legislation is concerned, no rules and regulations are changed or modified by this measure; that the existing regulations will be changed. That is all.

Mr. MEADER. This section, in the chairman's opinion, then, would not make legal a regulation which the State Department issued which was otherwise illegal?

Mr. RICHARDS. It certainly would not. There is no doubt about that.

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

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

Mr. VORYS. This is, I think, taken verbatim from section 1135 of the Foreign Service Act of 1946 and is sort of a transition section. It is certainly not

intended to give the Department any such authority as the gentleman contends. And, I might mention to the gentleman that in at least one instance which has already been mentioned some suggestions of the Wriston committee which were found to be in violation of past law were changed administratively, so that I know at the present time of no regulations that are at present in violation of law with the possible exception of the one to which I just called attention, and that is the right of a Foreign Service officer to take a look at his own efficiency report.

Mr. MEADER. Then, the gentleman agrees with the gentleman from South Carolina?

Mr. VORYS. I do.

Mr. MEADER. That nothing in the bill we are acting on today would make legal any regulation concerning which there was a question about its validity or illegality?

Mr. VORYS. I thoroughly agree.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ENGLE, 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. 4941) to amend the Foreign Service Act of 1946, as amended, and for other purposes, pursuant to House Resolution 181, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

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

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

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

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. RICHARDS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their remarks on the bill just passed.

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

There was no objection.

UNEMPLOYMENT DUE TO IMPORTS OF RESIDUAL FUEL OIL

Mr. SAYOR. 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 Pennsylvania?

There was no objection.

Mr. SAYLOR. Mr. Speaker, on Monday of this week the Secretary of Labor was asked at a press conference whether or not he had any comment on unemployment brought about because of competition from foreign products, and he replied that any such job displacement was negligible. A reporter next asked—and I quote:

> Are you familiar with the recent testimony before Congress on the trouble in the coal industry?

Secretary Mitchell responded:

> I am not familiar with that.

As representative of a congressional district which has long felt the disastrous effects of residual oil imported into the United States coal industry's legitimate markets, I should like to call the Secretary's attention to a table prepared for me on March 8 by the United States Department of Labor, Bureau of Labor, Division of Manpower and Employment Statistics. It covers the employment situation in the Johnstown metropolitan area, which includes Cambria and Somerset Counties, Pa.

This table discloses that unemployment rose from 15,500 in January 1950 to 18,200 in January 1955, and that unemployment is now 17.9 percent of our civilian labor force. Assuming that the Secretary will concede that there is nothing negligible about 18 thousand American citizens unable to find work, let us look at the major reason for this inexcusable situation.

The number of wage and salary workers employed in the mining industry dropped from 20,900 in January 1950 to 12,200 in January of this year—a loss of 8,700 jobs. Had the mining industry maintained its 1950 level of employment, our area would now show a 6,000-man gain instead of a 2,700-man loss in that 5-year period.

For the Secretary's further information, I state without equivocation that the principal reason for so much unemployment in the coal industry of my district is residual oil imports. Central Pennsylvania's mines are within easy access to east coast fuel markets, and our coal people would be glad to pinpoint—at the Secretary's request—some of the power companies and industrial plants which have switched from coal to foreign oil in the past several years. By going back beyond 1950 to the time when alien residual oil first began to encroach upon our markets, we can produce even more startling statistics than those shown on the Department of Labor table to which I have referred.

On January 26 of this year the Acting Commissioner of Labor Statistics told a committee of Congress that the Department of Labor is planning to expand its program of current statistical reports and studies of the unemployed. He said:

> We need more information from time to time on where unemployment is developing, and what locations and from what industries.

Let me say that unemployment has already developed in my district. We have the location and we have the industry where the greatest losses have been felt. The Secretary of Labor, before he entered Government service, was an executive of a large department store in New York. If that firm's shoe department suddenly found that it was necessary to lay off some of its clerks because another outfit was selling foreign-made shoes at half the cost of American products of similar quality, I do not think it would require an investigation by a battery of economic analysts to determine the cause of the layoffs. It is as simple as that in regard to our lost coal business, too. Our mines have closed and our men are out of work because so much of our east coast industrial business has been taken over by foreign residual oil that is underselling our domestically produced fuel.

I might add, Mr. Speaker, that I can understand how easy it would be for the Secretary to become confused about our foreign trade policy and its implications. So many conflicting figures are bandied by the free-trade element that one gets the impression that computations are drawn up on a trampoline—foreign made. I trust, however, that the Secretary is willing to take the figures of his own Department regarding unemployment in our area. If he is, then I feel sure that he will not repeat the erroneous replies made at this press conference on Monday.

Johnstown metropolitan area (Cambria and Somerset Counties)—Number of wage and salary workers, January 1950 to January 1955

Industry	January 1955	January 1954	January 1953	January 1952	January 1951	January 1950
Nonagricultural, total	70,350	76,900	81,650	82,250	82,650	76,100
Mining	12,200	15,900	18,500	20,300	21,100	20,900
Contract construction	1,800	1,400	1,900	2,900	1,800	1,250
Transportation and public utilities	4,950	5,100	5,500	5,400	5,000	4,500
Wholesale and retail trade	13,200	13,300	13,900	14,800	14,500	14,150
Finance, insurance, and real estate	1,450	1,450	1,450	1,450	1,450	1,400
Service and miscellaneous	11,450	11,100	10,700	10,900	10,400	9,900
Government	2,500	2,500	2,500	2,500	2,500	2,450
Manufacturing	22,800	26,150	27,150	27,000	25,900	21,550
Durable goods industries:						
Lumber and furniture products	950	1,150	1,200	1,100	900	800
Stone, clay, and glass products	700	700	900	950	850	700
Primary metals	(1)	(1)	(1)	(1)	(1)	(1)
Fabricated metals	650	550	550	650	750	600
Machinery and transportation equipment	300	500	400	500	350	300
Nondurable goods industries:						
Food products	1,150	1,200	1,150	1,100	1,150	1,150
Apparel	3,900	3,700	3,450	3,000	2,900	2,600
Paper and printing	600	600	600	550	550	500
All other manufacturing industries	200	200	250	350	350	500
Unemployment	18,200	12,300	7,500	4,750	6,600	15,500
Unemployment as a percent of civilian labor force	17.9	12.1	7.3	4.6	6.4	14.8

[1] Omitted to avoid disclosure of individual company figures.

Source: U. S. Department of Labor, Bureau of Employment Security.
Prepared by U. S. Department of Labor, Bureau of Labor Statistics, Division of Manpower and Employment Statistics, Mar. 8, 1955.

AMENDING THE RULES OF THE HOUSE OF REPRESENTATIVES

Mr. SMITH of Virginia. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 151 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That rule XI 25 (a) of the Rules of the House of Representatives is amended to read:

"25. (a) The Rules of the House are the rules of its committees so far as possible, except that a motion to recess from day to day is a motion of high privilege in committees. Committees may adopt additional rules not inconsistent therewith."

SEC. 2. Rule XI (25) is further amended by adding at the end thereof:

"(h) Each committee may fix the number of its members to constitute a quorum for taking testimony and receiving evidence, which shall be not less than two.

"(i) The chairman at an investigative hearing shall announce in an opening statement the subject of the investigation.

"(j) A copy of the committee rules, if any, and paragraph 25 of rule XI of the House of Representatives shall be made available to the witness.

"(k) Witnesses may be accompanied by their own counsel for the purpose of advising them concerning their constitutional rights.

"(l) The chairman may punish breaches of order and decorum, and of professional ethics on the part of counsel, by censure and exclusion from the hearings; and the committee may cite the offender to the House for contempt.

"(m) If the committee determines that evidence or testimony at an investigative hearing may tend to defame, degrade, or incriminate any person, it shall—

"(1) receive such evidence or testimony in executive session;

"(2) afford such person an opportunity voluntarily to appear as a witness; and

"(3) receive and dispose of requests from such person to subpena additional witnesses.

"(n) Except as provided in paragraph (m), the chairman shall receive and the committee shall dispose of requests to subpena additional witnesses.

"(o) No evidence or testimony taken in executive session may be released or used in public sessions without the consent of the committee.

"(p) In the discretion of the committee, witnesses may submit brief and pertinent sworn statements in writing for inclusion in the record. The committee is the sole judge of the pertinency of testimony and evidence adduced at its hearing.

"(q) Upon payment of the cost thereof, a witness may obtain a transcript copy of his testimony given at a public session or, if given at an executive session, when authorized by the committee."

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

Mr. Speaker, at this time I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. SMITH of Virginia: On page 1, line 4, after the word "as", strike out the word "possible" and insert in lieu thereof "applicable."

The committee amendment was agreed to.

Mr. SMITH of Virginia. Mr. Speaker, I offer another committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. SMITH of Virginia: On page 2, line 7, after the word "witnesses", insert "at investigative hearings."

Mr. SMITH of Virginia. Mr. Speaker, I think I should say a word in explanation of that amendment. The bill reads:

Witnesses may be accompanied by their own counsel for the purpose of advising them concerning their constitutional rights.

The real purpose of this bill has to do with investigative committees and not legislative committees. This amendment simply makes that clear, that it applies not to the legislative committees.

The SPEAKER. The question is on the committee amendment offered by the gentleman from Virginia [Mr. SMITH].

The committee amendment was agreed to.

Mr. SMITH of Virginia. Mr. Speaker, this resolution is a resolution reported by the Committee on Rules as a general guide for committees in the conduct of their hearings. As you know, there has been a lot of publicity and there has been some criticism about the conduct of hearings, particularly in investigative committees. The purpose here is to lay down a general framework or guide for the use of all legislative committees and may be supplemented by those committees from time to time as the exigencies require, so long as they do not conflict with the general purposes of this. This resolution is intended to lay down the general groundwork that will, perhaps, avoid some of the criticism that has taken place in the past.

There are two items that I think I should call particular attention to. One is the proviso that no subcommittee shall consist of less than two members. In other words, that abolishes the custom of one-man subcommittees.

The other is that when a person is named in a committee hearing and his good reputation besmirched, he shall have a prompt opportunity to appear and refute the charges.

I think those are the main things in the bill, except the provision that any witness that is called by an investigative committee shall have the right to have counsel to advise him as to his constitutional rights.

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

Mr. SMITH of Virginia. I yield to the gentleman from Iowa.

Mr. GROSS. It is still left within the discretion of the Speaker of the House as to whether there will be television or radio broadcasting of these hearings?

Mr. SMITH of Virginia. This does not touch that subject.

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

Mr. SMITH of Virginia. I yield to the gentleman from Michigan.

Mr. MEADER. May I call the gentleman's attention to the first provision on page 2 relating to the statement by the chairman of the subject matter of the investigation. I would like to ask the gentleman three questions with respect to that provision: Does this deprive the committee of the power to determine the scope of its inquiry by requiring the chairman to state the subject of the investigation?

Mr. SMITH of Virginia. Not at all, no. All that requires is that a general statement shall be made of what a particular hearing is all about.

Mr. MEADER. Second, under court decisions questions in a committee hearing must be pertinent to the inquiry. Would questions not relevant under the statement as made by the chairman but relevant under the committee's investigative jurisdiction have to be answered, or could the witness refuse to answer with impunity?

Mr. SMITH of Virginia. No. The relevancy is determined by the resolution creating the special committee or the provision of the rules defining the jurisdiction of the standing committee.

Mr. MEADER. A third question is, May the statement of the subject matter required to be made by the chairman be in broad terms or must it be detailed?

Mr. SMITH of Virginia. Merely in broad terms, just a general statement of the subject matter of the inquiry.

Mr. MEADER. May I draw the gentleman's attention to the provisions of paragraph (k) on that same page, lines 7, 8, and 9, relating to the right of witnesses to have counsel present at hearings. My question is, Would the absence of counsel where a witness demands the right to have counsel present vitiate the legal status of the inquiry?

Mr. SMITH of Virginia. By no means. This is merely a privilege given to him. If he does not choose to exercise that privilege of having counsel, that is his fault.

Mr. MEADER. If he should demand that he be permitted to have counsel but there was no counsel present, would the committee be unable to proceed until counsel was present?

Mr. SMITH of Virginia. If he does not have his counsel, of course he cannot obstruct justice by using that sort of subterfuge. I have no doubt that any committee would be reasonable with him by reason of the sickness of his counsel.

Mr. MEADER. But the committee has not lost control over the proceeding because of this provision?

Mr. SMITH of Virginia. Not by any means.

Mr. MEADER. I think the gentleman may remember that Henry Grunewald and his counsel, William Power Maloney, delayed the King Subcommittee of the Ways and Means Committee for 6 hours with obstructionist tactics. Grunewald refused to testify because the committee finally ejected Maloney and he did not have any counsel there.

Mr. SMITH of Virginia. That could not occur under this rule.

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

Mr. SMITH of Virginia. I yield to the gentleman from Pennsylvania.

Mr. SCOTT. Will the gentleman from Virginia advise us whether this resolution which is proposed today is in part an outgrowth of the colloquy which I had with the gentleman on the opening day of the session at the time when I proposed the desirability of some revision of the rules?

Mr. SMITH of Virginia. Yes. I might say that the resolution was given thorough consideration by the committee which formed this resolution.

Mr. SCOTT. That was not my question.

Mr. SMITH of Virginia. I beg the gentleman's pardon.

Mr. SCOTT. My question was whether or not the decision to come in with some revision of the rules is in part an outgrowth of the suggestion I made on the first day of this session at the time the rules were adopted.

Mr. SMITH of Virginia. I am still not sure that I understand what the gentleman is trying to get at.

Mr. SCOTT. The gentleman will recall the point on the first day of the session at which the adoption of the rules was to be moved.

Mr. SMITH of Virginia. I recall it.

Mr. SCOTT. I addressed the gentleman and at that time suggested the desirability of certain revisions of the rules. My question is whether this proposed resolution is in part an outgrowth of the colloquy I had with the gentleman at the time.

Mr. SMITH of Virginia. Of course, the gentleman is very much aware that throughout the last session of Congress we gave extended consideration to it by a subcommittee of the Rules Committee of which the gentleman from Pennsylvania was the chairman, and that resolution was used in connection with other resolutions in formulating this resolution.

Mr. SCOTT. Aside from the reference to the two-man quorum, is there anything in this resolution which is not already in the discretion of the chairman of the investigating committee?

Mr. SMITH of Virginia. I think there is a good deal that will be helpful.

Mr. SCOTT. I hope the gentleman will be able to find it.

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

Mr. SMITH of Virginia. I yield.

Mr. KEATING. In subdivision (i) at the top of page 2, where it says:

> The chairman at an investigative hearing shall announce in an opening statement the subject of the investigation.

My understanding is that the resolution authorizing any investigation covers the general subject, and it is the intention of that section to mean he shall announce the subject of the particular hearing which is then about to take place. If that is the understanding, I would think the substitution of the word "hearing" for "investigation" would be helpful.

Mr. SMITH of Virginia. I think they mean the same thing. I believe you are correct in the statement you have made.

Mr. KEATING. In subsection (m), it provides that if the committee determines that evidence or testimony at an investigative hearing may tend to defame, degrade, or incriminate any person, the committee shall receive and dispose of requests from such person to subpena additional witnesses.

In the next section, it provides that except as above provided, the chairman shall receive and the committee shall dispose of requests to subpena additional witnesses. There is a difference in the language used there. Could the gentleman point out the significance of that or the reason why the different language is used?

Mr. SMITH of Virginia. It is a very slight difference. You will find that the clause you refer to (3), comes under subsection (m). That is one of the things that apply under subsection (m) where a person is defamed. Subsection (n) is one that does not pertain to that particular section relative to defamation.

Mr. KEATING. I realize that is the language of the resolution, but I wonder why the requests for the issuance of subpenas are differently dealt with. It seems to me that the same considerations should apply in each instance.

Mr. SMITH of Virginia. I do think they are substantially the same.

Mr. GROSS. Mr. Speaker, will the gentleman yield for an additional question.

Mr. SMITH of Virginia. I yield.

Mr. GROSS. Under section 2, subsection (h) each committee may fix the number of its members to constitute a quorum for taking testimony and receiving evidence, which shall be not less than two. Does this mean in the absence of the adoption of rules that every committee, or that a standing committee such as the Committee on the Post Office and Civil Service could proceed with only two members constituting a quorum?

Mr. SMITH of Virginia. Yes; I think that any subcommittee constituted of two members is sufficient.

Mr. GROSS. That is with reference to subcommittees, then rule 11 deals with subcommittees, is that correct?

Mr. SMITH of Virginia. To what rule does the gentleman refer?

Mr. GROSS. Rule 11 section 2 (25). Does it deal only with subcommittees?

Mr. SMITH of Virginia. It deals with all committees.

Mr. Speaker, I yield 5 minutes to the gentleman from Louisiana [Mr. WILLIS].

Mr. WILLIS. Mr. Speaker, a group of us collaborated with the gentleman from California [Mr. DOYLE] in the preparation of House Resolution 151. I was a member of that group. During the course of its consideration I will be glad to try to answer pertinent questions as to the details of the resolution. For the moment, however, I think it would be well for me to discuss the background and the broad outline of the proposal.

The most important thing to keep in mind is that the resolution simply sets forth minimum standards of conduct, particularly with reference to investigative hearings. Thus the very first paragraph of the resolution provides, "Committees may adopt additional rules not inconsistent herewith." Some committees may want to spell out their rules in greater detail. As a matter of fact, the rules of the House Committee on Un-American Activities are broader than the resolution presently before the House for consideration, but the point is that this particular committee and the other committees which may presently spell out their rules in broader terms than provided in House Resolution 151 could change their rules. Here we are amending the rules of the House itself. Since the rules of the House are binding on its committees, the net result is that the minimum standards of conduct set forth in House Resolution 151 will have to be respected by the committees. In other words, committee rules can provide for more but not less than the requirements set forth in this resolution.

Let me hasten to say that this resolution is not intended as a criticism of the committees of the House nor of individual Members.

I personally think that our experience in the last few years requires the careful consideration and adoption of the pending proposal.

This matter has been the subject of discussion by responsible newspaper people and columnists. It has been aired over the radio waves and visually over television sets. It has been debated in public forums. It has been critically analyzed by bar associations and law journals.

And finally, it is my opinion that the ruling of the Supreme Court in the Christoffel case makes it absolutely necessary for us to act upon House Resolution 151. This decision has been the subject of much discussion and profound confusion. I am not defending it. In fact, I disagree with it, but this is no reason for misunderstanding it or stretching it beyond justification. I expect we will hear a great deal about it during the course of debates on the pending resolution and I would like to explain my understanding of its significance.

Mr. MEADER. Mr. Speaker, will the gentleman yield at that point?

Mr. WILLIS. I yield to the gentleman.

Mr. MEADER. How does the gentleman interpret the Christoffel decision?

Mr. WILLIS. I am coming to a discussion of that right now.

Remember first that this was a criminal case, which always involves strict interpretation of law under our jurisprudence. Christoffel was prosecuted for perjury committed before a committee of Congress. The statute under which he was prosecuted defined two essential elements of the crime of perjury. The first element was that the lying had to be committed under oath and that it must occur "before a competent tribunal." Lying on the street would not be a punishable offense, first because it would not be under oath, and even if under oath it would not be before a competent tribunal.

Now Christoffel lied under oath about his communistic affiliation. This met the first element of the crime. He lied before a committee of Congress, and the single question before the court was whether that committee of Congress at the time of the lying was a competent tribunal. There was evidence which indicated that when Christoffel lied a quorum of the committee was not present, and the charge of the Federal judge was to the effect that it was not necessary to show that a quorum was present at the time of the lying. And the evidence indicating that a quorum was not present was, therefore, disregarded as a matter of law.

The Supreme Court held that in a criminal case all elements of the crime must be proven. The Court, of course,

recognized the force of the constitutional provision to the effect that—

Each House may determine the rules of the proceedings.

But accentuating the fact that this was a criminal prosecution, the Court said:

Congressional practice in the transaction of ordinary legislative business is, of course, none of our concern.

I have heard an interpretation of this decision to the effect that the Supreme Court freed Christoffel. That is not true. The Court in effect simply remanded the case to the lower court for admission of evidence as to whether or not a quorum of the committee was present at the time of the perjury. Such evidence was admitted and it was established that a quorum was present. Christoffel was convicted. In fact, he is now serving a term in the Federal Penitentiary at Terre Haute, Ind.

I call to your particular attention the following hint the Supreme Court gave to Congress. In the course of the decision, the Court said:

It—

The Congress—

of course has the power to define what tribunal is competent to exact testimony and the conditions that establish its competency to do so.

Following that broad hint, the other body amended its rules to provide that at an investigative hearing testimony may be received by one member. Stated differently, the Senate rules now provide that a single member constitutes a quorum.

In a case subsequent to the Christoffel decision, a person was prosecuted for perjury committed before a committee of Congress presided over by one individual. The conviction was tested on appeal, and the Supreme Court refused certiorari. This means that the Supreme Court respects the constitutional provision to the effect "that each House may determine the rules of its proceedings."

But while the other body amended its rules, we did not. Accordingly, one of the provisions of House Resolution 151 provides as follows:

Each committee may fix the number of its members to constitute a quorum for taking testimony and receiving evidence, which shall be not less than two.

I repeat that it is necessary for us to adopt a rule along this line in order to meet the decision of the Supreme Court in the Christoffel case. And I submit that at an investigative hearing a quorum should be not less than two. Of course, even after the passage of this resolution, a particular committe may require a greater number to constitute a quorum, but under the minimum standards of conduct which this resolution imposes, the quorum in no event can be less than two.

I submit that this is a sensible rule, as are all others embodied in the resolution. I personally oppose a one-man hearing. I think fair play requires that not less than two members should be present. This conforms more closely to our notions of fair proceedings.

But there is another reason why I think at least two members should be present at all times for taking testimony and receiving evidence. Forget the honest and cooperative witnesses for the moment. They never cause trouble to anyone and, of course, all committees bend backward to protect them. I have in mind the usual witnesses who appear before investigative committees such as the Committee on Un-American Activities of which I have the honor and privilege to be a member. These witnesses are tough. They are resourceful. They are sharp and smart. There is nothing they like better than to precipitate an argument with the presiding member. Yes, they are cunning. They are offensive and sometimes they are downright insulting. The presiding member must be on his toes and he is required to make quick and delicate rulings. Two heads are better than one in situations of this kind.

And so I am opposed to a one-man hearing, not only for the protection of the witness but more importantly for the preservation of orderly proceedings and the dignity of the committee of Congress.

I repeat that the whole idea of this resolution is to set general guideposts and to require minimum standards. It was well thought out and I urge its approval. We have deliberately tried to avoid unduly tying the hands of the committees, while at the same time spelling out rules of fair play. I would not bargain for less, and I fear that if we buy more we might be inadvertently doing violence to the dignity and the effectiveness of our committees.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, House Resolution 151, which is now before us, is the result of the work of at least one special subcommittee of the Rules Committee as well as the work, intention, and investigation of a number of other Members of the House. It will be recalled that in the 83d Congress the gentleman from Illinois [Mr. ALLEN], chairman of the Rules Committee, appointed a subcommittee made up of the gentleman from Pennsylvania [Mr. SCOTT], the gentleman from Colorado [Mr. CHENOWETH], and the gentleman from Virginia [Mr. SMITH], to make a study of the various proposals which had been presented at different times to perhaps extend a little greater protection to those who appeared before investigating committees and to rather write in plain terms what the rights and privileges of such investigating committees were and also what rights and privileges the witnesses called before such committees should have.

That particular subcommittee, the so-called Scott subcommittee of the Rules Committee, held a great many hearings. It studied the procedure which had been adopted by various legislative committees and investigative committees of the House and prepared quite a comprehensive report.

In my honest opinion, by reason of the procedure that has been followed in most of the committees of the House—in fact, I know of none in which any great public clamor has arisen as the result of mistreatment of witnesses—most or practically all of the committee investigations and hearings of the House have been conducted in a very fine and splendid order, and if there have been any general public complaints as to any violation of individual or civil rights by any congressional committee, they have not, certainly, been directed in any volume toward the work of the House committees.

The gentleman from New York [Mr. KEATING] was the head of a special committee or a subcommittee of the Committee on the Judiciary, and has done a great deal of work on this particular type of legislation regarding amendments to the rules of the House. The gentleman from California [Mr. DOYLE], who is the author of this particular resolution, has also devoted a great deal of attention to the matter and, as a member of the House Committee on Un-American Activities, helped prepare and adopt in that committee a very good code of procedure, in addition to the general rules of the House, for the action of that particular committee. Then the gentleman from Michigan [Mr. MEADER], a member of the Committee on Government Operations, has taken an active part in studying this whole problem. The gentleman from Ohio [Mr. HESS], and the gentleman from Louisiana [Mr. HÉBERT], members of the Committee on Armed Services, have also rendered very valuable assistance.

Now, if I may, I shall try to the best of my ability, to explain in a few very short sentences just what this resolution does. I think the primary object that is accomplished or will be accomplished by the adoption of this resolution is that it does fix definitely in the rules that you cannot have 1-man subcommittees and that any subcommittee taking evidence officially must consist of at least 2 members. Now, it does leave with the legislative committees the power and the authority to expand the rules of the House; in other words, under the present arrangement, each legislative committee, investigative committee, or special committee, is bound by the rules of the House and must follow the rules of the House. But, in addition, the committees now have the right and the authority to adopt additional rules for their own conduct if they so desire. In some instances we have had, more in another legislative body than in this one, subcommittees made up of only one person conducting the hearings. So, this resolution states very plainly in section 2 that each committee may fix the number of its members to constitute a quorum for taking testimony and receiving evidence, which shall be not less than two.

In other words, the House under its general rules, by the adoption of this resolution, will say that you can fix any number of members on a committee or subcommittee as a quorum, provided you do not go below two; there must be at least two there, and that meets, as the gentleman who just preceded me explained, some of the legal questions that have arisen as the result of the cases taken to the Supreme Court. It cures that.

Then it goes further. Remember this deals almost primarily with investigative committees and the conduct of investigations by such committees. It says that the chairman of the committee at the beginning of an investigation shall announce in general terms in an open statement what the subject of the investigation is; in other words, you are looking into the stock market or you are looking into consumer prices or into the necessity for school construction or whatever it may be. It does not mean that you have to pinpoint every single question that you are going to ask, by any means. It also provides that a witness who is called before that committee, either by subpena or who comes voluntarily, is entitled to receive a copy of the committee rules, if he so desires. Certainly that is a fair provision.

The next provision provides for witnesses at investigative hearings—that does not mean ordinary legislative hearings where they are discussing a bill, such as a public-works project or an authorization bill, but where a committee is holding investigative hearings—that witnesses have the right to be accompanied by their own counsel, and that counsel shall have the privilege of advising them concerning their constitutional rights.

That does not mean that the lawyer may sit there and answer every question of fact for the witness. But he may advise him as to his constitutional rights, whether he may plead the fifth amendment or refuse to answer on some other ground if he thinks his constitutional rights are being violated.

Then it spells out into law again what I believe the chairman of the committee already has, the power to punish breaches of order and decorum and of professional ethics on the part of counsel, by censure and exclusion from the hearings.

That legalizes, and it does away with any doubt as to the right of a chairman, in a case like that of Henry Grunewald, which was mentioned a moment ago, to say, "You are violating the rules of this committee, you are out." And he will tell the witness to get another lawyer. And the committee may cite such an offender to the House for contempt. If a lawyer simply does not obey the orders of the chairman, if he creates a disturbance, if he refuses to leave, and the situation becomes serious such that the committee wants to recommend that he be cited by the House for contempt, then that may be done and it is up to the House to take action as it sees fit.

Then if the committee determines that evidence or testimony at an investigative hearing may tend to defame, degrade, or incriminate any person, this resolution provides that it shall receive such testimony in executive session; that is, if it is possible to do so, they may go immediately into executive session. They shall afford such person an opportunity voluntarily to appear as a witness to refute such statements or testimony against him; and it shall receive and dispose of requests from such a person to subpena additional witnesses. Those rights are given to the witness.

Then there is a general provision, not just when some person makes a defamatory statement, but generally and in regard to other matters, the chairman shall receive requests for subpenaing additional witnesses.

It also provides that no evidence or testimony taken in executive session may be released or used in public sessions without the consent of the committee. That means, of course, a majority of the committee.

It also provides that in the discretion of the committee witnesses may submit brief and pertinent sworn statements in writing for inclusion in the record. Members of the House know how much time that can save.

The committee is the sole judge of the pertinency of the testimony and evidence adduced at its hearing.

I think they have that right now.

Finally, the witness is given the right, upon payment of the cost thereof, to obtain a transcript copy of his testimony given at a public session or, if given at an executive session, when authorized by the committee.

In other words, if he wants to know what he said, if he is being cited for contempt, he may get a copy of the transcript so that he may be prepared if he has to go to court.

Mr. MURRAY of Illinois. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield.

Mr. MURRAY of Illinois. We had considerable discussion when another bill was up today concerning the meaning of the words "shall" and "may." I notice in line 16 on page 2, it says with reference to testimony that may tend to defame, degrade, or incriminate a person that the committee shall do so and so. Is that mandatory or is it permissive?

Mr. BROWN of Ohio. Where it finds that it may tend to defame, degrade, or incriminate a person, it shall do so and so; it shall receive such evidence and testimony until it satisfies itself whether it is true.

Mr. MURRAY of Illinois. Is that mandatory?

Mr. BROWN of Ohio. Yes, that is mandatory, in my opinion. They shall afford such person who has been defamed the right voluntarily to come before the committee and refute it, which is a fair thing and a procedure which practically all the committees of the House now follow.

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

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

Mr. HARDY. On that particular point, the discussion centers around whether or not the testimony would tend to degrade or intimidate the witness. That is what the section says.

Mr. BROWN of Ohio. The gentleman reads into it something that is not in there. It says "degrade any person."

Mr. HARDY. That is exactly my point. It would mean, then, that if a committee held an executive session and determined that they were going to receive testimony which would indicate that an individual not the witness had misappropriated Government property, for instance, under this language it could not hold that testimony in open session.

Mr. BROWN of Ohio. That is right. If I charge you with being a thief, the committee goes into executive session to explore as to whether or not I have any justification for that charge and you have the right to answer it. Then, if they determine that there is some ground for my charge against you, they can have all the open sessions they want to have.

Mr. HARDY. Is there anything in here that shows that you can open that hearing up?

Mr. BROWN of Ohio. Certainly, because it provides only the two things they shall do in such circumstances.

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

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

Mr. WILLIS. That provision under discussion refers to a person not on the stand?

Mr. BROWN of Ohio. That is right.

Mr. WILLIS. It refers to defaming third parties, not the man on the stand?

Mr. BROWN of Ohio. That is right.

Mr. HARDY. I understand that, but suppose you have a situation that clearly shows that there has been abuse?

Mr. BROWN of Ohio. What does it say here? They consider that in executive session, then they come back into open session after they have got the information and, if they decide there is some substance to your charge, or my charge against you, then they can go ahead and have all the open hearings they want.

Mr. HARDY. They can have all the open hearings they want, then.

Mr. WILLIS. I think this is important. The controlling part of that particular section is that "If the committee determines," then such and such happens.

Mr. BROWN of Ohio. That is right.

Mr. WILLIS. But the determination must be made first.

Mr. BROWN of Ohio. It rests entirely with the committee.

Mr. HARDY. The gentleman is absolutely correct. It is only where the person is brought up for the first time and when the committee determines that the matter should be gone into; then you can have all the public hearings you want.

Mr. BROWN of Ohio. If they think the man has been defamed. If I say you are a Communist and the evidence shows you are not, then I have not told the truth. The committee determines whether or not you have been defamed.

Mr. HARDY. That is exactly right. Then you can have all the public hearings you want.

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. FORRESTER].

Mr. FORRESTER. Mr. Speaker, I had a small part in collaborating with some of the gentlemen who prepared this resolution, and I have listened with interest to some of the things that have been said. I believe there are a few observations I might make which may be of interest to the House.

With regard to the particular portion which was inquired about by the gentleman from Virginia [Mr. HARDY], the answer given by the gentleman from Ohio [Mr. BROWN] is absolutely correct. All on earth this provision does is that if a man's name is brought up before a committee for the first time, you go into executive session and you somewhat simulate the action of a grand jury. That is a fair provision.

Mr. MILLER of Maryland. Mr. Speaker, will the gentleman yield?

Mr. FORRESTER. I yield.

Mr. MILLER of Maryland. I share the view of the gentleman from Virginia that that may be the intention, but certainly the language here does not indicate how it would be possible to bring out evidence that you knew was going to degrade somebody except in executive session. I do not see any language here that permits that.

Mr. FORRESTER. No matter where it is brought out, if it is in executive session, then, of course, you can deal with it, but if it is in public session, then you simply suspend and go into executive session and determine whether or not there is a reason to expose that man's name publicly. That is a right which the Congress should be the first to concede to any person.

We worked for some several days in the preparation of this bill. I think the efficacy of this bill lies in its limitation. To draw up an elaborate bill on matters of this kind would put you in trouble. In other words, we have brought out what we think is a minimum. It is not a bill to kowtow to anyone but simply to try to measure up to the responsibility that is imposed on the Congress. Let me show you gentlemen how hard it is to try to make some sort of provisions on rules of this kind. Take this particular rule of the 2-man committee. We wanted to write into that bill, and it is the sense of those who drew up the bill that where there is a committee of two, they shall be nonpartisan—one shall be a Democrat and one shall be a Republican. If you put that into the bill, and of course, we would like to have the Congress observe that, but if you put it into the bill, suppose you are out in California with a 2-man committee and suppose one of the members absented himself or suppose he was sick. Of course, you can see that there they are out in California and they are completely stymied. We did not put it in the bill, but we do think that is a rule that ought to be observed.

Mr. KEATING. Mr. Speaker, will the gentleman yield on that point?

Mr. FORRESTER. I yield.

Mr. KEATING. With reference to that very provision, is it not the intention of the framers of this resolution that this should apply only to investigative hearings, because, certainly, there are many informal hearings by legislative committees where they take evidence with only one person sitting. It would greatly impede the work of those committees if, in a legislative committee, they were to require, always and without exception, more than one person.

Mr. FORRESTER. Of course, that is the answer to that.

Mr. KEATING. I do not think so because, if I may pursue the question, in other provisions of the bill there is reference to investigative hearings for investigative procedures. It would seem to me, therefore, that in paragraph (h) there should also be included a limitation of investigative hearings. That seems to me one respect where this resolution goes too far and might hamper the work.

Mr. FORRESTER. The gentleman refers to section 2, paragraph (h)?

Mr. KEATING. Yes.

Mr. FORRESTER. No, sir; that does not absolutely mean investigative committees. I think that was explained here before.

I think this is the result of a serious study on the part of these gentlemen, and I think you had better take it as it is. If you try to amend this bill on the floor, you are fixing to get into trouble.

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

Mr. FORRESTER. I yield.

Mr. HARDY. I am in complete accord with the objectives of the committee, and I congratulate the committee on attempting to deal with a very difficult problem. However, I think that subsection (m), as now written, will hamper every investigation that is ever undertaken.

Mr. FORRESTER. I do not think so.

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

Mr. BROWN of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SCOTT].

Mr. SCOTT. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentlemand from Pennsylvania?

There was no objection.

Mr. SCOTT. Mr. Speaker, I regret I will not be able to yield, because I have but 5 minutes and I want to discuss the legislative massacre directed against 2 years' careful work of the Subcommittee on Legislative Procedure which last year recommended extensive revision of the House rules.

I wish I could say that this bill went so far as to come out in favor of a white Christmas, but it does not even do that except in the discretion of the chairman. It does come out in favor of good order and decorum and of the widest possible discretion in committee chairmen—and also of no interference with the present rules of the House.

This resolution is a triumph of innocuous inconsequence.

The suggestions made heretofere in my resolutions have provided for a situation where the quorum applicable could be reduced to one except for a provision that no witness should be compelled to give oral testimony before less than two members, if prior to testifying the witness so demanded.

As has already been pretty generally admitted, the Doyle resolution does not do anything which was not already in the discretion of committee chairmen, that I can see, except as to the two-man quorum, and that is bad.

This resolution does not contain any of the provisons, although it adopts some of the wordage of House Resolution 447, nor does it contain the effective provisions of House Resolution 61 of this Congress, a resolution which was referred to the Subcommittee on Legislative Procedure of which the gentleman from Virginia, the gentleman from Colorado [Mr. CHENOWETH], and myself, were members.

The Doyle resolution is totally inadequate to curb the abuses of congressional investigating committees. Far from being the conscience of the House it is a sop designed to head off effective legislation.

The Doyle resolution contents itself with half a dozen rules. It provides for two-man hearings, it gives witnesses the right to be accompanied by counsel, which they have anyway under the rules of the House. It requires that defamatory testimony shall first be heard in executive session, and it allows a person defamed at a public hearing the right to appear as a witness in his own behalf. It would be difficult to find anything else in the resolution which is not already permitted by the rules of the House.

The Doyle resolution does not even afford the minimum protection of the resolution reported favorably last year by a subcommittee of the House Rules Committee consisting of the gentleman from Virginia [Mr. SMITH], the gentleman from Colorado [Mr. CHENOWETH], and myself. It cannot even be compared with the comprehensive code recommended by the house of delegates of the American Bar Association or that sponsored last year by 18 Members of the other body, nor with the resolution of the Senator from Connecticut [Mr. BUSH].

The pitifully inadequate Doyle resolution is powerless to prevent any of the following abuses, all of which have been the subject of widespread criticism:

First. It would allow a committee to circulate "derogatory information" from its confidential files without notice to the individuals concerned and without giving him an opportunity to explain or deny the defamatory material.

Second. It would allow a committee to make public defamatory testimony given at an executive session without notice of hearing to the person defamed.

Third. It would allow a committee to issue a public report defaming individuals or groups without notice or hearing.

Fourth. It would allow a committee chairman to initiate an investigation, schedule hearings and subpena witnesses without consulting the full committee.

Fifth. It would allow a committee chairman or member publicly to defame a witness or a person under investigation.

Sixth. It would not allow a person under investigation to cross-examine a witness accusing him at a public hearing.

Seventh. It would not entitle a witness to even 24 hours advance notice of a hearing at which his career or reputation would be at stake.

Eighth. It would not protect a witness from distraction, harrassment, or nervousness caused by radio, TV, and motion picture coverage of hearing. This, however, is adequately taken care of for the present session by the ruling of the Speaker.

Ninth. It contains no provision for enforcement of its prohibitions or for supervision of committee operations.

Tenth. Finally, and most important, it would not prevent the committee from sitting as a legislative court, trying guilt or innocence of individuals, or inquiring into matters wholly unrelated to any function or activity of the United States Government.

The Doyle resolution will only create false hopes and divert attention from the pressing problem of committee reform. It should be decisively rejected by the House of Representatives, and really effective rules changes, such as House Resolution 447 of the 83d Congress, or House Resolution 61 of this Congress substituted for it. The Doyle resolution, however well-intentioned, can only have the effect of a pious imposition upon Members and public, both of which groups deserve more effective constructive action than this hasty sop to public opinion.

Under permission previously granted me, I include herewith the text of House Resolution 447, to amend the rules of the House with respect to investigative procedure introduced by myself:

House Resolution 447

Resolved, That paragraph 25 of rule XI of the Rules of the House of Representatives is amended to read as follows:

"25. (a) The rules of the House are hereby made the rules of its committees so far as applicable, except that a motion to recess from day to day is hereby made a motion of high privilege in said committees. The rules of committees are hereby made the rules of subcommittees so far as applicable. Committees and subcommittees may adopt additional rules not inconsistent with the rules of the House.

"(b) Each committee shall keep a complete record of all committee action; such record shall include a record of the votes on any question on which a record vote is demanded.

"(c) Unless otherwise provided, committee action shall be by vote of a majority of the full membership of the committee; powers of the committee chairman may be exercised by an acting chairman or presiding Member.

"(d) All committee hearings, records, data, charts, and files shall be kept separate and distinct from the congressional office records of the Member serving as chairman of the committee; and such records shall be the property of the House and all Members of the House shall have access to such records. Each committee is authorized to have printed and bound testimony and other data presented at hearings held by the committee.

"(e) It shall be the duty of the chairman of each committee to report or cause to be reported promptly to the House any measure approved by his committee and to take or cause to be taken necessary steps to bring the matter to a vote.

"(f) No measure, finding or recommendation shall be reported to the House from any committee unless a majority of the committee were actually present and approved the same."

SEC. 2. Paragraph 26 of rule XI of the Rules of the House of Representatives is amended to read as follows:

"26 (a) To assist the House in appraising the administration of the laws and in developing such amendments or related legislation as it may deem necessary, each standing committee of the House shall exercise continuous watchfulness of the execution by the administrative agencies concerned of any laws, the subject matter of which is within the jurisdiction of such committee; and, for that purpose, shall study all pertinent reports and data submitted to the House by the agencies in the executive branch of the Government. All committees may conduct investigations into questions and matters within their jurisdiction.

"(b) All questions of jurisdiction, order, decorum, or right and all alleged violations of this rule arising in the conduct of investigations may be referred by any Member to the Committee on Rules, except that such reference concerning investigations by the Committee on Rules may be made to the Committee on House Administration. Questions and allegations not disposed of upon such reference may be referred to the House for opinion or, if the case requires it, for censure or such punishment or other action as the House may deem proper.

"(c) No committee staff member shall be assigned to investigative activities until approved by the committee for such assignment.

"(d) Subpenas to require the attendance of witnesses, the giving of testimony, and the production of books, papers, and documents shall be issued only by authority of the committee, shall be signed by the chairman or any Member designated by the chairman, and may be served by any person designated by the committee, the chairman or the signing Member.

"(e) Each committee shall, so far as practicable, require all witnesses appearing before it to file in advance written statements of their proposed testimony, and to limit their oral presentation to brief summaries of their argument. The staff of each committee shall prepare digests of such statements for the use of committee members.

"(f) All hearings conducted by committees shall be open to the public, except executive sessions for marking up bills or for voting or where the committee orders an executive session. No witness shall be compelled to give oral testimony before an executive session if, prior to testifying, he demands to be heard in public.

"(g) No witness shall be compelled to give oral testimony for broadcast, or for direct reproduction by motion picture photography, recording, or otherwise in news and entertainment media if, prior to testifying, he demands to be heard without such coverage; nor shall any witness be subjected to harassment or undue distraction from any cause while testifying under compulsion.

"(h) Oaths may be administered and hearings may be conducted and presided over by the chairman or any Member designated by the chairman, who shall constitute a quorum for the receipt of evidence and the taking of testimony unless the committee otherwise provides.

"(i) Witnesses shall be permitted to be advised by counsel of their legal rights while giving testimony, and to be accompanied by counsel at the stand unless the chairman otherwise directs.

"(j) Witnesses, counsel, and other persons present at committee hearings shall maintain proper order and decorum; counsel shall observe the standards of ethics and deportment generally required of attorneys at law. The chairman may punish breaches of this provision by censure or by exclusion from the committee's hearings, and the committee may punish by citation to the House as for contempt.

"(k) Whenever any testimony relating to a question under inquiry may tend to defame, degrade or incriminate persons called as witnesses therein, the committee shall observe the following additional procedures, so far as may be practicable and necessary for the protection of such persons:

"(i) The subject of each hearing shall be clearly stated at the outset thereof, and evidence sought to be elicited shall be pertinent to the subject as so stated.

"(ii) Preliminary staff inquiries may be directed by the chairman, but no major phase of the investigation shall be developed by calling witnesses until approved by the committee.

"(iii) All testimony, whether compelled or volunteered, shall be given under oath.

"(iv) Counsel for witnesses shall be permitted, as justice may require, to address the chairman briefly on points of right and procedure, to examine their clients briefly for purposes of amplification and clarification, and to address pertinent questions to other witnesses whose testimony pertains to their clients, by written interrogatories submitted to the chairman or by cross examination.

"(v) Testimony shall be heard in executive session, the witness willing, when necessary to shield the witness or other persons about whom he may testify.

"(vi) The secrecy of executive sessions and of all matters and material not expressly released by the committee shall be rigorously enforced; violations of this provision by non-Members may be punished by citation to the House as for contempt, and unauthorized disclosures by Members shall be censurable or punishable as the House may deem proper.

"(vii) Witnesses shall be permitted brief explanations of affirmative or negative responses, and may submit concise, pertinent statements, orally or in writing, for inclusion in the record at the opening or close of their testimony.

"(viii) An accurate verbatim transcript shall be made of all testimony, and no alterations of meaning shall be permitted therein for any purpose whatsoever.

"(ix) Each witness may obtain transcript copies of his testimony given publicly by paying the cost thereof; copies of his testimony given in executive session shall be furnished the witness at cost if the testimony has been released or publicly disclosed, or if the chairman so orders.

"(x) No testimony given in executive session shall be publicly disclosed in part only, and if such partial disclosure is made, the committee shall promptly release such other parts as may be necessary to prevent distortion of the true import thereof.

"(l) Whenever any testimony, statement, release, or other utterance relating to a question under inquiry may tend to defame, degrade, or incriminate persons who are not witnesses, the committee shall observe the following additional procedures, so far as may be practicable and necessary for the protection of such persons:

"(i) Persons so affected shall be notified of the existence or pendency of such adverse utterance.

"(ii) Opportunity shall be afforded such persons to appear as witnesses, promptly and at the same place if possible, and under subpena if they so elect. Testimony relating to the adverse utterance shall be subject to applicable provisions of part (k) of this rule.

"(iii) Each such person may, in lieu of appearing as a witness, submit a concise, pertinent sworn statement which shall be incorporated in the record of the hearing to which the adverse utterance relates.

"(m) The chairman or a Member shall consult with appropriate Federal law-en-

forcement agencies with respect to any phase of an investigation which may result in evidence exposing the commission of Federal crimes, and the results of such consultation shall be reported to the committee before witnesses are called to testify therein.

"(n) Requests to subpena additional witnesses shall be received and considered by the chairman in any investigation in which witnesses have been subpenaed. Any such request received from a witness or other person entitled to the protections afforded by parts (k) or (l) of this rule shall be considered and disposed of by the committee.

"(o) Each committee conducting investigations shall make available to interested persons copies of the rules applicable therein.

"(p) All rules relating to the conduct of investigations shall be liberally interpreted and applied, to the ends that justice shall be done, that committee business may be facilitated, and that the rights and interests of individuals shall be fully protected to an extent not inconsistent with the powers of the House in the premises."

SEC. 3. (a) Clauses 2 (b), 8 (d), and 17 (b) of rule XI of the Rules of the House of Representatives are each amended by striking out everything after "or has adjourned" and inserting a period in lieu thereof.

(b) Paragraph 16 of such rule is amended by relettering clause (c) as clause (d) and by inserting after clause (b) the following new clause:

"(c) Matters relating to the conduct of investigations."

(c) Paragraph 20 of such rule is amended by striking out "and order of business" and inserting in lieu thereof the following: "The order of business, and the conduct of investigations."

SEC. 4. Rule XXII of the Rules of the House of Representatives is amended by adding at the end thereof the following new paragraph:

"7. All bills and resolutions to authorize the investigation of particular subject matter shall define such subject matter clearly, and shall state the need for such investigation and the general objects thereof."

I also include the text of House Resolution 61, likewise introduced by myself:

House Resolution 61

Resolved, That paragraph 25 (a) of rule XI of the Rules of the House of Representatives is amended by striking out "standing" and by adding at the end thereof the following: "The rules of committees are hereby made the rules of subcommittees so far as applicable. Committees and subcommittees may adopt additional rules not inconsistent with the Rules of the House."

SEC. 2. Paragraph 25 (e) of such rule is amended by inserting ", finding," after "measure."

SEC. 3. Paragraph 25 (g) of such rule is amended by striking out "standing committees or their subcommittees" and inserting in lieu thereof "committees."

SEC. 4. Paragraph 25 of such rule is amended by adding at the end thereof the following new subsection:

"(h) Unless otherwise provided, committee action shall be by vote of a majority of a quorum."

SEC. 5. (a) Paragraph 26 of rule XI of the Rules of the House of Representatives is amended by inserting "(a)" after "26." and by adding at the end thereof the following new subsections:

"(b) No person shall be employed for or assigned to investigative activities until approved by the committee.

"(c) Unless otherwise provided, subpenas to require the attendance of witnesses, the giving of testimony, and the production of books, papers, or other evidence shall be issued only by authority of the committee, shall be signed by the chairman or any member designated by the chairman, and may be served by any person designated by the committee, the chairman, or the signing member.

"(d) No witness shall be compelled to give oral testimony for broadcast, or for direct reproduction by motion-picture photography, recording, or otherwise in news and entertainment media if he objects.

"(e) Oaths may be administered and hearings may be conducted and presided over by the chairman or any member designated by the chairman. Unless the committee otherwise provides, 1 member shall constitute a quorum for the receipt of evidence and the taking of testimony; but no witness shall be compelled to give oral testimony before less than 2 members if, prior to testifying, he objects.

"(f) Witnesses shall be permitted to be advised by counsel of their legal rights while giving testimony, and unless the presiding member otherwise directs, to be accompanied by counsel at the stand.

"(g) Witnesses, counsel, and other persons present at committee hearings shall maintain proper order and decorum; counsel shall observe the standards of ethics and deportment generally required of attorneys at law. The chairman may punish breaches of this provision by censure or by exclusion from the committee's hearings, and the committee may punish by citation to the House as for contempt.

"(h) Whenever the committee determines that evidence relating to a question under inquiry may tend to defame, degrade, or incriminate persons called as witnesses therein, the committee shall observe the following additional procedures, so far as may be practicable and necessary for the protection of such persons:

"(1) The subject of each hearing shall be clearly stated at the outset thereof, and evidence sought to be elicited shall be pertinent to the subject as so stated.

"(2) Preliminary staff inquiries may be directed by the chairman, but no major phase of the investigation shall be developed by calling witnesses until approved by the committee.

"(3) All testimony, whether compelled or volunteered, shall be given under oath.

"(4) Counsel for witnesses may be permitted, in the discretion of the presiding member and as justice may require, to be heard briefly on points of right and procedure, to examine their clients briefly for purposes of amplification and clarification, and to address pertinent questions by written interrogatory to other witnesses whose testimony pertains to their clients.

"(5) Testimony shall be heard in executive session, the witness willing, when necessary to shield the witness or other persons about whom he may testify.

"(6) The secrecy of executive sessions and of all matters and material not expressly released by the committee shall be rigorously enforced.

"(7) Witnesses shall be permitted brief explanations of affirmative or negative responses, and may submit concise, pertinent statements, orally or in writing, for inclusion in the record at the opening or close of their testimony.

"(8) An accurate verbatim transcript shall be made of all testimony, and no alterations of meaning shall be permitted therein.

"(9) Each witness may obtain transcript copies of his testimony given publicly by paying the cost thereof; copies of his testimony given in executive session shall be furnished the witness at cost if the testimony has been released or publicly disclosed, or if the chairman so orders.

"(10) No testimony given in executive session shall be publicly disclosed in part only.

"(i) Whenever the committee determines that any testimony, statement, release, or other evidence or utterance relating to a question under inquiry may tend to defame, degrade, or incriminate persons who are not witnesses, the committee shall observe the following additional procedures, so far as may be practicable and necessary for the protection of such persons:

"(1) Persons so affected shall be afforded an opportunity to appear as witnesses, promptly and at the same place, if possible, and under subpena if they so elect. Testimony relating to the adverse evidence or utterance shall be subject to applicable provisions of part (h) of this rule.

"(2) Each such person may, in lieu of appearing as a witness, submit a concise, pertinent, sworn statement which shall be incorporated in the record of the hearing to which the adverse evidence or utterance relates.

"(j) The chairman or a member shall when practicable consult with appropriate Federal law-enforcement agencies with respect to any phase of an investigation which may result in evidence exposing the commission of Federal crimes, and the results of such consultation shall be reported to the committee before witnesses are called to testify therein.

"(l) Requests to subpena additional witnesses hall be received and considered by the chairman in any investigation in which witnesses have been subpenaed. Any such request received from a witness or other person entitled to the protections afforded by part (h) or (i) of this rule shall be considered and disposed of by the committee.

"(m) Each committee conducting investigations shall make available to interested persons copies of the rules applicable therein."

SEC. 6. Rule XXII of the Rules of the House of Representatives is amended by adding at the end thereof the following new paragraph:

"7. All bills and resolutions to authorize the investigation of particular subject matter shall define such subject matter clearly, and shall state the need for such investigation and the general objects thereof."

I submit any of the other resolutions on this subject deserve more careful consideration and more favorable action than this one.

I also append an article published in the Virginia Law Review, as follows:

RULES FOR CONGRESSIONAL COMMITTEES: AN ANALYSIS OF HOUSE RESOLUTION 447

(By HUGH SCOTT* and Rufus King**)

The broad power of Congress to gather facts has been taken for granted ever since the Constitution became the supreme law of our land.[1] The power grounds in implication only,[2] but its justifications are compelling. Legislators cannot be expected to meet their responsibilities without free access to facts. Manifestly, the enactment of wise laws will be assured only if Congress has

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**A. B., 1938, Princeton University; LL. B., 1943, Yale University. Member, New York and District of Columbia bars.

[1] See McGeary, Congressional Investigations: Historical Development, 18 University of Chicago Law Review 425 (1951); The Constitution of the United States of America, S. Doc. No. 170, 82d Cong. 2d sess. 82 (Corwin ed. 1953); Congressional Power of Investigation, S. Doc. No. 99, 83d Cong., 2d sess. (1954).

[2] The Constitution simply vests "All legislative powers herein granted" in Congress. United States Constitution, art. I, sec. 1. The right to conduct inquiries is an "appropriate adjunct" to this power (*McGrain* v. *Daugherty* (273 U. S. 135 (1927)).

unlimited authority to inquire about the objects of its lawmaking efforts.

Moreover, Congress' authority in this respect should not be subjected to external limitations from any source less exalted than the Constitution itself, for whoever sets bounds on what Congress may know would thereby circumscribe what Congress could do in matters otherwise within its proper reach. On the one hand it seems plain, therefore, that the congressional power of inquiry will admit of no burdensome restrictions. This is almost universally conceded; no responsible observer has so much as suggested hobbling Congress in its fact-seeking activities.[3]

Yet on the other hand it is also widely conceded by responsible persons that the investigative processes have been abused of late,[4] at least in a few instances.[5] And very considerable pressures have been generated for appropriate reforms. The subject of this discussion, House Resolution 447,[6] is the latest in a long series of remedial measures, developed in and out of Congress,[7] with such reforms in view. The authors respectfully acknowledge that House Resolution 447 reflects many virtues from its numerous and worthy forbears.[8]

There is nothing wrong with the basic structure in which our Founding Fathers mounted the congressional power of inquiry. Congress has always been amenable to constitutional limitations, interpreted and enforced by the courts. All the protections of the Bill of Rights apply fully, and the judicial arm on occasion has undertaken—albeit somewhat gingerly—to determine where the power must yield to constitutional prohibitions when it meets them in direct conflict.[9] At any rate, Congress has never shown any inclination to perpetuate enduring or widespread abuses. The flagrant cases, spread over the years, are anything but alarming in number or degree.

Actually, the trouble is of a much lower order. It is due to the fact that the investigative power must, as a practical necessity, be delegated internally by each House of Congress to its committees, subcommittees, or even sometimes to individual Members. Thus the power comes to be centered in the hands of very small groups of men whose only common background is success in the arena of partisan politics. Some are lawyers and skilled parliamentarians; some are not. Some are wise and temperate; others incline overly to the ambitions, prejudices, and passions that are as ubiquitous as human nature itself. Small wonder, then, that fact-seeking activities are complained of from time to time. Besides, astonishingly, this vast power has been doled out year after year with almost no limitations in the way of procedural requirements governing its exercise.[10]

Such was not the intent of the Founding Fathers—or at least they made ample provisions for a contrary practice. The Constitution specifies that "Each House may determine the rules of its proceedings [and] punish its Members for disorderly behavior."[11] Thus Congress' own rulemaking prerogatives are expressly grounded in the Constitution, dispelling any doubt as to their availability for the purpose of curbing the exercise of other constitutionally conferred powers by Members of either House. The prerogatives are transcendent: no enacted statute, no joint Senate-House agreement, nor even a prior rule laid down by either body can restrain what a majority of the Senate or House wishes to do, at any time, about its own procedures.[12] And within this Olympian preserve, the courts have no claim to any authority or jurisdiction.[13]

House Resolution 447 is proposed as an exercise of the rule-making prerogatives of the House of Representatives. If so passed it would have as much force as anything short of a direct amendment to the Constitution. It would, to the extent that any House rule is enforceable, be absolutely binding on committees and individual members. Yet at the same time it would remain subject to change or repeal at will by the House itself.[14] So, in net effect, what are fairly designated rules of procedure for investigative bodies, acting by authority of the House, can never amount to more than mere affirmations of self-restraining principles for the parent body. This qualification the authors find acceptable and proper.[15]

Before launching into the text-and-commentary presentation of House Resolution

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[3] For a statement of opposition to all procedural rules, as undesirably restrictive, see Meader, Limitations on Congressional Investigations, 47 Michigan Law Review 775 (1949), and Congressional Investigations: Importance of the Fact-Finding Process, 18 University of Chicago Law Review 449 (1951). The author is now a Member of Congress, representing the Second District of Michigan.

[4] See, e. g., Keating, Legislative Investigations: Proposed Remedial Legislation, 29 Notre Dame Law. 212 (1954); Keating, Code for Congressional Inquiries, New York Times Magazine, April 5, 1953, p. 10; Frelinghuysen, A G. O. P. Congressman's Views on Security Investigations, the Reporter, March 16, 1954, p. 23; Javits, Some Queensberry Rules for Congressional Investigators, the Reporter, Sept. 1, 1953, p. 23; Garrison, Congressional Investigations: Are They a Threat to Civil Liberties? 40 ABAJ 125 (1954). Messrs. Keating, Frelinghuysen, and Javits are Members of Congress; Mr. Garrison is a former dean of the University of Wisconsin School of Law. As this article goes to press, complaints are again being aired on the floor of both Houses and elsewhere. (CONGRESSIONAL RECORD, vol. 100, pt. 1, p. 1086, and pt. 2, pp. 2205 and 2294); see Fortas, Legislative Investigations: Abusive Practices of Investigating Committees, 29 Notre Dame Law, 192 (1954).)

[5] It must not be forgotten that the investigations which arouse controversy are an insignificant number in relation to the whole: every year the nearly 50 active committees of the two Houses address themselves, in more or less formal hearings, to several hundred subjects of inquiry. Amounts appropriated and spent by congressional committees must be strictly accounted to the Secretary of the Senate, or Clerk of the House, as the case may be. Such information is published at least once every six months in the Congressional Directory. See 60 Stat. 812, 832 (1946). A balanced and scholarly study by Judge Wyzanski, reprinted from the March 1948 Record of the Association of the Bar of the City of New York, in the CONGRESSIONAL RECORD, volume 94, part 10, page A1547, places the entire problem—and the need for remedial action—impeccably in its proper context.

[6] 83d Cong., 2d sess., Feb. 17, 1954.

[7] Committee on Bill of Rights, Association Bar City of New York, Report on Congressional Investigations (1948); Special Committee Bar Association District of Columbia, Rules of Procedure for Congressional Hearings, 20 JBADC 354 (1953); Commission on Law and Social Action, American Jewish Congress, A Model Code of Fair Procedure for Congressional Investigating Committees (1954). Measures pending in the 83d Congress to date and variously related to the subject are, besides H. Res. 447; S. Res. 65 (Gillette); S. Res. 83 (Morse and Lehman); S. Con. Res. 10 and 11 (Kefauver); S. Con. Res. 64 (Morse and Lehman); H. R. 2270 and 4123 (Javits); H. Res 29 (Keating); H. Res. 86 (Celler); H. Res. 173 (Burleson); H. Res. 178 (Klein); H. J. Res. 11 (Boggs); H. Con. Res. 131 (Dies); and H. Con. Res. 186 (Heller). Earliest of these in point of time was Mr. KEATING'S, who sponsored similar measures in the 81st Congress, H. Res. 40 (1949) and in the 82d Congress, H. Res. 27 (1951).

[8] A special Subcommittee on Legislative Procedure, of the House Rules Committee, has been holding hearings since July 1953 on various rules proposals. The hearings were concluded March 9, 1954, and should soon be printed and available as a House document. It should be stressed that none of the pending proposals, including H. Res. 447, is in any sense the "last word" on the subject. Clarifications and improvements are likely to be incorporated at many points as the measures are considered further.

[9] *United States* v. *Rumeley* (345 U. S. 41 (1953)), *Sinclair* v. *United States* (279 U. S. 263 (1929)); *McGrain* v. *Daugherty* (273 U. S. 135 (1927)); *Hale* v. *Henkel* (201 U. S. 43 (1906)); *Kilbourn* v. *Thompson* (103 U. S. 168 (1884)). McGreary, The Development of Congressional Investigative Power 106 (1940).

[10] Some committees have filled the void by adopting rules for themselves, e. g., the Senate and House Committees on Government Operations, the House Committee on Un-American Activities, the Senate Judiciary Committee's Subcommittee on Internal Security, the House Ways and Means Committee's Subcommittee on the Administration of the Internal Revenue Laws, and the House Judiciary Committee's Subcommittee to Investigate the Department of Justice. It is noteworthy that the last named subcommittee's authorizing resolutions (H. Res. 95, 82d Cong., 1st sess. (1951); H. Res. 50, 83d Cong., 1st sess (1953)) were limited by a specific injunction "to conduct an inquiry * * * relating to and limited to specific allegations and complaints based upon credible evidence determined by the subcommittee and not based on mere suspicion and rumor, to the end that the investigation shall be nonpolitical and nondiscursive."

[11] Art. I, sec. 5, par. 2.

[12] 1 Hinds' Precedents of the House of Representatives, secs. 82, 187, 210, 245 (1907); 4 id., secs. 3298, 3579; 5 Cannon's Precedents of the House of Representatives, secs. 6002, 6743–6747, 6765–6766 (1936). The House, not being a continuing body like the Senate, actually readopts its rules by resolution at the opening of each new Congress. See, e. g., H. Res. 5, 83d Cong., 1st sess. (1953).

[13] *Barksy* v. *United States* (167 Fed. 241 (D. C. Cir.), certiorari denied, 334 U. S. 843 (1948)); *Hearst* v. *Black* (87 F. 2d 68 (D. C. Cir. 1936)). Courts will, however, take cognizance of congressional rules where private rights are affected. *United States* v. *Christoffel* (338 U. S. 84 (1949)); *United States v. Smith* (286 U. S. 6 (1932)).

[14] It would be hoped, of course, that parallel rules might be adopted by the Senate; the existing rules of the two Houses are similar in most important particulars. A number of the features of H. Res. 447 are already provided in the Senate's procedures. The Legislative Reorganization Act of 1946 (60 Stat. 812, 831 (1946)) confers investigative powers on all standing committees of the Senate, and provides for the settlement of jurisdictional disputes, etc. See, Senate Manual, S. Doc. No. 10, 83d Cong., 1st sess., 60–62 (1953).

[15] It is helpful to bear in mind that rules governing committees have two distinguishable levels of effectiveness, while rules for the conduct of hearings have three: upon the House itself they bind as mere principles and precedents, entitled to observance and until changed; upon members they would weigh as heavily as the House presses them, by means of its internal sanctions of censure, punishment, and expulsion; but upon committees vis-a-vis witnesses they might sometimes be relied on as measures of private right, within the orbit of the Smith and Christoffel cases. Enactment of a court-enforcement measure (see H. R. 4975, note 25, infra) would tend to emphasize the last noted result.

447 which follows, it is appropriate to stress that every effort has been made to adapt both the form and substance of the resolution to the existing Rules of the House of Representatives. These rules[16] have been developed by slow accretion since 1789. It must be borne in mind that all of them are affirmations of principle—and not statutes. Where the drafter of statutes must strive constantly for precision and inclusiveness, the rulemaker has wide latitude. Statutes measure power; rules such as these merely offer flexible guides for its orderly exercise. Most of the vagaries and imprecisions in the structure of House Resolution 447 were put there knowingly; it was not deemed wise to use forms suggesting absolute right and duty when the force intended was something less.[17] Internally, the House will have no need of elaborate specifications if it wishes to censure abuses by a Member. Externally, in their relations with recusant witnesses and contentious counsel, congressional committees should not be hamstrung by unqualified precepts inviting captious arguments and table pounding.[18]

And besides, as has already been suggested, there are scores of investigations quietly run off with with no need for rules, to offset every one that provokes questions or criticism. It would be folly to burden all of the day-to-day business of Congress with unyielding restraints designed only for the rare exception where restraints are justified.

The rules of the House of Representatives are now 42 in number. They govern everything from important matters like the duties of the Speaker and House officers to trivia like, "during the session of the House no Member shall wear his hat," and "Neither shall any person be allowed to smoke upon the floor of the House at any time." Two rules, X and XI, deal with committees. Rule X governs the appointment of standing committees (now 19 in number) and select committees. Rule XI, titled "Powers and Duties of Committees," is a catchall for the miscellany which the rules now contain on the subject of committee organization and procedures. Of its 29 numbered paragraphs, 2 paragraphs 25 and 26, contain all of the provisions governing committee proceedings and the conduct of hearings.

House Resolution 447 is addressed principally to expanding and revising the contents of these 2 paragraphs, XI–25 and XI–26. In the following analysis, each clause of the proposed resolution will be set out in full,[19] and then commented on in detail.

[16] Printed for use in the 83d Cong. as H. Doc. No. 564, 82d Cong., 2d sess. (1953).

[17] In the entire text of H. Res. 447, only 3 rights are directly conferred on individuals without qualification: to elect to be heard publicly rather than in executive session (par. 26 (f)); to testify without broadcasting reproduction, if timely protest is made, and without "harassment or undue distraction" (par. 26 (g)); and to be advised by counsel (par. 26 (i)). All the others are diluted with an element of discretion vested in the committee or the chairman.

[18] It is believed and intended that these diluted rights would not be imposed as rigid measures of due process by the courts—nor would provisions operating solely on committees' internal workings be likely to be applied for the benefit of outsiders. The Christoffel case is distinguishable, for the Court there had before it a technical statutory definition (of "competent tribunal," as used in D. C. Code, title 22, sec. 2501 (1951)). The Christoffel dissent, 338 U. S. 90, is in point. Compare, *United States* v. *Bryan* (339 U. S. 323 (1950)).

[19] Read consecutively, the indented matter in the text constitutes the entire body of H. Res. 447.

RULE XI–25: COMMITTEE RULES, RECORDS, AND VOTES

General comment: Provisions of present rule XI–25 appear, as noted hereafter, in clauses (a), (b), (c), (d), (e), and (f) of paragraph 25 of House Resolution 447, and in clauses (e) and (f) of paragraph 26 thereof. No liberties have been taken with any of the existing text,[20] except to broaden its application and make mechanical adjustments where necessary. The rearrangement was required, in part, by a regrouping of provisions from both paragraphs so as to include all those relating to committee business in general within paragraph 25, and all those relating to committee hearings within paragraph 26.

"*Resolved*, That paragraph 25 of rule XI of the rules of the House of Representatives is amended to read as follows:

"'25 (a). The rules of the House are hereby made the rules of its committees so far as applicable, except that a motion to recess from day to day is hereby made a motion of high privilege in said committees. The rules of committees are hereby made the rules of subcommittees so far as applicable. Committees and subcommittees may adopt additional rules not inconsistent with the rules of the House.'."

25 (a). The first sentence consists of the present clause (a) of paragraph 25 in its entirety. The second sentence is new, inserted to assure the application of the rules to subcommittees, and to avoid repeated references thereafter wherever the word "committee" stands alone.[21] The latter includes both standing and select committees.[22] The last sentence is also new, added to make certain that committees will not be dissuaded from making such additional rules as may prove necessary in particular situations—so long as the same are "not inconsistent" with the instant provisions.

"'(b) Each committee shall keep a complete record of all committee action. Such record shall include a record of the votes on any question on which a record vote is demanded'."

25 (b) is identical with its present counterpart.

"'(c) Unless otherwise provided, committee action shall be by vote of a majority of the full membership of the committee; powers of the committee chairman may be exercised by an acting chairman or presiding Member.'."

25 (c) is new, intended to create the safeguard—"unless otherwise provided"—of requiring majority approval of all actions formerly taken by the committee.[23] The second clause is added merely to avoid repeating the proposition it contains elsewhere in the rules.

"'(d) All committee hearings, records, data, charts, and files shall be kept separate and distinct from the congressional office records of the Member serving as chairman of the committee; and such records shall be the property of the House and all Members of the House shall have access to such records. Each committee is authorized to have printed and bound testimony and other data presented at hearings held by the committee.

"'(e) It shall be the duty of the chairman of each committee to report or cause to be reported promptly to the House any measure approved by his committee and to take or cause to be taken necessary steps to bring the matter to a vote.

25 (d) and (e) are identical with clauses (c) and (d) of paragraph 25 of the present rule.

"'(f) No measure, finding, or recommendation shall be reported to the House from any committee unless a majority of the committee were actually present and approved the same.'"

25 (f) is the present clause (d) of paragraph 25 with the word "finding" and the phrase "and approved the same" added. The former addition is for an editorial purpose which is clear from its context; the latter is intended to tighten the present rule slightly.[24]

RULE XI–26: INVESTIGATIVE FUNCTIONS AND CONDUCT OF HEARINGS

General comment. In the proposed rule XI–26 are gathered all rules pertaining both to the investigative functions of committees and to the conduct of hearings. But within this paragraph there is a further division, between general provisions which relate to all investigations and special rules applicable only to the small class of proceedings in which witnesses and other persons may be degraded, defamed, or incriminated. The latter special rules (which are contained in the long clauses (k) and (l) come into play only when degradation, defamation, or incrimination are threatened, and then only "so far as may be practicable and necessary." The intent is to avoid burdening ordinary hearings with any of these cumbersome special requirements, yet to make them available—and at least arguably applicable[25]—in all cases where they may be

[20] All but the first clause of paragraph 25 and all of paragraph 26 of the present rule XI were incorporated into the rules from the Legislative Reorganization Act of 1946, secs. 133, 136, 202. 60 Stat. 831, 832, 834 (1946).

[21] It is noteworthy that H. Res. 447 imposes no limits on the creation or composition of subcommittees. Universal practice is to appoint at least 3 members for any work of importance, yet situations are possible where a subcommitee of 1 or 2 might suffice and be entirely unobjectionable. Moreover, no restrictions on the right of committees and subcommittees to delegate the power to conduct hearings would be workable, and this is the only power at stake in the current controversy about "one-man committees." The latter phenomenon is discussed and dealt with in connection with clause (h) of paragraph 26, infra. See also note 23, infra.

[22] Members of joint committees are subject to the rules of their respective Houses unless they adopt additional rules jointly. No such committee can be bound, per se, by rules adopted unilaterally by either House.

[23] It is intended, as indicated in paragraph 25 (a), that all rules shall apply fully and directly to subcommittees, as far as possible. Thus here, for instance, subcommittee action would require approval from a majority of the subcommittee, and not from the full committee. The word "action" is believed to be broad enough to permit majority control over any activity where the committee wishes to share in the decisions of its chairman or any single member.

[24] Requiring majority approval is more than requiring mere presence—i. e., a quorum. The new rule is consistent with the new terms of 25 (c); it would also tend to protect minorities in the filing of dissents. This is deemed sufficient without any more particular specification, e. g., that dissenting views must be filed simultaneously, etc. Note that irregularities on account of this rule would be waived if not raised before the House begins debate on the matter. 8 Cannon's Precedents, sec. 2223 (1936).

[25] A measure initiated by Representative KEATING, H. R. 4975, 83d Cong., 1st sess. (1953), would give congressional committees the same right of recourse to Federal courts now enjoyed by a dozen or so independent executive agencies, namely, the right to invoke court aid promptly in the enforcement of committee orders. See e. g., 15 U. S. C. sec. 79r (d) (1946) (SEC); 15 U. S. C. sec. 49 (1946) (FTC); 29 U. S. C. sec. 161 (2) (1946) (NLRB). This is a good proposal. Presently the only sanction available to committees, as a practical matter,

needed. Clauses (k) and (l) are substantially the whole body of inovations usually proposed by advocates of procedural reform in congressional hearings.[26]

(SEC. 2.) Paragraph 26 of rule XI of the Rules of the House of Representatives is amended to read as follows:

"26 (a). To assist the House in appraising the administration of the laws and in developing such amendments or related legislation as it may deem necessary, each standing committee of the House shall exercise continuous watchfulness of the execution by the administrative agencies concerned of any laws, the subject matter of which is within the jurisdiction of such committee; and, for that purpose, shall study all pertinent reports and data submitted to the House by the agencies in the executive branch of the Government. All committees may conduct investigations into questions and matters within their jurisdiction."

26 (a). The first sentence consists of the full text of the present rule XI–26. The second sentence, which is new, confers investigative powers generally upon all committees and subcommittees.[27] In theory, broad powers of inquiry are available to only three standing House committees in whom they have been specifically vested.[28] In practice, however, such powers may be had for the asking by any committee requesting them from the House in connection with a proposed line of inquiry. It is therefore proposed to confer the powers generally, bringing the rules into line with current practice, with the result that no special grants need hereafter me made—but with the additional result that extraordinary grants, departing from the pattern established by the rules, would be harder to obtain from the House:

"(b) All questions of jurisdiction, order, decorum, or right and all alleged violations of this rule arising in the conduct of investigations may be referred by any member to the Committee on Rules, except that such reference concerning investigations by the Committee on Rules may be made to the Committee on House Administration. Questions and allegations not disposed of upon such reference may be referred to the House for opinion or, if the case requires it, for censure or such punishment or other action as the House may deem proper."

26 (b). This is an attempt to suggest a flexible appeals procedure for rule enforcement. The problem is difficult, for machinery too rigid in its operation and applications would be wholly undesirable. Provision is made for an initial reference of any question or complaint to the Committee on Rules,[29] with the patently necessary addition that matters affecting the Rules Committee itself shall be referred to the Committee on House Administration instead. Reference may be made only by a Member, for it is felt that any grievance which does not enlist the sympathies of a single Member (of the entire House) would be unlikely to merit review in any case.

By way of further appeal it is provided that any question or allegation not disposed of on reference to the Rules Committee may thereafter be referred directly to the House. Here also the language used is general. For example, it does not specify what the Committee on Rules must do upon receipt of a complaint, nor is the power of appeal to the House given exclusively to either the complaining member or the committee. Any Member may, of course, lodge a complaint with the Rules Committee presently, quite apart from any such rule as this, and any Member is at liberty to address the House to advise it of a grievance. The procedure suggested merely tends to emphasize that supervisory rule enforcement, by the House itself acting through its Rules Committee or otherwise, is intended to be available in flagrant cases where such action might really prove necessary:

"(c) No committee staff member shall be assigned to investigative activities until approved by the committee for such assignment."

26 (c). This new clause takes special account of a matter which has recently been the subject of public controversy, namely, the chairman's authority to assign staff members to investigative activities. It is felt that the committee should have a veto power, for use in the rare instances when it becomes important:[30]

"(d) Subpenas to require the attendance of witnesses, the giving of testimony, and the production of books, papers, and documents shall be issued only by authority of the committee, shall be signed by the chairman or any member designated by the chairman, and may be served by any person designated by the committee, the chairman or the signing member."

26 (d) is paraphrased from the special provisions giving investigative power to three standing committees only.[31] In requiring that subpenas shall be issued "only by authority of the commitee," it is contemplated that such authority will normally be delegated to the chairman. As in the preceding clause, it is simply desirable to have the restraining principle enunciated for use in the rare cases when it might become important.[32] The provision authorizing service of subpenas by any designated agent is intended to eliminate attacks on Congress' contempt powers based on hypertechnical claims of irregularity in the service of subpenas:[33]

"(e) Each committee shall, so far as practicable, require all witnesses appearing before it to file in advance written statements of their proposed testimony, and to limit their oral presentation to brief summaries of their argument. The staff of each committee shall prepare digests of such statements for the use of committee members."

26 (e) is identical with the present text of clause (f) of paragraph 25:

"(f) All hearings conducted by committees shall be open to the public, except executive sessions for marking up bills or for voting or where the committee orders an executive session. No witness shall be compelled to give oral testimony before an executive session if, prior to testifying, he demands to be heard in public."

26 (f). The first sentence is a paraphrase of the present text of clause (g) of paragraph 25, with changes intended only to broaden its application to all committees. The second sentence, a new addition, embraces the important principle that no witness can be forced to give testimony in an executive session if he demands to be heard publicly. Attitudes concerning the use of executive sessions to hear witnesses in secret run the whole gamut, from stout defense to violent disapproval, and this is understandable because abuses are possible at

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is punishment for the statutory offense of contempt, in the normal channels of prosecution long after the fact. See 2 U. S. C. secs. 192, 194 (1946). Under H. R. 4975, if the committee's claim is proper, its authority will be backed immediately by the court's own contempt powers. If on the other hand the committee is pressing an improper claim, the court could promptly vindicate the person resisting it, by withholding the order sought. How far rules such as those proposed in H. Res. 447 would be applied in this new enforcement process is left undetermined at present. H. R. 4975 could be amended to provide that a committee applying for aid must show compliance with its own rules; or H. Res. 447 might specify that no one affected by a serious violation of the committee's rules could be punished for defying it on that account. See, e. g., American Jewish Congress Model Code, sec. 14, supra note 7. But maximum flexibility is deemed esential until both the bill and the new rules have been given a trial. It may well suffice to let the rules stand qualified as they are, as mere measures of fair play, for application as measures of right only where, in the view of the court, some existing principle of due process is outraged.

[26] Perhaps, looking toward a court-enforcement device such as H. R. 4975, note 25, supra, some minimum outlines of rules of evidence and substantive right should be added; e. g., a statement that hearsay shall be admissible, that rules of competency are (or are not) applicable, and that privileges such as attorney-client, husband and wife, etc., shall be respected. These have not been dealt with in H. Res. 447; to date, most committees have had no difficulty applying such concepts where they were reasonably required. And constitutionally grounded privileges like the privilege against self-incrimination need no restatement, of course.

[27] Subcommittees are included by virtue of the general provision already noted in par. 25 (a). The truly important control over investigative activities, the power to give or withhold funds, is normally available to parent committees vis-a-vis their subcommitees, and is always available to the House. This power, contained in pars. 27 and 28 of the present rule XI, is untouched by H. Res. 447.

[28] See note 31, infra.

[29] Among existing House committees, the Committee on Rules is admirably constituted and empowered for this informal primary jurisdiction. It has special authority to sit, whether or not the House is in session [rule XI–16 (c)]; it may interrupt other business to make reports to the House [rule XI–20]; its reports are entitled to priority in consideration [rule XI–21]; and its general authority over committee assignments could conceivably be exercised, in extreme cases, to recommend the demotion of a chairman or the reassignment of a member who has abused his prerogatives.

[30] Regular professional staff members of standing committees may now be hired and fired only by majority action (rule XI–27 (a)); the new provision would thus merely broaden an established requirement, with regard to investigative assignments. Where the author of a special resolution calling for an investigating committee becomes the committee's chairman, as is commonly permitted, he is likely to have some preconceived "slant"; under such circumstances, restraint on his selection and assignment of staff members is of particular importance.

[31] Rule XI–2 (b) (Committee on Appropriations); rule XI–8 (d) (Committee on Government Operations); and rule XI–17 (b) (Committee on Un-American Activities), quoted in note 56 infra.

[32] Another possible restraint, unused to date and illustrating the flexibility of the present rules, is the requirement (rule I–4) that "all * * * subpenas of, or issued by order of, the House" must be signed by the Speaker. The subpenas of committees and subcommittees are of course subpenas "of * * * the House." Thus all could probably be required, if necessary, to be cleared through the Speaker himself.

[33] Cf. *United States* v. *Fleischman* (339 U. S. 349 (1950)); *United States* v. *Josephson* (165 F. 2d 82 (2d Cir. 1947), cert. denied, 333 U. S. 838 (1948)). A few years ago an effort was made to meet this problem, in part, by a proposed statute, S. 2057, 82d Cong., 1st sess. (1951), which died in committee. Note that House Rule I–4, supra note 32, perhaps invites such attack; subpenas likely to be challenged probably should be countersigned by the Speaker in every case, as a precautionary measure.

both ends of the scale. If the committee anticipates recklessly hurtful testimony or inferences, it may be preferable not to conduct the interrogation in public. Under such circumstances a hearing in executive session would be clearly indicated and desirable.

Yet under nearly similar circumstances, if the witness himself is in danger of being recklessly hurt by a committee trying to "get" him, the executive session is potentially a device of oppression. It can be used purely as a dress rehearsal for an ensuing public spectacle. In secret the witness may be pounded to pieces by lengthy and intensive grilling—with every reply given under oath and recorded against him—until whatever charge the committee is trying to develop has been woven into the record in its worst light. Then the curtain is raised and the witness is put through the same process again, bound now, at the risk of perjuring himself, to stick by his earlier replies, but under the terrible disadvantage of having only the most damning and accusatory lines of his earlier testimony brought out again. Or the committee may, at its election, merely release the secret transcript.[34]

In balance, it was felt that potential abuses of the executive hearing as a star chamber outweigh in gravity the possible dangers of reckless testimony elicited in public. The right to insist on a public hearing would obviously not be resorted to by friendly witnesses, so in all but the rare case the rule would be unimportant; where it becomes so, it should be available: [35]

"(g) No witness shall be compelled to give oral testimony for broadcast, or for direct reproduction by motion-picture photography, recording, or otherwise in news and entertainment media if, prior to testifying, he demands to be heard without such coverage; nor shall any witness be subjected to harassment or undue distraction from any cause while testifying under compulsion."

26 (g) contains a middle-of-the-road provision on the subject of radio and television coverage. A substantial body of opinion, both within and outside of Congress, holds that no direct reproduction of committee proceedings should be permitted under any circumstances.[36] This conservatism grounds partly in the analogy to judicial proceedings,[37] but also, in part, in technical difficulties which are susceptible of correction. Great strides have been made in reducing camera noise and diminishing the illumination requirements for adequate television coverage; problems of taste and propriety in the matter of sponsorship, and timing in relation to fair and full presentation, may yield to further study and cooperation with the broadcasting industry.[38]

Certainly it is potentially wholesome to allow the public occasionally to look and listen in directly on Congress at work. But in any case, it is strongly felt that no witness should be compelled to participate in any kind of broadcast unwillingly. Therefore, the proposed rule creates an absolute right of refusal in each person called upon to testify.[39] Note that the right must be asserted "prior to testifying"—otherwise it, like the right to be heard in public, granted in clause (f), above, will be lost.

The final clause is intended to protect the involuntary witness from other distractions, such as commotion in the hearing room, the continuous discharge of flashbulbs, and so forth, while he is testifying:

"(h) Oaths may be administered and hearings may be conducted and presided over by the chairman or any member designated by the chairman, who shall constitute a quorum for the receipt of evidence and the taking of testimony unless the committee otherwise provides."

26 (h) incorporates into the rules an existing statutory provision authorizing the administration of oaths [40] and establishes one-man quorums to conduct hearings "unless the committee otherwise provides." The latter measure is believed to be sufficient to counteract such technical difficulties as were raised against a perjury indictment in *Christoffel* v. *United States*.[41] In that case, a conviction for perjury before a House committee was reversed because a quorum under the House rules was not present, and therefore the committee was not a "competent tribunal" within the meaning of the perjury statutes:

"(i) Witnesses shall be permitted to be advised by counsel of their legal rights while giving testimony, and to be accompanied by counsel at the stand unless the chairman otherwise directs."

26 (i) confers upon all witnesses the right to be advised "of their legal rights" while giving testimony. This right is almost universally accorded, but it has never been formally enunciated, either by Congress or by the courts. Note that the right to be advised by counsel is expressed as an absolute, while the right to be accompanied by counsel at the stand is subject to modification by the chairman. This reflects the conviction that the witness should be permitted to have legal advice under all circumstances, in executive as well as open sessions, even though his advisers might, in certain cases, be compelled to sit apart or even be excluded from the hearing room. Even then the witness should still be permitted such consultation as might prove necessary.

The phrase "legal rights" has been inserted to differentiate the objectionable practice of coaching by counsel; the committee has a right to testimony from the witness, and not merely to parroted responses originating with his advisers:

"(j) Witnesses, counsel, and other persons present at committee hearings shall maintain proper order and decorum; counsel shall observe the standards of ethics and deportment generally required of attorneys at law. The chairman may punish breaches of this provision by censure or by exclusion from the committee's hearings, and the committee may punish by citation to the House as for contempt."

26 (j) establishes general standards of behavior to give each committee a formal basis for the protection of its own proceedings and the dignity of the House.[42]

Safeguarding Personal Reputations

26 (k) is the first of two lengthy clauses designed to come into play only when committee proceedings approach subject matter that threatens special injury to individuals' reputations, etc. Clause (k) contains 10 provisions developed for the protection of witnesses. Clause (1) deals with protections for nonwitnesses. Nearly all of these provisions have been tested and found workable in actual investiagtions of the types toward which they are here directed.[43] Persons seeking to avail themselves of clauses (k) or (l) have the burden of showing their applicability, i. e., that the inquiry "may tend to defame, degrade, or incriminate"; thereafter, the committee is obliged to follow the clauses only to an extent "practicable and necessary." They are thus exhortatory, and fully acknowledged to be such.

But, if their contents are accepted as no more than standards of fair play, exhortatory force may be enough. Merely stating them formally will give the committees a rule of thumb to apply, and will clarify the position of persons affected by the proceedings. It will serve to guide any reviewing authority—a supervisory committee, the full House membership, a judicial forum, or the general public—to which appeals or protests may ultimately find their way. Scarcely more could be expected of any set of precepts, however rigidly formulated, in this context:

"(k) Whenever any testimony relating to a question under inquiry may tend to defame, degrade, or incriminate persons called as witnesses therein, the committee shall observe the following additional procedures, so far as may be practicable and necessary for the protection of such persons:

"[k] (i) The subject of each hearing shall be clearly stated at the outset thereof, and evidence sought to be elicited shall be pertinent to the subject as so stated."

26 (k) (i) requires the subject matter of each hearing to be stated at the outset, so that all interested parties may know generally what to expect,[44] and imposes a formal test of pertinency [45] on evidence sought to be elicited by the committee:

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[34] In this latter connection, see also pt. (x) of clause (k) of par. 26, infra.

[35] In last analysis, the committee would still retain control, through its power to hold the witness to responsive answers plus its absolute right to govern the course of the questioning.

[36] See, e. g., committee on bill of rights, Association Bar City of New York, Report on Congressional Investigations 8 (1948).

[37] Compare American Bar Association, Canons of Judicial Ethics, Canon 35.

[38] See, Senate Crime Committee, final report, S. Rept. No. 725, 82d Cong., 1st sess. 99 (1951), for a discussion and proposed model code on the subject of television, newsreel, and radio coverage.

[39] Cf. *United States* v. *Kleinman* (107 F. Supp. 407 (D. D. C. 1952)).

[40] 2 U. S. C. sec. 191 (1946); see, 3 Hinds' Precedents, secs. 1823, 1824, 2079 (1906).

[41] 338 U. S. 84 (1949); cf., Senate rule XXV–3 (b). Even apart from the Christoffel problem, it would be unwise to restrict the right of single members to hear testimony, beyond giving the committee power to alter the one-man quorum rule in special circumstances. A one-man quorum is not a one-man committee; often it is convenient and eminently proper for one member to conduct hearings. And where complaints are heard, they arise because additional members do not sit—not because they cannot. See note 49, infra.

[42] General powers of this nature, inhering in the House, have always been implied, and have been called into play when necessary. Under rule IX, questions "affecting the rights of the House collectively, its safety, dignity, and the integrity of its proceedings" are accorded the highest privilege. See 2 Hinds' Precedents, secs. 1599–1640; 3 id. secs. 1666–1724; *cf., Marshall* v. *Gordon* (243 U. S. 521 (1917)) *in re Chapman* (66 U. S. 661 (1897)) An important ommission is proposed to be remedied by H. R. 7955, 83d Cong., 2d sess., secs. 102, 104 (1954), by Mr. Scott, which would add "misbehavior" (the term of art for contempt "in the presence") to the offense of contempt of Congress now punishable under the terms of 2 U. S. C., sec. 192 (1946).

[43] See note 10, supra.

[44] Various more stringent notice requirements have been suggested, e. g., that subpenas should recite the subject matter about which the witness is to be queried, and that they must be served, or notice given, a fixed period such as 24 hours before any hearing. Some such protection against surprise, preferably cast in general terms ("notice reasonably in advance," for instance), might well be added at this point.

[45] "Pertinent" is used throughout in lieu of other similar adjectives because of its use in 2 U. S. C., secs. 192, 194 (1946), the congressional contempt statute. A general test of pertinency will seemingly be imposed by the courts independently of Congress' own rules. See *United States* v. *Rumely*, (345 U. S. 41 (1953)); *McGrain* v. *Daugherty* (273 U. S. 135 (1927)).

"[k] (ii) Preliminary staff inquiries may be directed by the chairman, but no major phase of the investigation shall be developed by calling witnesses until approved by the committee."

26 (k) (ii) provides that no line of inquiry may be pressed to the point of calling witnesses (which would perhaps not be regarded as "action" under clause (c), above) without formal approval from a majority of the committee.

"[k] (iii) All testimony, whether compelled or volunteered, shall be given under oath."

26 (k) (iii) establishes a principle which has proved desirable in avoiding embarrassment to the committee, as well as to protect others: that all persons, with no exceptions, shall be required to testify under oath in hearings of the type governed by this clause.

"[k] (iv). Counsel for witnesses shall be permitted, as justice may require, to address the chairman briefly on points of right and procedure, to examine their clients briefly for purposes of amplification and clarification, and to address pertinent questions to other witnesses whose testimony pertains to their clients, by written interrogatories submitted to the chairman or by cross examination."

26 (k) (iv) confers substantial rights on counsel [46] for witnesses appearing in such proceedings, available "as justice may require." Counsel may state questions and objections briefly for the record as in a court proceeding, may make a brief examination of his own client, and may examine other witnesses by written interrogatories or by cross-examination: [47]

"[k] (v). Testimony shall be heard in executive session, the witness willing, when necessary to shield the witness or other persons about whom he may testify."

26(k)(v) deals with the converse of the proposition contained in clause (f), above. It is here provided that where necessary, and if the witness does not object, executive sessions shall be used to shield the witness and other persons about whom he may testify from reckless charges and loose inferences:

"[k](vi). The secrecy of executive sessions and of all matters and material not expressly released by the committee shall be rigorously enforced; violations of this provision by non-Members may be punished by citation to the House as for contempt, and unauthorized disclosures by Members shall be censurable or punishable as the House may deem proper."

26(k)(vi) relates to enforcing the secrecy of executive sessions; the difficulty in this respect is not usually attributable to staff members or outsiders,[48] but arises, more often than not, from leaks intentionally or inadvertently permitted by Members themselves. It should be of at least some benefit to have a formal statement of the duty of Members [49] as well as others in this regard:

"[k] (vii). Witnesses shall be permitted brief explanations of affirmative or negative responses, and may submit concise, pertinent statements, orally or in writing, for inclusion in the record at the opening or close of their testimony."

26 (k) (vii) is in part a right which should clearly be permitted to hostile witnesses in order to prevent their being unfairly exploited by too narrow a use of the "yes or no" device, and in part a formalization of what is the usual practice—permitting a brief statement to be submitted by the witness for inclusion in the record of the hearing:

"[k] (viii). An accurate verbatim transcript shall be made of all testimony, and no alterations of meaning shall be permitted therein for any purpose whatsoever.

"[k] (ix). Each witness may obtain transcript copies of his testimony given publicly by paying the cost thereof; copies of his testimony given in executive session shall be furnished the witness at cost if the testimony has been released or publicly disclosed, or if the chairman so orders."

26 (k) (viii) and (ix) require an accurate transcript (which is usually kept but which could be omitted, to the witness' great prejudice, under circumstances conceivably arising without such a requirement), enjoin alterations of meaning (which reportedly have occurred in the guise of editing, to the witnesses' prejudice), and assure the right to transcript copies of the witness' own testimony at cost.

Under normal circumstances typed transcript copies are available from the reporter within a day or two after each session. The rule relates to these; [50] important things are almost always printed and distributed without charge a few weeks or months after their completion. Transcript copies of testimony given in executive session should also be available when the testimony has subsequently been either "leaked" or formally made public.

"[k] (x) No testimony given in executive session shall be publicly disclosed in part only, and if such partial disclosure is made, the committee shall promptly release such other parts as may be necessary to prevent distortion of the true import thereof."

26 (k) (x) given special protection against the injustices inherent in partial disclosures of what a witness has said in executive session.

Protections for nonwitnesses

26 (l), the next full clause, contains three provisions designed to give special protection to persons who are threatened with injury or incrimination without being directly involved in the proceedings as witnesses. Mechanisms for the protection of such persons have been one of the chief focal points of interest in recent studies of congressional committee procedures.[51] The authors are entirely in sympathy with this emphasis, and feel that the importance of the protections in clause (l) cannot be overstressed. Nonetheless, it contains the same limitation imposed in clause (k), tending to reduce it to exhortatory force only.

"(l) Whenever any testimony, statement, release, or other utterance relating to a question under inquiry may tend to defame, degrade or incriminate persons who are not witnesses, the committee shall observe the following additional procedures, so far as may be practicable and necessary for the protection of such persons:

"[l] (i) Persons so affected shall be notified of the existence or pendency of such adverse utterance."

26 (l) (i) requires the committee to give notice if possible, and in advance when possible,[52] to any person who is likely to be injured by testimony or other utterances emanating from the committee: [53]

"[l] (ii) Opportunity shall be afforded such persons to appear as witnesses, promptly and at the same place if possible, and under subpena if they so elect. Testimony relating to the adverse utterance shall be subject to applicable provisions of part (k) of this rule."

26 (l) (ii) gives such persons an opportunity to appear as witnesses before the committee if they wish to do so, "promptly and at the same place if possible." [54] Persons so electing to testify may do so under subpena, if they choose, for the simple reason that only thus do they become eligible for travel allowances and witness fees. All the

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[46] It is intended—and possibly should be specified—that persons appearing without counsel should have such rights themselves, in similar circumstances.

[47] It is sometimes complained that committees have to put up with abuses, too. For a reductio ad absurdum of one committee's attempt to confer on counsel rights similar to these, see Hearings before Special Subcommittee of House Committee on the Judiciary on H. Res. 50, 83d Cong., 1st sess., serial No. 2, pt. 1, 285, 292–293 (1953).

[48] Congress' right to keep its proceedings secret is acknowledged in the Constitution itself, art. I, sec. 5 (permitting secrecy with respect to the Journals of each House); violations of the ban of secrecy by outsiders is punishable as contempt, and if the theft of documents is involved, probably indictable under 62 Stat. 795 (1948), 18 U. S. C., sec. 2071 (Supp. 1952). Cf. *United States* v. *Brennan*, Criminal No. 1816, D. D. C.), January 23, 1953, where a reporter was indicted for posing as a congressional committee staff member to obtain secret transcripts. The case is now on appeal from a dismissal order.

[49] Jefferson's Manual of Parliamentary Practice, H. R. Doc. No. 564, 82d Cong., 2d sess. 115, 187 (1953), second only in authority to each House's own Standing Rules, specifies: "Any Member of the House may be present at any select committee, but can not vote, and must give place to all of the committee, and sit below them." This would seem to establish than any Member may attend executive as well as open sessions. In short, there is apparently no way, beyond internal sanctions within each House, that Members can be held to injunctions of secrecy, or that committee proceedings could be closed to interested Members.

[50] Perhaps another even more fundamental and generally accorded privilege—to inspect one's own testimony in transcript form—might also be spelled out in connection with this rule.

[51] The problem of the innocent and unknowing bystander who may be irreparably "smeared" is the one which has caused the most widespread concern; it is acknowledged in all the works and proposals cited in note 4 supra, and is covered by special rules of 3 of the 6 committees named in note 10 supra. The possibility of restricting witnesses' immunity from civil liability or criminal libel prosecutions as a restraint on irresponsible charges has been carefully weighed, but in view of the absolute privilege conferred in court proceedings, this approach has been at least tentatively rejected.

[52] It has been urged that some adverb such as "promptly" should be inserted in the mark-up of this provision. A requirement of promptness was surely intended, and such an addition would clarify the intent. But to go further and impose notice to affected persons as a specific condition precedent to disclosure would be unduly restrictive. The origin of the provision is rule X (A) of the House Committee on Un-American Activities, which requires notice to be sent by registered mail a "reasonable time" after a person has been publicly named as subversive, etc. Clarification might also be achieved by substituting "impendency" for "pendency," to avoid the ambiguity of the latter word.

[53] One practice, sometimes objected to, which is intended to be included within the compass of subparagraph (l), is the release of derogatory material collected in a committee's files. Persons injured thereby would clearly be entitled to the remedies conferred herein. But no preventive restriction could be directly imposed because of the present terms of rule XI–25 (c), carried forward into H. Res. 447 as 25 (d), which specifies that all "hearings, records, data, charts, and files * * * shall be the property of the House and all Members of the House shall have access" thereto.

[54] Where, for instance, hearings are held in some community remote from Washington, it is of little value to local citizens involved while local interest is at its height to be permitted a rebuttal days or weeks later after the committee returns to the Capitol.

protections enumerated in clause (k) are made available to persons choosing to testify under clause (l):

"[l] (iii) Each such person may, in lieu of appearing as a witness, submit a concise, pertinent sworn statement which shall be incorporated in the record of the hearing to which the adverse utterance relates."

26 (l) (iii) gives any person subject to the clause an alternative right, to submit in lieu of personal testimony a "concise, pertinent" sworn statement, for incorporation in the record.

"(m) The chairman or a member shall consult with appropriate Federal law-enforcement agencies with respect to any phase of an investigation which may result in evidence exposing the commission of Federal crimes, and the results of such consultation shall be reported to the committee before witnesses are called to testify therein."

26 (m) is a slight innovation. The authors hold firmly to the principle that congressional committees should never invade the domain of law-enforcement agencies to the extent of making cases against individuals, nor the domain of the courts to the extent of trying the individual guilt or innocence of anyone. Yet certain lines of inquiry may legitimately approach these areas. In such circumstances it has sometimes happened that a committee, ignorant of what is afoot in the Department of Justice, the Treasury Department, or some other enforcement or prosecutive agency, will utterly destroy a case being prepared there.[55] Clause (m) merely requires that a representative of the committee shall "consult" with the agencies that might be active in an area where the committee plans to operate, and that the results of such consultation shall be reported back to the committee for its consideration.

"(n) Requests to subpena additional witnesses shall be received and considered by the chairman in any investigation in which witnesses have been subpenaed. Any such request received from a witness or other person entitled to the protections afforded by parts (k) or (l) of this rule shall be considered and disposed of by the committee."

26 (n). In connection with the safeguards incorporated in clauses (k) and (l), it has been urged that witnesses and other persons affected by committee proceedings should have rights similar to those conferred on litigants and defendants in the courts, to cause persons to be subpenaed and interrogated at their insistence and for their protection. Such a privilege conferred without qualification would be impractical and subject to abuse. Nonetheless, in certain circumstances nothing short of calling additional witnesses might give adequate protection to a person embroiled in committee proceedings. So clause (n) is worded to suggest that anyone may request additional witnesses, and that requests from persons described in clauses (k) and (l) should receive consideration from the full committee:

"(o) Each committee conducting investigations shall make available to interested persons copies of the rules applicable therein."

26 (o) is intended to encourage wider adoption of a practice pioneered last year with great success by the House Committee on Un-American Activities. The committee's own rules of procedure, printed in a small booklet, are given out to all persons subpenaed as witnesses, to their counsel, and to other interested parties. Most committees would have no need for special rules, but perhaps general provisions might be printed for distribution through all committees, as may prove necessary. In any case, the principle that witnesses should have free access to whatever rules apply seems worthy of affirmation:

"(p) All rules relating to the conduct of investigations shall be liberally interpreted and applied, to the ends that justice shall be done, that committee business may be facilitated, and that the rights and interests of individuals shall be fully protected to an extent not inconsistent with the powers of the House in the premises."

26 (p) is merely a broad statement of policy. Except for the imperative, "justice shall be done," the statement directs fully as much attention to the importance of committee business and the overriding rights of the House as to the rights and interests of individuals.

MECHANICAL CHANGES

The third section of House Resolution 447 accomplishes certain mechanical changes within rule XI necessary to repeal the special investigative prerogatives of the three committees that now enjoy them by direct grant,[56] and to expand the jurisdiction of the Rules Committee appropriately to implement the authority conferred upon it herein:

"[SEC. 3.] (a) Clauses 2 (b), 8 (d), and 17 (b) of rule XI of the Rules of the House of Representatives are each amended by striking out everything after "or has adjourned" and inserting a period in lieu thereof.

"(b) Paragraph 16 of such rule is amended by relettering clause (c) as clause (d) and by inserting after clause (b) the following new clause:

"'(c) Matters relating to the conduct of investigations.'

"(c) Paragraph 20 of such rule is amended by striking out 'and order of business' and inserting in lieu thereof the following: 'The order of business, and conduct of investigations'."

The fourth and final section of House Resolution 447 contains an addition to rule XXII, the rule (entitled "Of Petitions, Memorials, Bills, and Resolutions") which governs the form and content of matters formally submitted by Members of the House of Representatives. The new paragraph suggests slightly greater responsibility, self-imposed by the House in the matter of authorizing investigations into matters dubiously within the proper scope of congressional inquiry. It would simply require that special bills and resolutions calling for Congressional investigations shall hereafter give a clear definition of what is intended to be investigated, as well as an indication of the need for such investigation and the results hoped to be accomplished thereby:

"[SEC. 4.] Rule XXII of the Rules of the House of Representatives is amended by adding at the end thereof the following new paragraph:

"7. All bills and resolutions to authorize the investigation of particular subject matter shall define such subject matter clearly, and shall state the need for such investigation and the general objects thereof."

Mr. BROWN of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. KEATING].

Mr. KEATING. Mr. Speaker, it is gratifying to see the House at last addressing itself to a proposal for rules of fair play governing the conduct of investigations by our committees and subcommittees. I have worked toward this ever since I came to Washington, quite a few years ago. It is only because of some considerable misunderstanding of the problem that we have not brought ourselves to act in this area long ago.

Several Members of the House have diligently studied this problem over a period of years. I believe they could make significant contributions toward working out a fair solution which would adequately protect the congressional committees and the witnesses who appear before them. That objective this resolution does not achieve.

Yet we have here the spectacle of the Rules Committee attempting to impose a gag on the consideration of any language which might improve this resolution. This increasing trend toward bringing legislation before us on a take-it-or-leave-it basis represents, in my judgment, a serious evil. It is not in what I have always been led to believe is the liberal tradition. All the wisdom in these matters, and in other matters, does not reside in the members of any specific committee, including my own.

This resolution should be opened to amendment, with a view toward clarifying and improving it. It is loosely drawn and if we do not amend it now, we shall have to do so later.

Nevertheless, it is at least a step in the right direction, even though watered down and confusing. If there is no opportunity to amend it, I shall support it on the theory that half a loaf is better than none.

I believe the investigating powers of this body, developed by implication from our constitutional duty to make laws and oversee the operation of existing Federal laws, are absolutely essential to the proper conduct of the business of the House. I would be the very last to tolerate any suggestion that the powers should be limited by crippling procedures or restrictions. That is not the point of our efforts, and it has never been the object of any responsible proponent of such rules of procedure. I hope we shall be able in this debate to lay at rest such specters as that once and for all. Rules of procedure, or rules of fair play are not going to interfere with our fact-finding powers.

But the Founding Fathers themselves conferred upon each House of Congress another plenary power, not inconsistent with the function of lawmaking, which

[55] This is most likely in connection with the detection and prosecution of elaborate conspiracies, as under the Smith Act, 54 Stat. 670 (1940), 18 U. S. C. 2385 (Supp. 1952), or complex offenses like restrains of trade and tax evasion.

[56] See note 31, supra. The amendatory text, sec. 3 (a), fails of its purpose in leaving a dangling "such" in all three clauses which will have to be corrected in the markup by reinserting the stricken phrase, "as it deems necessary." The text to be amended, as quoted from the final paragraph of clause 17 (b) pertaining to the House Committee on Un-American Activities, and substantially the same as language pertaining to the Committee on Appropriations and the Committee on Government Operations, is as follows: "For the purpose of any such investigation, the Committee on Un-American Activities, or any subcommittee thereof, is authorized to sit and act at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, and to take such testimony, as it deems necessary. Supenas may be issued under the signature of the chairman of the committee or any subcommittee, or by any member designated by any such chairman, and may be served by any person designated by any such chairman or member."

we have been astonishingly timid about using. The second paragraph of section 5 of article 1 states:

> Each House may determine the rules of its proceedings.

The omniscient men who wrote the Constitution, which I consider to be the most inspired political document of all times, saw perfectly well that no power in the whole structure of the Government could be placed above the legislative prerogatives given to us, including our power to go forth and seek facts upon which to shape the operation of the laws we pass.

No one can dictate to us in this area, no spokesmen for the judiciary or the executive branch, nor even our coordinate branch over on the other side of the Capitol. "Each House may determine the rules of its proceedings"—and the only qualifications and limitations are those which we find in the Constitution itself.

Why, then, have we been so slow to make some reasonable rules for our own guidance? Why have we even tempted the courts to intrude upon our domain by filling the vacuum, in the guise of statutory and constitutional interpretation?

The Christoffel case, in which a perjury conviction was overturned because the Senate was then operating under a restrictive quorum rule, contains not the slightest suggestion that the same result would have been reached if the rule had been more comprehensive and effective—and in fact, the Senate has long since remedied that particular difficulty. What we establish for our own guidance need not create rights in any outsider. We have only to choose the words with care and limit their operation as we wish.

On the other hand, in practice, we have long conceded that outsiders, appearing as witnesses before our committees, should be accorded certain rights. There is no specific basis for the right of a witness to be accompanied and advised by his counsel, nor for recognition of the traditional privileges of lawyer and client, doctor and patient, priest and penitent, and the like. But they are so universally accorded, and so deeply woven into our traditions of fairness and due process that they perhaps should be specified for the advice and comfort of all those who are called to testify. It is, as I said, only a matter of drawing the lines clearly and precisely where we wish them to lie.

Now, turning to the instant resolution which is before us, I must confess that I am disappointed in what it contains. I shall not hold forth at length upon the great volume of effort and thoughtful scholarship which has been addressed to problems in this field. I hope that Members who are as seriously interested as I feel all of us should be will examine some of the recent available material on this subject—the extensive hearings in 1954, held by a subcommittee of the Committee on Rules of the House and a subcommittee of the Committee on Rules and Administration of the Senate, together with the exhaustive report of the latter; and the scholarly study and recommendations of the special committee of the American Bar Association on individual rights as affected by national security, submitted to the American Bar Association house of delegates and made public last summer. With such a wealth of background, I feel that House Resolution 151 could well have been something more than a faint first gesture in the direction of rules of fair play, and I fear that, in fact, it is little more than such a gesture when it is subjected to careful analysis.

Indeed, I am fearful that the drafters of this resolution have, in one particular, imposed precisely the kind of limitation toward which I expressed unalterable opposition a few moments ago. That is at lines 10 through 12, on page 1, in the provision which allows and requires each committee to fix a number of its members to constitute a quorum, which number shall not be less than 2. This would be an unreasonable handicap and would expose the workings of our committee to exactly the vulnerability which was capitalized upon in the Christoffel case to defeat an otherwise valid perjury conviction.

The Senate rule on the same subject, adopted after that case to meet the problem, reads as follows:

> Each standing committee, and each subcommittee of any such committee, is authorized to fix a lesser number than one-third of its entire membership who shall constitute a quorum thereof for the purpose of taking sworn testimony.

You will note that in all cases, under the Senate rule, one-third of a committee or subcommittee, including 1 member of a 3-man subcommittee, shall be a quorum for the purpose of taking sworn testimony, and that each committee and subcommittee is expressly authorized to vest this authority in a lesser number if it so wishes. This rule properly protects the committee and vests rights in it without suggesting any crippling restrictions in the event that the committee or subcommittee finds itself dealing with a perjurer.

The difficulty pointed out in the Christoffel case was that one can only commit perjury before a competent tribunal and the court held that a congressional committee consisting of less than a quorum was not such a tribunal. Even the Senate's one-third rule might give rise to difficulties since it is usual during protracted hearings for individual members to enter and leave the hearing room so long as someone is present and presiding. So the Senate made it possible for its committees, in any case where perjury might be an issue, to authorize a single member to take the testimony and therefore to prevent any recurrence of the Christoffel result.

The provision in House Resolution 151 which I am discussing does just the opposite; it leaves in doubt what a quorum for the purpose of taking testimony might be in case the committee or subcommittee happens to overlook the formality of prescribing one—and it requires, arbitrarily, at all times and in all cases, that testimony must be taken with at least two members present. I have served as chairman of one of these investigating committees, and I know from personal experience how very difficult it is to keep a multiple quorum in the hearing room and to try to reflect accurately in the record that more than one member is present at all times. We tried, for a while, to have the reporter indicate on the record something like "at this point Mr. So and So left the hearing room," "at this point Mr. So and So reentered the hearing room," and so forth. It just will not work. And if you did not do something like that in a subsequent perjury case long after the facts, the actual physical presence of at least two members would be open to challenge and a necessary subject of proof in court.

The momentary furor stirred up last year over the subject of so-called one-man committees never impressed me very much. If any abuses were actually attributable to this situation, they were the fault not so much of the one man who ran the hearings, but of the others who, for one reason or another, were not present. In at least 99 out of 100 cases where testimony is to be taken from friendly and cooperative witnesses, it would be a terrible burden and disadvantage to require more than one member attend to build a record of the same; in the 100th case, requiring the presence of two members would not make a great deal of difference anyway. I am strongly opposed to this provision, and, if afforded the opportunity I shall propose an amendment to delete it and offer a substitute.

In the alternative, if it is the sense of a majority that some protection should be accorded witnesses who are threatened with abuse at the hands of a single member conducting a hearing to take sworn testimony, I would favor the approach recommended by Mr. Scott's subcommittee last year, namely, that such testimony could be taken in all cases by a single member unless the witness himself demanded to be heard by two or more members. Since the whole thing is only for the witness' protection, it makes good sense to let him make the demand if he wishes, and to regard it as waived otherwise.

On page 2, at line 3, the drafters of House Resolution 151 have seemingly chosen the wrong word. It is not important for the chairman to advise those present of the subject to which an investigation is being addressed. That is the subject specified in the committee's authorizing resolution and is known to everybody from the very outset. What is frequently helpful, and might well be required, is a statement of the subject matter of the particular hearing which is about to be commenced. A statement of the latter will advise the witness and his counsel of the specific grounds which the committee proposes to explore, and thus avoid surprise or misunderstanding with respect to the lines of questioning to which the witness is likely to be subjected. I shall propose substituting the word "hearing" for the word "investigation" at line 3 on page 2, accordingly.

At lines 7 through 9 on page 2, I am troubled with the language chosen by the draftsmen, and wonder if it is exactly what was intended. Does this wording include an absolute right to be

present in the event that a witness is heard in an executive session? Does it mean merely to be present in the room or to accompany the witness when he takes the stand, and if the latter, does it create a right to consult and confer without limitation during the course of the examination? Does the limitation, "concerning their constitutional rights" mean that counsel would be limited, in conferring with his client, to a discussion of the first or fifth amendments, which are the only constitutional provisions likely to be involved at any time, under normal circumstances? May counsel not perform the usual and proper services of explanation and advice with respect to all the rights and duties pertaining to the status of the witness before the committee? I have no substitute revised version of this subparagraph to propose, but I direct the attention of the House to what may be a need for further study of the language used. I am sure it can be improved.

I am also puzzled and troubled a little about subparagraph (m) and the way it is intended to work. In the first place, it specifies that "if the committee determines" that certain evidence or testimony is defamatory, degrading, or incriminating, it must then hear the same in executive session—but in order for the committee to make such a determination it would appear that some consideration of the evidence or testimony would already have to have taken place. So I wonder if the requirement is not self-defeating, in that the harm would be done before the committee would ever be in a position to provide the intended protection.

In passing, I should also like to raise a grave question about this matter of excutive sessions. Undoubtedly, it is a good and desirable thing to create a right, at least in limited circumstances, for a person who is likely to be injured by testimony to have the testimony taken at a secret hearing. I favor that, if some practical way to accord it without tying the committee's hands can be worked out.

But I am also persuaded that there is, as a practical possibility at least, a considerable danger of abuse in the other direction, namely, a danger that the secret hearing may also be used as a truly terrible reincarnation of the star chamber. If a hostile and unwilling witness is forced to submit to lengthy examination, under oath and on record, in a secret session, he can be put at a terrible disadvantage when the committee later raises the curtain and conducts the interrogation again publicly. He is bound to everything he said, at the peril of imminent prosecution for perjury, and his interrogators are able to pick and choose from only the most damaging concessions and exactions. In some of the drafts last year this matter was handled by creating, in the witness, a right to insist upon being heard publicly if he feared the secret session. There are some possible difficulties with this, although the hostile witness who invokes such a right would probably be of little legitimate value to the committee in any case. Here also, I make no amendatory proposal, but wish to raise this serious question for further consideration.

Addressing myself to the last provision in subparagraph (m) and the language of subparagraph (n), I am also puzzled about what is sought to be accomplished. Under (m) the request of a person who is threatened with defamation, and so forth, in case he wishes to have the committee subpena witnesses to appear in his behalf, is to be received and considered and disposed of by the committee. Under (n) the similar request of anybody else, who thinks a witness ought to be subpenaed, may be received by the chairman but will be absolutely identically considered and disposed of by the committee. I do not see any difference, and I wonder why the distinction was made at all?

Subparagraph (p), at lines 4 through 8 on page 3, is also a little puzzling as to just what was intended to be accomplished. Paragraph 25 (f) of the existing rules, in the same paragraph to which House Resolution 151 proposes these additions, now reads as follows:

(m) Each committee shall, so far as practicable, require all witnesses appearing before it to file in advance written statements of their proposed testimony and to limit their argument.

If paragraph (p) is intended to broaden the discretion of the committee, or to make the existing rule apply only to sworn statements, or to expand in some way the present powers of the committee to rule upon pertinency, these things should properly be done by amending the existing paragraph (f), and not by creating an apparent conflict between the new language and the old.

Mr. Speaker, if there is no chance to propose seriously needed improvements in this resolution, I shall support it out of deference to the proposition that half a loaf is better than none. But this seems indeed to be a poor half loaf, and I should like to call attention to a resolution which, notwithstanding my deep concern with getting something done in an area where we have maintained a vacuum for far too long, I think might be the wiser approach. House Resolution 78, introduced by me on January 10 of this year and also pending before the Committee on Rules, proposes a final, comprehensive and inclusive study of this matter, by a select committee drawn from the membership of the three standing committees directly concerned, namely, Rules, House Administration, and Judiciary, with reference to the proper content of a full set of rules, and simultaneously to the problems of enforcing subpenas and committee orders and of providing sanctions to compel observance of rules of procedure by Members and employees of the House. I would be inclined to favor that approach, set forth in House Resolution 78, as the wisest and most desirable. Failing that, I would give support to any one of a number of substitute measures which have already been worked out and which seem to me to be both clearer and more effective than the one which is before us. But for the moment I shall content myself with proposing four specific amendments to House Resolution 151:

First, delete paragraph (h) at lines 10 through 12 on page 1, and substitute therefor:

(h) Oaths may be administered and hearings may be conducted and presided over by the chairman or any member designated by the chairman, who shall constitute a quorum for the receipt of evidence and the taking of testimony unless the committee otherwise provides.

Second, delete the word "investigation" at line 3 on page 2, and substitute therefore the word "hearing."

Third, delete paragraph (k) at lines 7 through 9 on page 2, and substitute therefor:

(k) Witnesses shall be permitted to be advised by counsel of their legal rights while giving testimony, and to be accompanied by counsel at the stand unless the chairman otherwise directs.

Fourth, delete subparagraph (3) of paragraph (m) at lines 21 through 22 on page 2.

Fifth, delete "Except as provided in paragraph (m)" in line 23 on page 2.

In conclusion, besides these specific changes, I direct the attention of the House to two additional matters which perhaps ought properly to be considered and included in connection with this resolution. One is the matter of our policy with respect to the admission of radio and television broadcasters to hearing rooms during the course of committee investigations, and the other is the extent to which privileges ordinarily accorded witnesses in our courts of law are to be recognized and respected in committee proceedings. I think it might be salutary to spell out the basic privileges which we wish all committees, under all circumstances, to respect, and to put this in the rules where everyone can have notice in advance about it.

But the only way by which such amendments and others which may be propounded can be considered is by voting down the previous question. I hope the House will see fit to do that and then proceed to the perfecting of this resolution, the purpose and objective of which is undoubtedly desirable.

Mr. BROWN of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. MEADER].

Mr. MEADER. Mr. Speaker, I notice that House Resolution 151, unlike the resolution I proposed, House Resolution 99, does not expressly empower committees to create subcommittees. May I ask the gentleman from Virginia whether he believes that under the existing rules of the House, committees do have the power to create subcommittees?

Mr. SMITH of Virginia. I think so. I do not know whether there is any specific rule for it.

Mr. MEADER. I think the gentleman will find that there is no express language in the rules of the House which authorizes committees to create subcommittees but that the precedents establish that power.

Now, I may say that House Resolution 151, in my judgment, ought to be open to amendment, and I hope either that the chairman of the committee having the time will yield for the purpose of

amendment or that the House will vote down the previous question so that the resolution can be perfected.

Earlier in the debate this afternoon the gentleman from Virginia was kind enough to yield to me to ask certain questions which clarified what I regarded as dangerous provisions to include in the rules of the House. I hope that that colloquy will prevent witnesses or others desiring to obstruct committees in the future from taking advantage of those provisions to interfere with and obstruct a committee inquiry.

Aside from the provision for the quorum rule, as my colleague from Pennsylvania has pointed out, House Resolution 151 actually contains no new compulsory material. All of the provisions that are of any importance at all are permissive and discretionary with the committees. I would hope that the rules of the House would not be cluttered up with oratory and meaningless phrases. They are difficult enough to interpret for many Members of the House already, and to include a lot of language which does not really affect the legal structure of the House or its committees, it seems to me, is unwise.

Now, there is one other feature of House Resolution 151 to which I wish to call attention. It is completely silent on the problem which has arisen in this Congress as to whether or not committees have the power to authorize the telecasting and broadcasting of their public hearings. I think the Members of the House ought to have a right to vote on the record whether they believe the public is entitled to use these new instruments of television and radio broadcasting to observe the public business. But if you do not vote down the previous question, and you vote only on the present provisions of House Resolution 151, you will never have an opportunity clearly to express your view on that very important public question.

Mr. SMITH of Virginia. Mr. Speaker, will the gentleman yield?

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

Mr. SMITH of Virginia. I hope that the gentleman will not seek to deprive the House of what most of us think is rather constructive legislation in order to accomplish his purpose for television. I want to say to the gentleman that he can easily have that question tested in the House by having another resolution offered for that purpose.

Mr. MEADER. Would the gentleman be willing to yield to me to offer that amendment to this resolution?

Mr. SMITH of Virginia. Not on this resolution, because I think if it were adopted, it might jeopardize the whole procedure which we regard as of some importance.

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

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

Mr. SCOTT. Does not the gentleman agree that the only way by which you can offer any perfecting amendment or improving amendment to this resolution is by voting down the previous question?

Mr. MEADER. In view of the gentleman from Virginia not yielding to me for the purpose of offering this amendment to this resolution, the only recourse left open to the Members of the House to pass on this question is to vote down the previous question. I can introduce another resolution, but it will never come out of the Committee on Rules.

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

Mr. MEADER. I yield.

Mr. BROWNSON. Does not the gentleman agree that we are being asked to vote on this resolution today and there are not even reports available in the Chamber on the basis of which Members may reach a decision as to what action to take on the recommendations of the committee?

Mr. MEADER. The gentleman is correct. But I think that is the general practice of the Committee on Rules. They do not have a stenographic record made of the testimony taken before them. As far as I know, there was no record taken here. The report is only about three lines in length.

The SPEAKER. The time of the gentleman from Michigan [Mr. MEADER] has expired.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself the time remaining on this side.

I do so for the purpose of expressing the hope that the House will not vote down the previous question.

This resolution which is now before us is the best possible type of resolution providing for amendments to the rules that can be worked out by the Committee on Rules. It was adopted unanimously by all of the Republicans and the Democrats on that committee after listening to the discussion and to the testimony of the gentlemen who just asked the Members to vote down the previous question.

Of course, they would like to have the previous question voted down for the purpose of amending this resolution and getting into the rules of the House certain measures of their own which were considered fully, after listening to hours of discussion, but were not included in this resolution.

So I am asking that the membership of this body support the Committee on Rules in bringing this matter to a prompt vote, because it is a very forward step.

Mr. SMITH of Virginia. Mr. Speaker, I yield the remaining time on this side to the gentleman from California, the author of the resolution [Mr. DOYLE].

Mr. DOYLE. Mr. Speaker, I should have preferred not to appear before this august deliberative body twice on the same day, on two resolutions authored by myself. But the calendar just worked out that way.

I want to thank the Committee on Rules for calling this matter up now, because in a few days I have to leave Washington as chairman of a subcommittee of the Committee on Un-American Activities on official work in Wisconsin.

Manifestly House Resolution 151 is not intended to cover the whole gamut of the subject matter being considered by the House.

May I state again here as I did in my extension of remarks several days ago, that I claim no exclusive authorship of the procedures expressed in House Resolution 151. There were several gentlemen who worked on this matter. We worked hard together. I thank them. The gentleman from Georgia, Mr. FORRESTER; the gentleman from Illinois, Mr. DAWSON; the gentleman from Louisiana, Mr. WILLIS; the gentleman from Pennsylvania, Mr. WALTER, as well as others, worked with us on this matter. We cordially cooperated to submit you something of real foundation value.

We were trying to find some foundation requirements for committees which might be considered amongst other resolutions by the Committee on Rules as a minimum requirement rather than to include all possible areas of committee responsibilities. Therefore, this resolution was submitted. The House very, very seldom amends its own rules. It expects each committee to be fair and prudent and protect the House reputation and dignity.

May I say, with all due respect to the gentlemen who have today raised the question whether or not this resolution should be adopted, that I am quite sure I was present in the Committee on Rules when each and every one of them, on the present minority side, appeared before the Committee on Rules of the House and urged their own individual resolution be adopted. I am sure that some of them were asked by the Committee on Rules to furnish to that committee written statements of objections, if they had any, to House Resolution 151. I do not know, of course, what written analyses or objections any of the gentlemen who have spoken against my resolution today furnished to the Committee on Rules. I never saw them; but I surmise that that suggestion was complied with. I heard the Rules Committee chairman, Mr. SMITH of Virginia, urge them to do so. He said the Rules Committee wished to have all the proposed resolutions clearly before them.

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

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

Mr. MEADER. The objections which I submitted to the Rules Committee on the technical phases of the gentleman's resolution are contained on page 3297 and following of the CONGRESSIONAL RECORD for Monday of this week.

Mr. DOYLE. I noticed that in the gentleman's remarks he stated very frankly that he intended to vote for House Resolution 151 and gave two reasons why he intended to vote for it. The gentleman may not recall that, but if he will read his statement he will see that he did within the last few days.

Mr. MEADER. I said I intended to vote for House Resoution 151 because of the quorum rule, but I think it should be perfected, and I think we would be much happier if we had a chance to perfect it.

Mr. DOYLE. To proceed, I am quite sure that the several years I have been on the House Committee on Un-American Activities have convinced me that we need basic House rules below which House committees cannot go. That is all this is intended to be. There is an express statement in House Resolution 151 that House committees can make

any rules they want as long as they are not inconsistent with this basic foundation. They are simple statements, that is true; they are as short as could be, yet very clear. They are minimum, that is true; but we felt this was a basic foundation for the House to rely upon and to require of the House committees.

May I say to the gentlemen on my left who have spoken on this resolution and who filed resolutions of their own before the Rules Committee that it was my great pleasure and to my great benefit to study carefully all those resolutions. I want to compliment the gentlemen who proposed amendments to the House rules on their splendid work. It was splendid.

I remember that in the 83d Congress I had the pleasure and benefit of appearing before the Scott committee, and I appreciated its courtesy. But I think at that time I testified from my experience as a member of the House Committee on Un-American Activities differently than other members of the same committee testified before the Scott Resolutions Committee.

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

Mr. DOYLE. I yield to the gentleman from Pennsylvania.

Mr. SCOTT. I would like to pay tribute to the very helpful testimony that the gentleman gave. However, the gentleman does recall that his resolution of last year was far more elaborate and contained a great many more things than this resolution contains.

Mr. DOYLE. I remember that, and I thank the gentleman for calling attention to that.

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

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

Mr. DIES. I introduced a resolution, but I gladly accept this resolution. I think you have gone as far as you can safely go without hamstringing the effectiveness of investigating committees. If nothing else was in this resolution, the provision which will enable a committee to hold in contempt those who adopt disruptive tactics, which has been the practice in the past, would recommend this resolution to me. I hope the House will pass it.

Mr. DOYLE. I thank the gentleman from Texas. Of course, he has had a wide and varied experience in connection with the subjects treated in these rules and as a member years ago of the House Committee on Un-American Activities.

Mr. Speaker, my time has expired. I respectfully submit House Resolution 151 for your approval. No set of rules will make Congressmen conduct hearings perfectly. This is a matter of personal conduct and activity. But my resolution sets forth a short standard of conduct which it is believed will be helpful and fair to all.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. Without objection, the previous question is ordered.

Mr. KEATING. I object, Mr. Speaker.

The SPEAKER. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AMENDING AGRICULTURAL ADJUSTMENT ACT OF 1938

Mr. TRIMBLE. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 190) providing for the consideration of H. R. 4647, a bill to amend the rice marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, 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. 4647) to amend the rice marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

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

Mr. TRIMBLE. I yield.

Mr. McCORMACK. Mr. Speaker, I desire to inform my colleagues that this bill will be the final business today. Tomorrow we meet at 11 o'clock on the Interior Department appropriation bill. Then we will consider the bill from the Committee on Ways and Means repealing certain sections of the Revenue Act of last year and also the Burley Tobacco bill. If they are disposed of tomorrow, we will go over until Monday. As I said, however, this is the last legislative business tonight.

Mr. TRIMBLE. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN] and yield myself such time as I may consume.

Mr. Speaker, this resolution (H. Res. 190) makes in order the consideration of the bill (H. R. 4647) to amend the rice-marketing-quota provisions of the Agricultural Adjustment Act of 1938, as amended. The resolution was reported unanimously by the Committee on Rules and was also reported unanimously by the Committee on Agriculture. It simply refers to the order by the Secretary of Agriculture which incidently seems to be the common practice of all the Secretaries in late years of cutting down the quotas. In this instance, the quotas were cut 25 percent and this bill will add 5 percent to the quota of each State which will result in a cut of 20 percent instead of 25 percent for each State.

Mr. Speaker, I know of no objection to the rule.

Mr. BROWN of Ohio. Mr. Speaker, as has been explained by the gentleman from Ar-Kansas, House Resolution 190 makes in order the consideration of H. R. 4647 under an open rule. This measure will amend the rice-marketing-quota provisions of the Agricultural Adjustment Act of 1938. It was reported unanimously by the Committee on Agriculture. The rule was adopted unanimously by the House Committee on Rules. It seemingly is not a controversial measure. I have no requests for time and I yield back the balance of my time.

Mr. TRIMBLE. Mr. Speaker, my good friend and colleague from Ohio has not violated the rules of the House, but he has violated the laws of the State of Arkansas when he refers to me as the gentleman from Ar-Kansas.

Mr. BROWN of Ohio. If the gentleman will yield, if it were proper, I could make quite a long speech on the great State of Arkansas, but since it would be quite long and since the gentleman may have heard it, I will not do so.

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

The resolution was agreed to.

Mr. THOMPSON of Texas. Mr. Speaker, I ask unanimous consent that the bill (H. R. 4647) to amend the rice-marketing-quota provisions of the Agricultural Adjustment Act of 1938, as amended, be considered in the House as in Committee of the Whole.

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

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 353 of the Agricultural Adjustment Act of 1938, as amended, is amended by adding a new paragraph (3) to subsection (c) thereof, reading as follows:

"(3) Each of the State acreage allotments for 1955 heretofore proclaimed by the Secretary shall be increased by 5 percent. In any State having county acreage allotments for 1955 the increase in the State allotment shall be apportioned among counties in the State on the same basis as the State allotment was heretofore apportioned among the counties, but without regard to adjustments for trends in acreage. The increases in the county acreage allotments and the increases in the State allotments, where county allotments are not determined, shall be used to establish farm acreage allotments which are fair and reasonable in relation to the applicable allotment factors specified in subsection (b) of this section and to correct inequities and prevent hardships."

With the following committee amendments:

Page 1, lines 4 and 5, strike out "a new paragraph (3)."

Page 1, line 5, after the word "thereof", insert "two new paragraphs."

Page 2, line 10, after the word "prevent", strike out "hardships." " and insert "hardships."

Page 2, line 12, insert the following:

"(4) The reserve acreage made available for 1955 in any State for apportionment to farms operated by persons who have not produced rice during the preceding 5 years or on which rice has not been planted in the preceding 5 years shall not be less than 500 acres; and the additional acreage necessary to provide such minimum reserve acreages

shall be in addition to the National and State acreage allotments."

The committee amendments were agreed to.

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

Mr. WICKERSHAM. Mr. Speaker, I wish to compliment the Members of the House Committee on Agriculture, the gentleman from Texas [Mr. THOMPSON] and the members of his subcommittee as well as the Democratic whip, Congressman CARL ALBERT, of Oklahoma, for the excellent work they have done in presenting this worthwhile bill which has passed the House of Representatives today. This measure will correct several inequities and will give the State of Oklahoma a new quota of 500 acres for the growth of rice.

Early in February State Senator Charles Wilson advised me that two farmers in my district—Mr. Cletis Killian and Mr. Homer Holcomb, of Beckham County—were anxious to grow rice in Leflore County, Okla. This measure will make this possible. This is another new crop for Oklahoma. Another crop which should be greatly expanded is mung beans. About 95 percent of the mung beans grown in Oklahoma are grown in the Sixth Congressional District.

GENERAL LEAVE TO EXTEND

Mr. THOMPSON of Texas. Mr. Speaker, I ask unanimous consent that all Members may have the right to extend their remarks in the RECORD following the vote on the bill just passed.

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

There was no objection.

SPECIAL ORDER TRANSFERRED

Mr. BAILEY. Mr. Speaker, I ask unanimous consent that the special order entered for me today be transferred to Monday next, at the close of the legislative business of the day and other special orders heretofore entered.

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

There was no objection.

REPEALING SECTIONS 452 AND 462 OF THE INTERNAL REVENUE CODE OF 1954

Mr. COLMER, from the Committee on Rules, reported the following privileged resolution (H. Res. 191, Rept. No. 294), which was referred to the House Calendar and ordered to be printed:

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. 4725) to repeal sections 452 and 462 of the Internal Revenue Code of 1954, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

AMERICAN COMMITTEE FOR PROTECTION OF THE FOREIGN BORN

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

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

There was no objection.

Mr. WALTER. Mr. Speaker, many members of the Communist Party are coming to Washington, D. C., this Sunday and Monday. They are not coming under their banner of red, but they are coming under the banner of yellow. They are coming under the title of the American Committee for Protection of the Foreign Born. They will not come under their real designation, namely, the Communist Party.

Why are they coming here? Not to be a part of the Cherry Blossom Festival, but, rather, to present to this Congress and Members of the House and Senate, petitions for the repeal of the Walter-McCarran law. They also plan to personally call upon Members and dictate what they, the Communist Party, demand in the way of amendments to the Walter-McCarran law.

Mr. Speaker, the American Committee for Protection of the Foreign Born was formed by the Communist Party around the year 1935. It was formed for the purpose for which it is being used today, the protection of Communists who have become involved in violation of the immigration laws. Today, they attack the Walter-McCarran law; yesterday it was some other law or official who was proceeding against members of the Communist Party. This committee is run today by its executive secretary, Abner Green. Green, who has always run the organization, irrespective of the names placed on their letterhead, is the same Abner Green who was a trustee of the Communist bail bond fund. In 1951, he and the other trustees were sentenced to jail for contempt of court for refusing to divulge the source of the bail fund. Not only does Green front for the Communist Party, but he is or has been a member of the nationality commission of the Communist Party.

Sworn testimony has been received to the effect that the nationality commission of the Communist Party meets and decides the policy of the American Committee for Protection of the Foreign Born. Little wonder that this organization is always found to be interested in only the immigration problems of members of the Communist Party.

This gathering to be held in Washington, named a legislative conference by one segment of the American committee and more properly named a nationwide lobby by the Michigan committee, was decided upon by the Communist Party as the most effective way of blackmailing the Congress. The kickoff took place at a meeting of the New York committee as announced in the Daily Worker of January 9. This meeting, which was addressed by Communists such as the convicted Carl Marzani, set the stage. The printed petitions, which we shall receive next Monday, were distributed.

Through this meeting the American committee put forth the demands of the Communist Party as amendments to the Walter-McCarran law. These amendments are in the main: Citizenship for aliens after 2 years' United States residence; no deportation for any reason if an alien has lived in the United States for at least 5 years; and no denaturalization action unless citizenship was obtained by fraud. Except for the faster citizenship, these recommendations cannot benefit the loyal and desirable alien. They can be of aid only to the disloyal, Communists, and criminals alike.

Following the New York kickoff, the other State committees for protection of the foreign born took their cue. In Philadelphia, Chicago, and Detroit, to name a few, the Pennsylvania, Illinois, and Michigan committees started their propaganda machines. Michigan called a State conference to repeal the Walter-McCarran Act. At this conference, they lined up their Communists to make the trip to Washington. They lined up their propaganda and petitions for the Michigan delegation in Congress. Michigan differed from the meetings held in other localities only in the names of the people fronting for the Communist Party. The boss was here again another top functionary of the Communist Party. He is the executive secretary of the Michigan Committee for Protection of the Foreign Born. He is Saul Grossman, and he is personally known to this Congress. He refused to answer as to his Communist Party membership while a witness before the Committee on Un-American Activities in 1952. He was cited for contempt of the Congress for his refusal to produce the books and records of this same Michigan committee. He has been found guilty and is presently free on bail, from a year's sentence for this contempt.

These are the people who will call upon us next Monday. These are the people who claim to represent that which is best for America.

At their meeting in New York, they claimed that the 59 Communist deportation and denaturalization cases which they represented were 59 reasons to repeal the Walter-McCarran law. In Michigan, they claim to represent 100 cases. Not one of these cases represents an individual not connected with the Communist Party.

I have followed the cases handled by the American Committee for Protection of the Foreign Born and its State committees for these last 20 years. Like their current cases, their previous cases have been in behalf of members of the Communist Party. I have been unable to find one case handled by them where the defendant was not associated with the Communist Party. Perhaps the delegates calling upon House Members will be able to name one, although I doubt it.

TVA'S YARDSTICK IS DEAD

The SPEAKER. Under the previous order of the House, the gentleman from Michigan [Mr. DONDERO] is recognized for 20 minutes.

Mr. DONDERO. Mr. Speaker, some 20 years ago when the Halls of Congress echoed with the debate on a bill to establish the all-powerful Tennessee Valley Authority, the New Deal wordmongers coined the magic phrase "yardstick" to rationalize a Government TVA scheme for going into an out-and-out business operation.

Faint though the voices of opposition were in those days, there could be no denial of their contention that it was not in the American pattern that the sovereign Government should enter into competition with its own private citizens in a legitimate business venture—hence this notion that the Government would only be setting an example so that private industry could see how cheaply electricity and fertilizer could be manufactured by a nontaxpaying Government authority.

And so, midst these hectic times, the Tennessee Valley Authority Act was finally passed under the guise of a vast natural resources development—including flood control, soil conservation, navigation improvement—all established functions of Government—with the incidental business of generating and distributing electric power greatly soft-pedalled.

As the years went by and the TVA officials began their annual pilgrimages to Washington seeking appropriations to expand their power empire, the yardstick argument came more and more in evidence to support their requests. We were told that private enterprise, though it was in business to make a profit—necessarily a publicly regulated and limited profit in the field of electric-power production—and obliged to pay taxes both Federal and local, nevertheless must be subject to so-called yardstick competition.

THE BILLION-DOLLAR CATCHWORD

This catch phrase "yardstick" caught on. And year after year the Congress poured Federal Treasury money into the Tennessee Valley to the extent that now the power investment alone totals $1,109,220,992. This all-inclusive term seemingly served to brush aside logical argument which questioned the advisability of financing Government further in this gigantic business venture.

Once having exhausted the water-power potential of the Tennessee River Valley, national defense arguments and the need to firm up uncertain water-power served as new plausible reasons to justify TVA's entrance into the Simon-pure business operation of building and operating steam generating electric power plants.

Thus slowly and steadily the percentage of steam capacity in the TVA's so-called hydroelectric system has grown through the years.

In 1938 it was but 14.5 percent of the total installed capacity.

In 1941 it edged up to 21.3 percent.

In 1952 steam power was up to 28.2 percent.

By 1953 it was 42.6 percent; in 1954, 49.9 percent; and at the end of fiscal 1955 it will be 66.5 percent. And we are also officially informed that when all presently authorized generating capacity is completed the great Tennessee River Valley hydroelectric system will have 75-percent steam capacity and 25-percent hydro capacity.

Who has been financing this steam-power giant? Why, the people of every State in the Union.

Where is now the justification for further development of the great river valley along the lines of flood control, navigation, and the like? This has all been done. Any further expansion of the TVA must come under the category of financing a hard-boiled steam electric business operation with the American people picking up the tab—and getting virtually no return on their investment.

TVA TAKES FREE RIDE

Proponents of the TVA have long answered the charge that TVA pays no interest and no taxes with the argument that the Federal Treasury was being reimbursed for its investment and that TVA was indeed paying amounts to local governments in lieu of taxes. Let us look at the record, which will show that the TVA has at no time repaid more than 1.4 percent of its total investment in any 1 year.

In 1949, on $291,198,000 of interest-free appropriated funds, TVA paid the United States Treasury from power revenues $3 million, or 1 percent.

In 1950, $2,500,000 was paid on $320,638,000. That is 0.8 percent.

In 1951, $4 million was paid on $423,280,000. That is 0.9 percent.

In 1952, $7 million was paid on $616,123,000. That is 1.1 percent.

In 1953, $10 million was paid on $800,490,000. That is 1.2 percent.

And in 1954, $15 million was paid on $1,055,446,000. That is 1.4 percent.

Where now is that business yardstick about which we have heard so much through the years? The figures I have just mentioned, and many others which show the lack of interest payment, no Federal taxes, and token amounts paid to the States and the communities, reveal the cold, stark truth of the matter. In short, by good business standards with which TVA originally sought to compare its operations, the TVA yardstick is now about 17⅜ inches long. The rest is Government subsidy and privilege. And it is most interesting to note that in the past few years, while the Congress has become increasingly reluctant to issue any more blank checks for TVA steam-power expansion, we have heard less and less of the "yardstick" term.

THE FACTS ARE COMING OUT

Can it be that now that the public, heretofore blissfully ignorant of the goings on in the TVA, is becoming aware of the real facts behind this magnificent experiment—can it be that for this reason the many benefits of TVA and the yardstick concept are suddenly being low-pressured?

There is evidence of this right from the valley in the wake of the raging debate on the so-called Dixon-Yates contract. No less an authority than the Knoxville Journal, in the heart of Tennessee, commented recently that the "politicians and the political organization known as Citizens for TVA, Inc., may in fact be hastening the end of the power project which they are ostensibly trying to preserve."

The Tennessee paper adds:

> This may well come about through familiarizing the people all over the Nation with the financial details of TVA's operations and the favored spot occupied by all its power users.

The Journal continued with the observation that there once was a period when little was said about the financial operational basis of TVA and that under a spiritual cover the fact that—

> The biggest power empire in the world was being built with Federal funds was completely ignored.

Then came the Dixon-Yates debate.

> Thinking only of the political hay they felt they could harvest here in the State—

The editorial stated—

> a large assortment of saviors of TVA made their appearance, including the Citizens group.
>
> The result has been an unparalleled concentration of attention on the power costs under TVA, with special pleading even outside the State that our area be allowed to maintain its favored position.

The Journal then observes:

> The bad part of it is that other United States citizens now know, as a result of all the speeches and newspaper interviews, that these rates do not stem from any mystic TVA formula but straight from the Federal Treasury.

TVA APOLOGISTS BLUNDER

The Knoxville paper concludes with the observation that the opponents of the Dixon-Yates contract have let the cat out of the bag, defying the rule, old as the human race, that if you have a good thing it is best to be quiet about it.

The Knoxville Journal conclusions are indeed well founded, for up and down the breadth of the land on every front page the activities of the TVA are being brought to the attention of the public—in many areas for the first time.

Typical of such reaction is that of the Prescott Arizona Courier, which on last December 29, under the title "TVA Power Controversy Backfires," had this to say editorially:

> The controversy raised by congressional supporters of the TVA over the Dixon-Yates power contract has backfired on them by turning the national spotlight on the workings of the TVA.

The TVA was inspired and backed by those who believe in state socialism, and until recently, most of the TVA supporters felt it was an outstanding example of what state socialism really can do. The TVA was promoted and eventually established to show how much better a Federal authority, using taxpayers' money, could develop a region than the free competitive enterprise system which has made America what it is today.

The editorial goes on to show how the TVA, through its power contracts with various municipalities, has expanded its power by inserting in these contracts clauses which make it the sole supplier of electric energy, and which preclude these cities and towns from building any additional generating facilities for their own use.

CITIES ARE CAPTIVES BY CONTRACT

This voice from Arizona continues:

This monopolistic TVA power contract has been abused to the point where every city and rural electric cooperative which uses TVA power has become an economic captive of the Board of Directors of TVA.

And it concludes:

Further it should be remembered that amid all the charges flying about that the last Congress was a giveaway Congress, the advocates of TVA expansion are hopeful of committing the Treasury to further giveaways of millions and millions of dollars for the benefit of one section of the Nation.

This means that the farmers, the retailers, and all forms of business in other parts of the Nation would be required to put up their tax dollars for the benefit of the TVA region.

In addition it would be well to remember that if all business were operated as TVA operates, there would be no Federal tax dollars to build TVA or anything else, as TVA pays no Federal taxes.

In the same vein there is also comment from a labor union newspaper in Jefferson City, Mo., the Central Missouri Labor News, which recently discussed the Dixon-Yates contract under the heading "Some Sense About Dixon-Yates and Labor."

Having discussed the contract, the editorial goes on to say:

This brings us to the main issue of the controversy. As everyone should know by now, TVA sells power to its consumers at a lower rate than the privately owned electric utilities in other parts of the country for two reasons: One is that the TVA pays no taxes or other charges on a scale comparable to those paid by the private companies. And the other is that TVA pays little or no interest on capital costs, which are met from the United States Treasury.

These factors, reduced to their lowest common denominator, mean that the Nation as a whole is helping pay the electric-power bills of power consumers in the Tennessee Valley.

The fact that TVA electricity is virtually tax free means that the taxes paid by all the rest of us are a little bit higher.

TVA SPENDING INFLATIONARY

And the TVA's call upon Government financing can be costly, too. Because it helps raise our national debt, it has an inflationary effect that reduces the value of our money, our savings, and our wage dollar.

The editorial went on to quote a letter of President Eisenhower in November to the chairman of the Joint Congressional Committee on Atomic Energy in which he pointed out that—

If the Federal Government assumes responsibility in perpetuity for providing the TVA area with all the power it can accept, generated by any means whatsoever, it has a similar responsibility with respect to every other area and region and corner of the United States of America.

I am also reminded of what another great Republican, Abraham Lincoln, said:

The Government should do only for the people what they cannot do for themselves.

Yes, like a piece of wet yardgoods now hanging in the hot sun of public scrutiny, the yardstick is shrinking, shrinking, and shrinking. Only after a thorough airing will we come to know the extent of its fraudulence.

CHILDISH TO DENY IT'S SOCIALISM

And to those who say that the public ownership scheme of TVA is not anti-free enterprise, is not a segment of socialism, I refer them to that sincere apologist for and apostle of the political philosophy of Karl Marx, Norman Thomas.

This perennial presidential candidate of American socialism, recently wrote:

The advocacy of public power does not of itself make a Socialist, or the practice of it constitute a full program of socialism. But, of course, the principle behind public development of power is socialistic, and it is rather childish to deny it.

Norman Thomas is a forthright Socialist and as such has been a thorn in the side of the Fabian group who believe in pretense and hypocrisy as means to the end. The Fabians seek to work from within rather than to meet the issue head on at the polls. Norman Thomas scorned such catchwords as yardstick. In fact it was he who first dispelled the hypocritical aura of "yardstick" when he said that the Tennessee Valley Authority was a "Socialist flower in a garden of New Deal weeds."

The shoddy shibboleth of "yardstick" contributed heavily to the extraction of eleven hundred million dollars in appropriations for the state socialism of TVA. Now, as the fiscal and physical realities become more and more apparent, this catch phrase is being quietly buried without ceremonial obsequies in an unmarked grave for outworn words.

ETHICAL FINANCIAL PRACTICES

The SPEAKER. Under the previous order of the House, the gentleman from Connecticut [Mr. DODD] is recognized for 30 minutes.

Mr. DODD. Mr. Speaker, I have today introduced a bill for the establishment of a Commission on Ethical Financial Practices.

I have introduced this measure because I have become increasingly concerned about the rising wave of business raids to acquire control of industrial companies—particularly those having national-defense importance.

In some cases the raiders' names are not known; nor the original sources of the equity capital; nor the extent to which these raids are financed through the cooperation of banks.

In the interests of a stable economic situation and in the interest of our national defense and security, this Congress should make a full and complete investigation of this increasingly dangerous practice of raiding established businesses in the United States.

The sinister aspects of the raiding and the raiders are cause for concern throughout the land.

Certainly it is not asking too much that the Congress require full and complete information about the individuals concerned in those cases where industries are heavily engaged in national-defense work.

Raiding corporations has a tremendous effect on the economy of this country.

Liquidation of well-established industries is frightening to contemplate with respect to our national security.

The effect of liquidation and of "milking" is felt by employees, their families, and members of the entire community in the area where the industry is located.

In the interest of our general welfare, Congress cannot sit supinely by and ignore this type of financial hooliganism.

An early and flagrant case of the modern version of these raids was the purchase of Panhandle Producing & Refinery Corp. by Serge Rubinstein and Associates during World War II. That was a wartime producer of crude oil and refiner of aviation gasoline. After several lawsuits on the matter, it is clear that Rubinstein was milking this company heavily—to the detriment of other shareholders.

In the postwar years, there has been a plague of such assaults upon well-established and well-recognized management.

In some cases this has taken the form of a proxy fight which unseated the management. In other cases it has taken the form of private purchases of the controlling stock interest. Frequently liquidation of the company or a serious deterioration of its assets has followed.

One of the inducements to raids of the kind I have been describing is the lack of real risk. The raiders' buying can drive up the price of the stock. In a good stock market—one at reasonable levels—it is not difficult for them to find some bank or financial institution, or even in some cases the trustees of a pension fund, willing to finance further purchases.

Even if they fail to win control, the raiders frequently wind up with a substantial block of stock currently quoted at prices considerably higher than when the raid started. This was true in the case of Colt's Manufacturing Co. of Hartford, Conn.

In 1948 and 1949, a New York group made heavy acquisitions of Colt's stock. Five who appear to have been members of the group were elected to the Board of Directors. A year later, March 29, 1950, the Directors approved a plan to accept tenders on the outstanding $25 par stock at prices not to exceed $53 per share and with the overall cost not to exceed $7 million. When the offer closed 3 weeks later on April 21, 1950, payments of $6,543,780 had been made at an average price of $52.423 per share. The net current assets of the company went down from $10,320,582 as of December 31, 1949,

to $4,510,371 as of December 31, 1950. The company's financial strength—needed to modernize its operations and spark its research—had been dissipated.

Thus, although the raiders failed to take over the company, they were in a position to walk away with a handsome capital gain. And this old reliable and respected firearms company has been substantially weakened. Many longtime, highly skilled workers and their families are in jeopardy, and from a defense production standpoint every citizen in the United States has been affected.

In the last 2 years the Congress has heard heavy criticisms of two other transactions: that of the Richmond group in acquiring assets of the Follansbee Steel Corp., of Follansbee, W. Va., and that of the Wolfson group in acquiring the Capital Transit Co., of Washington, D. C.

As a result of congressional and other criticisms, the Follansbee dismantling plan, one which would have created a ghost town in West Virginia, was materially changed. A Senate subcommittee was most critical of the Wolfson group's activities in the Capital Transit Co. In a report issued May 2, 1954, it declared that the Wolfson management had followed "a course of action wholly inconsiderate of the public interest, wholly inconsistent with the philosophy of fair and reasonable returns to the owners of a regulated utility, and wholly inconsistent with the stated intentions of the Wolfson group before the Interstate Commerce Commission."

The report added that the Wolfson group's operations "clearly indicate that they place their own private financial interests above those of the public. This attitude has given credulity to the widespread public belief that the Wolfson group is milking the Capital Transit Co. preparatory to dumping the system on the Government. Whether this is the intent of the group the subcommittee cannot, of course, conclusively determine; there are strong indications that this may be their ultimate goal."

At the present time there are at least 2 similar raids in process, 1 on the A. M. Byers Co., of Pittsburgh, Pa., the Nation's only major producer of wrought iron pipe; the other 1 on the Niles-Bement-Pond Co., of West Hartford, Conn. The Byers' case is perhaps typical of what faces management and stockholders in these raids.

Unbelievable though it may sound, the management, other stockholders and the directors do not know who is attempting to seize control of this company. Only a few isolated names are known; the rest of the stock is held by brokers, bank and other nominees. So far practically all of the raiding activities are being conducted by intermediaries who refuse to name the real principal.

One stockholder who voted with the opposition was represented in negotiations with the company by Stanley T. Stanley.

It may be of interest to point out that Stanley T. Stanley was purportedly a close friend and business associate of Serge Rubinstein. He and Vergil Dardi, formerly of Blair Holdings Corp., were charged some years ago with conspiring with Rubinstein to gain controlling seats on the board of Stanwell Oil & Gas, Ltd., of Toronto, Canada. These suits are still pending. Perhaps by coincidence, this is the same Vergil Dardi who has been associated with Leopold Silverstein and the Penn-Texas Co.—the ones who are conducting the current raid on the Niles-Bement-Pond Co.

Niles-Bement-Pond Co. is one of the finest industries in the United States of America. It is located in the Congressional District which I have the great honor to represent.

This raiding activity has resulted in litigation which affects the welfare of 5,000 Niles-Bement-Pond employees and 4,500 stockholders.

Of more direct interest to Congress, this situation is also delaying the carrying out of a contract which, I am advised, would hasten the development of new products in the vital areas of jet aircraft, guided missiles, and automation.

Niles-Bement-Pond, which has its principal office and plant in West Hartford, was founded in 1860. The company is perhaps best known by the names of its divisions. These include Pratt and Whitney, which manufactures precision machine tools, cutting tools and gages and aircraft landing gear; Chandler-Evans, which produces aircraft engine accessories, including fuel regulators for jet engines; and Potter & Johnston, which produces high-speed automatic turret lathes necessary to work the special materials used in jet engines and guided missiles.

Niles-Bement-Pond is headed by men well and favorably known in the aviation industry and to the Defense Department. Mr. C. W. Deeds, who has been associated with the company directly or indirectly for 30 years, is chairman of the board. Mr. A. H. d'Arcambal, a widely respected metallurgical engineer, is president. Mr. R. W. Banfield, long prominent in the machine-tool industry, is executive vice president. Mr. Sidney A. Steward, prominent in the aircraft industry, is the vice president in charge of the Chandler-Evans division.

Penn-Texas Corp., which began buying up Niles-Bement-Pond stock last year, has headquarters in New York City. Penn-Texas, as such, was founded in 1954 as an amalgamation of several companies chiefly built around the Pennsylvania Coal & Coke Corp. Penn-Texas now holds control, largely by stock transactions, of 10 companies operating in such miscellaneous fields as oil and gas leases, coal mining, uranium exploration, industrial lifts and cranes, truck shovels, the operation of an industrial water terminal in Bayway, N. J., and the acquisition of war-surplus ships.

Penn-Texas is headed by Mr. Leopold D. Silberstein. Associated with Penn-Texas and Mr. Silberstein in various capacities are Oscar Chapman, former Secretary of the Interior; Virgil D. Dardi, formerly of Blair Holding Corp.; and David Subin, a Pennsylvania hosiery manufacturer.

Niles-Bement-Pond has approximately 870,000 shares issued and outstanding. In 1953 the directors requested and obtained approval from the stockholders to increase the number of authorized shares to 1,500,000. As explained in the proxy statement, the additional shares were sought as a means of affiliating, by an exchange of stock, with another company or companies whose activities might dovetail with those of Niles-Bement-Pond or permit it to diversify operations. During 1953 and 1954 the officers and directors of Niles-Bement-Pond investigated several such possibilities.

Early in 1954 the stock of Niles-Bement-Pond began to show a remarkable rise. Previously ranging between $16 and $21 a share, it moved steadily up, and many shares were traded, reaching $30 in late September. At about this time Mr. Silberstein suddenly notified Mr. Deeds that Penn-Texas had acquired at least 10 percent of the stock then outstanding; claimed that either directly or indirectly it controlled around 25 percent and demanded the right to name five men on the board of directors. This the board refused.

Not long thereafter the officers of Niles-Bement-Pond learned of the possibility of working out an affiliation with Bell Aircraft Corp. Bell Aircraft is a leading producer of helicopters, jet aircraft, and guided missiles. It was thus a natural ally.

On January 12, 1955, a contract was signed providing for the exchange of approximately 630,000 previously unissued shares of Niles-Bement-Pond for 1,020,000 shares of Bell and $636,000 in cash. Reviewing the contract with stockholders, Mr. Deeds said:

> The combined experience of the two companies should result in the rapid development of new products vital to the defense program.

Since the contract was signed Bell stock has risen 12 points, representing a potential gain to Niles-Bement-Pond stockholders of more than $12 million.

Mr. Silberstein reacted violently. One effect of the exchange was, by enlarging the number of shares outstanding, to reduce the percentage of interest held by Penn-Texas, and thereby diminish any chance it had of gaining control. Mr. Silberstein wrote a letter to the shareholders in which he denounced the action of the Niles directors and officers as "high-handed, unlawful, immoral, and un-American." He immediately went to court. By filing numerous affidavits charging what its lawyer described as a squeeze-out, Penn-Texas succeeded in obtaining a temporary injunction holding up the contract until the court can hear evidence. No date for trial has yet been set. But the Bell group has taken advantage of the litigation to withdraw.

It seems to me that this is precisely the kind of case Congress should investigate. All the disturbing elements are present—secret buying of the stock; a quick and unexplained rise in the price of a normally quiet stock; the sudden demand for a change in the make-up of the Board of Directors; hurried resort to the courts. These are actions we associate more with the buccaneering days of the 19th century—of Drew, Fisk, and

Could—than with modern methods of building up sound companies. Nor is this an isolated case. The newspapers and the business magazines have reported a dozen like it within the past few months.

If the actions of any one on either side were in any sense immoral or un-American I would say that Congress should interest itself in the matter, particularly in view of the fact that it touches the national security. Concerning cases of this kind, I think it would also be useful to know about the source of some of the large sums of money involved and more about the backgrounds of the persons involved.

I have looked briefly at the published statements of each company. I can follow the Niles-Bement-Pond statement although corporate accounting is seldom easy. The Penn-Texas statement, however, raises more questions in my mind than it answers. But, if this company is preparing to inherit defense contracts or subcontracts held by Niles-Bement-Pond, I believe we should scrutinize the accounts of both companies with great care.

Concerning the background of the personalities involved, we do know this about the principal figures in each company:

First. Mr. Deeds was born in Niagara Falls, N. Y., in 1902. He has been engaged in the management of manufacturing companies in the aircraft and machine tool industries since 1925 and is a member of the boards of directors of several important companies. He has made useful contributions of several sorts ot the technical development and improvement of his industry.

Second. Mr. Silberstein, I am informed, was born in Berlin, Germany. He has stated in his application to the SEC for a broker-dealer license that he was interned by the British Government during the war and sent to Australia. Subsequently he appeared in Shanghai and obtained a Portugese passport. He apparently got back to England during the war and in 1948 came to this country under the Portugese quota and on July 9, 1954, became a naturalized American citizen.

Let me make perfectly clear that I state these few available facts only to demonstrate that there is an obscurity about this situation. The fact that this man was naturalized only last year has no other bearing on the case. If he was naturalized yesterday or today, he is entitled, of course, to all of the rights and privileges of citizenship.

I believe the Congress should know more about this matter. I suggest that a good place to begin would be to invite both Mr. Deeds and Mr. Silberstein to come to Washington, establish their respective qualifications to pass judgment on immoral and un-American conduct, and each contribute what he can to clearing up the many questions left unanswered by the record as it appears to date.

I insist that it is important that the Congress look into these matters. I would raise one caution, however. We must endeavor to draw a line between those cases which represent the normal pushing and hauling among financial interests with perfectly legitimate and constructive purposes—as against the vulture-like raids which are made to milk a company or to cause its liquidation.

I would not subscribe to the theory that our Federal Government should restrain the normal forces of financial competition—so long as the action is moral and the objective constructive. For to regulate closely every such transaction would be to place a financial mortmain on our land.

On the other hand, the Congress would not be fulfilling its responsibilities were it to let financial capriciousness deprive pensioners of their security and workmen of their jobs.

Therefore, I suggest to the House the following lines of inquiry:

First, the Congress should investigate the character of the persons staging and joining such raids. Who are they? What is their past history? What are their motives? What bonanzas do they anticipate?

Second, since these companies have defense importance, the Congress should know the source of the funds with which these raids are being staged. Is there unsavory money behind these activities? Is there foreign money? If so, is it from the free world?

Third, if credit is used by these raiders, what banks or other financial institutions are supplying the loans with which these stock purchases are financed? The Federal Reserve Board has instituted a 60-percent-margin requirement, but is this being adhered to? The Wall Street financing institutions should be asked for a full reporting on the loans supplied to these raiders. Do these loans represent a practical and moral—even if not an illegal—violation of the Federal Reserve Board's margin regulations? Are these lending institutions looking into the characters of these borrowers? Do they know those to whom they are lending? Are they, in fact, adequately protecting their depositors? Are the Federal bank examining agencies aware of the situation?

Fourth, the Securities and Exchange Commission was established by the Congress as its policemen and for many years was a crusading agency. What is it doing in these matters? Is it no longer in 1955 attempting to protect the small stockholder against predatory financial operators? Why too is the New York Stock Exchange not taking action against these raiders?

Fifth, the outstanding financial experts in the Nation should be brought in to make recommendations of standards which would prevent vicious raids in the future—and segregate constructive and fair capitalism from pure buccaneering.

Were the Congress to achieve wise decisions in these matters, it will have made a great contribution to the future economic well-being of our splendid democracy.

Mr. Speaker, I have introduced a resolution today calling for a complete investigation of this entire situation.

I urge my colleagues to join me in his effort.

This afternoon I have received a telegram from the Penn-Texas Corp. As a matter of fairness to all parties, I am making it a part of my remarks and inserting it at this point in the RECORD:

NEW YORK, N. Y., *March 23, 1955.*

The Honorable THOMAS DODD,
The House of Representatives,
Washington, D. C.:

A copy of the telegram sent to you asking for an investigation of the present proxy fight of Niles-Bement-Pond Co. has been shown to us. Further, a copy of this telegram is now being used by our opposition in the fight by circularizing among all Niles stockholders.

We feel that you should know the following important facts: The matter of our rights as a stockholder of the Niles Co., as well as the rights of other stockholders holding approximately 155,000 shares of stock, was presented to the Superior Court of New Jersey, chancery division, Essex County. This matter first was brought to the attention of the court when we moved to restrain the present directors of Niles and enjoin them from issuing all of its authorized but unissued stock, every share of it, to Belco, Inc., a subsidiary of Equity Corp., thereby transferring control to the latter company. The court stopped the present directors from doing this in the suit which we entered, ordering a temporary injunction.

At the same time that these directors tried to transfer control by issuing all of the unissued stock of Niles to the Equity Corp. subsidiary, they at the same time took action to keep themselves in office beyond their term by postponing the annual meeting of stockholders.

For a second time Penn-Texas Corp. went into the Superior Court of New Jersey, chancery division, to enjoin such illegal action. Judge Mark Sullivan, who made the first decision in the matter, also entered the order declaring the postponement of the annual meeting illegal and void, and directed that the meeting should be held as originally fixed.

We shall send you a full copy of Judge Sullivan's first and last opinions because we think that you should have all the facts before you. In part, Judge Sullivan said:

"In the present situation the directors have attempted to set the next annual stockholders meeting and election for a date some 13 months and 4 days subsequent to the last annual meeting. Obviously, the attempted change disregards the mandate for annual elections. Another effect of the directors' act is to lengthen their own term of office to 13 months and 4 days despite the fact that the statute says, and they were elected for, a term of 1 year. Similar action by a board of directors has been struck down by the courts of this State. * * * No one would argue that an elected public official should be permitted to extend his own term of office. The same reasoning applies to a corporate director who is also an elected official and a servant of the corporate electorate. It would be against public policy to vest in the directors the power to continue themselves in office beyond their statutory term of office. The legislative purpose in requiring annual elections of directors is for the protection not only of the stockholders but also of the corporation's creditors and the public who deal with it so that if the corporation's affairs are not being properly administered by its directors, they may be replaced at the end of their term."

So the court has spoken. An appeal from this order was taken by the present Niles management, but an application to advance the time for the argument of the appeal, so that it could be heard before the date of the annual meeting, namely, April 6, was summarily denied by the appellate court from the bench.

The New Jersey courts decided that it was illegal for these directors to try to keep themselves in office beyond their term. Now, that they face sure defeat and their term of office will be ended by an overwhelming stockholders' vote against them, they seek congressional intervention.

We know what your answer will be to their request for an investigation. But we do not wish to let the matter rest there. We have confidence and respect for the decisions of our courts, and we think that you will support our view in such regard. We deeply feel that it is just as inappropriate for this recalcitrant and spiteful group of directors led by Mr. Deeds to seek your help as it is for them to try to inflame the public mind by resorting to the type of smear campaign which they have engendered against us; a company under whose present management, has flourished, grown, and afforded fair employment to so many thousands.

I know that you, not so much as a legislator, but as an upright individual, will join us in resenting the attacks upon our president, Leopold D. Silberstein—attacks based on the fact that he does not happen to be native born and because of the length of his residence within our borders.

All of us here, in this country, with the exception possibly of the native-born Indian, were once immigrants and we all sought out this land of opportunity, and we feel that publicly you should give the lie to the charge or inference or implication that one who is not native born is by that reason alone unworthy of respect, or because of his racial, national, or religious difference should be discriminated against or made the butt of a vigorous but improper attack.

PENN-TEXAS CORP,
By SEYMOUR M. HEILBRON,
Secretary.

SPECIAL ORDER GRANTED

Mr. LANKFORD asked and was given permission to address the House for 15 minutes tomorrow, following the legislative business of the day and the conclusion of any special orders heretofore entered.

SUBCOMMITTEE NO. 1, COMMITTEE ON ARMED SERVICES

Mr. BROOKS of Louisiana. Mr. Speaker, I ask unanimous consent that subcommittee number one of the Committee on Armed Services may sit tomorrow during general debate.

The SPEAKER pro tempore (Mr. ALBERT). Is there objection to the request of the gentleman from Louisiana?

There was no objection.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. TRIMBLE.

Mr. FLOOD in two instances and to include extraneous matter.

Mr. DIXON and to include a speech.

Mr. FRELINGHUYSEN and to include extraneous matter.

Mr. RODINO (at the request of Mr. MCCORMACK).

Mr. JOHNSON of California and to include an editorial.

Mr. OSTERTAG.

Mr. ELLSWORTH and to include a magazine article.

Mr. WILLIS in two instances and to include extraneous matter.

Mr. RABAUT.

Mr. CRETELLA in two instances and to include extraneous matter.

Mr. ABBITT and to include extraneous matter.

Mr. JONES of Missouri and to include a letter.

Mr. THOMPSON of Texas in two instances, in each to include extraneous matter.

Mr. BROOKS of Louisiana and to include extraneous matter.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 2576. An act to further amend the Reorganization Act of 1949, as amended, so that such act will apply to reorganization plans transmitted to the Congress at any time before June 1, 1957.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 913. An act to eliminate the need for renewal of oaths of office upon change of status of employees of the Senate or House of Representatives.

BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 2576. An act to further amend the Reorganization Act of 1949, as amended, so that such act will apply to reorganization plans transmitted to the Congress at any time before June 1, 1957.

ADJOURNMENT

Mr. HALEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 41 minutes p. m.), under its previous order, the House adjourned until tomorrow, Thursday, March 24, 1955, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

589. A letter from the Comptroller General of the United States, transmitting the report on the audit of the Veterans' Canteen Service for the fiscal year ended June 30, 1954, pursuant to the act of August 7, 1946 (38 U. S. C. 13f) (H. Doc. No. 115); to the Committee on Government Operations and ordered to be printed.

590. A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, transmitting a report that the appropriation to the Tax Court of the United States for "Salaries and expenses" for the fiscal year 1955 has been apportioned on a basis which indicates a necessity for a supplemental estimate of appropriation, pursuant to paragraph 2 of subsection (e) of section 3679 of the Revised Statutes, as amended; to the Committee on Appropriations.

591. A letter from the Assistant Secretary of the Interior, transmitting a report certifying that an adequate soil survey and land classification has been made of the lands to be benefited by the Helena Valley unit, and that the lands to be irrigated are susceptible to the production of agricultural crops by means of irrigation, pursuant to Public Law 172, 83d Congress; to the Committee on Appropriations.

592. A letter from the Secretary of the Army, transmitting a draft of proposed legislation entitled "A bill to increase the number of cadets that the President may personally select for appointment to the United States Military Academy and the United States Air Force Academy"; to the Committee on Armed Services.

593. A letter from the Secretary of the Air Force, transmitting a draft of proposed legislation entitled "A bill to repeal two provisions of law requiring that certain military personnel shall be paid monthly"; to the Committee on Armed Services.

594. A letter from the Secretary of State, transmitting a draft of proposed legislation entitled "A bill to amend the act of June 28, 1935, entitled 'An act to authorize participation by the United States in the Interparliamentary Union' "; to the Committee on Foreign Affairs.

595. A letter from the Chairman, Civil Aeronautics Board, transmitting a draft of proposed legislation entitled "A bill to amend the Civil Aeronautics Act of 1938, as amended, so as to authorize the imposition of civil penalties in certain cases"; to the Committee on Interstate and Foreign Commerce.

596. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation entitled "A bill to increase the efficiency of the Coast and Geodetic Survey, and for other purposes"; to the Committee on Merchant Marine and Fisheries.

597. A letter from the director, the American Legion, transmitting the final financial statement of the American Legion up to and including the period ending December 31, 1954, pursuant to Public Law 47, 66th Congress; to the Committee on Veterans' Affairs.

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. COLMER: Committee on Rules. House Resolution 191. Resolution for consideration of H. R. 4725, a bill to repeal sections 452 and 462 of the Internal Revenue Code of 1954; without amendment (Rept. No. 294). 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. PATMAN:

H. R. 5162. A bill to amend the act entitled "An act to fix a reasonable definition and standard of identity of certain dry-milk solids" (21 U. S. C. sec 321c); to the Committee on Interstate and Foreign Commerce.

By Mr. ADDONIZIO:

H. R. 5163. A bill to amend the Fair Labor Standards Act of 1938 so as to increase the minimum hourly wage; to the Committee on Education and Labor.

By Mr. ASHMORE:

H. R. 5164. A bill to provide for the transfer of certain surplus Federal real property to the city of Greenville, S. C., for park and

recreational purposes; to the Committee on Government Operations.

By Mr. AVERY:

H. R. 5165. A bill to amend the Servicemen's Readjustment Act of 1944, so as to authorize loans for farm housing to be guaranteed or insured under the same terms and conditions as apply to residential housing; to the Committee on Veterans' Affairs.

By Mr. BARTLETT:

H. R. 5166. A bill relating to a constitutional convention in Alaska; to the Committee on Interior and Insular Affairs.

By Mr. COLE:

H. R. 5167. A bill to amend the Atomic Energy Act of 1954, and for other purposes; to the Joint Committee on Atomic Energy.

By Mr. COOLEY:

H. R. 5168. A bill to provide for retirement of the Government capital in certain institutions operating under the supervision of the Farm Credit Administration; to increase borrower participation in the management and control of the Federal farm credit system; and for other purposes; to the Committee on Agriculture.

By Mr. DEMPSEY:

H. R. 5169. A bill to repeal clause (d) of the proviso contained in the act of August 2, 1937, as amended, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. HÉBERT:

H. R. 5170. A bill to provide for the conveyance of Jackson Barracks, La., to the State of Louisiana, and for other purposes; to the Committee on Armed Services.

H. R. 5171. A bill to incorporate the American Shut-In Entertainers, Inc.; to the Committee on the Judiciary.

By Mr. HYDE:

H. R. 5172. A bill to amend the act of May 29, 1944, providing for the recognition of the services of the civilian officials and employees, citizens of the United States, engaged in and about the construction of the Panama Canal; to the Committee on Merchant Marine and Fisheries.

By Mr. KLEIN:

H. R. 5173. A bill to amend the Railroad Retirement Act of 1937, as amended, and the Railroad Unemployment Insurance Act; to the Committee on Interstate and Foreign Commerce.

By Mr. McDOWELL:

H. R. 5174. A bill making an appropriation for the prosecution of the Delaware River channel-deepening project, as heretofore authorized by law; to the Committee on Appropriations.

By Mr. MILLER of Maryland:

H. R. 5175. A bill to incorporate the American Association of Firemen; to the Committee on the Judiciary.

By Mr. RADWAN:

H. R. 5176. A bill to provide for the recruitment and training of Foreign Service officers; to the Committee on Foreign Affairs.

By Mr. RILEY:

H. R. 5177. A bill to authorize the Administrator of Veterans' Affairs to reconvey to Richland County, S. C., a portion of the Veterans' Administration Hospital reservation, Columbia, S. C.; to the Committee on Veterans' Affairs.

By Mr. RODINO:

H. R. 5178. A bill to authorize the Public Housing Commissioner to enter into agreements with local public housing authorities for the admission of single persons, in hardship cases, to federally assisted low-rent housing projects; to the Committee on Banking and Currency.

By Mrs. ROGERS of Massachusetts:

H. R. 5179. A bill relating to the restoration of rank and precedence in the case of certain naval and Marine Corps officers who were formerly designated for limited duty; to the Committee on Armed Services.

By Mr. SCOTT:

H. R. 5180. A bill to amend Public Law 587 by permitting the withholding by the Federal Government from wages of employees certain taxes imposed by municipalities; to the Committee on Ways and Means.

By Mr. SILER:

H. R. 5181. A bill to amend the Tennessee Valley Authority Act of 1933 so as to provide that TVA power sold to churches shall be sold at residential rates; to the Committee on Public Works.

By Mrs. SULLIVAN:

H. R. 5182. A bill to amend the Railroad Retirement Act of 1937, as amended, and the Railroad Unemployment Insurance Act; to the Committee on Interstate and Foreign Commerce.

By Mr. ABBITT:

H. R. 5183. A bill to prohibit the publication by the Government of the United States of any prediction with respect to apple prices; to the Committee on Agriculture.

By Mr. BOGGS:

H. R. 5184. A bill to grant an additional income-tax exemption to a taxpayer supporting a dependent who is blind or otherwise permanently and totally disabled; to the Committee on Ways and Means.

H. R. 5185. A bill to amend title II of the Social Security Act to provide for the payment of child's insurance benefits to certain individuals who are over the age of 18 but who are unable to engage in any regular employment by reason of permanent physical or mental disability; to the Committee on Ways and Means.

By Mr. CRETELLA:

H. R. 5186. A bill to permit certain repatriated citizens of the United States to obtain certified proof or documentation of their repatriation; to the Committee on the Judiciary.

By Mr. DODD:

H. R. 5187. A bill for the establishment of the Commission on Ethical Financial Practices; to the Committee on Interstate and Foreign Commerce.

By Mr. HARRISON of Virginia:

H. R. 5188. A bill to prohibit publication by the Government of the United States of any prediction with respect to apple prices; to the Committee on Agriculture.

By Mr. RABAUT:

H. R. 5189. A bill to provide for the distribution of certain surplus food commodities to needy persons in the United States, by use of a food stamp plan; to the Committee on Agriculture.

By Mr. HESS:

H. J. Res. 259. Joint resolution designating the 7-day period beginning October 23, 1955, as Cleaner Air Week; to the Committee on the Judiciary.

By Mr. KEARNEY:

H. J. Res. 260. Joint resolution to provide for the establishment and operation of an information booth in the rotunda of the Capitol; to the Committee on House Administration.

By Mr. RIVERS:

H. J. Res. 261. Joint resolution authorizing the Secretary of the Army to make such donations as may be available to The Citadel, Charleston, S. C.; to the Committee on Armed Services.

By Mr. DODD:

H. Res. 192. Resolution to authorize the Committee on Banking and Currency to investigate and study the "raiding" of established business enterprises; to the Committee on Rules.

MEMORIALS

Under clause 4 of rue XXII, memorials were presented and referred as follows:

By Mr. HESELTON: Resolutions of the General Court of the Commonwealth of Massachusetts memorializing Congress in favor of the immediate passage of legislation for the development of fine-arts programs and projects; to the Committee on Education and Labor.

By Mrs. ROGERS of Massachusetts: Resolutions of the General Court of Massachusetts in favor of the immediate passage of legislation for the development of fine-arts programs and projects; to the Committee on Education and Labor.

By the SPEAKER: Memorial of the Legislature of the State of Massachusetts, memorializing the President and the Congress of the United States relative to being in favor of the immediate passage of legislation for the development of fine-arts programs and projects; to the Committee on Education and Labor.

Also, memorial of the Legislature of the State of New Mexico, memorializing the President and the Congress of the United States to authorize the Colorado River storage project; to the Committee on Interior and Insular Affairs.

Also, memorial of the Legislature of the State of West Virginia, memorializing the President and the Congress of the United States to give favorable consideration to the passage of legislation that would establish Blennerhassett Island as a national monument, and which would include the reconstruction of the Blennerhassett Mansion and build an adequate approach to the island by bridge or ferry; to the Committee on Interior and Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. ADDONIZIO:

H. R. 5190. A bill for the relief of Velia Sacco; to the Committee on the Judiciary.

By Mr. ASHMORE:

H. R. 5191. A bill for the relief of Charles D. West; to the Committee on the Judiciary.

By Mr. DIGGS:

H. R. 5192. A bill for the relief of Katherine Pui King Loo (Feun), Lindson Feun, Lindgoy Feun, and Amie Feun; to the Committee on the Judiciary.

By Mr. DORN of New York:

H. R. 5193. A bill for the relief of Renee Schinazi; to the Committee on the Judiciary.

By Mr. HOLT (by request):

H. R. 5194. A bill for the relief of Beatrice De Pra Iannantuono; to the Committee on the Judiciary.

By Mr. KILDAY:

H. R. 5195. A bill for the relief of T. W. Wheeler, lessee, L. M. Robertson, doing business as Robertson Auto Transport Co.; to the Committee on the Judiciary.

By Mr. McCORMACK:

H. R. 5196. A bill for the relief of the Overseas Navigation Corp.; to the Committee on the Judiciary.

By Mr. OSMERS:

H. R. 5197. A bill for the relief of Helene Kaljuse; to the Committee on the Judiciary.

By Mr. SHELLEY:

H. R. 5198. A bill for the relief of Mrs. Mary De Battista; to the Committee on the Judiciary.

By Mr. STEED:

H. R. 5199. A bill relating to the conveyance of certain property in Shawnee, Okla., by quitclaim deed, to Alfred F. Hunter; to the Committee on the Judiciary.

By Mr. WILLIAMS of New York:

H. R. 5200. A bill for the relief of Maj. Joseph R. L. Miller; to the Committee on the Judiciary.

By Mr. ZELENKO:

H. R. 5201. A bill for the relief of Omar Faruk Baturay and wife, Suad Esin Baturay; to the Committee on the Judiciary.

H. R. 5202. A bill for the relief of Robert Grunwald; to the Committee on the Judiciary.

By Mr. WALTER:

H. Con. Res. 98. Concurrent resolution approving the granting of the status of permanent residence to certain aliens; to the Committee on the Judiciary.

H. Con. Res. 99. Concurrent resolution favoring the granting of the status of permanent residence to certain aliens; to the Committee on the Judiciary.

By Mr. LANE:

H. Res. 193. Resolution providing that the bill, H. R. 2266, and all accompanying papers shall be referred to the United States Court of Claims; 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:

170. By Mr. O'HARA of Minnesota: Petition of A. W. Eckblom and 436 others, St. Paul, Minn., favoring the enactment of H. R. 3087 and H. R. 757; to the Committee on Interstate and Foreign Commerce.

171. By the SPEAKER: Petition of George L. Eifel and others, Chicago, Ill., relative to requesting passage of H. R. 3087 and H. R. 757; to the Committee on Interstate and Foreign Commerce.

172. Also, petition of the president, Baltic Student Federation, Bronx, N. Y., relative to condemning the unlawful occupation of Estonia, Latvia, and Lithuania, etc.; to the Committee on Foreign Affairs.

173. Also, petition of the president, M. I. S. Veterans, Honolulu, T. H., endorsing favorable action on H. R. 588; to the Committee on Veterans' Affairs.

174. Also, petition of the manager, Columbus Chamber of Commerce, Columbus, Ga., relative to stating that "rather than focus attention to the tariff 'bogeyman', United States foreign-trade policy should recognize the real causes of such world trade money controls, embargoes and similar barriers to commerce that are diverting textiles and other essential goods from the peoples and regions in greatest need"; to the Committee on Ways and Means.

EXTENSIONS OF REMARKS

Meeting the Communist Menace

EXTENSION OF REMARKS

OF

HON. LEVERETT SALTONSTALL

OF MASSACHUSETTS

IN THE SENATE OF THE UNITED STATES

Wednesday, March 23, 1955

Mr. SALTONSTALL. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an address entitled "Meeting the Communist Menace," delivered by Hon. Herbert Brownell, Jr., Attorney General of the United States, before the Greater Boston Chamber of Commerce, in Boston, Mass., on March 21, 1955. The address is a fine exposition of what his Department and the Government are doing with relation to that problem.

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

MEETING THE COMMUNIST MENACE

(Address by Hon. Herbert Brownell, Jr., Attorney General of the United States, before the Greater Boston Chamber of Commerce, Boston, Mass., on March 21, 1955)

Nearly a year ago, at President Eisenhower's request, I reported to the American people on the threat of Communist infiltration here at home and what the Federal Government is doing about it. I said that the menace of communism was very real; that it would be foolhardy to minimize the dangers it posed; that we should not have exaggerated fears of those dangers; that our Government was well aware of them and was meeting them in an orderly and effective way.

We have made a great deal of progress in the past year—progress which I shall outline to you today along with new problems which have arisen. But it is clear from the intelligence information provided to me by the FBI that we cannot lower our guard. We cannot relax our vigilance. The dangers—even many of the same problems—still exist, because of the very nature of the Communist conspiracy. It is a worldwide plot, directed by scheming, ruthless men who would bend the whole world to their selfish will. They cannot rest, they cannot succeed, until they have enslaved all the world. When repulsed in one area, they try another. When one plot is exposed, they hatch another.

The hard core of Communists in this country are cast in the same mold. They are willing to devote their lives to destroying in this country the very freedoms which allow them to speak and write and act.

The Communist Party, U. S. A., is like an iceberg. Only a small part can be seen, but the bulk is beneath the surface. The exposed part of the Communist conspiracy in this country is shrinking but there continues to be much activity beneath the surface. The members of the Communist Party resort to secret meeting places, secret schools, even secret symbols or numbers in place of names. They use an Aesopian language in describing their aims and functions, an admittedly protective form of expression which most of us consider just plain doubletalk.

The Communist Party line has not varied much in the past year. The Communists still use any available issue or incident to vilify the United States and glorify the Soviet Union. They oppose rearming West Germany; they advocate admission of Red China to the United Nations. At home, they seek repeal of the Smith Act, the Internal Security Act of 1950, and the Communist Control Act of 1954. They advocate merger of Communist-dominated unions with others affiliated with the CIO or A. F. of L. Stress is laid on infiltrating non-Communist groups to advance Communist objectives, on penetrating basic industries and on recruiting members, particularly Negroes, youths, and industrial workers. They have attempted to step up Red propaganda. Last fall, for example, they distributed more than half a million copies of a pamphlet carrying the party program. That pamphlet was entitled innocently enough. It was called the American Way to Jobs, Peace, and Democracy.

But I can report to you that the Communists are having their troubles, too. They are not having much luck recruiting, or even maintaining their membership. We know their fund-raising drives are falling short. They are hard pressed to keep an active leadership intact and functioning in the face of Government actions. They have set up their own internal security apparatus to offset infiltration by the FBI. That apparatus has not only been ineffectual, it has spread fear and distrust within Communist ranks, and created disorder in party communications. The party's schooling program is dwindling. Its largest school, the Jefferson School of Social Science in New York, has been disrupted by the Subversive Activities Control Board hearings. These have resulted in a recommendation the school be required to register as a Communist front.

The SACB hearing examiner held that the school was established by the Communists to teach both Communist ideas and work. The school trustees have been trusted party members. The Communist organization supplied funds to run the school and provided quotas of students. Instruction ranged from Marxist theory to such more practical subjects as recruiting party members.

Similarly, proceedings brought before the Board of the Department of Justice against the Labor Youth League has hampered Communist efforts to recruit members and spread hate propaganda among our youth. After other lengthy hearings, the Board has ordered the Labor Youth League to register with the Attorney General as a Communist front, so the public may know its officers, its financial support, and the objects to which its resources are devoted.

Evidence shows that the Labor Youth League has never deviated from the Communist Party line. It can't, because it has been supported financially and otherwise by the Communist Party; persons who directed and led youth activities of the party became the leaders and officers of the league. The evidence showed that these persons were subject to Communist discipline and that the league personnel and funds have been devoted consistently to furthering the aims of the Communist Party.

Meanwhile, we have continued to strike at the Communist conspirators with a number of other legal weapons. Another 250 subversive aliens have been deported or ordered deported since last April 9. Six persons have been convicted of lying to the Government about their Communist affiliations and another six indicted for the same offense. Four persons were convicted of harboring fugitive Communist Party leader Robert Thompson, who was himself jailed with an extra penalty for jumping bond.

The Smith Act, which makes it a crime to advocate the violent overthrow of the Government, remains a most effective legal weapon to strike at the leadership. Nine party leaders and organizers were convicted at Philadelphia and five others at St. Louis in the past year. Seven were indicted at Denver, eight at New Haven, and eleven in Puerto Rico. Four leaders have been apprehended on indictments under the membership count of the Smith Act. One of these four has become the first person to be convicted for membership in the party, knowing that its aim was overthrow of the Government. He was Claude Lightfoot, of Chicago.

Lightfoot, as our evidence showed, was a member and leader of the Communist Party for 20 years. In recent years he had joined other leaders in the party underground. He was indicted last May 14, apprehended by vigilant agents of the FBI in June, tried and convicted in January, and sentenced in February to 5 years in jail. At his trial, his own counsel conceded that Lightfoot was a member of the party; conceded that Lightfoot had held offices ranging from local organizer to alternate member of the national committee, the Communists'

highest governing body. He conceded that Lightfoot understands communism and has taught its meanings in classes and in writings. Lightfoot told students in a secret party school in 1947 that the party would spill blood, if necessary, in carrying out its objective of overthrowing our Government.

Two new laws are added deterrents to those who would play the Communists' game.

The first of these is the so-called immunity statute. One case under it already is before the courts. It involves William Ullman, a man identified in sworn testimony before a congressional committee as a member of a World War II Communist spy ring. Ullman was called before a grand jury and refused to testify. Under the new law, a Federal judge was asked to grant him immunity from self-incrimination and order him to testify. The judge did so, but Ullman persisted in his refusal. The judge sentenced him to 6 months in jail for contempt of court. Ullman has served notice of appeal.

The second tool comes in the Communist Control Act of 1954. It utilizes machinery of the Subversive Activities Control Board to determine if Communists have subverted a legitimate business or labor organization and to enable members to free themselves from such domination.

It is no secret that the Department of Justice is reviewing and updating files on various unions which were thrown out of the CIO some time ago on the ground that they had fallen under Communist domination. When those reviews are complete, we will bring whatever proceedings are warranted by current facts.

Meanwhile, some of the unions which might be involved have made moves to do 1 or more of 3 things:

1. Take action to cleanse themselves of Communist domination, which is exactly what Congress wants them to do.

2. Attempt to conceal such domination.

3. Seek affiliation with other unions which which are members of the A. F. of L. or CIO and thus gain exemption from the act. This, recall, is one of the new facets of the Communist line and responsible leaders of the major unions have warned their member unions to look very cautiously at such affiliation proposals and to insist on certain safeguards to insure that they will not be allowing themselves to be infiltrated through affiliation.

Perhaps the heaviest blow which this administration has dealt the Communist conspiracy has been to dry up sources and potential sources of information in Government, to virtually eliminate the opportunity of setting up a fifth column within the Government. This has been done by establishing a realistic employee security program.

The Civil Service Act of 1912 established minimum procedures for dismissal of permanent employees for the good of the service, but left much discretion to agency heads.

During the early years of World War II several attempts were made by Congress to obtain better security precautions in the executive branch. Summary removal powers for national security purposes were enacted late in 1942.

Then, in 1947, Executive Order 9835 initiated an employee loyalty program. But only when an employee was held to be currently disloyal was any action generally taken under that order until 1951 when it was broadened to include reasonable doubt of an employee's loyalty. It made no allowance for the fact a person might be a risk to our national security even though his loyalty was unassailable.

Congress, in 1950, passed Public Law 733, after pointing out that persons subject to blackmail, those who talked too much and those with unsatisfactory associations or habits, could constitute a serious security danger as well as traitors. During hearings, one high official testified that a single act of a disloyal person and a single act of an indiscreet employee can do equal damage to our security.

When President Eisenhower took office, he established the present employee-security program to carry out the purposes of the 1950 law enacted so overwhelmingly by Congress. As the law demands, the head of each department or agency is made responsible for effective security within his department or agency. The order requires investigation, in varying degrees, of all appointees to Federal positions. It establishes criteria for judging whether employment is consistent with security. It requires suspension and, after review, termination of employment of those deemed security risks. And, right here, let me quote a little of Public Law 733. It says:

"To the extent that such agency head determines that the interests of the national security permit, the employee concerned shall be notified of the reasons for his suspension and within 30 days after such notification any such person shall have an opportunity to submit any statements or affidavits to the official designated by the head of the agency concerned to show why he should be reinstated or restored to duty.

"The agency head concerned may, following such investigation and review as he deems necessary, terminate the employment of such suspended civilian officer or employee whenever he shall determine such termination necessary or advisable in the interest of the national security of the United States, and such determination by the agency head concerned shall be conclusive and final."

The law, and the machinery under the order, provide for written statements of charges to suspended employees, an opportunity for them to answer, a hearing upon the employee's request, a review of the case by the agency head or his representative, and a written statement of final decision.

An example of the effectiveness of the employee security program is the case of Joseph Sidney Petersen, Jr. He was a trusted employee of the National Security Agency, one of our most sensitive agencies. In the course of a security check, allegations arose which could have led to his dismissal under the Executive order. In the ensuing investigation, information was obtained indicating Petersen might have illegally in his possession certain highly classified documents. Under the order, the investigation immediately was referred to the FBI. Petersen admitted having stored such documents in his apartment, where they were recovered, and also admitted furnishing contents of the documents to representatives of another government. He was arrested and indicted on three counts of the espionage laws. He finally entered a plea of guilty to one count and was sentenced to 7 years in prison.

The tremendous job of checking the 2,300,000 Federal workers is almost completed. Ahead, then, the big task will be only to screen applicants for Government jobs. This administration is dedicated to a policy not only of getting security risks out of Government, but also we propose to keep them out of the Government as long as we are in office.

As a result of all this progress in the fight against communism, resulting from our new Internal Security Division under Assistant Attorney General William F. Tompkins, the Communists themselves have recently made a major shift in the emphasis they place on their various programs. It is becoming increasingly clear that the current violent attack against Government witnesses and against the FBI's confidential sources of information has many of its roots in a Communist effort to stem the successful campaign against subversion.

The Communist Party has sought for years to uncover, to smear, to destroy the informant system of the Federal Bureau of Investigation. Communists call the FBI the enemy. The party's Manual of Organization, published in 1935, discussed how to "safeguard the party organization against stool pigeons" and "how to expose stool pigeons." Those "stool pigeons," included anybody who worked for the FBI, who provided information to the FBI, or who testified in court against the Communist Party. Other articles in Communist publications have repeated this attack year after year.

A young man named Harvey Matusow has become the current focal point of the attack. Harvey Matusow testified for the Government in two criminal prosecutions. He also appeared before the SACB and before congressional committees.

Matusow now claims that virtually everything he said in those appearances was a lie. The Department of Justice, 2 Federal courts, a grand jury and a Senate committee have been investigating and 1 case has come to a conclusion which I believe is well worth reporting today.

Fourteen months ago, Clinton E. Jencks, an official of the International Union of Mine, Mill, and Smelter Workers, was convicted of filing a false affidavit to the National Labor Relations Board in that he denied being a member of the Communist Party. Seven witnesses, including Matusow, testified concerning Jenck's Communist connections. Jencks himself, when confronted with Matusow's testimony by a Senate committee, invoked the fifth amendment and to this day has not denied, under oath, any of Matusow's testimony.

Despite this, Matusow filed an affidavit in the United States district court at El Paso, Tex., where Jencks was convicted. Matusow claimed in that affidavit that his original testimony was false. Jencks simultaneously filed a motion for a new trial, based on the affidavit.

District Judge Robert E. Thomason, who had presided over the original trial, held hearings for a week on the Jencks' motion.

Presented in evidence at the hearing was a tape recording made by the publisher of Matusow's recent book of a conversation between himself and Matusow. In that conversation, Matusow declared of his original testimony:

"I knew Jencks was a party member and I said so."

Then Matusow added:

"I can't say here that Jencks wasn't a party member after he signed the affidavit (to the NLRB) because I know that he was."

And yet Matusow went into court and tried to convince the Judge that Jencks was not a Communist. Evidence also showed that the original book outline prepared by Matusow did not even mention Jencks, the El Paso trial or false testimony in any criminal prosecution. The Government showed that material prepared by Matusow differed markedly with the finally published version in other respects and that the mine-mill union of which Jencks was an official advanced several thousand dollars to the publishing house in connection with the book, some of which in turn was advanced to Matusow, before and after he signed his affidavit claiming he had lied.

Judge Thomason denied a new trial, stating that "there has been nothing developed" in the hearing "in the way of evidence or testimony that has caused the Court to have any doubt" that Jencks was guilty as charged.

The judge then ordered Matusow before him and declared:

"By recanting your former testimony, given in this court, which I believe in substance was true, you have, in my opinion, deliberately, designedly, and maliciously attempted to obstruct the justice of this court."

Judge Thomason found Matusow in contempt of court. Last Wednesday, he sentenced Matusow to 3 years in jail. I think

the statement Judge Thomason made at that time sums up that phase of the Matusow case as well as is possible at this time. Let me read it to you:

"I am firmly convinced from the evidence of the witnesses, including that of Matusow, not only that the evidence offered, in support of the motion, is not worthy of belief, but that Matusow alone or with others, willfully and nefariously and for the purpose of defrauding this court and subverting the true course of the administration of justice and obstructing justice, schemed to and actually used this court of law as a forum for the purpose of calling public attention to a book, purportedly written by Matusow, entitled 'False Witness.'

"This court finds the fact to be that as early as September 21, 1954, responsible officials of the IUMMSW under the guise of seeking evidence in Jencks' behalf, subsidized the writing and publication of this book by authorizing the expenditure of union funds for that purpose. This at a time when, from the evidence, Matusow had no intention of writing any such book as was here exhibited or of changing his testimony given in the Jencks trial. I find that this subsidization was deliberately done the more easily to persuade Matusow to lend himself to the perpetration of a fraud on this court by means of the filing of his recanting affidavit and his testimony given herein. I find that Matusow willfully and with full knowledge of the consequences, lent himself to this evil scheme for money and for notoriety. "It is my firm conviction, moreover, that this hearing was deliberately brought on for the purpose of attacking the judgment of this court, attacking the Federal Bureau of Investigation and the Justice Department, in a carefully thought out scheme to generally discredit by these means the testimony of undercover agents and former Communist Party members who give evidence against the Communist Party of the United States and its adherents. Matusow, by his action, conduct, and testimony, had, and done in my presence during this period, obviously made an effort to convert these proceedings into a trial of the Department of Justice rather than of the issues before this court. Nothing that Matusow has offered in his defense has persuaded me otherwise."

As you see, while the fight against communism goes on, the tactics of these diabolical conspirators change. But the important thing is that we are making great progress in our fight against them.

Release of the Yalta Papers

EXTENSION OF REMARKS

OF

HON. ESTES KEFAUVER

OF TENNESSEE

IN THE SENATE OF THE UNITED STATES

Wednesday, March 23, 1955

Mr. KEFAUVER. Mr. President, in the New York Times of today there appears a most revealing story by Drew Middleton as to the manner in which the State Department dealt with the British Government in regard to the release of the Yalta papers.

It has been said here that Sir Winston Churchill reluctantly and finally agreed to the publication of these documents. If Mr. Middleton's dispatch is accurate, and we can hardly doubt that it is, we are forced to place a new interpretation on the word "agreement."

Mr. Middleton refers to revelations by Sir Winston in the House of Commons as to his part in the matter. Sir Winston informed the Commons that on February 11 the British Government had been informed by the Department of State that our Government had decided not to publish the documents. Four days later, the Prime Minister said, "we were told publication could not be resisted any longer."

I submit that being told that publication could be resisted no longer is vastly different from being asked to agree to publication.

It must have come as something of a shock to the British Prime Minister to learn later than the State Department had been forced to release the Yalta documents because this same State Department had deliberately leaked the full text of the documents to the New York Times.

This, it seems to me, is duplicity compounded. And when the victim of this duplicity happens to be our most important ally, it becomes all the more shocking.

I ask that the full text of the article in the New York Times be printed in the RECORD.

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

CHURCHILL CHIDES UNITED STATES ON YALTA CASE—SAYS PUBLICATION OF PAPERS WAS UNTIMELY—VANDALS SMEAR ROOSEVELT STATUE

(By Drew Middleton)

LONDON, March 22.—The United States Government changed its mind over the untimely publication of the Yalta Conference documents, Price Minister Churchill told the House of Commons today.

The British Government was informed March 11 that the administration in Washington had decided not to publish its record of the Three-Power meeting, Sir Winston said. Four days later "we were told publication could not be resisted any longer," he added.

The concern of both the Conservative and Labor members of Parliament over the publication of the Yalta papers was emphasized by the cries of astonishment and dismay that greeted Sir Winston's statement.

In the view of Government and opposition spokesmen, the release of the papers may prevent a meeting between the Soviet Union and the Western powers. By giving the Russians a pretext to make the proposed meeting a platform for their propaganda, publication of the Yalta documents may impede any real progress toward a relaxation of the tension between the East and West, these sources say.

BRITISH PUBLICATION OPPOSED

British opinion in the highest circles is opposed to the publication by this country of its record of the Yalta meeting. These sources are critical of the United States plans to release the minutes of the Potsdam and Teheran conferences.

"Where will publication end?" a senior British official inquired today.

"Won't the Republicans now ask for the minutes of the secret sessions of the Council of Foreign Ministers since the war and if these provide no ammunition for the minutes of all other meetings we have held with the Russians or even among ourselves?

"Do they really believe in Washington that the United States can negotiate with any country successfully if everything said in private meetings is to be thrown open to public?" the source added.

The British policy, as put forward by one of the Nation's most respected statesmen, is: Open covenants secretly arrived at.

Sir Winston's distaste for the whole affair, obvious to anyone in the Commons, was heightened by news that the words "Traitor of Yalta," had been scrawled across the base of the statue of President Roosevelt in Grosvenor Square.

The writing was in red oxide paint, and, according to official of the Ministry of Works, it may do irreparable harm.

The statue was erected as a memorial to Roosevelt "as a great war leader, a great man of peace, and a great citizen of the world." It was unveiled by Mrs. Roosevelt in April 1948 in the presence of King George VI and Queen Elizabeth, the present Queen Mother.

At the time of the Yalta conference, Churchill doubted the wisdom of Roosevelt's policies, and he does today. But these doubts do not outweigh in his mind the debt of gratitude owed to Roosevelt for his help in 1940 and 1941.

Although there is much criticism of the issuance of the Yalta documents there is little of Roosevelt in this country. The defacing of the statue introduced a note of blind hatred that is alien to public opinion here.

The Prime Minister gave the Commons a detailed account of the exchanges between his government and the administration in Washington about the Yalta documents.

These began last summer when the British were informed of the administration's wish to publish papers relating to the big power conferences at Yalta and Potsdam and the United States-British meeting at Malta that preceded the Yalta Conference.

GALLEY PROOFS SENT TO BRITISH

The British received galley proofs of the Yalta documents in December. But Sir Winston said sharply it was not the duty of the British Prime Minister or his Foreign Secretary to read through such a vast amount of material about the past.

"I was consulted on a few points of detail," Sir Winston conceded.

Sir Anthony Eden, the Foreign Secretary, with the Prime Minister's agreement, sent a message to Washington deprecating on general grounds a detailed record of important international documents being published so soon after the event.

The Foreign Secretary told Secretary of State Dulles, January 12, that while he did not suggest the abandonment of publication he thought it most undesirable at present, the Prime Minister added.

"On March 11 the United States Government informed us they had decided not to publish," Sir Winston continued. "But on March 15 we were told publication could not be resisted any longer. Twenty-four hours later it occurred.

"The British Government has not decided whether to publish its own reports of plenary meetings and the foreign ministers conferences at Yalta," Sir Winston declared. "These reports are being carefully examined to see whether publication is necessary," he added.

The Prime Minister said that, although in his opinion the British representatives—that is he and Sir Anthony—came out of the Yalta report very well, this did not alter his conviction that publication was untimely.

Taxed by a Laborite member about a remark attributed to him in the documents to the effect that he did not like the Poles, Sir Winston said he did not remember having made any such remark and "if so, it must have been completely out of context."

Anyone who cares to read the documents can see how "again and again I fought for the interests and rights of Poland at Yalta and Potsdam," Sir Winston asserted.

Clement R. Attlee, opposition leader, asked Sir Winston to negotiate an agreement with the United States to prevent the release of documents on future international meetings.

Sir Winston replied that the Yalta documents might have been influenced by accidental circumstances and their release should not be judged as definite United States policy.

Other ministers and senior civil servants fear the United States Government, at the request of the Republican right-wing Senators, will continue to issue documents on international conferences. They believe that, as a result, the prospects of talks with the Soviet Union or any sort of serious diplomatic negotiation will be reduced.

Address by Hon. Pat McNamara, of Michigan, to the Friendly Sons of St. Patrick

EXTENSION OF REMARKS

OF

HON. JOSEPH C. O'MAHONEY

OF WYOMING

IN THE SENATE OF THE UNITED STATES

Wednesday, March 23, 1955

Mr. O'MAHONEY. Mr. President, the Friendly Sons of St. Patrick, of Rhode Island, had the rare privilege and opportunity on St. Patrick's Day of hearing a speech by the distinguished junior Senator from Michigan [Mr. MCNAMARA], who now occupies the chair, and thus is presiding over the Senate at this moment. I ask unanimous consent that the speech made by him on that occasion be printed in the CONGRESSIONAL RECORD, because of the rare vision and spirit of prophecy and understanding it displays.

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

ADDRESS BY SENATOR PAT MCNAMARA BEFORE THE FRIENDLY SONS OF ST. PATRICK, PROVIDENCE, R. I., MARCH 17, 1955

I feel truly privileged to have been chosen to reply to the toast to the United States. And to respond to that particular toast here in Rhode Island is a real challenge, for it was in these parts that so much of American history was made.

I pride myself on the fact that I was born and grew to manhood in New England. And I am made happy by the fact that today, as a Senator for the State of Michigan, I feel myself at home, really at home, whether I am in Michigan or here. Maybe I should add, at this point, that if ever I feel as much at home in Washington as I do here, why, that really will be something.

We have come here tonight to honor the land of our fathers and the patron saint whose kindness and wisdom shone like a beacon light through the pagan atmosphere of early Ireland. It was the good St. Patrick whose deeds and example have done so much to make the Irish into the militantly kindly people that one associates with Ireland. I do not know whether I have the skill or anyone else has the insight to put into words the deep feelings that move us on St. Patrick's Day. It might sound a little like a paradox if put into words—at least, it might to anyone who has no Irish blood. But anyway, let me say it plainly—we all feel somehow that what is truly Irish is truly American. I am sure we don't feel that this is just an accident of history. I think we feel that America is good fruit of the Irish spirit just as the Irish spirit has always had in it a yearning of which America is the best expression.

I think we are proud of our ancestry, but we really did not come here tonight just to glory in it. I do not think the true American lives or wants to live in the shadow of his forebears. I say to you tonight as I would say to any American worthy of his citizenship: "Never mind who your grandparents were—that does not prove you are a good American. Think of what your grandchildren will be—there is the test of your Americanism. You have earned no credit for your grandparents, for who can choose his ancestors? But you do have it in your power to deserve credit for your grandchildren.

I cannot help but think of the great faith of the men and women who put their imprint on America, and through America—on the world of today and of tomorrow. They were prophets, as was St. Patrick, who transformed a hundred pagan tribes into a great people. You know, we often misunderstand the function of the prophet. The true prophet is not one who foretells the future as by magic or through a crystal ball. The prophet is not the man who foretells the future—he is the man who makes the future.

It is easy to have the gift of hindsight. Who among us is not sure that, listening to a St. Patrick, he would have forsaken the heathen idols of his fathers and embraced the true faith? Who among us is not sure that, faced with the challenge of the Revolution, he would have rallied to the call of the Continental Congress and offered his life that a new nation might be born?

But let us consider the times and the circumstances of the rebellion which brought forth the United States of America. If you or I had then lived, could anyone have blamed us if we had said: What kind of delusion are you trying to sell the colonists? You are asking them to rebel against constituted authority for the pursuit of life, liberty, happiness, democracy, and equality. But is it equality which denies the vote to anyone who is not a property owner? Is it democracy which denies to the women of America the right to vote? Is it liberty which denies the slave or the bondsman the right to be free? Is it life or happiness which conceives it to be the duty of government to stand aside while the strong devour the weak?

Such questions would have been honest questions. They would have been pertinent questions in that day. Indeed, we are still in the process of finding the answers to some of these questions.

But if one knew enough about the American people—if one were wise enough to realize that America was more than just the defined quantity—if one understood the yearnings of the American people, the silent philosophy of the Catholic, the Protestant, the Jew, the longings of the Negro and the white, the worker and the farmer, he would have anticipated the answer to these questions.

He would have known that in every society, as in every individual, there is a gap between the self-expressed ideal and the reality. He would have known that progress is the process of closing that gap. He would have known that within a few years the franchise would be extended to all men. He would have known that four score years after the Declaration of Independence a bitter and bloody civil war would be fought to free slaves. He would have known that a century and a quarter after the adoption of the Constitution women would get their vote. He would have known that the time would come through a century and a half of slow progress after the Revolution that first one great political party, and then by precept and example another great political party, would accept the idea that it is not the proper role of government just to act as an umpire, or to stand with folded hands at one side while vast parts of the Nation live in misery.

But to know all this he would have needed faith, faith in the ideals of America and faith in the upward thrust of the American people toward the realization of those ideals. He would have needed faith, not just faith in the Colonies as they were at the time of the Revolution, but faith in America for what she would become if enough Americans had faith.

When you stop to think of it, wasn't this just what St. Patrick started going in Ireland? Isn't this the Irish spirit? This was the Irish spirit—and this is the American spirit.

So it seems to me that the lesson of this day for all of us may well be—that America is a land in the making. That America will always be a land in the making. A land in which the noblest flowering of the human spirit will find finer expression than ever before. A land with a constant challenge—the challenge of better living and a measure of basic security for more and more people; the challenge of translating into reality the teaching of all the saints whose destiny it has been and always will be, to mold a better world. And the greatest challenge of all—the challenge of that great faith in mankind, which, as age follows age, hammers the world into the prophetic concept of the Kingdom of God.

My friends—this is my reply to the toast to the United States: Let us strive to make the world all the things our hearts desire.

New Story of Masaryk's Fall Again Denies Suicide Version

EXTENSION OF REMARKS

OF

HON. DANIEL J. FLOOD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 23, 1955

Mr. FLOOD. Mr. Speaker, on March 20, 1955, the Baltimore Sun published a remarkable story about the death of Jan Masaryk, in which the Communist version of Masaryk's suicide was denied according to a new evidence which came from the intelligence sources of the Slovak underground.

In the cold war which is being waged between the East and West the underground intelligence is to us of inestimable value. Due to its day-by-day knowledge of what the Communists did in the past or what the Communists are doing and planning now, it serves us, the people of the West and many times it gives us an efficient weapon or instrument to refute the big Communist lie. Would we support the underground intelligence more fully it could very well be one of the decisive factors in preserving freedom and peace in our world. Reds comes from various sources. It is only at the end of the line that all bits of information are pieced together into a comprehensive picture and then coordinated and evaluated. This is necessary because the underground intelligence is not one, but several networks which work independently. In the Slovak underground intelligence, certainly one of the best behind the Iron Curtain, there are some networks whose operations were conducted with the neatness and finesse

of a highly successful and well-organized group. Their deep knowledge of everything connected with the Communist domination of their homeland makes these networks or the men who head them an asset on our side of that cold war. One such network was that of Dr. Michal Zibrin or that of Col. J. Muran, and more recently the group headed by Capt. M. Baar or the one of Col. Jan Bukar. It is safe to mention at least these few as concrete examples because the Reds in their native Slovakia know about them and it cannot harm them any more since other Slovak patriots are carrying on the work started by these active opponents of communism.

The denial of Masaryk's suicide published by the Baltimore Sun is a good illustration of the value of the underground intelligence. Knowing the truth about Masaryk's death is not only important to us here in the West, but more so to those who are still oppressed, because knowing the truth gives them one more reason to defy their masters who deprived them not only of freedom and prosperity, but who—for obvious reason—perverted even the meaning of the truth itself.

The article referred to is as follows:

NEW STORY OF MASARYK'S FALL AGAIN DENIES SUICIDE VERSION

WASHINGTON, March 19.—On this ninth anniversary of Jan Masaryk's death a local outpost in Czechoslovakia's anti-Communist underground released today a new version of it, contesting the Prague regime's report of suicide.

Almost simultaneously, American authorities here made available a study of how the Communists, having got rid of Czechoslovakia's last anti-Communist Foreign Minister, have since been striving to eradicate both him and his father, the late Thomas G. Masaryk, from the memories of Czechoslovak peoples.

This has involved them in, among other things, a repudiation of pledges they made immediately after their February 25, 1948, coup d'état, the study showed.

MASARYK'S STATE

It noted that shortly thereafter—on the 98th anniversary of the elder Masaryk's birth—the late Klement Gottwald, then premier of the Communist regime, laid a wreath on the grave of the Czechoslovak Republic's founder and Vice Premier Nejedly, also a Communist, broadcast on that same occasion this assurance to the Czechoslovaks:

"Today's republic is Masaryk's state and, in regard to safeguarding his great liberation, it is even much more protected now than before. * * * If anyone claims that the present people's democracy is not Masaryk's, it is an insult * * * to Masaryk, the founder of this state and one of the last great democrats of the Old World."

NO SUCH CEREMONIES NOW

There were no similar ceremonies in honor of the elder Masaryk this month and none in honor of his son who was found dead beneath the windows of his suite in Prague 12 days after his father's rites in 1948.

The only comparable event the Communist regime has celebrated was the second anniversary on March 14 of the death of Gottwald, billed in its memorial preachments as our first workers' president.

The new account of how the younger Masaryk died was made available by V. Stefan Krajcovic, local representative of the National Committee for Liberation of Slovakia.

Slovaks have a special interest in the Masaryka, for, though Masaryk père was a Czech, he was born near the edge of Slovakia and, beside speaking a dialect close to Slovak, was so sympathetic as to be called the lonely Slovak at Prague.

The gist of Krajcovic's report is that the younger Masaryk did not commit suicide but, instead, was "killed by a Major Sram" of the Communists' State Security Police and that Sram was "himself liquidated" 2 months later. The report, relayed from a spot on the Iron Curtain's fringe, is the work, Krajcovic attested, of two of his committee's "experts on Communist methods."

Most of its circumstantial details are of a physiological and unprintable nature.

TESTIFIED FOR UNITED STATES COMMITTEE

Krajcovic identified the reports' authors as Col. Jan Bukar, who testified before a congressional committee here in May, 1953, and Stefan G. Lukats, who, he said, is now in Munich but coming to Washington next month.

According to their report, a Dr. Teply, the first police surgeon to reach the spot where Masaryk's body lay, made findings that controverted those of a Dr. Hajek, who performed the subsequent autopsy on which the Communists' suicide charge was based.

The Bukar-Lukats report says Dr. Teply found that Masaryk had died hours before the 6 a. m., discovery of his body plus multiple evidence that he had not jumped from a palace window but, instead, had been clinging desperately to its ledge before he finally fell, feet first, to the ground.

DOCTOR CALLED SUICIDE

It also says that Dr. Teply stuck by his findings in opposition to the Communist verdict and committed suicide on Christmas, 1948.

It adds that Dr. Hajek, who underwrote the Communist verdict, had previously been imprisoned by the Russians for serving the Nazis on the international commission they organized to investigate the so-called Katyn massacre of Polish officers by the U. S. S. R.

The Bukar-Lukats report asserts, in addition, that whereas other Communist officials hastily summoned to the Masaryk death scene were so roughly clothed as to indicate they had been roused from bed, Vlado Clementis, who was Masaryk's deputy and became his successor as foreign minister, showed up not only promptly but impeccably dressed.

SAYS CALLS WERE TRANSFERRED

It assertes, too, that Clementis, who was later involved in the Slansky espionage trial and executed by his Communist confreres, had ordered all Masaryk's calls transferred to him during the night that ended in Masaryk's death.

The foreign ministry's day book showed that, the report says.

The study by American authorities of how the Communists have been going about eradicating memories of Masaryk among their subjects links their efforts to the U. S. S. R.'s "hate Americans" campaign and notes that those efforts extend to more than tearing down all statues commemorative of "Masaryk's state."

ELDER MASARYK ACCUSED

They have extended, instead, the study says, to the issuance of a book Masaryk's Antipopular Policies, in which the Czechoslovak Republic's first President is accused of:

1. Plotting to murder Lenin.
2. Warmongering against the U. S. S. R.
3. Selling his country to American, English, and French imperialism.
4. Wallowing in a mud of lies, larceny, and corruption.

"Documents allegedly found in Masaryk's archives are published to back the charges, but," the study says, "they are so flimsy as to suggest that those responsible for the book may have had in mind sabotaging the endeavor.

"If they meant what they said, they have committed a despicable act of national self-abasement.

"They have committed it in their desire to kowtow before the Kremlin and to inveigle the young generation by painting the Masaryk republic in the blackest black and the Communist era in the purest white."

The 5,250-word study, from which the above is quoted and which is attributable only to American authorities, undertakes to dissect and disprove seriatim each charge the official Communist publication has made in derogation of the Masaryk who, born in 1850, died in 1937.

Opining that "Masaryk's American connection may have heightened the desirability of removing him from his pedestal, literally and figuratively," it notes that "he married an American girl and used her maiden name—Garrique—as his middle name" and adds: "The hate-America campaign in the Soviet world has thus engulfed even a Czech hero because of his relatives."

Newsprint From Bagasse

EXTENSION OF REMARKS
OF

HON. EDWIN E. WILLIS

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 23, 1955

Mr. WILLIS. Mr. Speaker, I take this opportunity to hail a new era in the industrial development of Louisiana and in the production and processing of sugar cane, one of our major crops.

As Representative in Congress from Louisiana's famed Sugar Belt, I am particularly pleased to call attention to the fact that 25 weekly and daily newspapers in my home State recently joined in issuing their publications on newsprint made from bagasse, heretofore generally considered a waste product of the sugar mills, but which now offers unlimited possibilities.

The Valentine Pulp & Paper Co.'s plant at Lockport, La., becomes the first in the world to use both the pith and the fiber of sugarcane to make paper. This outstanding achievement climaxes a research and experimental program which Valentine began in the 1930's and which has been watched with intense interest by the publishers of newspapers and the printing industry as a whole.

In addition to the new product, the Valentine plant produces fine writing paper, book paper, mimeograph paper, and tablet paper. A large part of the company's output is sold to the United States Government. The $4½ million facility at Lockport was completed last year.

Having been in close touch with the progress of the research and experimental program, I am especially pleased and gratified over the successful culmination of the efforts expended by those who have worked so hard to make the production of paper from bagasse a reality. The action of 25 newspapers in using the newsprint obtained in this process is a fitting tribute to those who have pioneered in this movement, as well as a practical demonstration of the project's value.

The successful use of bagasse in the production of newsprint is of tremendous and vital importance to the sugarcane industry which centers in the Third Congressional District of Louisiana—the Sugar Bowl. This development has brought enthusiastic comment from public officials and leaders in the industry who see a far-reaching effect on the future welfare of this phase of agriculture and upon the economy of the entire State of Louisiana.

The fine plant at Lockport was constructed and engineered by Brown & Root, Inc., of Houston, Tex. The Valentine Pulp & Paper Co. was formed by Brown & Root, and the Valite Corp. of Lockport and New Orleans. Will J. Gibbens, Jr., president of the corporation, has been a pioneer in the utilization of bagasse in the manufacture of a variety of products. For instance, Valite produces industrial synthetic resins from bagasse. These resins are widely used by the major domestic phonograph record companies and are used in Europe, Australia, and South America.

Board members of the new paper company are Mr. Gibbens and T. M. Barker, the latter of Lockport; Herman Brown, George R. Brown and Herbert J. Frensley, all of Houston. The executive vice president and general manager of the company is W. A. Zonner, a nationally known and widely experienced figure in paper-mill operations. W. L. Hendrix, formerly general superintendent of Herty Laboratory in Savannah, is general superintendent. Consulting engineers are Edwin L. Powell, of Chattanooga, and Thomas R. McElhinney, vice president and technical director of Valite, an affiliated company of Valentine Sugars, Inc. of Lockport.

Valite revealed just a few years ago that it had patents pending on a process of making pulp from bagasse. Tests were proven to be very satisfactory and this was verified by independent observers. Mr. McElhinney played a leading part in developing the Valite process. In 1948 the paper engineering firm of Merritt-Chapman & Scott investigated the process and declared that it was economically feasible. Following the Korean war the program was accelerated and the company firmly established the fact that economical white, unbleached pulp could be made from bagasse.

In 1953, Brown & Root, Inc., and Valite announced formation of the Valentine Pulp & Paper Co., to build a paper mill at Lockport capable of manufacturing 50 tons of finished paper products daily. Fine grade writing paper, newsprint, mimeograph paper and book paper were produced by the plant, and the Government contract secured. The demand for paper products was such that the company has revealed it is launching an expansion program that will increase the capacity to 80 tons daily.

Sugar cane has now created year-round employment in the Lockport area of Louisiana and we can forecast the apparent development that will follow in other parts of the 18 sugar-producing parishes—counties—of Louisiana which together produce 800,000 tons of bone dry bagasse, less than 40 percent of which is now used for industrial purposes.

The paper mill at Valentine employs 180 persons. During the regular harvest season an additional 200 persons are employed in the sugar factory.

To me the brightest and most important aspects of this new industry are twofold. First, it was conceived, developed and financed through private sources under our system of free enterprise. And second, this new outlet for bagasse, a by-product of sugarcane, is an argument which speaks with more force than mere words in favor of the adoption of an amendment to the Sugar Act to increase the mainland area sugarcane quota.

Elsewhere in today's RECORD I have exposed the propaganda by paid Cuban-minded lobbyists who would deprive our domestic sugar industry of the right to a fair share of our expanding domestic sugar market, due to yearly population increase. No one should hesitate to encourage an industry which has shown not only willingness but ability to increase and expand its efficiency; and to those who put out such propaganda I say, "Look at the new plant at Valentine and think twice before you presume to speak against the best interests of our farmers."

The Louisiana newspapers which have so well demonstrated the value of bagasse newsprint by printing on this product include the Abbeville Meridional, Bastrop Daily Enterprise, Bunkie Record, Clinton Citizen-Watchman, Colfax Chronicle, Coushatta Citizen, Denham Springs News, DeRidder Beauregard News, Donaldsonville Chief, Eunice News, Franklin Banner-Tribune, Houma Courier, Jena Times, Jefferson Parish Times, Morgan City Review, Napoleonvillion Assumption Pioner, New Iberia Daily Iberian, Opelusas Daily World, Port Allen West Side Journal, Ruston Daily Leader, St. Martinville Teche News, Sulphur Southwest Builder, Thibodaux Lafourche Comet, Ville Platte Gazette, White Castle Iberville Parish Times.

The cooperative project of these newspapers in making use of the newsprint produced from bagasse has received widespread publicity in their columns and in other publications. Among editorials summarizing the outstanding effects of this development and the great future it forecasts are the following from three of the participating newspapers published in the Third Congressional District of Louisiana, in their issues of February 24, 1955:

[From the Franklin (La.) Banner-Tribute]

THE SUGAR BELT MAKES HISTORY TODAY

Thursday, February 24, 1955, will go down in history as one of the most momentous days in the economic revolution that is taking place in the Sugar Belt of Louisiana.

All over the 18-parish area in which sugarcane is grown, and even in some sections of Louisiana that do not cultivate and harvest the tall, sweet grass, small-town weekly and daily newspapers are going to press today with a special type of newsprint.

The cooperating publications are publishing their regular editions on paper that has been made from Louisiana sugarcane bagasse by the Valentine Pulp & Paper Co., of Lockport, La.

This significant announcement means that at long last a byproduct of the principal crop grown in southern Louisiana is being put to use for the manufacture of one of the most important commodities consumed in a free country. Over one-half of the 700,000 tons of bone-dry bagasse that has been produced in the State has largely gone to waste. Now it is going into newsprint and other paper products to help to satisfy the needs of a dynamic, growing population.

There are many far-reaching aspects to this official announcement. For one thing, it means that now the sugarcane farmer will be growing a crop that will be used in its entirety. It marks the beginning of an era when year-around employment will be realized in the cane patch, supplanting the uncertainty of the seasonal cane grinding. The Valentine properties at Lockport substantiate this statement. The new paper mill adjoins the sugar factory, canefields, and research department of the company. There are jobs to be had in the sugar mill and the fields and in the laboratory, and now there are 180 more men and women employed in the paper mill.

This has resulted in a boom in the Lockport community and throughout the parish of LaFourche. A big new housing development is now going into Lockport, and the new payrolls will mean new families and new homes and a higher standard of living and a bigger and better town.

What the smokestacks of Valentine have done for that area will be accomplished throughout the sugarcane-growing part of the State just as sure as night follows day. St. Mary and her sister parishes are bound to benefit from this program.

This is a rich and diversified agricultural area but cane is king in the land. The farmer can grow sugarcane better than he can grow any other kind of crop. He has proven this for over a century now, overcoming every conceivable type of obstacle from disease to world politics. He has developed new varieties of sugarcane and by sound farm practices he has been able to realize a higher yield per acre with each passing year. Now he will be growing cane for sugar, sirup, molasses, feed—and paper.

It there has even been any doubt in the mind of the cane planter about the value of research the Valentine mill should erase it forever. This new development was due to hours and months and years of patient, painstaking work and experimentation in the laboratory of the Valite Corp., an affiliate research company of Valentine's. The work began back in the 1930's and was accelerated after the Korean war. In 1952 newsprint was made from 100-percent bagasse by the company on an experimental basis at the Herty Laboratory in Savannah, Ga.

After economic feasibility was established Valentine interests banded together with Brown & Root, one of the world's greatest construction firms, to form the Valentine Pulp & Paper Co. A mill capable of producing 50 tons of paper products daily was built at Lockport. The success of this mill is attested to by the fact that hardly had it been completed but what the company announced that it was being expanded into a $4½ million facility capable of manufacturing 80 tons of paper a day, including newsprint.

Small town newspapers in Louisiana and all over the Nation have been confronted with a problem that parallels the problem of the cane farmer in magnitude. Newsprint has been a scarce and expensive commodity. Most of it had to be imported. Financially unable to build their own mills or even enter into long-range contracts the small newspapers have had to fight for newsprint in the open market on a catch-as-catch-can basis. During wartime the situation had been particularly acute and the black-market operators thrived.

The newsprint market has improved considerably, but the future for the small town newspaper had been in doubt. Now, with the mill at Lockport able to supplement established sources the nonmetropolitan press can face the future with confidence. Newsprint is the basic commodity on which the free press is printed and if it is cut off the real victims will be the American people because without the newspaper for the dissemination of news and advertising freedom would die on the vine.

Member newspapers of the Louisiana Press Association look on the mill at Lockport as "their mill" because for almost 4 years now the LPA has been working hand-in-hand with the Valentine company on this project. The ultimate benefit to the economy of the State of Louisiana is beyond the imagination.

There is one last conclusion that can be drawn from this development. The Farm Bureau of Louisiana, the American Sugar Cane League, Louisiana Congressmen, and other agencies have fought a hard but discouraging fight for an increase in the mainland quota of sugarcane. If there had been any hesitation on the part of the Congress or the national administration to justify this increase that question should now be resolved in favor of the increase. There are about 120 small town newspapers in Louisiana and over 8,000 in America. They won't all use bagasse newsprint but this new source may one day mean the difference between success or failure to many of them.

This story is being told in Louisiana today, but in a few days it will be known all over America and in most foreign countries. Great industries are built over a long period of time. The south Louisiana paper manufacturing industry will be built around bagasse. The only way to insure its full growth is with an ever-increasing supply of sugarcane now and in the years that lie ahead. The only safe and sure way to obtain the product needed by the American farmer and American publisher is to have it grown on the same ground that gave birth to the red, white, and blue.

[From the Lafourche Comet, of Thibodaux, La.]

SUGAR HAS NEW ALLIES

Along with the accolades which will pour into the office of the Valentine Pulp and Paper Co. this week, we, of course, want to offer ours.

Out of the expressions of congratulations and best wishes which will be given to the company, we sincerely hope there will come the real recognition of the tremendous accomplishment of the men who had the courage to carry out an idea.

The $4,500,000 paper mill built in Lafourche Parish is an important addition to the industry of our locale, but its true significance can only be measured in what it has done for two major industries in the United States. It has brought together for the first time the mainland sugar industry and the paper industry. It has also brought the Nation's greatest disseminators of news, the weekly and daily newspapers to the side of the sugar growers and processors.

Through their foresight, the men who built the Valentine paper mill, have given the sugar people powerful allies which must stand alongside them in the fight for the continued expansion of the mainland sugar crop.

Just a few months ago the newspaper publishers of this country were at the mercy of the Canadian paper manufacturers and just a few years ago all paper manufacturers felt the pinch of a serious paper shortage. With this country continually at odds with an ever more powerful Red menace, it is not too hard to conceive of other periods of paper shortage unless we take advantage of the important development in the use of bagasse by Valentine.

We know the wood pulp paper manufacturers are always confronted with a lengthy growing period ranging from 12 to 40 years for their main ingredient but with the use of bagasse, this country can have an inexhaustable supply of pulp for its paper.

Today the 18 sugar producing parishes of Louisiana produce approximately 800,000 tons of dry bagasse annually. Of this amount about 35 percent is purchased for the manufacture of wall board, fertilizer, and feeds.

While Valentine will not use the balance of the bagasse available this year, or the next, it is not beyond the realm of belief that other paper mills similar to Valentine will be built in just a few years in Louisiana, in Florida, and possibly in Cuba and Puerto Rico. A half dozen more mills like Valentine Pulp & Paper Co. will soon put bagasse in short supply.

Action in Congress this year can provide for the future. Congressional action in amending the Sugar Act to increase the mainland quota by 100,000 tons this year will not only aid the sugar farmers but will protect the tremendously important paper industry.

An increase of 100,000 tons of sugar over the regular quota will give the industry an additional 150,000 tons of dry bagasse annually. And bagasse properly stored does not spoil.

The mainland sugar quota of 500,000 tons has been in effect for a number of years. Even though the sugar industry has spent thousands of dollars perfecting improved varieties of sugarcane for greater productivity, Congress has continually curtailed the growth of the industry by the flexible quota.

Today this country uses in excess of 8 million tons of sugar annually and during the past 5 years the population of the country has grown substantially. However, the sugar quota for the mainland producers has been at a stalemate. No consideration has been given to population growth, nor to improved productivity in the industry.

This week, through the use of bagasse newsprint by some 25 Louisiana weekly and small daily newspapers in Louisiana, it becomes apparent that our mainland sugar crop is tremendously important to not only a small area in Louisiana and Florida but to the entire Nation, and it must be allowed to expand.

[From the Daily Iberian, of New Iberia, La.]

BAGASSE NEWSPRINT A REALITY

Today's issue of the Daily Iberian and Jeanerette Enterprise are printed on a new kind of newsprint, produced from sugar cane waste known as bagasse, and made at Lockport, La., by the Valentine Pulp & Paper Co.

Production of this fine quality newsprint from a fiber that has experienced difficulty in being utilized, may well lift the economy of the mainland sugar-producing States to a higher level.

Sugar cane farmers will welcome this new product that makes a brand-new industry for Louisiana which means additional employment and the utilization of a raw material into finished product.

Member newspapers of the Louisiana Press Association have played a big part in keeping alive the interest in developing a newsprint plant for Louisiana to help break the stranglehold that Canada has always had on the manufacture of newsprint.

Newspaper publishers can well remember how the price of newsprint zoomed upward from $40 per ton before the First World War to the present level of $130. The same publishers can recall during the war that they often had to buy newsprint on the black market which cost as high as $300 per ton.

The use of bagasse will have a tremendous effect in keeping Canadian mills in line, if nothing else.

Since it opens up new opportunities for employment, it is highly possible that Secretary Benson, and Congress, will listen with a sympathetic ear to the pleas of sugar farmers for an increase in the mainland quota.

As the market for the bagasse paper continues to grow, it will need larger and larger amounts of bagasse, which means more and more sugarcane.

It is only reasonable to assume that as the bagasse newsprint catches on that additional mills will be built. One of the additional mills could conceivably locate in Iberia Parish where there is an abundance of sugarcane bagasse. This would give mill operators and eventually farmers more return for their sugarcane.

We salute this new industry and the courageous and pioneering executive and owners of the Valentine Pulp & Paper Co.

Louisianians will live to see the day when most of her vast supply of natural resources will be processed here as finished products and build the economy to its rightful position.

Admitting Hardship Cases of Single Persons To Public Housing Projects—What Hardship Really Means

EXTENSION OF REMARKS

OF

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 23, 1955

Mr. RODINO. Mr. Speaker, it is hard for a person who is well-fed, well-housed, and in comfortable circumstances, as most of us are today, to realize what the grim tragedy of inadequate housing means in old age, especially in obtaining decent housing at a price you can afford to pay. Sometimes this lack means the difference between continuing living and almost committing suicide.

So, before I comment upon a bill that I wish to present to this body on the vital question of admitting aged single persons in hardship cases to low-rental, federally aided housing projects, I would like to indicate briefly, the importance of this matter by giving you a dramatic case in point. It is nothing unusual, and could be duplicated many times during my terms in office, and I assure you each one is always a heart-rending experience.

I shall clothe the name of my constituent in anonymity to spare his feelings by merely calling him Mr. Smith. For many years Mr. Smith and his wife lived comfortably in a modest home until the years crept up upon both of them. Then, after a prolonged illness and great medical expense, she died and Mr. Smith was left all alone, an old, forlorn householder.

Their home was now too large, and it was beyond his economical and physical abilities to maintain. Nevertheless, it was rich with memories. Every piece of furniture and each object in the household was clothed with loving memories that recalled the many happy years they

lived together. Gradually, work fell off, his income dropped, and he no longer could afford to keep up their former home. For months on end, he continued the long and dreamy rounds of seeking, through the newspapers and the real-estate offices, a simple place where he could move to and live with some of his cherished household effects and their treasured memories. It was in vain. The rents were all prohibitive.

So he turned to me as the Representative from his district and begged me to see if I could not possibly help him to get into a public-housing project. It was a forlorn, dejected, and desperate man who pleaded with me. I was visibly moved.

I approached our Public Housing Administration and was advised that under the present law only couples could be housed in low rent public-housing projects that were aided by the Federal Government. They were right. The present law leaves them no other alternative.

When I gave Mr. Smith that tragic news, it was mere chance that kept him from taking his life. I resolved from that day forward that the same law which was designed to help families of low income should also assist aged persons who are the helpless victims of circumstances and cannot afford to pay the high existing rentals from private landlords.

Are we to cast them out upon the streets? Are we not all concerned as our brother's keeper in providing decent housing for the aged, and handicapped, the crippled, the disabled veteran, the widower, at a price that they can afford to pay? How can we hold our heads high when we attempt to rehabilitate the decrepit shacks and villages in South Korea, in Japan, or Indochina at the same time that we neglect our aged at home, who, unlike these Asiatics are able and willing to pay rents within their financial means?

While the original purpose of the Federal Public Housing Act was to provide decent housing in a good environment so that the families and children could get out of the slums and live in healthy surroundings, there is no logical reason why this same philosophy should not be extended to aged people who by chance or circumstances now find themselves unable to pay the high prevailing, existing, private rentals. Under the general-welfare clause of our Constitution we are trying to promote a form of Government which advances the general welfare of all the people. This means not only those who can afford it but those of lesser means as well. Assuredly, this concept of promoting the general welfare includes the aged and the less fortunate in our midst.

Moreover, aged couples now commonly occupy units in the low-rent federally aided public housing projects. Shall we deny to an aged, single person that which now is afforded to those who are couples? By what form of twisted logic are the benefits to be withheld from a handicapped or elderly person merely because his spouse is no longer alive?

Actually, in many public housing projects throughout the Nation, it is now the policy of the administration to permit the remaining spouse to live in such property where the other one passes on. So the reality is that such elderly persons are actually now living alone in such housing.

Shall we again draw a distorted distinction between an elderly single person who remains in public housing because he or she formerly had a spouse, and a similar person who is trying to get in there in the first place?

Moreover, the most compelling reason of all why a single person in hardship cases should be admitted to low-rent housing projects is to be found in the fact that under the existing law enacted by Congress in the last session, tenants displaced from slum clearance projects have first priority to public housing. Likewise, they cannot be displaced from their present slum residences until such public housing is provided for them. As a result, in large cities like New York and Chicago, single persons are now obtaining first priority, in federally aided, low income housing projects. This should be precedent enough for my bill which provides similar opportunities for other elderly hardship cases.

All of these facts and precedents point to one inescapable conclusion, sound public policy requires that we treat all aged hardship cases alike. This is simple justice to the individual and to the community in which he lives. To this end, I have this day introduced a bill which will authorize the Federal Public Housing Administration in its dealings with the local public housing authorities, to permit, in hardship cases, elderly single persons and related hardship cases to be admitted to federally aided low-rent housing projects.

St. Jude's Parish Federal Credit Union: A Study in Self-Help

EXTENSION OF REMARKS

OF

HON. LOUIS C. RABAUT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 23, 1955

Mr. RABAUT. Mr. Speaker, under leave to extend my remarks in the RECORD I should like to report a visit I made recently to the St. Jude Parish Credit Union of East Side Detroit, Mich. I was very impressed by the spirit and cooperative attitude of the members of this organization and the financial institution they have organized for their mutual self-help. It reemphasized the Latin proverb "Multae manus onus levius faciunt"—many hands make the burden light. So it is with the community-spirited parishioners at St. Jude's, a cooperative enterprise designed to lighten the financial burdens of its faithful. The following is a short history of this organization's development and a description of its method of operation.

The St. Jude credit union is the first parish credit union on the east side of Detroit to operate on a full-time basis and in January of last year opened an office to serve its members. The credit union has a membership potential of 3,000 and is presently serving over a third of this group with loans, a shares depository and free credit life insurance. Since its inception 4 years ago with paid-in share holdings of $1,700, the credit union has made 1,038 loans for $539,043.13 and has presently on its books $210,240.58 in loans and $182,240.62 in shares deposits.

On the occasion of my visit to this fine organization, I presented the first claim paid under the credit unions free credit life-insurance program with the Credit Union National Association mutual life-insurance program. Under this program all loans and shares deposits up to $1,000 are insured free to members, and the premiums are paid by the credit union. I presented Mr. John Jacobs a check for $500, which represented the amount equal to the shares deposited with the credit union by his mother, Mrs. Rose Jacobs, deceased.

The credit union is under the general auspices of Father J. J. Ording, pastor of St. Jude parish, and the business management is attended to by an able board of lay parishioners having a president, vice president and treasurer. All administrative offices of the organization are elective and for a term of 1 year. This permits greater group participation and serves to make a greater number of the community familiar with domestic problems of finance and credit. At present the credit committee members are making a study of the differences between Federal and State regulated credit unions which should be very helpful to all legislators concerned with such problems.

Secretary for Peace

EXTENSION OF REMARKS

OF

HON. HAROLD C. OSTERTAG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 23, 1955

Mr. OSTERTAG. Mr. Speaker, when President Eisenhower assumed office, Frank E. Gannett, president of the Gannett newspapers, wrote him urging that he establish a Department of Peace. For more than 20 years, Mr. Gannett has advocated such a step in newspaper editorials and public addresses. Peace, he has pointed out many times, is not merely the absence of war; it is the presence of justice. Nations sometimes blunder their way into war; they cannot blunder their way into peace. It must be planned for, nurtured, promoted, and everlastingly protected.

In urging the creation of a Department of Peace, Mr. Gannett was, of course, giving voice to thoughts which have been shared by millions of people. The Reverend David Rhys Williams, of Rochester, N. Y., foresaw, with prophetic vision, that such a dream might mate-

rialize under President Eisenhower. In a sermon during the Christmas season of 1952, Dr. Williams said:

Some day, some soldier of commanding genius is going to have the imagination to test the Christian principle of overcoming evil with good on a grand enough scale to succeed.

Could it be that President-elect Eisenhower has come to power to play some such prophetic role for our time? Having reached the pinnacle of fame in the field of war with no further military luster to gain that could be greater than what is already his, could it be that he has undertaken the arduous and exacting responsibilities of the Presidency to see what he can do to establish some measure of peace among all nations?

Mr. Speaker, President Eisenhower has indeed played such a prophetic role, ever since he assumed office. With firmness, with dedication, with restraint, he has labored patiently but resolutely to foster peace among the nations. This week he took the further dramatic step of appointing FOA Administrator Harold E. Stassen as, in effect, Secretary for Peace, a post with Cabinet rank.

Mr. Stassen's task is of enormous dimensions. So also are his opportunities. There is no more vital work to be done in the world today than that of halting the current deadly arms race, and replacing it with a truly just and lasting peace, a dynamic peace that will channel men's minds and energies into the building of a better world.

It is an undertaking that will capture the imagination of all mankind. Certainly it will be welcomed by those like Frank Gannett and Dr. Williams who have yearned for, and prepared the ground for, such an eventuality. Mr. Stassen's appointment, and the considerations which led up to it, may prove to be one of the most historically significant events of our time.

Modesto and Turlock Irrigation Districts Oppose Engle Bill, H. R. 2388

EXTENSION OF REMARKS
OF
HON. LEROY JOHNSON
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Wednesday, March 23, 1955

Mr. JOHNSON of California. Mr. Speaker, in 1913 a very important bill was passed through the Congress which became known as the Raker Act. The law gave San Francisco certain rights-of-way in the Yosemite National Park and permitted the city and county of San Francisco to construct dams and appurtenant works on the Tuolumne River. The reservoirs which impounded the water behind these dams are known as Lake Eleanor and Hetch Hetchy Reservoirs.

The Raker Act recognized the prior rights to water under California law. This recognized the rights of both districts to 2,350 second-feet of water and 4,000 second-feet after April 15. This represented from 600,000 to 1,200,000 acre-feet a year.

From the revenue from this power and by direct taxation, the districts became two of the most successful in California. Practically all of the bonded debt of both districts has been paid off.

The result of these operations was also to furnish water at a very cheap rate to the irrigators—perhaps the cheapest rate of any of the irrigation districts in California where we have over 150 irrigation districts.

The Turlock Irrigation District and the Modesto Irrigation District and the city and county of San Francisco entered into an agreement in 1949 with the Federal Government to operate their reservoirs on the Tuolumne for flood control, the Federal Government to pay for flood-control benefits only.

These districts not only developed the water resources for their members of the districts who were irrigators but they also developed an electric system which provided cheap electricity for the area served by the districts.

These irrigations districts, as well as their officers and members, are practically all in my congressional district—the 11th District of California.

The leading newspaper in the area comprising these districts is the Modesto Bee, a McClatchy newspaper. It is an aggressive and intelligent publicity organ and in a recent issue of the paper summed up the case in its editorial columns very well.

Under leave to extend my remarks, I am including this editorial, which follows:

DISTRICTS ACT WISELY IN OPPOSING ENGLE BILL

The Modesto and Turlock Irrigation Districts have set forth clearly the seriousness of attempts being made to amend the Raker act, national legislation which protects Tuolumne River water and power rights of the districts and the city of San Francisco.

In a well worded resolution, the irrigation districts have declared themselves unalterably opposed to any such proposition as is being made by Congressman CLAIR ENGLE, Democrat, of the Sierra and Mother Lode Counties. ENGLE wants to take from the city of San Francisco a power site which it owns and give it to another agency.

Such action would cut to the heart of the cooperative use of Tuolumne River power and water resources by the districts and San Francisco. Already $250 million has been spent on this highly beneficial development.

If this program is jeopardized it will have a lasting detrimental effect upon the irrigation and electrical operations of the two districts.

Recognizing this threat, the boards of directors of the two irrigation districts have instructed a delegation to go to the Nation's Capital to press the fight against it.

With them will go the resolution which outlines the basic arguments of the irrigation districts.

The Modesto and Turlock Irrigation Districts, which even now are using privately generated power because the Tuolumne generating capacity is used up, have an urgent need for all the electrical energy which can be manufactured at power sites now under consideration.

In order to guarantee satisfactory irrigation conditions for every year regardless of drought, the two irrigation districts need increased holdover storage capacity which can be realized only through the construction of the greater Don Pedro Dam. Should this power site be taken from the city of San Francisco, the districts declare "the entire program or plan for the construction of new Don Pedro Reservoir will be greatly delayed, if not abrogated, and the districts will be deprived of the great benefits resulting to them in the form of increased holdover storage and the additional quantities of electrical power that would otherwise be made available."

And finally in fairness, the districts argue, that the city of San Francisco should not be deprived of the site which is of value only because of the city's $20 million investment in the Hetch Hetchy Reservoir a short distance upriver from the disputed site.

Tampering with the Raker Act is dangerous under any circumstances and the proposition now being considered poses a special threat to the irrigation districts.

It is well that officials of the two districts are aware of the hazard and are carrying their fight against modification of the Raker Act to every battlefield necessary.

The fight must be fought with all the vigor the districts can muster. Loss of water or power rights would mean a loss of the lifeblood of the region which has made it one of the Nation's richest agricultural areas.

Sugar Quotas

EXTENSION OF REMARKS
OF
HON. EDWIN E. WILLIS
OF LOUISIANA
IN THE HOUSE OF REPRESENTATIVES
Wednesday, March 23, 1955

Mr. WILLIS. Mr. Speaker, we have under consideration a proposal to renew the Sugar Act and at the same time to amend it so as to increase domestic sugar quotas.

Let me hasten to point out that the proposed amendment will simply permit domestic producers to participate in our expanded sugar market in the United States as our population increases in the future. In other words, under the proposed amendment Cuba, in the future, will not receive a pound of sugar less than she received in the past.

To understand this we must realize that under the present law Cuba gets a regular quota; then she gets 96 percent of the unused quotas of other areas, and finally she gets 96 percent of the annual increase of domestic sugar consumption. Our population increases by approximately 2,500,000 every year, and as a consequence our annual consumption increases by about 125,000 tons of sugar every year; and Cuba has been receiving 96 percent of this windfall. Thus in the last 10 years Cuba has received at least 1,250,000 tons of sugar, over and above her regular quota, under the formula of the Sugar Act, and over and above her lion's share—96 percent—of the unused quotas of other areas.

On the other hand, under the terms of the Sugar Act, the domestic sugar quotas are rigid, the mainland area cane quota being fixed at 500,000 tons per year. But that is not all. While the mainland area arcreage has not varied over 2 percent in the last 5 years, greater yields have been achieved due to better farming and milling practices, under the guidance and encouragement of the Department of Agriculture. And instead of being rewarded for good performance,

the farmers' acreage was cut on an average of 10 percent in 1954 and an additional 8 percent has been ordered for 1955. Therefore, while Cuba has been enjoying an annual increase from our consumption, our farmers have been suffering a cutback. This, in short, is what the current proposed amendments seek to correct, by devoting to our own farmers a fair share of the annual increased amount of sugar it takes to feed our own babies, without deducting from or taking away a pound of Cuba's present quota. What is wrong with that?

Any fairminded person will admit that the proposal under consideration is fair and equitable. Since a just cause cannot be fairly combated, paid Cuban-minded lobbyists have resorted to propaganda. I brought this out in a speech on the floor recently and I pointed out that these lobbyists had resorted to veiled subtle threats and big talk. Now I find that they have been trying to use the poor-mouth strategy, by means of a letter inserted in Investor's Reader, a publication of Merrill, Lynch, Pierce, Fenner, & Beane. As a complete answer to this poor-mouth strategy, I wish to call to your attention the reply of a group of responsible people engaged in the domestic sugar industry. The people who signed this reply represent the beet-sugar industry, but their problems are common to the domestic sugarcane industry in Louisiana and Florida. Their reply, which appeared in the March 9, 1955, issue of Investor's Reader, follows:

GENTLEMEN: In your issue of January 26, space was given to the publication of a letter from a paid publicity man for certain Cuban sugar interests. This being so, we assume that you will give at least equal prominence to this letter from us.

Part of the Cuban sugar industry has set itself against any consideration of changes in the Cuban share of the United States market decreed by existing law. To accomplish this objective it is part of the Cuban strategy to talk poor mouth.

For example, the writer of the letter which you published complains that Cuba no longer can fill the Philippine sugar quota in this market, a backhanded protest against the rehabilitation of the Philippine sugar industry. Cuba knew that the privilege given her of filling the Philippine deficit was only temporary and that she could not hope permanently to augment her output at the expense of the Philippine industry.

Cuba protests that out of her quota some relatively small increases in the shares in the United States market of Peru, the Dominican Republic, and Puerto Rico were made in 1951. What was done was approved, in fact, initiated by the State Department. It comes with poor grace for Cuba to protest any transfer to other foreign countries, many of whom are also friends of the United States and numbered among its best customers. That Cuba today receives approximately 96 percent of the entire share of the United States market set aside for foreign suppliers shows how generous the present situation is to her. That large percentage also explains why other sugar-producing countries to the south of us have initiated a determined claim to part of Cuba's share.

The present law was enacted in 1947. From that year to 1954, United States annual consumption has increased over 1 million tons. Neither the domestic beet industry, the mainland cane industry, or the Hawaiian industry received 1 ounce of this large increase in consumption. Not only that, but the way the law was framed and stands today, foreign suppliers, with Cuba getting 96 percent, will continue to get the entire and complete benefit of the increase in consumption sure to take place in the future. The domestic industries complain that they should not be foreclosed from a share in the growth and progress of this country. They are helping to make this growth possible. Actually, Cuba's basic quota—disregarding deficits—increased between 1948 and 1954 from 26.7 to 33 percent of the total quotas of all areas supplying sugar for United States consumption. The fixed-tonnage quota of the domestic industry obviously results in gradually reducing the percentage of the expanding United States market which the domestic industry is permitted to supply. The domestic beet-sugar quota, for example, was 25 percent of the total quotas in 1948, and now is less than 22 percent.

The sugar brought by consumers from the domestic area is produced with less manpower and greater efficiency than that which reaches us from foreign sources. Finally, it takes fewer minutes of the average workingman's employed time to buy a pound of sugar in the United States today than at any other time in history or in any other place in the world today.

Very truly yours,

J. A. SUMMERTON, *President,*
American Crystal Sugar Co.
FRANK A. KEMP, *President,*
The Great Western Sugar Co.
MERRILL E. SHOUP, *President,*
Holly Sugar Corp.
DOUGLAS SCALLEY,
Executive Vice President,
Utah-Idaho Sugar Co.

Elsewhere in today's RECORD I commented on the fact that 25 weekly and daily newspapers in my home State of Louisiana recently joined in issuing their publications on newsprint made from bagasse, heretofore generally considered a waste product of sugarcane, but which now offers unlimited possibilities. The story of the Valentine Pulp & Paper Co.'s plant at Lockport, La., as unfolded elsewhere in today's RECORD, is a tribute not only to our free-enterprise system but is an argument in favor of the proposed amendment to the Sugar Act, as a well-earned encouragement to an industry which has shown itself capable of ever-increasing efficiency.

Silly, Isn't It?

EXTENSION OF REMARKS
OF
HON. PAUL C. JONES
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Wednesday, March 23, 1955

Mr. JONES of Missouri. Mr. Speaker, because I think the following letter from my good friend Art Wallhausen, editor, owner, and publisher of the Enterprise-Courier, a newspaper printed and published at Charleston, Mo., sets forth very clearly the desirability, if not the necessity for a change in our postal law, I am inserting it in the CONGRESSIONAL RECORD. We all remember that some time ago, many of us supported legislation which we thought was in the general public interest, and which especially would help employees of the Railway Express Co. to maintain their jobs only to find that the express company immediately knocked out any advantage that they might have had from this legislation by immediately increasing rates to drive this business away.

Experience has taught us that the legislation which was passed and which became Public Law 199 was not in the interest of the general public, and that it should be repealed as quickly as possible. Mr. Wallhausen's letter calls attention to the silly procedures which are being followed now, and I hope the members of the Committee on Post Office and Civil Service, as well as those officials in the Post Office Department, who make recommendations for changes, will read this letter.

I have been disappointed to learn that no hearings have been scheduled on bills which would restore some sanity and commonsense to the operation of the Post Office Department, but still have hopes that the chairman and other leaders will soon realize that it is time that Congress acknowledge the mistake it made during the 82d Congress. What seemed to make sense at that time has certainly proved to be asinine.

The above-mentioned letter follows:

THE ENTERPRISE-COURIER,
Charleston, Mo., March 14, 1955.

Representative PAUL C. JONES,
House Office Building,
Washington, D. C.

DEAR PAUL: Now that you folks have managed to raise your salaries sufficiently to make your work worth your time expended, you might settle down and unpass a bit of legislation which has caused no end of trouble and confusion in business circles.

I have reference to Public Law 199.

This law, passed specifically for the Railway Express boys, places an arbitrary and silly limitation on weight and size of parcel-post packages mailed between post offices of the first class.

So what happens?

Yesterday one of my customers, for instance, hauled his printed matter from Charleston to East Prairie in order to mail the stuff. His postage bill was $115.

Then what happened?

A star-route truck picked up the packages (which had originated in Charleston) in East Prairie, hauled them back over the same route, deposited them on the back porch of the Charleston post office, from which place they were dispatched to Chicago, New York, and elsewhere.

Same silly routine is repeated over and over again. We carry our oversize packages to Wyatt or Bertrand or to East Prairie. Then the Government hauls it back to Charleston and redispatches the items. Same holds true of incoming mail.

Not long ago a customer of mine from Wyatt came storming into my office carrying a large parcel. It was a banjo or mandolin which he had ordered from a Chicago mail-order house. It was large and bulky. He had received it via parcel post. (Chicago can mail anything, any size, to Wyatt, which is a third-class post office.

He did not like the instrument, and had driven to Charleston where the said instrument was wrapped and packaged for him. He took it to the Charleston post office, where he was blandly informed that the package was too bulky to be mailed.

Naturally the man was mad and confused. I don't blame him.

After an hour or so of trying to explain this goofed Public Law 199 to this gentleman, he calmed down, hauled it back home and mailed it from Wyatt.

A few hours later a star-route carrier picked up the Wyatt mail, carted it into

Charleston, and the same banjo was dispatched from Charleston, which happens to be a central distribution point.

It just doesn't make sense.

It does mean that the Postoffice Department is being deprived of much business it is geared up to handle, and under the present system it means double handling, and useless handling of many items. It would be a great convenience, which almost amounts to necessity, for most businesses to restore regulations in force prior to the enactment of Public Law 199.

If you, my good friend, would concern yourself with this down-to-earth problem, and would get the job done, it would amount to a damn sight more good than a lot of the social "do-gooder" legislation with which Congress is constantly meddling.

Yours very truly,

ART L. WALLHAUSEN.

Partnership in Power and the Public Interest

EXTENSION OF REMARKS

OF

HON. HARRIS ELLSWORTH

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 23, 1955

Mr. ELLSWORTH. Mr. Speaker, political opponents of the administration proposal for expediting the construction of badly needed multiple-purpose river development projects which include power by permitting local participation have distorted the meaning and intent of the partnership plan. In an effort to set the record straight on this important subject, I prepared an article which was printed in a recent issue of the Reporter magazine. Under leave to extend my remarks, I include the article which follows:

PARTNERSHIP IN POWER AND THE PUBLIC INTEREST

(By Representative HARRIS ELLSWORTH)

In an attack on the Eisenhower administration's partnership policy which appeared in the Reporter of February 24, Senator RICHARD NEUBERGER of my home State, Oregon, closed with the sentence: "The public good must come first."

I agree.

But what is the public good?

For power development in the Pacific Northwest, the public good is to get the job done—so that the people and industries of that rapidly growing area will have the electrical energy they need when and on the scale they must have it and at a cost they regard as fair. The Pacific Northwest has only one-tenth of the land area of the United States and only one-thirtieth of its total population, but it possesses 40 percent of the Nation's hydroelectric power potential—and only one-seventh of this has been developed so far. The potential of the Columbia River system alone is about 34 million kilowatts, of which more than two-thirds remains to be developed.

Even though much has already been accomplished, all agree that the abundant remaining water resources of this region must be harnessed to human use. The remaining question is how we are going to do it.

ACTION VERSUS NO ACTION

For 20 years the Federal Government has been in the field of power development on a large scale, and there are those, Senator NEUBERGER among them, who claim that only the Federal Government can do this enormous job. But what is the record?

History demonstrates that exclusive reliance on the Federal Government for the development of power resources has too often meant no development at all. The Government just does not have the tax money to develop all the projects that have been proposed for all the rivers of our land and do the other things it must. In a number of instances Congress has been unable in good conscience to authorize or to appropriate money for new power development around the country. As a consequence, the result in particular regions has frequently been no action at all.

The problems inherent in exclusive development by the Federal Government are emphasized by the fact that the projected power needs for the Pacific Northwest during the next 10 years will require an investment in the Columbia River Basin area alone of roughly $2 billion. Even though the Northwest has received a most generous share of total appropriations for public works, it would require new funds out of all proportion to past appropriations to meet the future power-development needs of the Pacific Northwest area alone. We, in the Northwest, cannot be so foolish as to sit back and make plans for the future in the hope that Federal appropriations will be forthcoming on such a lopsided scale.

Thus we are presented with a clear choice between a serious slackening of industrial development or the rapid evolution of a dynamic new program realistically designed to meet projected power needs.

Faced with the stark reality of this situation, the men in the Pacific Northwest began to explore the possibilities of local interests cooperating with the Federal Government in financing multiple-purpose projects. This was the germ of the partnership idea.

THE PARTNERSHIP POLICY

In August 1953 the Eisenhower administration formally set forth a new, constructive, forward-looking policy of partnership in power development. This policy was designed to promote the fullest possible local participation in power development. Only by bringing every possible resource to bear, private and governmental, can we expect to accomplish the job that has to be done. The policy is also advocated by the President because, as he has said, partnership will permit the American people in their communities and homes throughout the Nation to "reserve to themselves as many of the basic decisions as possible. In this way, our people will remain free to carve out their destinies as their predecessors did."

The partnership idea of power development means people working together. It means that local interests will be encouraged by the Federal Government to go ahead with necessary power projects on their own. It means further that the Federal Government will continue to sponsor those projects which because of their scope and cost cannot be undertaken locally. It means also that in certain instances, where feasible, the Government will share the cost of a project with local interests.

In other words, the Eisenhower policy means that no method of supplying the power needs of the Nation will be arbitrarily eliminated; it means that all sources of financing will be utilized—private, State, and Federal—to meet this enormous challenge. It means, finally, that we shall not have to rely solely on the Federal Government, which, as history demonstrates, is too often without tax money for allocation to this purpose.

When President Eisenhower dedicated McNary Dam in the Pacific Northwest last fall, he said: "Where local enterprise can shoulder the burden, it will be encouraged and supported in doing so. But where local action cannot or should not fully meet the need, we shall have Federal action." We can therefore be assured that the Federal Government will continue its active participation in the development of our water resources.

There is a complete determination on the part of the Eisenhower administration to boost power development in accordance with the Nation's requirements. By encouraging the maximum possible local cooperation and partnership with the Federal Government, the vast amount of work that remains to be done will be most rapidly accomplished.

ALTERING COUGAR DAM

To illustrate concretely how this policy is working, Congress, some time ago, authorized the construction in the district I represent, of the Cougar Dam for flood control. By altering the design of the dam slightly and increasing its height, it was found that 37,000 kilowatts of power could be produced in addition to the millions of dollars that would be saved in flood damage to farmlands and buildings in the area. Congress, accordingly, modified the authorization to include construction of these power features at an additional cost of $11 million. The Eugene Water and Electric Board, a publicly owned electric utility system operated by the city of Eugene, Oreg., finding itself in need of additional generating capacity, offered to construct the power part of the Cougar project and thus obtain the power it needs for the people it serves.

Under the partnership legislation introduced last year, the city of Eugene proposes to pay the entire $11 million cost of the power facilities, and in addition, to contribute $500,000 toward constructing the flood-control part of the dam. Further, it would pay 15 percent of the cost of operating the flood-control portion of the project throughout the 50-year life of its license with the Federal Power Commission. That payment will total another million dollars.

The water board believes this to be a good proposition because its system will acquire an additional 37,000 kilowatts of power which it needs. The cost of construction per kilowatt will be about on a par with its other capital investment for such facilities and the type of power generated can be integrated into the rest of its system.

This partnership project will also be of distinct advantage to the Federal Government. The people will get the flood control and power they need, but the cost of installing and maintaining the power facilities will not be an unnecessary burden upon the Federal taxpayer.

All partnership proposals have the same purpose—to get additional power as quickly as possible and at the least possible expense to the Federal Government.

And how is the Eisenhower administration's partnership policy working out? Is it getting the job done? Results to date have been eminently rewarding. They indicate conclusively that industry and local government are more than willing to assume their share of the responsibility. Since the administration's announcement of its partnership program, the kilowatt capacity represented by applications made to the Federal Power Commission has increased by 50 percent.

The President, in his Economic Report to the Congress this year, said: "During the last 2 years applications to the Federal Power Commission for permits to survey potential hydroelectric developments represented a larger total of kilowatts than was covered by the applications during the prior 7 years." He went on to say: "At the end of last year the volume of such permits outstanding was by far the greatest in the history of the Commission. The workings of the partnership policy are also illustrated by six multipurpose projects for which provision has already been made or is contemplated in the coming fiscal year. It is estimated that these projects will result in a Federal expenditure af about $200 million, while an

additional $800 million may be expended by local interests, private or public."

Fourteen Federal Power Commission license applications by local interests plus another project to be built on a partnership basis would mean an additional 4 million kilowatts for the Pacific Northwest.

This would be the equivalent of two Grand Coulee Dams and would mean an investment approaching $2 billion, not supplied unnecessarily by Federal taxpayers but by private savings.

Illustrative of savings produced by the partnership approach are four projects which would have cost the taxpayer $575 million if authorization for their construction by the Federal Government had not been withdrawn. Private and local government development of these projects will not only relieve the United States taxpayer of the burden of their initial cost, but as to those projects constructed by private industry, it will mean additional tax revenue and thus a corresponding lightening of the citizens' tax burden. These economies are another example of the broad benefits that result from the application of the Eisenhower partnership policy.

One of the four projects is the Alabama-Coosa River project, authorized for Federal construction in 1945 under legislation sponsored by Senators JOHN SPARKMAN and LISTER HILL of Alabama. During the next 9 years, however, no funds for the project were appropriated by Congress. Last year Senators SPARKMAN and HILL supported new legislation which took the Federal Government out of the picture. The Federal Power Commission has already granted a preliminary permit to the Alabama Power Co. to build a 239,500-kilowatt project. The Federal project would have developed only 200,000 kilowatts and would have cost the Federal Government $114 million which it was apparently unable to make available.

REVIVAL OF INITIATIVE

One of the most heartening developments that the President's partnership policy has produced is a noticeable improvement in attitude. No longer are our local people, whether in private or public activities, waiting for the Federal Government to take care of their needs and spoon out power to them.

Renewed vigor and initiative are now abroad in the land. Local groups interested in power are exhibiting a new independence, a willingness to provide for themselves. They see now that only in this way can they get what they need, when they need it, and on their own terms. Eloquent testimony to this fact can be found in the recent action of the Oregon Legislature memorializing Congress to approve three partnership projects.

Another important point that must not be overlooked is that the savings made possible by the partnership power policy will make money available for other pressing responsibilities of the Federal Government for which there are no alternative sources of funds.

In his article Senator NEUBERGER made the rather startling observation that partnership over the years will deny to the Treasury hundreds of millions of dollars. Apparently he assumes that once the cost of a project has been paid the Government will maintain rates at the same levels and thus produce a profit for the Treasury.

Nowhere in any act of Congress, however, is there any general authorization for the Federal Government to go into or conduct a power business as such. The Bonneville Power Administration in the Department of the Interior, for example, operates the great Bonneville system into which power from all Northwest projects is fed. It sells the power at wholesale to publicly and privately owned distributing systems. The Bonneville Act of 1937 spells out how the rates shall be made: "Rate schedules shall be drawn having regard to the recovery of the cost of producing and transmitting such electric energy, including the amortization of the capital investment over a reasonable period of years."

There is no provision in that law for the Government to make a profit for the Treasury from the Bonneville system. After the people who use the power have paid for the system, they may and probably will enjoy a reduction in rates when the amortization charge ends. The Treasury gets its money back with interest. That is all. Thus, unless Senator NEUBERGER proposes that the power business be socialized and turned into a profit-making enterprise for the Federal Government, his assumption that the partnership program will "deny the Treasury hundreds of millions of dollars" is palpably false.

The Senator also makes the strange argument that the Federal Government under the partnership plan will be "saddled with the apparatus that returns no cash dividends—locks and fish ladders." He neglects to mention that his apparatus has long been considered a Federal obligation and that even the TVA specifically excludes these costs in determining its power rates. Does the Senator want only the people of Oregon and the other Northwestern States to pay for flood control and navigation in their electric bills? His comparison to the department store with its revolving doors and sales counters is cute but misleading.

Remember also that where power is developed by private companies the public interest is always fully protected. Private and local power projects must be licensed by the Federal Power Commission, and before the Commission grants a license it must see evidence that the project makes maximum use of the developed resources. And, as President Eisenhower has made clear, when a project is licensed it is not removed from public control. Rates and services remain under regulation, State and Federal. Moreover, as Senator NEUBERGER has failed to mention despite his burning interest in adding to Federal revenues, every privately operated electrical utility, like any other corporation, pays a corporate income tax of 52 percent if it earns a net income. In the year 1953 the Federal treasury collected $875 million in income taxes paid by electrical utilities.

STEVENSON, SPARKMAN, AND HILL

But let us get back to the fundamental issue that is involved here: The problem of meeting the enormous and increasing power needs of our growing Nation.

The real question is whether we are going to use every available resource, private, State, and Federal, to get a job done that has to be done, or are we going to flounder around, moving at reduced speed, because some dogmatically insist, with Senator NEUBERGER that water resources should remain undeveloped unless the Federal Government does it alone?

The answer, it seems to me, is clear. It is also clear to many others, I submit, regardless of party lines. For example, two leading Democrats, Senators SPARKMAN and HILL, of Alabama, have recognized that Federal spending alone is not the answer. And in Portland, Oreg., in May of 1952, Adlai Stevenson, later leader of the Democratic Party and its chief spokesman, said, "Where private enterprise can and is willing to do the job, I think it should be left free to do so. It seems to me that Government enterprise should be primarily addressed to the maintenance and enforcement of competition in our economic life, not its destruction."

Senator NEUBERGER, on the other hand, prefers to take his stand with the past and with former Secretary of the Interior Harold L. Ickes, who in 1941 predicted that the Pacific Northwest would in due course be a public power domain.

On the strength of these facts, I am compelled to conclude that Senator NEUBERGER is out of step with the new needs and conditions of our times and with the leadership and other important members of his own party. The evidence equally compels me to suggest that Senator NEUBERGER, liberal though he may claim to be, is certainly, on this issue at least, a reactionary.

Greek Independence Day, March 25

EXTENSION OF REMARKS

OF

HON. DANIEL J. FLOOD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 23, 1955

Mr. FLOOD. Mr. Speaker, the celebration of Greek Independence Day is of especial significance for a number of reasons. In the first place, the ancient Greeks, who are renowned for the very high premium they placed on freedom and independence, were, in a sense, the first citizens of the West. They showed the world that they preferred to fight for the preservation of their independence rather than willingly submit to conquering oppressors. In the second place, when eventually they were forced to submit to alien tyrants, the Greeks proudly maintained their spiritual independence for many centuries. Finally, in 1821, when they saw a chance of regaining their national independence, they staged a revolt, which in the course of several years of warfare led to the birth of modern Greece.

In that year, when Archbishop Germanos raised the standard of the cross in his monastery at Patras, few people outside Greece realized that the insurrection started by this intrepid church leader was to bring about complete political independence. But as Greeks of all classes closed their ranks and rallied to the cause of their freedom the world began to see the dawning of a new day in Greece, that cradle of western civilization.

At times the course of the struggle seemed uncertain. Even with considerable outside aid the cause of Greece suffered some setbacks. But as these brave Greeks braced themselves in a do-or-die fight, and as the amount of outside aid was increased, doubts as to the outcome vanished. In October of 1827 when the enemy's fleet was destroyed at the naval battle of Navarino, Greece's independence was assured.

It is simple enough for us to relate in a few sentences what the Greek warriors accomplished in the course of a strenuous and bloody decade. It is easy for us to view those events from a distance and marvel at the brave deeds of those Greeks against their oppressors. But the few words we say here cannot do them adequate justice. Neither time nor distance can dim the admiration with which we regard everything the Greeks did for the realization of their national dream, for the attainment of their national political independence.

In recent years Greek independence has been seriously endangered by aggressors or other evil forces. The memories of World War II and postwar events

are still fresh in our minds. If we have learned a lesson from those tragic events, it is that national independence demands constant national vigilance, and it entails supreme sacrifices from all. The Greeks of 134 years ago, as well as those of our own day have proved equal to the task at hand. They have made a remarkable record for themselves by the courageous defense of their national independence. They will deserve the overflowing benefits which hard-won freedom bestows.

I am glad that we in the United States have been in a position to help the Greeks in their ceaseless fight against forces of tyranny and oppression. We are now closely linked to the Greek people in a common defense system, and they can be sure that we will do our utmost to support and protect their freedom. In this fraternal spirit we salute our allies and happily join in the celebration of Greek Independence Day.

Prizewinners

EXTENSION OF REMARKS
OF
HON. JAMES W. TRIMBLE
OF ARKANSAS
IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 23, 1955

Mr. TRIMBLE. Mr. Speaker, on the 8th of March we had a group of young people from Arkansas visit Washington on their way to the Columbia Scholastic Press Association meeting at Columbia University, New York City. Included in the group were Patty Bonds, Carolyn Clark, Carole Crockett, Jane Davidson, Jane Donovan, Bettye Fleming, Drew Flora, Richard Forster III, Shirley Gibbs, Margie Giblon, Carol Griffee, Richie Hobbs, Richard Jones, Jr., Mary Elizabeth Lewis, Lucy Ann McAlister, Bob McHenry, Virginia Moellers, James E. Newton, Kay Norman, Syble Owen, Larry Randolph, Vonda Robinson, Ralph Starr, Kathryn Stewart, Chrissy Trusler, Louise Turner, Rose Ann Valenti, Ann Voss, Jerry Voss, Jo Wilbourn, and Mary Youmans. Their sponsor was Miss Hazel Presson. Also accompanying them were Mrs. G. L. Presson and Mrs. Guy Dean.

The Grizzly, newspaper of the Fort Smith (Ark.) High School, won first prize in its class. During the meeting at Columbia University, Miss Carol Griffee, editor of the Grizzly, conducted a student roundtable on Making News Interesting. Drew Flora, who is president of the Arkansas High School Press Association, was chairman of one of the group sessions. Miss Presson spoke at a sectional meeting on Ways To Avoid a Gossip Column.

Carol Griffee and Drew Flora were invited to appear on Dave Garroway's television program. Along with Larry Randolph, they were invited to have lunch in the press bar at the United Nations.

Miss Presson was named a charter member of the National Council of Scholastic Press Associations. This organization is being formed to coordinate the work of scholastic press associations.

Washington was one of the points of interest on the group's trip. It was a pleasure to have them here. They are a credit to all America.

Tabulation of Questionnaire

EXTENSION OF REMARKS
OF
HON. PETER FRELINGHUYSEN, JR.
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 23, 1955

Mr. FRELINGHUYSEN. Mr. Speaker, early in January of this year, I mailed out a questionnaire to approximately 100,000 of my constituents seeking their views on major national issues. Approximately 9,000 questionnaires have been returned. These have been tabulated for me by the International Business Machines Corp. Under leave to extend my remarks, I should like to include the complete questionnaire and the tabulated returns:

TABULATION OF REPRESENTATIVE FRELINGHUYSEN'S QUESTIONNAIRE

I. Do you favor granting Federal financial assistance to the States for school construction?

Yes, 72.7 percent; no, 22.9 percent; no opinion, 4.4 percent.

II. A citizen's Commission has recommended major salary increases for Congressmen, Supreme Court Justices, other Federal judges, the Speaker of the House of Representatives, and the Vice President. Would you vote for legislation favoring such increases?

Yes, 57.0 percent; no, 33.2 percent, no opinion, 9.8 percent.

III. The administration has announced support of a pay increase for Federal employees, including military personnel. Do you think this is a good idea?

Yes, 72.0 percent; no, 18.7 percent; no opinion, 9.3 percent.

IV. Do you favor continuing the selective-service program as long as there are not enough volunteers to meet quotas of the armed services?

Yes, 87.1 percent; no, 8.9 percent; no opinion, 4.0 percent.

V. Do you favor universal military train-

Yes, 76.3 percent; no, 18.8 percent; no opinion, 4.9 percent.

VI. The following have been cited by various persons as threats to the security of the United States. Please check the answer which best describes your opinion of each:

Armed attack by an enemy: Extreme threat, 35 percent; unlikely threat, 53.4 percent; no opinion, 11.6 percent.

Internal subversion and sabotage: Extreme threat, 60.2 percent; unlikely threat, 30.5 percent; no opinion, 9.3 percent.

Curtailment of civil liberties through efforts to prevent subversion: Extreme threat, 31.4 percent; unlikely threat, 53.0 percent; no opinion, 15.6 percent.

Regimentation of the United States economy by excessive expansion of the Federal Government: Extreme threat, 35.6 percent; unlikely threat, 48.0 percent; no opinion, 16.4 percent.

Economic depression: Extreme threat, 15.8 percent; unlikely threat, 72.3 percent; no opinion, 11.9 percent.

Inflation resulting from an unbalanced budget: Extreme threat, 35 percent; unlikely threat, 51.2 percent; no opinion, 13.8 percent.

VII. Which of the following best expresses your view as to what United States trade policy should be? Please check one:

We should lower our tariffs and trade barriers in order to increase world trade and strengthen the economies of our friends abroad. Trade, not aid, is a good policy, 70.6 percent.

We should raise our trade barriers in order to protect our industries from foreign competition, 18.6 percent.

No opinion, 10.8 percent.

VIII. Which of the following viewpoints best expresses your views on immigration policy? Please check one:

Congress should modify the McCarran-Walter immigration law along the lines suggested by President Eisenhower during the 1952 campaign, and increase the number of people who can settle in the United States, 35.8 percent.

Congress should make our immigration laws more strict and reduce the number of immigrants allowed to enter this country, 30.5 percent.

Congress should leave our immigration laws pretty much as they are, 27.7 percent.

No opinion, 6 percent.

IX. Which of the following viewpoints expresses your views regarding the Taft-Hartley law? Please check one:

The Taft-Hartley law is a slave-labor law which is unfair to unions and the average workingman. Congress should repeal it or completely amend it, 9.5 percent.

The Taft-Hartley law is not strict enough in prohibiting monopolistic, unjust, and dangerous practices by unions. Its provisions regulating union practices should be made even tougher, 19.7 percent.

Experience has shown the Taft-Hartley law to be fair and just. It has contributed to the improvement of labor-management relations. The law may need some amendments, but from an overall standpoint, it is a good law, 62.6 percent.

No opinion, 8.2 percent.

X. (a) Do you favor further tax reductions?

Yes, 52.2 percent; no, 37 percent; no opinion, 10.8 percent.

(b) If your answer to (a) is "yes," how far would you go to reduce taxes?

Would you cut the military budget? Yes, 22.9 percent; no, 58.4 percent; no opinion, 18.7 percent.

Would you oppose increasing dollar aid to Asia? Yes, 72.7 percent; no, 16.6 percent; no opinion, 10.7 percent.

Would you continue a deficit in the Federal budget? Yes, 22.1 percent; no, 54.1 percent; no opinion, 23.8 percent.

Number of questionnaires mailed, 100,000.

Number of questionnaires returned, 8,959.

Panama Canal: The Crack on Contractors Hill

EXTENSION OF REMARKS
OF
HON. CLARK W. THOMPSON
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 23, 1955

Mr. THOMPSON of Texas. Mr. Speaker, in a significant statement in the CONGRESSIONAL RECORD, volume 95, part 13, page A2228, the late distinguished chairman of the House Committee on Merchant Marine and Fisheries, Hon. Schuyler Otis Bland, of Virginia, commented at some length on Slide Problems of the Panama Canal and quoted a technical discussion by Dr.

A. Casagrande. Judge Bland stressed the most treacherous formation in Isthmian terrain as of "sinister fame"—Cucaracha.

At that time, however, neither the Congress nor the American public knew of the existence of a crack in Contractors Hill that had been discovered in 1938. Nor had this crack been mentioned in any of the published sections of the annual reports of the Governor of the Canal Zone.

The dramatic disclosure early in 1954 of this crack as indicating a grave hazard to the security of transit produced a national sensation and, for a time, attracted world attention. Panama Canal administrators thereupon took action to meet the threat of closure. Notwithstanding these measures, the fact remains that remedial action was not initiated until the situation had reached critical proportions.

The entire record of the crack in Contractors Hill further emphasized the point stressed by Judge Bland, and other congressional leaders, of the importance of thorough, up-to-date, and objective study and review of all aspects of the canal question before making final decisions on Isthmian policy. The recommendations for constructing a new Panama Canal of sea-level design contained in the 1947 report under Public Law 280, 79th Congress, which was prepared under the direction of routine administrative officials with what appear to have been predetermined objectives, clearly calls for a reassessment in the light of subsequent developments including the H-bomb. The previous failure of the 1931 and 1939 studies on the Panama Canal, which also were prepared under the direction of routine administrators, is conclusive evidence of the necessity for an independent investigation under congressional authorization.

Such an inquiry, it is submitted, can be accomplished only by a broadly based and independent Interoceanic Canals Commission, composed of men of the highest qualifications and character who may not be dominated by administrative controls and who can view all the aspects involved in a purely objective manner. That type of organization does not now exist. To provide one, Hon. THOMAS E. MARTIN and I, early in the present session, introduced identical measures, S. 766 and H. R. 3335, 84th Congress. It is a matter of grave regret that such a body had not been created and in operation before the recent treaty negotiation with Panama was concluded. Had such been the case, the Congress and the executive branch of our Government might have had a wealth of information for use in and about the formulation and approval of the new treaty.

A summary of the present status of the Contractors Hill situation by Charles McG. Brandl was published in the March–April issue of the Military Engineer, volume XLVII, page 93. The issue contains the following sketch of its author's engineering experience:

Charles McG. Brandl, the assistance project engineer for the Contractors Hill project, is superintendent of Maintenance and Construction for the Southern District of the Maintenance Division of the Panama Canal Company. He has had wide engineering experience in Panama and is a frequent contributor to the Military Engineer. He is a native of North Carolina and a registered engineer in that State.

To make Mr. Brandl's article available to the Congress and other agencies of the Federal Government, under leave accorded, I include its text:

THE CRACK ON CONTRACTORS HILL

(By Charles McG. Brandl)

When DeLesseps and the French began their attempt at building the Panama Canal, they chose the low point in the Continental Divide as the place to dig through. This location, while a natural one which was later used successfully by the Americans, was chosen apparently without very extensive knowledge of the geology of the area. The low point, which is a saddle between the hills now known as Gold (elevation 650 feet) on the east and Contractors (elevation 410 feet) on the west, is in, and is a part of, an unstable soil area. It is surrounded by the treacherous cucaracha formation, a material so unstable that it has many times closed the Canal channel. This mixture, of weak clay shales, sandstone agglomerate, conglomerate, welded tuff ash flow, and other volcanic ejections, is interspersed with an appreciable percentage of bentonitic matter which, when wet and exposed to air, swells and flows freely on slopes steeper than 3 to 1. Embedded in and supported by this cucaracha are the rock masses of the two hills. Although basically both are apparently stable, a part of Contractors Hill recently endangered the Canal.

In 1938 a survey party discovered in the tall grass covering the top of the hill a slight crack or fissure. It was noted, and monuments for checking future movement were set astride the crack. In 1939 they showed a total movement toward the Canal of 0.06 foot. This was considered unimportant and no further measurements were made until 1949. Through the years the crack had grown and widened, so in 1949 a schedule of monthly readings was established. These were continued and in the early part of 1953 it was observed that the crack was extending in both directions and additional check monuments were established. By early 1954 the action and development of the crack had progressed to such a stage that the stability of the hill was questionable and the future safety of the Canal became of grave concern.

Earlier survey work establishing points in the canal's triangulation system had, fortunately, located two control points on Contractors Hill. By using these and other check measurements, it was readily determined that the hill had an irregular crack or split over 8 inches wide along its face. Soundings indicated that the crack was nearly 600 feet deep. It was definitely proven that the mass breaking away was the smaller part of the hill to the east of the crack, moving toward the waters of the canal. (The mass was estimated to be about 4 million tons.) This was found out at about the start of the rainy season. With the coming of the rains a curious action of this free mass was noticed. When water partially filled the crack there was an immediate further movement toward the canal, roughly proportionate to the depth of water. When the rain ceased the water drained away and the free mass moved back toward the main hill. But always the return movement was less than the original outward one so that the cumulative effect of the rains was to push the free mass farther toward the canal. Meanwhile, the canal authorities had begun core drilling to ascertain the exact size and nature of the hill itself. Experts in the fields of geology and soil mechanics were assembled by Gov. John S. Seybold to study the conditions and make recommendations. While the watchers above probed and studied, the commerce-laden vessels of the world's maritime nations passed serenely below them in the calm waters of the canal, unconcerned about the looming rock mass above.

Yet, if this mass were suddenly to slide or fall into the narrow Gaillard (Culebra) Cut, it would so dam the canal that months of marine drilling, blasting, and dredging would be required to clear it. And there would be no short cut for ships—only the long voyage around the Horn, costly in time and money. The serious effects of a forced closing of the canal from the military standpoint are obvious.

From the reports of the experts, the engineers developed a plan for removing as much of the rock mass of the hill as was deemed threatening. This plan was sketchy in detail as it had to be, considering the relatively limited data available at that time. Final plans called for the removal of the rock in a series of steps or benches 40 feet high rising up from the 150-foot elevation (the water of the canal is approximately 86 feet) to the crest of the hill which would be cut off to elevation 390 feet on the north end, and to 350 feet on the south end. To be included would be the removal of a certain amount of the shale or cucaracha formation at the north and south ends of the hill.

Since the time element was vital, the canal authorities resorted to limited bidding rather than the usual contractural procedures. Accordingly, some of the outstanding construction firms in the United States and Panama were invited to send representatives to inspect the site and to submit proposals for the removal of the requisite amounts of rock and cucaracha. These proposals were to indicate a bid price for the items based on different quantities which it would be the option of the Government to stipulate; were to include a mobilization schedule for placing men and equipment at work on the site; and were to indicate a method of removal. The Government reserved the right to accept the proposal which it deemed best suited for the successful completion of the project. The initial contract called for the removal of 2 million cubic yards of rock and 350,000 cubic yards of shale. These figures were later amended and, as of February 1, 1955, call for the removal of 1,700,000 cubic yards of rock and 350,000 cubic yards of cucaracha. The contract was awarded in the latter part of May 1954 and by the middle of July equipment was on the site.

Prior to the arrival of the equipment, two items were added to the contract by supplemental agreement: the construction of a crack inspection and drainage tunnel and the removal of a commemorative memorial plaque. The tunnel, a 5-foot by 7-foot arched roof section, approximately 120 feet long, started on elevation 92 feet at the face of the cliff near the canal prism line and ran approximately perpendicular to the canal axis and cliff face of the hill until it intersected the crack. Here an inspection gallery and pumproom were to be built and check points located for measuring any movement in the hill mass after the excavation on top had destroyed the original check points.

The commemorative plaque is the 9-foot by 11-foot bas relief bronze sculpture, weighing 1 ton, which was installed in the face of the cliff about 103 feet above the canal waters at the time Culebra cut was renamed in memory of Lt. Col. David D. Gaillard, the engineer in charge of the excavation there from 1907 to 1913. The plaque will probably be reinstalled on the regraded face of Contractors Hill.

Work on the supplemental items proceeded at once and was satisfactorily completed well ahead of schedule. The effectiveness of the tunnel as a drainage facility was such that

no pumping or other disposal of the water in the pit floor was required throughout the rainy season. The water seeped through the crack into the tunnel and out into the canal. The removal of the hydrostatic pressure eliminated this force from further adverse pressure against the broken rock.

The actual work of rock removal started ahead of schedule and has proceeded without major interruption following a fixed routine of drilling, loading, firing, and excavating 20 hours a day 6 days a week. The 4-hour interval between the two 10-hour shifts daily is used to check and service equipment as is all the daylight shift on Sunday. As of the 1st of February, the contractor was nearly 2 months ahead of schedule, and barring unforeseen events, should have the 1,700,000 cubic yards of rock and 350,000 cubic yards of cucaracha removed by August 1955. However, the routine nature of the operation was not achieved without careful planning and constant vigilance.

The nature of the rock and its proximity to the narrow cut precluded the taking of any chances. Each blast had to be planned; each element had to be coordinated with the special and peculiar conditions of the exact area or pattern. Each fracture in the rock either natural (the whole hill mass is proving to be a heterogeneous crazy quilt of seams and fissures, or those caused or enlarged by blasting, must be studied and evaluated in relation to the diameter of the hole, its depth, the kind and amount of dynamite in it, the detonator sequence (millisecond delays are used almost exclusively) and these data considered for each of the 20 to 150 charges which may constitute a pattern. When blasting astride the crack or between the crack and the cliff face, additional elements of safety must be considered. For example, nothing is allowed to delay or cause alarm to the ships that pass below. No rock must fly when a ship is close nor can any blast, no matter how carefully planned, be fired until any approaching ship has cleared the cut. There must be no possibility of an accidental dislodgment of rock falling into this narrow passage ahead of an oncoming ship. These factors place the operation in a unique and special field of interest and concern. There cannot be, and there have not been, any attempts to make short cuts in the elemental safety of the procedures. The contractors' forces have been as careful in this respect as have the Government personnel. Together they are bringing to a successful conclusion an enterprise which will be a credit to American construction skill and a fitting supplement to the similar work done long ago in the same location by the original Canal builders. The material now removed, more than 900,000 cubic yards, has so lessened the upper burden of the rock mass as practically to insure the overall stability of the mass until the job is completed.

To make the texts of the bills, which are identical, readily available to the Congress in connection with the study of Isthmian Canal Policy by its various committees, I quote H. R. 3335:

Be it enacted, etc., That this act may be cited as the "Interoceanic Canals Commission Act of 1955."

SEC. 2. (a) A commission is hereby created, to be known as the "Interoceanic Canals Commission" (hereinafter referred to as the "Commission"), and to be composed of 11 members to be appointed by the President, by and with the advice and consent of the Senate, as follows: One member shall be a commissioned officer of the line (active or retired) of the United States Army; 1 member shall be a commissioned officer of the line (active or retired) of the United States Navy; 1 member shall be a commissioned officer of the line (active or retired) of the United States Air Force; and 8 members from civil life, 4 of whom shall be persons learned and skilled in the science of engineering. The President shall designate 1 of the members from civil life as chairman, and shall fill all vacancies on the Commission in the same manner as are made the original appointments. The Commission shall cease to exist upon the completion of its work hereunder.

(b) The Chairman of the Commission shall receive compensation at the rate of $20,000 per annum, and the other members shall receive compensation at the rate of $18,000 per annum, each; but the members appointed from the Army, Navy, and Air Force shall receive only such compensation, in addition to their pay and allowances, as will make their total compensation from the United States $18,000 each.

SEC. 3. The Commission is authorized and directed to make and conduct a comprehensive investigation and study of all problems involved or arising in connection with plans or proposals for—

(a) an increase in the capacity and operational efficiency of the present Panama Canal through the adaption of the Third Locks Project (53 Stat. 1409) to provide a summit-level terminal lake anchorage in the Pacific end of the canal to correspond with that in the Atlantic end, or by other modification or design of the existing facilities;

(b) the construction of a new Panama Canal of sea-level design, or any modification thereof;

(c) the construction and ownership, by the United States, of another canal or canals connecting the Atlantic and Pacific Oceans;

(d) the operation, maintenance, and protection of the Panama Canal, and of any other canal or canals which may be recommended by the Commission;

(e) treaty and territorial rights which may be deemed essential hereunder; and

(f) estimates of the respective costs of the undertakings herein enumerated.

SEC. 4. For the purpose of conducting all inquiries and investigations deemed necessary by the Commission in carrying out the provisions of this act, the Commission is authorized to utilize any official reports, documents, data, and papers in the possession of the United States Government and its officials; and the Commission is given power to designate and authorize any member, or other officer, of the Commission, to administer oaths and affirmations, subpena witnesses, take evidence, procure information and data, and require the production of any books, papers, or other documents and records which the Commission may deem relevant or material for the purposes herein named. Such attendance of witnesses, and the production of documentary evidence, may be required from any place in the United States, or any Territory, or any other area under the control or jurisdiction of the United States, including the Canal Zone.

SEC. 5. The Commission shall submit to the President and the Congress, not later than 2 years after the date of the enactment hereof, a final report containing the results and conclusions of its investigations and studies hereunder, with recommendations; and may, in its discretion, submit interim reports to the President and the Congress concerning the progress of its work. Such final report shall contain—

(a) the recommendations of the Commission with respect to the Panama Canal, and to any new interoceanic canal or canals which the Commission may consider feasible or desirable for the United States to construct, own, maintain, and operate;

(b) the estimates of the Commission as regards the approximate cost of carrying out its recommendations; and like estimates of cost as to the respective proposals and plans considered by the Commission and embraced in its final report; and

(c) such information as the Commission may have been able to obtain with respect to the necessity for the acquisition, by the United States, of new, or additional, rights, privileges, and concessions, by means of treaties or agreements with foreign nations, before there may be made the execution of any plans or projects recommended by the Commission.

SEC. 6. The Commission shall appoint a secretary, who shall receive compensation fixed in accordance with the Classification Act of 1949, as amended, and shall serve at the pleasure of the Commission.

SEC. 7. The Commission is hereby authorized to appoint and fix the compensation of such engineers, surveyors, experts, or advisers deemed by the Commission necessary hereunder, as limited by the provisions in title 5, United States Code, section 55a (1946 edition); and may make such expenditures—including those for actual travel and subsistence of members of the Commission and its employees—not exceeding $13 for subsistence expense for any one person for any calendar day; for rent of quarters at the seat of government, or elsewhere; for personal services at the seat of government, or elsewhere; and for printing and binding necessary for the efficient and adequate functions of the Commission hereunder. All expenses of the Commission shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the Chairman of the Commission, or such other official of the Commission as the Commission may designate.

SEC. 8. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions and purposes of this act.

The Horizons Beyond in Agriculture

EXTENSION OF REMARKS

OF

HON. HENRY ALDOUS DIXON

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 23, 1955

Mr. DIXON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following speech by the Honorable Ezra Taft Benson, Secretary of Agriculture, entitled, "Horizons Beyond in Agriculture" before the Pacific Dairy and Poultry Association, Salt Lake City, Utah, on March 19, 1955:

THE HORIZONS BEYOND IN AGRICULTURE

I deeply appreciate this opportunity to appear before this 31st annual convention of the Pacific Dairy and Poultry Association. It is always a real pleasure for me to come home to Utah. This visit is doubly enjoyable because so many of my friends in the dairy and poultry industries are here for these sessions.

It seems to me most appropriate that you have selected as the theme for this year's convention "Horizons Beyond." Truly agriculture's horizons of today hold great promise for our farm people and, indeed, for everyone. The forward strides we have made in the broad fields of agricultural research, education, marketing, and technology are unmatched in any other nation. Output per man-hour on our farms nearly doubled in the last two decades as agriculture adopted new and vastly more efficient production methods.

Yet in some new developments, such as the application of nuclear science to farming, we have barely scratched the surface. As we add to our fast-growing fund of agricultural knowledge we become even more acutely aware of the fact that there is still so much that is not known.

It is this constant challenge of the unknown which spurs man ever onward toward these horizons beyond. And however far he travels he finds that there are still new horizons.

The future of American agriculture is closely linked to the future of the Nation itself. I find it impossible to believe that future can be anything but bright.

As all of you know, both the dairy and poultry industries have been going through a rather painful period of readjustment. In both instances, major troubles developed when production outran effective consumer demands. There is another and happier parallel. The dairy and poultry situations both have shown sharp improvement recently. Not all of our problems are behind us yet, but we are headed in the right direction—toward better balance between production and demand and toward the greater price stability which such a balance insures.

It is encouraging to note that the dairy and poultry industries have shouldered the responsibility for making the necessary production adjustments. At the same time they have done an outstanding job of expanding consumption through better merchandising and vigorous promotional campaigns. The evidence of this lies in the fact that consumption of poultry and eggs has been running at record levels while there has also been a marked upturn in the use of most dairy products.

All of this has been accomplished without Government production controls of any kind. In the case of the poultry industry, it has been done without resort to price supports. In fact, the poultry industry rejected Government assistance programs last fall even when prices were at their lowest levels. The wisdom of this decision is confirmed, I believe, by the rapid improvement in the overall situation.

The dairy picture is immeasurably better today than it was a year ago. Here again I believe this improvement has largely come about because both the industry and the Government chose to face the facts. An unrealistic level of price support was adjusted almost 1 year ago. Despite some dire predictions that this move would bankrupt dairymen, there is enough evidence now at hand to prove that the action was fundamentally sound and in the real long-term interests of the industry.

Sometimes we have to look back to see how far we have come. A year ago the Government was getting into the dairy business at an unprecedented rate. Milk production was booming to new seasonal highs month after month. Consumption, particularly of butter, was moving lower, while huge surpluses of dairy products continued to pile up in Government hands.

All of this was happening under a program of price supports at 90 percent of parity. Obviously the continuation of the very program which had helped to get us into this situation would never get us out of it. Supports at 75 percent of parity for the new marketing year which began last April 1 were set in accordance with the law which directs the Secretary of Agriculture to fix supports at a level that will assure an adequate supply of dairy products. This adjustment was designed to help to close the gap between production and consumption of dairy products.

Now, nearly 1 year later, we are in position to evaluate the results. To me the most significant thing is that dairy production has leveled off, while consumption has been steadily increasing. Government purchase of dairy products are down sharply and, at the same time, we have been able to move large quantities of previously acquired surpluses into channels of consumption.

Milk production in January and again in February of 1955 was slightly below that for the same 2 months of 1954. This was the first time since 1952 that January and February milk production had failed to show an increase over the previous year. Milk production in December of 1954 was also below the corresponding month for a year earlier. This leveling off indicates that milk production during the current year will be about the same as in 1954—around 123.5 billion pounds.

This conclusion gains further support from the fact that the number of milk cows 2 years old and over on January 1, 1955, was 1 percent less than for a year earlier. Numbers of young stock, however, remain large in relation to numbers of mature cows, with heifer calves showing a 1 percent increase over the preceding year on January 1, 1955. More milk cows were culled from the Nation's dairy herds during 1954 than in any year since 1948—both in actual numbers and in relation to the number of cows on farms. This is concrete evidence that the intensive culling program sponsored by the industry, with the cooperation of the Department of Agriculture, has strongly taken hold.

Now that we are on the right road, I sincerely hope that dairymen will not relax in this campaign to rid their herds of poor producing cows—the "boarders" which do not pay their keep. Even though average milk production per cow reached an all-time record of 5,512 pounds per year in 1954, this figure falls far short of the output achieved on our better dairy farms. We still have far too many 3,000-, 4,000-, and even 5,000-pound producers which place a heavy drain upon the farmer's resources and time and which contribute nothing to his profits. This same uneconomic production, however, is a major cause of our surplus-milk problem.

In the last two decades, average milk production per cow has increased by about 1,500 pounds—more than one-third. The increase has been substantially greater for cows under test in dairy herd improvement associations. With present known breeding, feeding, and handling techniques, the average milk output per cow could conceivably be doubled over a period of time. Right now California dairy cows are producing well over 50 percent more milk, on an average, than those for the Nation as a whole.

No one can say just what the new developments of tomorrow will add to efficiency in dairying. But certainly there are "horizons beyond." I am convinced that the great gains in the dairy industry tomorrow will come, as they have in the past, through research and education and improved production and marketing methods.

Although milk production today has leveled off at a high point, we are closing the gap between output and consumption. And I know that all of you in this great industry would infinitely prefer to see a balance attained in this way, rather than through a distasteful system of production controls which would have been inevitable had price supports been continued at unrealistic levels.

Per capita consumption of fluid milk during 1954 increased by 2 pounds over the preceding year. We anticipate a further upturn in 1955. Coupled with this is the fact that the population of the United States is increasing by about 2.7 million persons each year. This annual growth alone supplies a new market for nearly 2 billion pounds of milk every year.

The special school-lunch program, now operating in all of the 48 States and the District of Columbia, has been especially helpful in expanding milk consumption where it is most needed—among our younger people. By mid-February nearly 46,000 of the 160,000 schools in the Nation had been approved for participation in this project and this total will increase further. Preliminary reports show that schools operating under the program had increased milk use by about 58 percent over normal monthly consumption. In some States the increase was more than 100 percent—indicating what I have long believed: that if milk is made easily available, people will drink it in much larger quantities.

We have yet to see the full effects of the vigorous promotional campaign which the dairly industry launched last year in an all-out effort to spur increased consumption of the healthful dairy products. Through every advertising medium the public is being told the story of milk—that it not only tastes good but that it is good. Here we have had the finest beverage in the world, but until recently we haven't been trying to sell it. Instead we have been depending upon the consumer to acquaint himself with its merits. In this competitive age, the market goes to the man who creates a demand for his product and then aggressively merchandises it. I am happy to see the dairy industry adopting some of the techniques of its competitors.

Until a few months ago, except at certain hours in the cafeterias, it was impossible to buy a drink of milk in the Department of Agriculture buildings in Washington. Vending machines there are now doing a thriving business. And virtually all of these sales represent additional consumption.

Only a few days ago I observed with considerable interest that milk vending machines had been installed in the cloakrooms of the House of Representatives in Washington. In those very rooms through the years the problems of the dairy industry must have been discussed upon thousands of occasions. Now Congressmen have the means of attacking the dairy surplus problem through consumption as well as legislation.

I am told that there were approximately 16,000 milk vending machines operated in the United States last year. That represents only 1 machine for every 10,000 people. In contrast there were 210,000 chewing gum machines and 695,000 soft drink vending machines in this country last year.

Saleswise, vending machines handled $65 million worth of coffee, $210 million worth of candy, $393 million worth of soft drinks, and $690 million worth of cigarettes and—get this—only a little more than $22 million worth of milk. Now I do not contend that milk vending machines alone are the answer to all of the dairyman's problems. But the figures I have just cited do illustrate the possibilities of market expansion in a field which has barely been tapped by the dairy industry. Personally, I am not going to be satisfied until I read that sales of milk through mechanical vendors are approaching the totals recorded for competing beverages. We can reach this goal if we have the will to do it.

I believe most of us agree that increased consumption of fluid milk offers the best hope for a thriving, prosperous dairy industry. We must not leave unexplored any avenue which will lead to this objective. We need to know more about what can be done to increase sales through use of larger milk containers and through additional price incentives to the consumer who takes an extra quart or two at the doorstep or at the store. Perhaps we need to reexamine some of the restrictive marketing practices which bar outside milk from certain areas under arbitrary health regulations. Certainly we must constantly strive for the increased efficiency which stimulates increased milk consumption through the factor of price.

Meanwhile, per capita consumption of some other dairy products has been trending higher during the last year. Reversing the long-time downward move, butter sales during 1954 were some 5 to 6 percent higher than for the preceding year. The average American also consumed a little more cheese and nonfat dry milk last year than he did in 1953. On the other hand, consumption of condensed, evaporated, and dry whole milk declined to the lowest per capita rate during the postwar period. Ice cream consumption was slightly lower, too.

Nevertheless, the constantly improving balance between milk supply and demand is indicated by the fact that recent Commodity Credit Corporation purchases of dairy products have been far below those of a year ago—after being much higher in the first months of the new marketing year. During the first 11 months of the current marketing year, we bought only about half as much butter as we did during the full 1953–54 marketing year. We bought only one-third as much cheese and about three-fourths as much dry milk in those 11 months as in the preceding 12 months.

Government purchases of dairy products dropped substantially by mid-summer of 1954 and the downward trend continued throughout the year. During the month of December 1954 we bought not a single pound of butter. With the flush production season ahead of us, we may reasonably expect to purchase substantial quantities of dairy products again, though at a far lower rate than a year earlier.

For the calendar year 1954, the surplus production which found its way into Government hands in the form of various dairy products amounted to the equivalent of 9.1 billion pounds of milk—about 7.4 percent of the total production. Nevertheless, this meant that CCC became the owner of 22 percent of all creamery butter produced in the United States in 1954, 35 percent of the cheese production and 50 percent of the nonfat dry milk output. This illustrates how the Government becomes the market for processed dairy products when milk production moves up or demand moves down by only a few percentage points.

Increasing consumption of fluid milk has, of course, resulted in reduced production of butter and cheese during recent months. As I indicated a few months age, we must continue to emphasize this approach as the only effective solution to the dairy problem.

We have made real progress in moving dairy products from CCC inventories into channels of consumption, both at home and abroad, through a variety of methods including commercial sales, welfare donations, and school-lunch programs. At the beginning of this month we had on hand 253 million pounds of butter. Seven months earlier we owned 466 million pounds of it.

Unsold cheese inventories of CCC have declined from 435 million pounds at the end of last September to 334 million at the beginning of this month. Last April we had 600 million pounds of nonfat dry milk on hand. That had been reduced to 72 million pounds by March 1. Altogether, CCC has disposed of more than 1.6 billion pounds of these products during the last 11 months.

These sales and donations involved substantial losses, in most instances. But the products were moved from storage into channels of consumption.

Pricewise the improving dairy situation is illustrated by the fact that for several months the average wholesale price received by farmers for all milk has been ranging between 84 and 86 percent of parity. Just 1 year ago, when dairy supports were still at 90 percent, the average price received by farmers for all milk was 86 percent of parity.

I am convinced that there are better days ahead for the dairy industry. The many encouraging signs unmistakably point up this fact. It would be most unwise at this juncture—when production and consumption are moving toward a balance—to increase dairy price supports by legislative action. Many of the impressive gains of the past year would be swept away almost overnight. We would only be postponing until another day the readjustment which the industry inevitably had to make—a readjustment which is now well on the way to completion.

It is gratifying to me that the Nation's vast poultry industry, in which so many of you have a direct interest, is also emerging from the price problems which plagued it for many months. Despite the rapid recovery in egg and poultry prices, I would strongly urge the industry to move with some caution at this point. As was demonstrated so emphatically last year, even the broad and constantly expanding market which the industry has built will not absorb at profitable prices the entire output of eggs and poultry which existing facilities are capable of producing.

Producers must voluntarily exercise some restraint upon overexpansion and excessive production if we are to have a stable and prosperous poultry industry. We must seek to avoid the violent ups and downs which have too often characterized the egg and poultry markets in the past.

As you know, the current upturn in egg prices began about 2 months ago at a time when production was increasing seasonally, although egg receipts at terminal markets were declining. Egg production estimates for January and February showed a 3-percent increase over a year earlier for the country as a whole. There were weather factors, perhaps, plus stronger consumer demand stemming from improving general business conditions, which tended to offset this.

Another underlying source of strength in the market—and it may be the most important one of all—is the general belief that there will be a smaller supply of eggs later this year. In each of the last 5 months, fewer pullets were started for laying-flock replacements than for the corresponding months a year earlier. As of Febuary 1, farmers indicated intentions of buying 18 percent fewer chicks for laying replacements than last year. Stronger egg prices may lead farmers to purchase more replacements than they had originally planned. This could have later repercussions.

With the number of layers on farms March 1 slightly above the same date for last year, egg production also may be expected to run a little higher than a year ago during the next 2 or 3 months. The rate of lay per bird is expected to be about the same as in 1954 for April and May.

Broiler prices into March continued high enough to induce increased placements. The broiler-feed price ratio in mid-February stood at 4.9, as compared with an average of 4.3 for 1954. Chick replacements and eggs set in incubators in specialized broiler areas during recent weeks have been almost up to the levels of a year ago. And all of us remember the broiler industry got into serious price troubles in 1954.

The Department of Agriculture has already asked turkey growers to reconsider their production plans for 1955. As you know, an 11-percent reduction in light-breed turkeys had been indicated for this year by producers. On the other hand, intentions were to produce about the same number of heavy turkeys as last year. If these plans are followed through, the total tonnage of all turkeys in 1955 would be reduced by only about 1.5 percent below the record output of 1954.

While I have expressed some concern here over what could happen to poultry and egg markets if production gets too far out of line, I realize that this entire problem is foremost in your minds, too. In similar situations in the past, the poultry industry has moved effectively to avert further overexpansion. I am confident the industry again will act with foresight and resolution.

The poultry industry has made outstanding progress in recent years. The heavy emphasis upon greater production and marketing efficiency has brought poultry and egg consumption in the United States to new record levels through the years. I firmly believe this trend will continue, as a result of these constant efforts. Great as the record of the industry has been, there are still horizons beyond.

Now I should like to turn to a matter which concerns not only the poultry and dairy industries but all of agriculture and, in fact, all of the people of this Nation. That is the basic question of what kind of a farm program we are to have. Shall we move forward in our efforts to establish a soundly conceived, long-range program designed to bring about better-balanced agricultural production, broader financial stability, and greater freedom for farmers? Or shall we continue the unrealistic, stopgap, emergency program of high, rigid price supports which has already demonstrated its inability to cope with the problems of a peacetime agricultural economy?

Congress clearly rejected this second approach only a few short months ago when it adopted the Agriculture Act of 1954 and voted to permit flexible price supports for the basic commodities to become effective, as scheduled, in 1955. Now the whole issue has been revived. The House Committee on Agriculture has reported favorably a bill which would, among other things, continue rigid price supports at 90 percent of parity for the basic commodities for 3 more years.

The principal argument put forward by the proponents of this measure is that it will halt the steady decline in farm income which has been underway since 1947. What they fail to mention is that this entire reduction has come about while we had rigid 90 percent supports for the basic commodities. What they are recommending, in effect, is another dose of the same medicine that has made the patient progressively sicker.

The fixed price support advocates, reinforced by labor leaders turned farm experts, are shouting from the rooftops that farm prices are being wrecked by flexible supports. It just isn't so. Not 1 bale of cotton, not 1 bushel of corn or wheat, not 1 sack of rice, not 1 pound of peanuts has yet been placed under loan or sold to the Government at less than 90 percent of parity. Flexible price supports don't become operative until the 1955 harvests—still several months away—and even then the levels of support will be unchanged for some commodities and most modest for others, in line with President Eisenhower's recommendation for gradual adjustments.

The attempt to saddle the failures of the old program upon a new one which hasn't even been tested yet is unlikely to meet with very broad acceptance among farmers who know the facts. The issues at stake are of such great importance to every farmer, however, that I believe the record must be set straight for all to see.

Flexible price supports have been a part of our bipartisan farm programs for many years. They have been endorsed at one time or another by every Secretary of Agriculture for the past 20 years and by every major farm organization. They were advocated in the platforms of both major parties during 1948 and by the then occupant of the White House.

In fact, it was from this unanimity of opinion that the Agricultural Acts of 1948 and 1949 were distilled. Both of these measures called for flexible price supports for basic commodities. The effective date of the flexible program was repeatedly postponed, however, the last time until 1955. This year we are finally scheduled to employ the flexible price support provisions which almost everybody once agreed were essential to the effective operation of a long-range, peacetime agricultural program.

For some time now, many would-be political leaders have been using high, fixed price supports as a smokescreen to cover up one indisputable fact—the fact that it was the unprecedented demands of war, together with inflation, that kept farm prices high during the 10 years following Pearl Harbor. The parity ratio averaged between 100 and 115 during those years. Actually, it was

ceilings fixed by law at the top—not the 90 percent floor below—which set farm prices. Every farmer knows he would have received even more for his products during this period had there been neither ceilings nor price supports.

Mounting surpluses, increasing costs and declining farm prices are evidence enough that high, rigid, emergency supports offer no solution to our peacetime agricultural problems. If they were the solution, there would be no problems. Even though farm prices have declined under the program which we inherited from the preceding administration, this administration is willing to assume its share of the responsibility. But let me make it very clear just what our share is.

Between February 1951 and January 1953, when this administration assumed office, the parity ratio tumbled from 113 to 94. This is a downward plunge of 19 points. Since January 1953 the parity ratio has declined from 94 to a current level of 87—a change of 7 points. It has averaged about 90 over the last 2 years.

Thus, it will be seen that nearly three-fourths of the drop in farm prices which has occurred since the Korean war peak in 1951 came under the preceding administration. So, as I have said, we are willing to assume our share of the responsibility. Let our predecessors face up to theirs.

Today it seems to me that the situation which has developed with respect to wheat pinpoints the major fallacies and contradictions of high, rigid price supports. Wheat is a most important crop not only in this area but over much of the United States. And wheat is also the Government's biggest problem in the field of price supports. Here is a commodity which actually has been supported at about 105 percent of modernized parity. And still it is in worse trouble than any other crop.

The United States had on hand for the current marketing year an all-time record supply of 1,878,000,000 bushels of wheat. At the present rate of disappearance, this unprecedented supply is enough to meet all of our domestic and export requirements for more than 2 full years.

The Commodity Credit Corporation today has investment in more than 1 billion bushels of wheat—660 million bushels owned outright in inventory and the rest held as security against price support loans. This involves a commitment of approximately $2,700,000,000 of CCC funds. It represents well over one-third of the CCC funds now invested in all price support activities.

For 1955, the national wheat acreage allotment has been reduced to 55 million acres, the minimum provided by law. This compares with a 1954 allotment of 62 million acres and represents a cut of 30 percent from 1953, when no acreage allotments were in effect. Without the minimum amount provided by law, the allotment for 1955 would have been sharply below the 55 million total. In view of the record supplies of wheat on hand for this year, the formula in the law called for a national allotment of only about 19 million acres if no minimum had been provided.

The very substantial cut in our national wheat acreage creates serious operating problems for many farmers. Even after this sharp reduction for 1955, the minimum national acreage will, with average yields, produce almost as much wheat as we are now moving into domestic consumption and foreign markets in a year. Insofar as exports are concerned, we need to keep in mind that at our present level of price support, wheat shipments to foreign countries are made possible only by active programs of United States assistance. United States sales of wheat abroad will involve subsidies of at least $175 million for the current crop year.

One fact that stands out is that this Nation's carryover of wheat next July 1 will be larger than it was a year earlier despite everything we are trying to do to bring about a reduction. Although we have succeeded in boosting wheat exports somewhat during the current crop year, there are limitations upon what the world markets will take even at the Wheat Agreement price or under the new program which permits sales abroad for foreign currencies. There are legal restrictions upon selling wheat in the domestic market at less than 105 percent of parity, plus carrying charges.

With total wheat supplies increasing in spite of production controls last year, it now appears that our carryover in 1955 will approach 1 billion bushels, for a new all-time record. It is expected that CCC will own some 850 million bushels of this vast surplus. The yearly storage charges alone on this inventory, not counting interest or deterioration, will be near the $140 million mark.

In talking about this wheat-surplus problem, we lump all wheat together—spring and winter, hard and soft, red and white, high protein and low protein. Yet farmers know there can be at least as great a difference between different types of wheat as there is between Holstein and Hereford cattle.

At a time when we have a record-breaking surplus of wheat in the United States, there is an acute shortage of durum wheat and a tight situation with respect to high-protein milling wheat. Flour has been selling at the highest prices since 1920.

Farmers in some parts of the country have been concentrating upon exceptionally high-yielding wheat, rather than upon quality wheat. Since the grain is produced for sale to the Government at a fixed, guaranteed price, rather than for conversion into bread, the sole objective is to grow as many bushels as possible on the allotted acreage.

Unrealistic price supports have brought about a sharp rise in wheat production outside the area we normally think of as the commercial wheat country. The Corn Belt has become the source of more wheat. So have the grasslands of the southern Great Plains and the dairy regions of the Northeast.

In Illinois the 1953 wheat acreage was 51 percent above the 10-year average. In Michigan it was up 46 percent. Even in New York the increase was 36 percent. One Dust Bowl county of eastern Colorado, which reported a mere 5,000 acres of wheat in 1939, had 365,000 acres in this 1 crop by 1952 as the "suitcase" farmers and speculators moved in.

Now, farmers in the low-cost areas where most of our wheat has been produced in recent decades find themselves in the same production strait-jacket as growers in States less favorably suited to efficient wheat production. The man who has been growing quality wheat for the market gets cut back on the same basis as the man who grows wheat for the Government loan.

I would like to see us produce wheat in the regions where it can be grown most efficiently. Many of these areas are not well adapted to the production of profitable crops other than wheat.

Wheat growers understandably are dissatisfied with the conditions which have been forced upon them under this system of high, rigid supports. Perhaps more than any other major producer group they are actively seeking a new approach to the whole problem. They want a program which will give them greater freedom, a chance to utilize more fully the potential of their land.

I am sympathetic to those wishes. Recently I requested the National Agricultural Advisory Commission to review the entire wheat situation, giving special attention to possible means of expanding consumption, as well as to grades and classes of wheat and land-use programs. The study will also be directed toward the merits of production controls established on a bushel rather than an acreage basis.

I believe the flexible price-support program which becomes effective with this year's harvest will help to bring wheat supplies and utilization into better balance. But it is going to take the time because of the mountainous surplus built up under high, rigid supports.

Certainly agriculture has had its problems during this period of adjustment from war to a peacetime economy. Yet it is also true that we are making the changeover this time with far less hardship than farmers experienced in the years following the First World War.

The flexible price support provisions of the Agricultural Act of 1954 can be of real assistance in making an orderly transition from an emergency program to a permanent, peacetime farm plan. Let us not turn back the clock at this point. Instead, let us give the new program a fair chance to operate.

Let us work toward a well-balanced agriculture—one in which farmers themselves will make most of the management decisions right on their own farms. Let us seek to build a thriving farm economy in which dairymen, poultrymen, and all other segments of agriculture will share fairly and fully.

Our national economy is sound and prosperous. That, in the long run, is the best guaranty of a brighter tomorrow for American agriculture.

Let us push toward those "horizons beyond."

Let us continue resolutely to work toward a stable, prosperous, and free agriculture here in this choice land which God has blessed above all others.

Isthmian Canal Policy of the United States—Documentation

EXTENSION OF REMARKS
OF

HON. CLARK W. THOMPSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 23, 1955

Mr. THOMPSON of Texas. Mr. Speaker, since the modification, by order of the Secretary of War—now Army—in May 1942 of the additional facilities for the Panama Canal authorized under Public Law 391, 76th Congress, approved August 11, 1939—Fifty-third Statutes at Large, page 1409—all construction toward the modernization of that waterway has been in abeyance. Meanwhile, the broader problem of Isthmian Canal policy has become a matter of a growing public interest and congressional concern.

Discussion of the entire question of interoceanic canals received a great impetus on December 1, 1947, when the President transmitted to the Congress a report of the Governor of the Panama Canal—now Canal Zone—under Public Law 280, 79th Congress. This report recommended only the so-called sea-level project for major canal construction at Panama.

Significantly, the report was forwarded without Presidential approval, comment or recommendation. The Congress took no action thereon and the report was not published. Congressional leaders, however, recognized the issues presented by its recommendations as affecting policies of the highest national and international

importance, with grave implications for the future welfare of the United States.

The first step in the congressional consideration of the canal problem was the passage on February 28, 1949, of House Resolution 44, 81st Congress, authorizing a full and complete study by the Committee on Merchant Marine and Fisheries of the financial operation of the Panama Canal.

For this task, its distinguished chairman, the late Honorable Schuyler Otis Bland, of Virginia, designated a special subcommittee, of which I was chairman and Representatives Tom B. Fugate, of Virginia, and Edward T. Miller, of Maryland, were members.

After an extended investigation, which included numerous consultations with officials of the Panama Canal, Army, Navy, and merchant marine, and a visitation in the Canal Zone, April 18 to 22, 1949, it became apparent to the subcommittee that the adequate resolution of the canal question could not be limited to statistical studies but would ultimately require consideration of all phases of Isthmian Canal policy. Its studies and recommendations eventually led to the reorganization of the entire canal enterprise under Public Law 841, 81st Congress—the first basic improvement in the administrative setup in the Canal Zone since the Panama Canal Act of 1912.

The subcommittee realized, however, that this administrative improvement was only preliminary to the resolution of more fundamental elements in Isthmian Canal policy that still remain to be redetermined. As an aid in that direction, I prepared a selected bibliography on this policy, which was published in the CONGRESSIONAL RECORD—81st Congress, 1st session, volume 95, part 16, pages A5580–5583. The subsequent publication of much additional information requires that this list be revised.

First in importance are the writings of recognized authorities on the Panama Canal. Among these are:

Abbot, Henry L.: Problems of the Panama Canal (2d ed.). New York: MacMillan Co.; 1907.

DuVal, Miles P.:

Cadiz to Cathay: The Long Diplomatic Struggle for the Panama Canal (2d ed.). Stanford University Press, 1947.

And the Mountains Will Move: The Story of the Building of the Panama Canal. Stanford University Press, 1947.

The Marine Operating Problems, Panama Canal, and the Solution. American Society of Civil Engineers. Proceedings, volume 73 (February 1947), page 161; Transactions, volume 114 (1949), page 558.

Goethals, George W., et al. The Panama Canal: An Engineering Treatise. New York: McGraw-Hill Co., 1916 (2 volumes.).

Johnson, Emory R.: The Panama Canal. New York: D. Appleton & Co., 1916.

Sibert, William L. and John F. Stevens: The Construction of the Panama Canal. New York: D. Appleton & Co., 1915.

The great constructive engineering contributions of General Abbot, Chairman, 1907, and chief engineer, 1905–07; John F. Stevens, of the Isthmian Canal Commission; General Sibert, Chairman and chief engineer, 1907–14; and first Governor of the Panama Canal, 1914–16, George W. Goethals; the well-known historical and marine operational studies of Captain DuVal; and the original and fundamental economic studies of interoceanic commerce of Prof. Emory R. Johnson, entitle the writings of these authorities to universal consideration by both professional interests and the general public.

The principal governmental documentation of the Panama Canal, 1901 to 1954, is as follows:

LAWS AUTHORIZING ACQUISITION OF CANAL ZONE, CONSTRUCTION AND OPERATION, OF THE PANAMA CANAL, 1902–12

Act to provide for the construction of a canal connecting the waters of the Atlantic and Pacific Oceans. Approved June 28, 1902 (Spooner Act).

Act to provide for construction of a lock canal connecting the waters of the Atlantic and Pacific Oceans, and the method of construction. Approved June 29, 1906.

Act to provide for the opening, maintenance, protection, and operation of the Panama Canal, and the sanitation and government of the Canal Zone. Approved August 24, 1912 (Panama Canal Act).

CANAL TREATIES AND CONVENTIONS, 1901–36

Treaty between the United States and Great Britain to facilitate the construction of a ship canal of November 18, 1901 (Hay-Pauncefote Treaty).

Treaty between the United States and the Republic of Panama of November 18, 1903 (Hay-Bunau-Varilla Treaty).

Boundary convention between the United States and Republic of Panama of September 2, 1914 (Price-Lefevre convention).

Treaty between the United States and Republic of Colombia of April 6, 1914, proclaimed March 30, 1922 (Thomson-Urrutia Treaty).

General treaty of friendship and cooperation between the United States and Republic of Panama of March 2, 1936, proclaimed July 27, 1939 (Hull-Alfaro Treaty).

United States Army Interoceanic Canal Board, investigation and survey, 1929–31: Public Resolution 99 (S. J. Res. 117), 70th Congress. Approved March 2, 1921.

Report of the Chief of Engineers and United States Army Interoceanic Canal Board, 1931 (H. Doc. 139, 72d Cong.).

Third locks project for increasing canal facilities, 1939–42: Public Resolution 85 (H. J. Res. 412), 74th Congress, authorizing and directing the Governor of the Panama Canal to investigate the means of increasing its capacity for future needs of interoceanic shipping. Approved May 1, 1936.

Report on Panama Canal for future needs of interoceanic shipping (H. Doc. 210, 76th Cong.).

House Committee on Merchant Marine and Fisheries: Hearings on H. R. 180, H. R. 201, H. R. 202, H. R. 2667, and House Joint Resolution 112, 76th Congress, on March 14, 15, and 16, 1939, concerning additional interoceanic canal facilities.

Senate Committee on Interoceanic Canals: Hearings on S. 2229 and H. R. 5129, 76th Congress, on July 20 and August 3, 1939, concerning additional facilities for the Panama Canal Zone.

Public Law 391, 76th Congress, authorizing construction of additional facilities for the Panama Canal substantially in accordance with plans set forth in a report of the Governor dated February 24, 1939, and published as House Document 210, 76th Congress. Approved August 11, 1939.

Secretary of War's letter of May 23, 1942, directing modification (suspension) of third locks project.

ISTHMIAN CANAL STUDIES UNDER PUBLIC LAW 280, 79TH CONGRESS, 1946–47

House Committee on Merchant Marine and Fisheries: Executive hearings on H. R. 4480, 79th Congress, on November 15, 1945, concerning investigation of additional Panama Canal facilities.

House report on study of additional Panama Canal facilities, November 16, 1945 (H. Rept. 1213, 79th Cong.).

Senate report on study of additional Panama Canal facilities, December 19, 1943 (S. Rept. 862, 79th Cong.).

Public Law 280, 79th Congress, authorizing the Governor of the Panama Canal to investigate the means of increasing its capacity and security to meet future needs of interoceanic commerce and national defense. Approved December 28, 1945.

House Resolution 36, 80th Congress, passed February 10, 1947, authorizing continuation of investigation by Committee on Merchant Marine and Fisheries begun under House Resolution 281, 77th Congress.

House Committee on Merchant Marine and Fisheries: Report on Operations and Future of Panama Canal, July 2, 1947 (H. Rept. 781, 80th Cong.).

Report of the Governor of the Panama Canal under Public Law 280, 79th Congress, transmitted by the President to the Congress, December 1, 1947, without Presidential approval, comment, or recommendation.

INVESTIGATION OF FINANCIAL OPERATIONS AND REORGANIZATION, PANAMA CANAL, 1949–50

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Mr. Speaker, as emphasized in the first report of the Special Subcommittee on the Panama Canal under House Resolution 44, 81st Congress, House report 1304, the history of that waterway has been featured by a series of crises. These, at times, have required vigorous interventions by the Congress and the President. On those occasions, the Government had the benefit of advice by independent canal commissions not dominated by routine administrative agencies. The Panama Canal is now in another critical period in which the toll question and the physical form of the future canal are definitely linked.

In line with historical precedent and to provide the Congress with the best means for obtaining disinterested advice on the gravely important questions of Isthmian Canal policy, Representative THOMAS E. MARTIN—now junior Senator from Iowa—and I introduced or supported measures in both the 82d and 83d Congresses to create an independent Interoceanic Canals Commission. Like measures—S. 766 and H. R. 3335—are now pending before the 84th Congress.

A Tribute to Hamden (Conn.) High School

EXTENSION OF REMARKS
OF
HON. ALBERT W. CRETELLA
OF CONNECTICUT
IN THE HOUSE OF REPRESENTATIVES
Wednesday, March 23, 1955

Mr. CRETELLA. Mr. Speaker, it is with great pride that I point out the magnificent victory of the Hamden (Conn.) High School hockey team in winning the New England high-school championship for the second successive year at the Rhode Island State Auditorium at Providence on March 19. Following are excerpts of an article from the New Haven Evening Register:

The Hamden win was a team effort, although sparked by the boys who have been performing in an outstanding fashion all season. Butch Ives played terrific hockey in the final game to come back, despite his injuries, to play the type of hockey he had exhibited all year in Connecticut. Joe Barile turned in a tremendous performance throughout the playoffs, as did Paul Gauthier in the Hamden goal. Don Goldberg was a key figure on defense and his partner, Dick Kennedy, was an iron man, playing through the tourney without rest. Ives was voted the most valuable player of the tourney award, and he and Barile were unanimous selections for the all-tourney team.

Congratulations are also very much in order for team members Doherty, Dietter, Ferrie, Batson, and Molloy, for their efforts in this game against St. Dominics, of Lewiston, Maine.

The Hamden High School, in the Third District of Connecticut, which I represent, has come to turn out perennially powerful and formidable hockey teams in the last several years. I commend the spirit displayed by the team, as well as their fine sportsmanship and the strong support given by the student body of Hamden, the citizens of the area, and all those who have taken a part in making this hockey team the best in the New England high-school circuit.

Camp Pickett, Va.

EXTENSION OF REMARKS
OF
HON. WATKINS M. ABBITT
OF VIRGINIA
IN THE HOUSE OF REPRESENTATIVES
Wednesday, March 23, 1955

Mr. ABBITT. Mr. Speaker, several days ago I called to the attention of the House a number of typical comments which were being made by editors of newspapers in Virginia relative to the proposal to dispose of Government holdings at Camp Pickett, Va. These views, in my opinion, represent the overwhelming majority of the people of Virginia who feel that the Government is unjustly disturbing the economy of Southside, Va., by its continued uncertainty as to the future of Camp Pickett.

The Army has taken the position that Camp Pickett represents one of the best training areas available to the Army and yet, on a number of recent occasions when the necessity arose for the expansion of training facilities or the utilization of existing facilities, Camp Pickett was bypassed in favor of other camps in various parts of the country. I refer particularly to recent notices in the press regarding the utilization of facilities at Camp Breckinridge, Ky., and announcements concerning the use of certain other areas for National Guard training.

As I have previously called to the attention of the House, Camp Pickett is presently lying dormant, slowly rotting away and, in the meantime, the economy of a large section of southside Virginia is suffering immeasurably by this uncertainty. I do not feel it incumbent upon myself to dictate to the Army or any agency of the Government as to the use it intends to make of any Government facility. I do not propose to offer the suggestion that one single soldier be sent to Camp Pickett merely for the purpose of strengthening the economy of a civilian community. I do feel, however, that the Army and the Department of Defense owes it to the civilian communities surrounding Camp Pickett to make it clear once and for all what use, if any, it is contemplating for Camp Pickett in the foreseeable future. As the situation now exists, there is gross uncertainty on the part of all of the business interests of the entire Southside, Va., area, due to the fact that the Army says one day that Camp Pickett is the best military training camp it has and the next day that they foresee no immediate use of these facilities.

The Members of the House are certainly familiar enough with the military situation to know that we must maintain a strong reserve position in order to protect the future of our county. I feel that in the case of Camp Pickett or any other camp that the Government should take it upon itself to specifically and expressly advise the governing officials of these communities adjacent to military camps exactly what they can look forward to in the way of military activities in the future. It is not fair to the economy of any community to not know from one day to the next whether they will be flooded by the emergence of military personnel or whether their economy is to be drained by periodic deactivations.

Camp Pickett has been opened and closed three times within the past 8 years and I feel very strongly that unless the defense officials can make an announcement with some degree of certainty that Camp Pickett will be utilized in the foreseeable future; then, I feel it only fair, just, and proper that the Army get out and stay out of Pickett so that the economic blight hovering over this great section can be removed, our people allowed to work out their own economy and once again have growing and strong communities as we had before Pickett.

To support this view, I wish to insert a splendid article prepared by Mr. A. L. Singleton, Jr., for the Progress-Index of Petersburg, Va., which appeared on Sunday, March 20, accompanied by illustrations of the many facilities at Camp Pickett:

BLACKSTONE AREA LEADERS CONTINUE CAMPAIGN TO MAKE PERMANENT, PRODUCTIVE USE OF CAMP PICKETT SITE

(By A. L. Singleton, Jr.)

There's a "ghost town" in Southside Virginia, and a number of residents are trying to do something about it.

One mile from Blackstone, concrete and macadam roads run in neat patterns through an area covered with buildings, including:

Some 500 houses, mostly pre-fabs; 35 warehouses, with railway sidings and unloading ramps at the end of spur tracks; several libraries and club houses; 6 fire stations; a bakery; a laundry plant capable of han-

dling 100,000 pieces of clothing daily; 3 10-ton incinerators; 13 chapels; 7 movie theaters; a bus terminal; an outdoor amphitheater (seating capacity 8,000); an indoor arena (capacity, 5,000); a sewage disposal plant; a refrigeration plant; motor repair shops; a 2,050-bed hospital; and an airport with control tower and 4 runways 5,300 feet long and 300 feet wide.

Most of the facilities were heated by a giant central plant, supplied electricity through a Virginia Electric and Power Company substation and gas by underground distribution, given telephone service through an exchange handling 2,000 dial phones; and provided water out of storage tanks holding 900 million gallons and purified by a filtration plant with a daily capacity of 6 million gallons.

Today, the buildings are unoccupied, few vehicles move along the streets, and motors and engines are idle.

Around this developed area, thousands of acres of land lie fallow. The total acreage of the tract is 46,000.

This is what is left at Camp Pickett, 3 times a booming Army post, and 3 times a ghost town. It originally was 503 separate tracts, covering 6,500 acres of Brunswick County, 15,116 acres of Dinwiddie County, 50 acres of Lunenburg County, 24,438 acres of Nottoway County, and 269 acres of Blackstone.

The camp was first occupied in 1942 (to house about 80,000 troops). It was deactivated in 1946; reactivated in June 1948; deactivated 10 months later; reactivated in August 1950; and deactivated last year.

Government and business leaders of Blackstone and the four neighboring counties protested often to Federal authorities that the openings and closings of Camp Pickett severely damaged the economy of their communities. After the third closing, they launched a campaign.

R. D. Maben, Jr., town manager of Blackstone, and a leader in the campaign, said it started in earnest January 22, 1954, a date he remembers well.

"It was my 12th anniversary as town manager, we had a terrible snow and sleet storm, and we got the news that Camp Pickett was closing for the third time."

Blackstone area people want the Defense Department to reactivate the camp or sell it as surplus property. Fourth District Representative WATKINS M. ABBITT is sponsoring a bill to that effect before the Congress, and the State legislature already has approved a measure permitting establishment of area redevelopment authorities, which could buy and use inactive military reservations for commercial, industrial, agricultural, or institutional purposes.

"Here we have a self-supporting place equal to a city to take care of 15,000 people. If the Federal Government does not want it, why shouldn't the State of Virginia or a civilian agency be able to use it?", Maben asked last week.

A tall, agile, energetic man, he summed up his case for utilization of Camp Pickett last April before members of the Senate Armed Services Committee in Washington. Among those present, were Senators Flanders of Vermont, Margaret Chase Smith of Maine, and Byrd; Maben, Blackstone's Mayor W. I. Moncure; and Secretaries of the Army, Stevens, and Air Force, Talbott.

"We never solicited the camp, we never opposed it, we are not opposing it now," declared Maben, "but we are opposing, and think we are justified in opposing, the constant opening and closing, boom and bust, tail-tied-to-the-kite idea. No community can stand it indefinitely."

Secretary Stevens commented that Camp Pickett had to be held by the Army on standby basis because 10 percent of the potential mobilization force of 375,000 men could be trained there, and because the National Guard needed it, Maben recalled.

Now, the Blackstone manager pointed out, "they are planning to cut the Army in size, and the National Guard is being encamped at Breckinridge, Ky., and Indiantown Gap, Pa."

This indicates to Maben that Secretary Stevens' reasons for holding on to Pickett no longer are sound. Other indications, he explained, are plans for disposing of housing units there. This month, 238 prefab dwellings are to be sold on the site, and 250 others soon are to be moved west to Indian reservations under control of the Department of Health, Education and Welfare, according to Maben.

"That's a vicious part of this thing," he said. "If they don't need the housing, why do they need the camp?"

For months, Maben has visited officials of State organizations, seeking reaction to Federal handling of Pickett. He reported that county boards of supervisors, town and city councils, fraternal and civic groups throughout southside Virginia have passed resolutions urging the sale or reactivation of Pickett. The latest resolution came Thursday from the Virginia Ports Authority.

Maben said he hopes the camp will be declared surplus property and sold for $1,183,000—the sum the Federal Government paid for the land—or less.

"Of course the land has been developed by the Army," he declared, "but when the Government bought it, farmers in the area moved out," and Blackstone and nearby communities thereby suffered severe losses agriculturally.

He also pointed out that private investments of more than $5 million and capital outlays of some $1,500,000 (by Blackstone) had been necessary to provide services for an expanding population resulting from activation of the camp.

(In 1940, Blackstone's population was 2,700; now it is more than 7,000.)

Maben revealed last week that two small industries had moved into the Blackstone area to take up some of the slack from the latest Pickett closing, but he said that did not alter the area's major problem.

He recently told the State capital outlay study commission that Virginia could realize a 20-percent saving if it obtained some of the Pickett land for institutional use, because streets, water and sewer lines, railway spur tracks, and land already are provided.

"What North Carolina did with Camp Butner, Virginia could do with Pickett," he said.

Camp Butner, about 15 miles from Durham, was acquired as surplus property by the State of North Carolina in 1947. The property encompasses some 41,000 acres, 5,000 fewer than Pickett.

In operation now on the Butner site are 4 State institutions—a mental hospital, an alcoholic rehabilitation center, a youth center (reformatory), and a school for feebleminded adults and childrens—employing some 750 persons, and 5 industries with about 450 on payrolls.

Maben has reminded Virginia authorities that recommendations for new mental hospitals, penal institutions, and other public service facilities are being considered by the capital outlay study commission.

Maben, Mayor Moncure, and other Blackstone area citizens are pleased with the support for their campaign pledged by people and organizations in other parts of Virginia.

They had special praise last week for Virginia legislators—in the Congress and the general assembly—who have proposed or supported bills to solve their economic problem.

Representative ABBITT'S bill is still before the House Armed Services Committee. If approved there and finally enacted, the State law permitting establishment of an area redevelopment authority could go into effect. The authority would be composed of one representative each of Blackstone and the counties of Nottoway, Dinwiddie, Brunswick, and Lunenburg, and two at-large members.

Blackstone's Manager Maben, speaking for the southside groups hoping the campsite will be used, said:

"The Army does not intend to use it, but they are fighting against turning it loose. They fought turning loose (Camp) Butner, too. But we do not intend giving up our fight, either."

Bossier City Post Office

EXTENSION OF REMARKS
OF

HON. OVERTON BROOKS

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 23, 1955

Mr. BROOKS of Louisiana. Mr. Speaker, an ugly situation is developing in the city of Bossier City, La., regarding the post office. The people in this great and growing community feel they are entitled to a separate post office. I have felt this way for a number of years; and I have been working steadily toward this end.

On June 20, 1953, I received a letter from Assistant Postmaster General Abrams, which was in response to my letter to the Postmaster General, which I read herewith:

JUNE 18, 1953.

Hon. OVERTON BROOKS,
House of Representatives.

DEAR CONGRESSMAN BROOKS: Further reference is made to your interest in postal facilities for Bossier City, La.

A thorough investigation of this matter has been completed which discloses that no improvement in postal service would result if an independent post office were established at Bossier City.

As the present quarters occupied by the Bossier City branch are inadequate, the matter of a new location at a more central point with respect to the business interests and population to be served is now under consideration.

With regard to complaints of inconvenience in obtaining internal-revenue documentary stamps, delay in delivery of special-delivery matter, and evening collection of mail in the business area at too early an hour, these matters are being given attention with a view to taking corrective action.

No special advantages would be offered for the receipt and dispatch of mails in the event of establishment of an independent post office. In fact, a disadvantage would result in the delivery of special-delivery mail arriving on late evening trains and airmail flights if a later evening collection is furnished Bossier City.

As there are no railroad stations within the city limits of Bossier City and as no trains are scheduled to stop, additional expense would be involved in transporting mail between railroad stations and the postal transportation terminal.

The report discloses that sentiment for an independent post office is not unanimous. A representative of the Department contacted the heads of several concerns, many of which are heavy mailers, and such concerns were very much against the establishment of an independent post office requiring that they change their mail address.

The cost of operation of the present classified branch is approximately $113,035.87 per annum as compared with an estimated cost of $132,247.02 for operation of an independent post office, or a net increase of $19,211.15 per annum.

In view of your interest, it is regretted that due to the additional expense involved with perhaps some disadvantages rather

than any service advantages which may result, it is believed inadvisable to authorize an independent post office in Bossier City at this time.

Sincerely yours,

N. R. ABRAMS,
Assistant Postmaster General.

This rejection on the part of the Post Office Department of the application of the people of Bossier for a separate office has not been quietly accepted by them however. They still feel, and justly so, that they are entitled to separate and independent facilities for Bossier City. I know of no city anywhere that has the population and volume of business without an independent post office, and this community should have this particular service.

To show you something of the attitude of the people of Bossier City, which has a population of some 40,000 people, I reproduce herewith an editorial taken from the Sunday, March 20, 1955, issue of the Bossier Tribune entitled "Recuse 'Mr. Prejudice' ":

RECUSE "MR. PREJUDICE"

There come times in the course of human affairs when long sufferance loses its dignity and patience ceases to be a virtue. That time has arrived in Bossier City and Bossier parish in the matter of postal services.

When a people in the just exercise of appeal for redress of wrongs find that those in authority to hear their cause are unwilling to lay aside prejudice and listen with open minds to facts and reason, then common decency demands that they address themselves to whatever just action their sacred rights require.

It is a common concept of American justice that no person called upon to decide the fate of any human right shall preside in that office with prejudice. The people in Bossier City have recently and on former occasions appealed to proper authorities for rectification of certain intolerable conditions arising over the present deplorable postal service. In this matter they were entitled to and hoped for a hearing by an authority not bound by preconceived views. In this right and hope they have been woefully denied.

Last Tuesday in the formality of responding to this appeal Mr. E. W. Roderick, district manager of the Dallas Post Office District, came to Bossier City for the purported duty of hearing evidence and arguments in support of these claims. Instead of attending to these duties according to the concept of American justice, Mr. Roderick by design, word, and action cast aside reasonable procedure and reduced the so-called hearing to a hollow mockery. Even before any evidence had been offered to him in support of the position of the people, Mr. Roderick took the floor and indicated strongly that he came not to hear but to be heard; not consider but to force his preconceived views upon the appellants.

In view of this tack the people were forced to present their case amid an atmosphere hostile to their cause and marked by bureaucratic condescension.

But despite his previously expressed hostile attitude, Mr. Roderick gave repeated avowals at the close of the so-called hearing that he would not give a hasty decision but would keep an open mind. He kept this promise no longer than he could cross over the river. Whereupon he opened his mouth, closed his mind and confirmed the fact that he had come to the hearing with prejudiced views.

Listen to these words of his interview with a Shreveport newspaper:

"I am convinced that the people of Bossier City can get better service by being a part of the Shreveport post office, but I haven't been able to convince them."

Are those the words of an official who came to hear or consider? No, they are not. They are the confession of a prejudiced mind.

The lowliest person and the humblest cause of the people have a right to fair consideration and when this privilege is denied the hearing is reduced to mockery of justice and a nullity. In view of this fatal error Mr. Roderick no longer represents proper authority in this case and his connection therewith endangers the rights of the appellants to fair consideration. His continuation to serve in the matter establishes a block upon human justice.

There is but one just and proper course for the people of Bossier City to follow, and that is to demand that Mr. Roderick be recused because of prejudice and unfitness; and that the matter be reopened and a real hearing be held by impartial authority. These demands should go to Postmaster General Summerfield and to our representatives in Congress.

We are advising these officials of our attitude.

THE BOSSIER TRIBUNE,
RUPERT PEYTON, *Editor.*

I also add to this statement the news article taken from the same issue of this paper in Bossier:

POST OFFICE HEARING IS REDUCED TO A NULLITY—RODERICK'S ASSURANCE OF FAIR-MINDEDNESS BROKEN

After he had given emphatic avowal of no hasty decision and assurance of an open mind on the matter to a Bossier City delegation of citizens Emory W. Roderick, of Dallas, district manager for the Post Office Department, proceeded to Shreveport where he gave an interview to a Shreveport newspaper declaring opposition to petitions for a separate first-class post office here.

Mr. Roderick held a so-called hearing at the city hall chamber Tuesday afternoon at which these assurances were given to the group. The following morning in Shreveport Mr. Roderick said in part to a reporter for the Shreveport Journal:

"I am convinced that the people in Bossier City can be better served by being a part of the Shreveport post office, but I haven't been able to convince them."

Although Mr. Roderick's quick change of tack came as a disappointment, it did not actually surprise many. He was unable to conceal his preconceived opinions, despite his pledges of impartiality. Even before the people had a chance to present one bit of evidence or argument to support their petitions, Mr. Roderick made opening remarks which revealed that he had come not to hear but to be heard.

However, after he had aired his prejudiced views, Mr. Roderick politely heard the people present their facts and arguments. He even expressed amazement at the disclosures made of the poor mail services received here, giving encouragement to some. However, he pointed out that most of the complaints could be adjusted with Bossier City still a branch office of the Shreveport office.

The people's side of the case was opened by J. Murray Durham, president of the chamber of commerce, which, along with the Doty-Sumner Post of the American Legion, initiated the movement. In a letter to the manager, Dr. Durham set forth 14 points why Bossier should have a separate first-class post office. In support of his contentions, several citizens in attendance spoke, pointing out instances of poor services.

Among the amazing disclosures made were that Bossier City is not even listed in the post office directories; that Pineville and West Monroe, smaller cities than Bossier City and existing adjacent to a large city, have been granted first-class separate post offices; that important mail and in one case some important film addressed to Bossier City had been returned to addressors marked "No such post office."

Other arguments were made against the fact that box mail is picked up in Bossier City, sent to Shreveport, and then mailed back or subjected to other delays. One citizen reported that he had mailed letters to his son from Bossier City and Shreveport the same day. There was a 30-hour delay in the letter mailed at Bossier City.

The Tribune editor pointed out that mail service between Bossier City and Beton required more time than to get mail from New York to San Francisco. "We are farther from our parish seat, 13 miles away," he said, "than we are from Chicago in mail time."

At the end of the hearing, Mr. Roderick arose, asserted that he would make no hasty decision, and would keep an open mind in the matter. He repeated these assurances. The following afternoon, under the headline "Inspector Gives Views—Separate Post Office for Bossier City Is Opposed," the following appeared:

"Emory W. Roderick, manager of the Dallas district of the Post Office Department, said Wednesday he was opposed to creating a new first-class post office for Bossier.

"It will cost $30,000 more than the facility we have there now to operate an independent post office," he said, "and I am opposed to spending an additional $30,000 unless we can provide better service, and in my opinion, we can't."

Roderick said he was "convinced that the people of Bossier City can get better service by being a part of the Shreveport post office, but I haven't been able to convince them."

Along with the letter Mr. Durham set forth that there were petitions containing about 1,400 names asking for the separate first-class post office as well as resolutions from 8 local civic clubs.

Briefly the 14 reasons set forth by Mr. Durham are as follows:

1. Bossier City is rapidly reaching the 20,000 mark, with an aggregate adjacent population which would bring the total to 33,370.

2. Bossier City residents are paying for a first-class postal installation and service but has received neither.

3. We would have our own carriers to meet trains and planes, resulting in the mail being in Bossier City hours sooner.

4. Mail from Bossier City would be dispatched earlier.

5. We would have our own post mark.

6. Mail in Bossier City drops would be brought to the Bossier City post office and worked locally.

7. Parcel post and special deliveries would be earlier.

8. Parcel post and other mail would be picked up in Bossier City instead of Shreveport in emergencies.

9. All postal claims could be checked through the local office.

10. Lockboxes, which are safer, would be available.

11. We can handle our own postal-savings accounts.

12. Undeliverable special-delivery mail would be speeded up.

13. Mailing permits would be available locally for second- and third-class matter, as well as precanceled stamps.

14. To be classified as a first-class post office the receipts must be in excess of $60,000 per annum. The past year the branch office, exclusive of the Big Chain Center and Barksdale Air Force Base, had receipts of $78,000.

BACK DOOR SERVICE FOR BOSSIER CHURCHES AND OTHERS NOW ON

From now on Bossier City churches, the Bossier Chamber of Commerce, and other organizations having large mailing lists to which they send out bulletins under non-

metered permits without stamps affixed, must discontinue dropping such mail in the Bossier branch office but deliver it to the rear platform of the Shreveport office under an order received from Arthur L. Layton, acting postmaster of the Shreveport post office.

Hard hit by this new post office procedure ruling, which comes on the heels of Mr. E. W. Roderick's farcical hearing in Bossier City, will be the larger churches. At least two churches, the First Baptist and the Barksdale Baptist Church, will be affected and others are thought to be affected.

The chamber of commerce received its notice Friday. Bob Croft, manager, reported that the chamber sends out from 350 to 700 pieces of bulletin mail each month, and that he had been depositing such mail at the local post office. A report from the First Baptist Church was that such mail was handled in the same manner.

The bulletin from Layton reads as follows:

"NOTICE TO PERMIT MAILERS—MATTER WITHOUT STAMPS AFFIXED

"Under revised postal procedures you will receive a receipt for mailings made under your nonmeter permit only if you request receipt and furnish an additional copy of Form 3602, Statement of Mailing, which the weigher will verify, initial, and deliver to you.

"Under the new postal procedures instructions the permit holder must deliver his permit imprint mail at the place where the ledger records or permit accounts are maintained. Those records are maintained only at the rear platform, main post office.

"ARTHUR L. LAYTON,
"Acting Postmaster."

This is only one of a number of strong articles written by the press of Bossier City indicating the interest which these people have in a separate office. The Planters Press in Bossier City has been very active on behalf of a separate and independent office. A number of articles have appeared in this fine paper aggressively demanding that the people be given proper recognition of their application for a separate and independent Bossier City office. I do not have these articles before me for use at the present time but at some later date I will have an opportunity to give these articles to the Congress.

I can see no reason why there should not be an independent post office for Bossier. Not only is Bossier the seventh largest city in Louisiana in population but it also originates a tremendous amount of postal business. A separate office will give this community the pride which should properly be theirs in having a post office named for this great center. The cost of the office will add nothing to the postal deficit. It can be done and handled in such a way as to cost practically no additional amount.

I think the Post Office Department has been inactive long enough. Some action is due and the plea of these people, who contribute so heavily to our Government, should not be overlooked or cast aside. I hope the Postmaster General will personally see this insertion in the RECORD and will act immediately in approving a separate and independent office for Bossier City.

Expatriated Citizens

EXTENSION OF REMARKS
OF
HON. ALBERT W. CRETELLA
OF CONNECTICUT
IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 23, 1955

Mr. CRETELLA. Mr. Speaker, I have introduced H. R. 5186, which provides for certified copies of citizenship to be furnished to repatriated American citizens who voted in an Italian election or plebiscite during the years 1946 and 1948.

Under the provisions of the McCarran-Walter Act, those citizens who so voted may be repatriated under certain conditions, but under the provisions of law they are not entitled to certified copies of their citizenship once repatriated. There are now thousands of persons awaiting this documentation which would enable them to be registered voters, or to qualify for employment where citizenship is essential, and for countless other activities in which positive American citizenship must be established.

There appears to me to be excellent justification and a basis for this legislation caused by the recollection that great numbers of prominent and nationally known groups and civic organizations put on a tremendous campaign between 1946 and 1948, for American citizens in Italy, to cast a vote against the Communist candidates in these elections and plebiscites.

Through the dissemination of millions of letters, telegrams and circulars and other material to Italy, the Christian Democrat Party led by Alcide de Gasperi was able to defeat the Communist and other radical left wing parties in the opposition and preserve Italy to the free world. One such organization in the United States, the Order Sons of Italy, during its annual convention in California in 1946, was one of the spearheads in the nationwide efforts to defeat the Italian Communists. Many thousands of dollars contributed by this organization and its members were used during these 2 years to contact friends, relatives, and countrymen and urge them to cast a vote against the Communist candidate.

There were also many broadcasts made to Italy during this time as a direct appeal to Americans to vote in the elections. Certain officials of the United States Government did, in fact, appear on these broadcasts in strong support of this move.

Following such action, those who had participated in these elections lost their American rights but they were later repatriated by legislative action. My bill would enable repatriated citizens to obtain upon request, an exact copy of the certificates of citizenship which are supplied to the Department of Justice and State Department. This would end a great deal of confusion which exists today for these people, and would entitle them upon request to immediate documentary proof furnished by our Government of their American nationality.

I trust that the appropriate committee to which this legislation will be referred will take immediate action and that this legislation will receive the wholehearted support of my colleagues.

SENATE

THURSDAY, MARCH 24, 1955

(Legislative day of Thursday, March 10, 1955)

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 glory, in these days thrilling and throbbing with the loveliness of spring, we thank Thee for every sacrament of beauty of which our enraptured senses drink as we bend in wonder at the petaled cups held up by bushes aflame with Thee. May the glory of the earth be but a parable of the things that are excellent, blooming in our risen lives.

Lead us out of the bondage of fear and hate into Thy new day when earth's wildernesses shall blossom as the rose and when, in a better order of human society, pity and plenty and laughter shall return to the common ways of man.

"God, the All-righteous One, man hath
defied Thee;
Yet to eternity standeth Thy word;
Falsehood and wrong shall not tarry
beside Thee;
Give to us peace in our time, O Lord!"

Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

UNITED STATES SENATE,
PRESIDENT PRO TEMPORE,
Washington, D. C., March 24, 1955.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. A. S. MIKE MONRONEY, a Senator from the State of Oklahoma, to perform the duties of the Chair during my absence.

WALTER F. GEORGE,
President pro tempore.

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

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, March 23, 1955, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on March 23, 1955, the President had approved and signed the act (S. 942)