is of importance to the whole free world. We believe that the ways and means by which these achievements were effected are essentially the same as those followed in America and other western countries—namely, setting free individual initiative and promoting a sense of responsibility of each toward all. It is encouraging to note that no longer does "all" refer solely to one's own country but to the entire community of free nations.

Fortunately, this is today still the overriding sentiment of Germany. It is her task, and in some measure our own, that in 1 year, 10 years, 20 years, this sentiment be one of the cornerstones upon which to rest the peace and security of the world. May it be saved. I believe, notwithstanding the difficulties and dilemmas facing her, Germany—Western Germany—is a good risk.

# SENATE

## TUESDAY, MARCH 19, 1957

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

O God, who rulest all things in wisdom and righteousness, our wills are ours to make them Thine. In all the tangle of human relationships, help us to be as hard and stern with ourselves as we are critical of other people. Save us from missing the highest goals by self-pity or self-indulgence.

In a day of confusion and evasion, let our thinking be keen and clear, our speech frank and open, our actions courageous and decisive. May the glaring surface lights in the streets not blur for our eyes the shining principles above them that are steady as the stars. We ask it in the Redeemer's name. Amen.

### THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Journal of the proceedings of Monday, March 18, 1957, was approved, and its reading was dispensed with.

### MESSAGES FROM THE PRESIDENT

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

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed a bill (H. R. 5520) to amend the Second Liberty Bond Act to increase the maximum interest rate permitted on United States savings bonds, in which it requested the concurrence of the Senate.

### HOUSE BILL REFERRED

The bill (H. R. 5520) to amend the Second Liberty Bond Act to increase the maximum interest rate permitted on United States savings bonds, was read twice by its title and referred to the Committee on Finance.

### LEAVE OF ABSENCE

On his own request, and by unanimous consent, Mr. KNOWLAND was excused from attendance on the sessions of the Senate for the remainder of today and until Friday.

### COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Subcommittee on Production, Marketing, and Prices, of the Committee on Agriculture and Forestry, was authorized to meet today during the session of the Senate.

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Antimonopoly Subcommittee of the Committee on the Judiciary was authorized to meet today during the session of the Senate.

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Committee on Public Works was authorized to sit during the session of the Senate today.

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Constitutional Rights Subcommittee was authorized to sit in executive session during the session of the Senate today.

### TRANSACTION OF ROUTINE BUSINESS

Mr. JOHNSON of Texas. Mr. President, under the rule, there will be the usual morning hour for the introduction of bills and the transaction of other routine business. In that connection, I ask unanimous consent that statements will be limited to 3 minutes.

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

### EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

REPORT ON TIN OPERATIONS

A letter from the Administrator, Federal Facilities Corporation, Washington, D. C., transmitting, pursuant to law, a report of that Corporation on tin operations for the 6-month period ended December 31, 1956 (with an accompanying report); to the Committee on Banking and Currency.

REPORT OF EXPORT-IMPORT BANK OF WASHINGTON

A letter from the President, Export-Import Bank of Washington, Washington, D. C., transmitting, pursuant to law, a report of that bank covering the period July–December 1956 (with an accompanying report); to the Committee on Banking and Currency.

AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949, RELATING TO LEASING SPACE FOR FEDERAL AGENCIES

A letter from the Administrator, General Services Administration, transmitting a draft of proposed legislation to amend the Federal Property and Administrative Services Act of 1949 to authorize the Administrator of General Services to lease space for Federal agencies for periods not exceeding 30 years, and for other purposes (with an accompanying paper); to the Committee on Government Operations.

CANCELLATION OF CHARGES AGAINST LANDS OF CERTAIN INDIANS

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, an order canceling reimbursable ditch lien charges against individual allotted and tribal lands of the Fond du Lac Indian Reservation in Minnesota (with an accompanying paper); to the Committee on Interior and Insular Affairs.

RETIREMENT RIGHTS OF CERTAIN JUDGES

A letter from the Acting Director, Administrative Office of the United States Courts, Washington, D. C., transmitting a draft of proposed legislation to provide that the United States district judges for the districts of Hawaii and Puerto Rico shall have the same tenure of office and retirement rights as all other United States district judges (with an accompanying paper); to the Committee on the Judiciary.

AMENDMENT OF SECTION 1292, TITLE 28, UNITED STATES CODE, RELATING TO CERTAIN APPEALS

A letter from the Acting Director, Administrative Office of the United States Courts, Washington, D. C., transmitting a draft of proposed legislation to amend section 1292 of title 28 of the United States Code relating to appeals from interlocutory orders (with accompanying papers); to the Committee on the Judiciary.

PROCUREMENT OF PORTRAIT AND BUST OF THE LATE CHIEF JUSTICE FRED M. VINSON

A letter from the Marshal, United States Supreme Court, transmitting a draft of proposed legislation to provide for the procurement of a portrait and bust (including pedestal) of the late Chief Justice Fred M. Vinson, to be placed in the United States Supreme Court Building; to the Committee on Rules and Administration.

### PETITIONS AND MEMORIALS

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

By the PRESIDENT pro tempore:

A joint resolution of the Legislature of the State of Nevada; to the Committee on Banking and Currency:

"Assembly Joint Resolution

"Memorializing Congress to enact legislation adopting the Beam plan for the benefit of the domestic gold industry

"Whereas in 1934, with the passage of the United States Gold Act and the creation of the International Monetary Fund, the gold standard was abolished and restrictions were placed on the possession and use of gold which seriously threatened its historic mission as the bulwark of our monetary system; and

"Whereas the price of gold was fixed at $35 per fine ounce, which price has remained stationary since despite greatly increased costs of production, and two tragic results have followed. The first has been the deterioration

of our domestic straight gold mining industry, with 95 percent of the mines forced to close because of the unrealistic price established for gold by the Federal Government. The second result has been the lifting of safeguards inherent in the gold standard designed to prevent unbridled manipulation of credit and inflationary practices; and

"Whereas the basic problem is to find a method to augment our gold reserve by increasing domestic production which cannot be answered by rescission of the United States Gold Act of 1934 or the setting of another and higher arbitrary price for gold; and

"Whereas the Beam plan proposed by L. Mills Beam offers an enormous potential for domestic gold production by proposing that the United States Mint receive gold for processing as now, but that it return to the producer, upon request, coins from his gold, stamped by content of gold, rather than by value, such as "1 ounce" and "one-half ounce." The plan applies only to newly mined gold. The gold producer then may keep, sell, or use his coins on an open market at whatever price it may bring; but one change in the present structure must be made in order to restore the law of supply and demand to gold as a commodity, and that is to terminate the United States Treasury's practice of selling gold to private industry and to the arts; and

"Whereas the request of the gold-mining industry for this basic change is fully within the rights and privileges granted to American citizens by the Constitution, and will terminate the present unique discriminatory policy directed against those who produce gold as the one commodity: Now, therefore, be it

*"Resolved by the Assembly and Senate of the State of Nevada (jointly)*, That the Congress of the United States be, and it is hereby, memorialized to enact legislation immediately to encompass and include the principles of the Beam plan proposed by L. Mills Beam, which is the only hopeful outlook across an otherwise dim horizon for our gold-mining industry; and be it further

*"Resolved,* That a duly certified copy of this resolution be transmitted by the secretary of state of the State of Nevada to the Speaker of the House of Representatives, the President pro tempore of the Senate, and to the United States Senators and Congressman from the State of Nevada.

"Adopted by the senate February 14, 1957.

"REX BELL,
*"President of the Senate.*
"H. E. ROWNTREE,
*"Secretary of the Senate.*

"Adopted by the assembly February 8, 1957.

"WM. D. SWACKHAMER,
*"Speaker of the Assembly.*
"C. O. BASTIAN,
*"Chief Clerk of the Assembly.*
"CHARLES H. RUSSELL,
*"Governor of the State of Nevada."*

A joint resolution of the Legislature of the State of Utah; to the Committee on Interior and Insular Affairs:

"Senate Joint Resolution 11

"A joint resolution of the 32d Legislature of the State of Utah memorializing Congress to appropriate sufficient funds to stimulate the production of certain critical minerals, metals and materials indispensable in the construction of jet engines.

*"Be it resolved by the Legislature of the State of Utah:*

"Whereas the mining industry of the State of Utah is of great importance to the economic welfare of this State (as it is to many other States); and

"Whereas with the unsettled conditions existing throughout the entire world it is prudent and wise that our country, the United States of America, continue its program of preparedness; and

"Whereas bills have been introduced and are now pending in both Houses of the Congress, providing for a strong long-range domestic minerals program out of which there should come congressional legislation carrying a sufficient appropriation to carry out a well-balanced program which will add to the preparedness program and stimulate the mining industry in the United States in the production of the critical metals, minerals, and materials, including antimony, asbestos, beryllium, chromite, cobalt, columbium-tantalum, fluorspar, iron, lead, manganese, mica, molybdenum, nickel, titanium, tungsten, vanadium, uranium, and zinc, all being used in the production of jet engines: Now, therefore, be it

*"Resolved by the 32d Legislature of the State of Utah,* That the President of the United States and the Congress of the United States be memorialized to effect a long-range national domestic minerals program; and be it further

*"Resolved,* That certified copies of this resolution be transmitted by the secretary of state to the President of the United States, to the Presiding Officer of the United States Senate, to the Speaker of the House of Representatives, and to the Senators and Representatives from the State of Utah."

Resolutions of the General Court of the Commonwealth of Massachusetts; to the Committee on Finance:

"Resolutions memorializing the Congress of the United States to reduce the eligibility of persons entitled to old age assistance to 62 years

*"Resolved,* That the General Court of Massachusetts hereby urges the Congress of the United States to enact legislation whereby the age at which all persons entitled to Federal old age and survivors' insurance benefits shall be reduced to that of 62 years; and be it further

*"Resolved,* That copies of these resolutions be sent forthwith by the Secretary of the Commonwealth to the President of the United States, to the presiding officer of each branch of Congress, and to the Members thereof from this Commonwealth.

"House of representatives, adopted, March 5, 1957.

"LAWRENCE R. GROVE, *Clerk.*

"Senate, adopted, in concurrence, March 7, 1957.

"IRVING N. HAYDEN, *Clerk.*

"A true copy. Attest:

"EDWARD J. CRONIN,
*"Secretary of the Commonwealth."*

A joint resolution of the Legislature of the State of Oregon; to the Committee on Finance:

"House Joint Memorial 4

*"To the Honorable Senate and the House of Representatives of the United States of America, in Congress assembled:*

"We, your memorialists, the 49th Legislative Assembly of the State of Oregon, in legislative session assembled, most respectfully represent as follows:

"Whereas for the purpose of meeting wartime emergency necessity, the Congress of the United States enacted as excise taxes a levy upon the transportation of persons and property; and

"Whereas one of the principal purposes of levying such tax upon the transportation of persons was to discourage unnecessary wartime travel; and

"Whereas today, 11 years after the cessation of hostilities, there continues a 10-percent levy on the transportation of persons and a 3-percent levy on the transportation of property; and

"Whereas it is the opinion of the Legislative Assembly of the State of Oregon that excise taxes should not impose an unfair burden on the long-distance shipper and the long-distance traveler as does the present tax on the transportation of property and persons; and

"Whereas it should be a principle of Federal taxation to levy taxes in such a manner as to prevent them from falling as an unequal burden on citizens residing in different areas of the country; and

"Whereas the distances to, from, and within the West impose an unfair burden on the western traveler and shipper; and

"Whereas the present transportation tax on property is unfairly burdensome upon the State of Oregon as it adds what is in effect an additional tariff on the goods shipped from Oregon to the eastern markets, with the result that those goods are not able to compete freely with the goods originating in more closely adjacent southern areas; and

"Whereas the State of Oregon is particularly interested in preserving the eastern market as an open market in which the agricultural and forest products of Oregon, in particular, may compete freely with southern produce without the hindrance of artificial barriers such as the present transportation tax; and

"Whereas the State of Oregon is particularly interested in protecting and developing its vacation and tourist travel on an equal basis with other vacation travel areas; and

"Whereas the transportation of both persons and property plays such a vital role in the economic life of this country to the extent that the costs of transportation should always be kept at the lowest possible level; and

"Whereas transportation is in no sense a luxury but is a vital necessity and there is, therefore, sound reasons for distinguishing between the transportation taxes and other excise taxes that are imposed upon luxury items; and

"Whereas it is the opinion of the Legislative Assembly of the State of Oregon that the best interest of the country and particularly the Western States, who are now discriminated against by the present transportation taxes, would be served by a repeal of those taxes; and

"Whereas there is presently pending before the Congress of the United States legislation which would repeal the tax on transportation of property and which would repeal the tax on transportation of persons: Now, therefore, be it

*"Resolved by the House of Representatives of the State of Oregon (the Senate jointly concurring therein)*, That the Legislative Assembly of the State of Oregon respectfully memorializes the Congress of the United States to enact legislation repealing the excise tax upon the transportation of persons and property; and be it further

*"Resolved,* That copies of this memorial be sent by the secretary of state to the President and Vice President of the United States and to all members of the Oregon congressional delegation.

"Adopted by house February 15, 1957.

"Readopted by house March 11, 1957.

"EDITH BYNON LOW,
*"Chief Clerk.*
"PAT DOOLEY,
*"Speaker of House.*

"Adopted by senate March 7, 1957.

"BOYD R. OVERHULSE,
*"President of Senate."*

A joint resolution of the Legislature of the State of Montana; to the Committee on Finance:

"House Joint Memorial 5

"A joint memorial of the Senate and House of Representatives of the State of Montana to the Congress of the United States; to the Honorable James E. Murray and the Honorable Mike Mansfield, United States Senators from Montana; to the Honorable Leroy Anderson and the Honorable Lee Metcalf, Representatives from Montana; to the Honorable Commissioner of Internal Revenue of the United States, relating to increasing personal income tax credit exemption

*"To the Honorable Senate and House of Representatives of the United States in Congress assembled:*

"Whereas there has been and is now a trend toward a higher cost of living, resulting in a decrease in the power of each taxpayer to purchase his needs; and

"Whereas it has become virtually necessary for the individual taxpayer to decrease the number and size of his purchases with the resulting threat that the present rate of consumption and purchasing of goods and services will decline; and

"Whereas an increase in personal income tax credit exemption from $600 to $700 will help alleviate this condition: Now, therefore, be it

*"Resolved by the House of Representatives of the 35th Legislative Assembly of the State of Montana (the Senate concurring)*, That we respectfully urge the Senators and Representatives from Montana and the Congress of the United States and the Honorable Commissioner of Internal Revenue to take appropriate action to increase the personal income tax credit exemption from $600 to $700; and be it further

*"Resolved,* That copies of this resolution be forwarded by the chief clerk of the House of Representatives of the State of Montana, to the Honorable JAMES E. MURRAY and the Honorable MIKE MANSFIELD, United States Senators from Montana; to the Honorable LEROY ANDERSON and the Honorable LEE METCALF, Representatives from Montana and to the Honorable Commissioner of Internal Revenue of the United States."

A resolution of the House of Representatives of the State of Kansas; to the Committee on Interstate and Foreign Commerce:

"House Resolution 30

"A resolution memorializing the Congress of the United States to enact legislation regulating the advertising of alcoholic liquors.

"Whereas the liquor industry, in its advertising, has been using the names and pictures of such national heroes as Benjamin Franklin, Henry Clay, Gen. Winfield Scott, Gen. Sam Houston, and others; and

"Whereas this form of advertising, as well as that suggesting that all people of distinction use alcoholic liquor, has a tendency to cause the youth of Kansas and America to lose respect for and confidence in the great leaders and traditions of our State and Nation; and

"Whereas this form of advertising is a dangerous infringement upon the principle of freedom of the press, which freedom must ultimately be based upon high moral principles: Now, therefore, be it

*"Resolved by the House of Representatives of the State of Kansas,* That we respectfully urge the Congress of the United States to regulate the advertising of alcoholic liquor so that the great leaders and traditions of our country can be preserved from encroachment by an industry that is, according to the United States Supreme Court, a business attended with danger to the community, and therefore subject to strict regulation; and be it further

*"Resolved,* That we instruct the chief clerk of the house of representatives to transmit copies of this resolution to the President of the United States; the President of the Senate and the Speaker of the House of Representatives of the Federal Congress; to each member of the Kansas delegation of the Congress; and to the legislatures of the other States.

"I hereby certify that the above resolution originated in the house, and was adopted by that body March 15, 1957.

"JESS TAYLOR,
*"Speaker of the House.*
"EDNA M. YOUNG,
*"Assistant Chief Clerk of the House."*

A joint resolution of the legislature of the Territory of Alaska; to the Committee on Banking and Currency:

"House Joint Memorial 12

*"To the President of the United States, Congress of the United States, the President of the United States Senate, and the Speaker of the House of Representatives:*

"Your memorialist, the Legislature of the Territory of Alaska, in 23d session assembled, respectfully represents that:

"Whereas the future prosperity of the Territory of Alaska will be dependent primarily upon mining, fishing, and lumbering; and

"Whereas the gold-mining properties of the United States and Alaska, and more particularly the gold-mining properties within our Territory, and the operators are confronted by tremendously increased wage and material costs, and are unable to sell their products in the markets of the world, but are instead compelled to sell only to the United States Government at the inexorable fixed price of $35 an ounce as provided in the Gold Reserve Act of 1934; and

"Whereas since 1934 wage costs have more than tripled and costs of necessary materials and all other operating costs have more than doubled, during which period there has been no increase in the price of gold; and

"Whereas continuance of the gold-mining industry in Alaska is of vital importance to the economic welfare of the Territory; and

"Whereas there are pending in the 85th Congress, both in the House and Senate, certain bills which have for their purpose removal of some of the restrictions which now prevent the operation of gold-mining properties in the United States and Alaska, and the passage of which would help alleviate the above-mentioned depressing conditions; and

"Whereas among such bills are S. 325 by Senator MURRAY, of Montana; H. R. 625 by Mr. ENGLE, of California; H. R. 375 by Mrs. PFOST, of Idaho; H. R. 2132 by Mr. BARING, of Nevada; and H. R. 3800 by Mr. BARTLETT, of Alaska: Now, therefore

"Your memorialist, the Legislature of the Territory of Alaska, respectfully urges the passage of one of the bills now before Congress which would allow gold producers to sell their gold in the open market of the world without restriction; and your memorialist will ever pray.

"Passed by the house March 1, 1957.

"RICHARD J. GREUEL,
*"Speaker of the House.*

"Attest:

"DOLORES D. GOAD,
*"Chief Clerk of the House.*

"Passed by the senate March 7, 1957.

"VICTOR C. RIVERS,
*"President of the Senate.*

"Attest:

"KATHERINE T. ALEXANDER,
*"Secretary of the Senate.*
"WAINO E. HENDRICKSON,
*"Secretary of Alaska."*

A joint resolution of the Legislature of the Territory of Alaska; to the Committee on Interstate and Foreign Commerce:

"House Joint Memorial 11

*"To the Honorable Dwight D. Eisenhower, President of the United States of America; Hon. Sinclair Weeks, Secretary of Commerce; the Congress of the United States; Hon. Warren G. Magnuson, United States Senator; Hon. Richard Neuberger, United States Senator; Hon. Henry M. Jackson, United States Senator; Hon. Wayne Morse, United States Senator; Hon. E. L. Bartlett, Delegate to Congress from Alaska; and Hon. James T. Pyle, Administrator, Civil Aeronautics Administration:*

"Your memorialist, the Legislature of the Territory of Alaska in 23d regular session assembled, respectfully submits that:

"Whereas air transportation is vital to the economy of Alaska; and

"Whereas an adequate airport construction and maintenance program is necessary if the economy of the Territory is to continue to expand; and

"Whereas under provisions of Public Law 211, 84th Congress, the sum of $5,175,000 was obligated for Alaskan airport construction for period beginning July 1, 1956, and ending June 30, 1959; and

"Whereas the Federal airport aid program recognizes that favorable treatment should be given to those States which have unappropriated and unreserved public lands exceeding 75 percent of the total area; and

"Whereas it authorizes Federal matching funds in an amount of 50 percent, and an additional amount equal to one-half of such States' total area of public lands not to exceed 25 percent for a maximum of aid of 75 percent of the total construction cost; and

"Whereas Alaska is the only jurisdiction subject to the limitation imposed by the Federal Airport Act; and

"Whereas if this limitation of the Federal Act were not applicable the Federal participation in Alaska would reach a total of 98 percent, since 99 percent of the total land area of Alaska belongs to the Federal Government: Now therefore

"Your memorialist, the House and Senate of the Territory of Alaska, in 23d session assembled, respectfully urges that section 10 (c) of the Federal Airport Aid Act (49 U. S. C. 1101–19) be amended by changing the numeral 75 to 90 so that it would read as follows:

"'(c) The United States share payable on account of any approved project in the Territory of Alaska shall be such portion of the allowable project costs of the project (not less than 50 per centum in the case of a class 3 or smaller airport, but not to exceed 90 [75] per centum in the case of an airport of any size) as the Administrator may deem appropriate for carrying out the provisions of this act.'

"And your memorialist will ever pray.

"Passed by the house March 1, 1957.

"RICHARD J. CREUEL,
*"Speaker of the House.*

"Attest:

"DOLORES D. GOAD,
*"Chief Clerk of the House.*

"Passed by the senate March 7, 1957.

"VICTOR C. RIVERS,
*"President of the Senate.*

"Attest:

"KATHERINE T. ALEXANDER,
*"Secretary of the Senate.*
"WAINO E. HENDRICKSON,
*"Secretary of Alaska."*

A resolution of the Senate of the Territory of Alaska; to the Committee on Interior and Insular Affairs:

"Senate Resolution 3

*"Be it resolved by the Senate of the Territory of Alaska in regular session assembled:*

"Whereas March 30 marks the 90th anniversary of the conclusion of the Treaty of Cession of Alaska from Russia to the United States of America; and

"Whereas Article III of the Treaty of Cession admitted inhabitants of the ceded area to 'the enjoyment of all the rights, advantages and immunities of citizens of the United States' and thereby gave initial and unique promise of Alaska's attaining, among those rights and advantages, self government in the American tradition; and

"Whereas many such rights, advantages, and immunities have been denied the citizens of Alaska because of its Territorial status; and

"Whereas it has been adequately demonstrated during 90 years that Alaskans firmly believe in and adhere to the principles of constitutional government; and

"Whereas the people of Alaska have manifested their belief in such principles by adopting a constitution for the State of Alaska, which contains the same safeguards and insures the same rights as the Constitution of the United States: Now, therefore, be it

*"Resolved by the Senate of the Territory of Alaska, in 23d session assembled,* That March 30, 1957, be further designated 'Liberation Day' and that the people of Alaska on this date celebrate their liberation from Russian colonial bondage; and be it further

*"Resolved,* That the Congress of the United States be urged to grant statehood to Alaska by March 30, 1957, and further resolved that should Alaska's quest for statehood be realized by March 30, 1957, that this day now known as 'Seward Day,' also be designated 'Statehood Day.'

"Passed by the senate March 11, 1957.

"VICTOR C. RIVERS,
*"President of the Senate.*

"Attest:

"KATHERINE T. ALEXANDER,
*"Secretary of the Senate.*

"WAINO E. HENDRICKSON,
*"Secretary of Alaska."*

A resolution of the northern division, California Federation of Republican Women, relating to a balanced budget; to the Committee on Appropriations.

A petition signed by Lindley J. Burton, and sundry other citizens of the States of Illinois and Indiana, remonstrating against all expenditures for further preparation for war, and so forth; to the Committee on Appropriations.

A letter in the nature of a petition from the Hungarian Council of Detroit, Mich., signed by Frederick A. V. Hefty, vice chairman, and Frank A. Fazakas, executive secretary, relating to the treatment of certain Hungarians by the Communists, and the deportation of certain other Hungarians; to the Committee on the Judiciary.

The petition of George Williams, of Baltimore, Md., praying for the enactment of the bill (S. 1505) to amend the Fair Labor Standards Act of 1938, as amended, to restrict its application in certain overseas areas, and for other purposes; to the Committee on Labor and Public Welfare.

A resolution adopted by the Board of Commissioners of the City of Trenton, N. J., favoring the enactment of legislation to provide salary increases and personnel management relations for postal employees; to the Committee on Post Office and Civil Service.

The memorial of Gabriele Giordano, of New York, N. Y., remonstrating against the confirmation of the nomination of William J. Brennan as Associate Justice of the United States Supreme Court; ordered to lie on the table.

## CONCURRENT RESOLUTION OF NORTH DAKOTA LEGISLATURE

Mr. YOUNG. Mr. President, I present for appropriate reference, a concurrent resolution of the Legislature of the State of North Dakota, memorializing the Congress to enact legislation requiring mail order retailers making sales in other States to furnish the tax departments of such States information in regard to such sales.

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

Senate Concurrent Resolution VV

Concurrent resolution memorializing the Congress to pass legislation requiring mail order retailers making sales in other States to furnish the tax departments of such States information in regard to such sales

Whereas there are numerous mail order companies operating in the United States which take orders from purchasers in States other than that in which such retailers maintain their business; and

Whereas many such purchases are subject to taxes in the State where the purchaser has his residence, but because of lack of information in regard to such purchases, the tax departments of the various States are unable to collect the taxes due, thereby discriminating against retailers within the State of residence of the purchaser and depriving the States of their proper tax revenue: Now, therefore, be it

*Resolved by the Senate of the State of North Dakota (the House of Representatives concurring therein),* That the Legislative Assembly of the State of North Dakota most strongly urges and requests the Congress to pass legislation requiring all persons engaged in the business of mail order retailing wherein orders are accepted from purchasers in States other than that of the residence of such retailer, to file with the tax departments of the States of residence of the purchasers a list of such purchases and pertinent information in regard thereto, and that such legislation contain suitable penalties to insure compliance with such law; and be it further

*Resolved,* That copies of this resolution be forwarded to each member of the North Dakota congressional delegation by the secretary of the senate.

CLYDE DUFFY,
*President of the Senate.*
VIC GILBREATH,
*Secretary of the Senate.*
B. WOLF,
*Speaker of the House.*
GERALD L. STAN,
*Chief Clerk of the House.*

## TIGHT MONEY POLICY—MEMORIAL OF SENATE OF IDAHO

Mr. CHURCH. Mr. President, the Legislature of the State of Idaho this year has been, in a very true sense, a bipartisan body. The State senate is organized by the Democrats and the State house of representatives is organized by the Republicans. In view of this, I think it is highly significant that I have received a memorial from the State legislature condemning the tight-money policies of this administration. The memorial reads:

Senate Joint Memorial 8

*To the Honorable Senate and House of Representatives of the United States in Congress assembled:*

We, your memorialists, the Legislature of the State of Idaho, respectfully represent that—

Whereas the tight-money policy of the National administration and the Federal Reserve Board is curtailing credit and greatly increasing the costs of hiring money; and

Whereas no advantage in reducing inflation is inherent in this policy, since increase in interest rates is inflationary by providing a surplus of moneys on one side and reducing available moneys on the other, which obviously defeated the anti-inflationary purposes desired; and

Whereas the cost of such increased interest rates to the national Government, and its various subdivisions, results in many billions of dollars in increased interest rates, which is borne by the taxpayer, with all the benefits therefrom accruing to banking institutions; and

Whereas the cost to the taxpayers, who bear this increased interest load in taxes on Government indebtedness, is added to the cost of individual borrowing for their own purposes; and

Whereas the real and apparent restrictions of this tight-money policy is working a severe hardship on farmers, small-business men, contractors, and all borrowers from banking institutions, and is thereby reducing and restricting their operations and seriously reducing these industries and income in the State of Iowa; and

Whereas employment is being appreciably reduced, and thus labor is faced with increasing lack of employment; and

Whereas housing programs are at a standstill because of the difficulty of securing credit for new construction, and business expansion has practically ceased; and

Whereas the harvesting of beetle-infested timber, which has greatly reduced this damage to sound growths, will also be stopped, which will doubtless have a serious repercussion on our timber stands, since lumber is greatly reduced by reduction of housing and business expansion; and

Whereas the cessation of timber operations, the second largest industry of the State of Idaho, will seriously affect the welfare of a large number of our people, and disrupt our tax structure and economy; and

Whereas continuation of this tight-money policy is leading the Nation to the brink of depression: Now, therefore, be it

*Resolved by the 34th session of the Legislature of the State of Idaho, now in session (the Senate and the House of Representatives concurring),* That we do most earnestly protest against continuation of the present tight-money policy and urge that this policy be terminated forthwith; be it further

*Resolved,* That the secretary of state of the State of Idaho be, and he hereby is, authorized and directed to forward certified copies of this memorial to the President and Vice President of the United States, the Speaker of the House of Representatives of the Congress, and to the Senators and Representatives representing this State in the Congress of the United States.

Mr. President, I wish to concur in the opinion and in the criticism expressed by this memorial, and to suggest that the time has come to have the national administration reappraise its tight-money policy.

I present the joint memorial, and ask that it be appropriately referred.

The joint resolution was referred to the Committee on Banking and Currency.

(The PRESIDENT pro tempore laid before the Senate a joint resolution of the Legislature of the State of Idaho, identical with the foregoing, which was referred to the Committee on Banking and Currency.)

## JOINT RESOLUTION OF OREGON LEGISLATURE

Mr. NEUBERGER. Mr. President, navigation of the Columbia River between Portland and the Pacific Ocean has become an increasingly important factor in Oregon's economic life. Improvement of the Columbia Waterway has resulted in tapping a widespread market for shipment of bulk cargoes, for shipment of timber and forest products, for movement of farm produce from a vast adjacent area.

The controlling depth of the Columbia River channel has placed limitations on the size of ships and the loads they can carry. At certain low-water periods, the present channel depth presents certain hazards to navigation.

The opening of the Columbia to greater use as an artery of transportation will necessitate increased channel work. A start already has been made toward expanding the Columbia's capacity for handling waterborne commerce. The Corps of Engineers is nearing completion of a project to deepen the Columbia River at the mouth to a depth of 48 feet. The success of this development was recently illustrated when the largest shipload of grain to leave the Columbia River crossed the bar with a shipment of grain equal to almost six trainloads.

As the result of removal of hazards at the mouth of the river, ships of greater capacity can now enter and leave the Columbia. But their passage upstream is impaired by the present channel depth limitations. The Oregon State Legislature, now meeting in Salem, has recognized the importance of further Columbia channel improvements, and has passed a senate joint memorial to call to attention of Federal officials the need for additional work.

On behalf of my colleague, the senior Senator from Oregon [Mr. MORSE], and myself, I ask unanimous consent to include with my remarks in the RECORD a copy of Senate Joint Memorial 2, introduced by Senators Wilhelm, Cook, and Corbett, and Representatives Annala, Goss, Mosser, and Tom, adopted by the Oregon Senate on February 28, 1957, and by the Oregon House of Representatives on March 7, 1957, and ask that it be appropriately referred.

There being no objection, the joint resolution was referred to the Committee on Public Works.

(See joint resolution printed in full when laid before the Senate by the President pro tempore on March 18, 1957, p. 3784, CONGRESSIONAL RECORD.)

## RESOLUTION OF MINNESOTA HOUSE OF REPRESENTATIVES

Mr. HUMPHREY. Mr. President, I wish to call the attention of the Senate to a resolution adopted by the Minnesota State House of Representatives. This resolution expresses the deep concern of Minnesotans over the serious economic plight of our agricultural economy.

I commend and thank the Minnesota House of Representatives for its recommendations on agricultural policy and legislation. I ask unanimous consent that the resolution be appropriately referred and, together with the letter of transmittal, be printed in the RECORD.

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

STATE OF MINNESOTA,
HOUSE OF REPRESENTATIVES,
*March 15, 1957.*

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

DEAR HUBERT: I am happy to enclose, on behalf of the Minnesota House Agriculture Committee, a copy of House Resolution 2, passed by the Minnesota House of Representatives on March 15, 1957, by a vote of 94 to 4.

Your favorable consideration and action on the contents of this resolution will strengthen our farm economy, and consequently, improve our entire economic structure.

Yours very truly,
ODEAN ENESTVEDT,
*Chairman, House Agriculture Committee.*

House Resolution 2

Resolution relating to family farms and agriculture

Whereas it is recognized by all that the time-proven family farm unit must continue as the basic social and economic unit of agriculture and that accordingly, farm policy must assist such farms in achieving standards of farm living equal to those enjoyed by other Americans; and

Whereas agricultural policy in this country has sought to foster family-sized, owner-operated farms, which has proved to be a sound and wise policy, since it has developed an efficient agricultural unparalleled in the entire world; and

Whereas present farm price support levels are inadequate because they tend to widen the gap between farm income and farm operating costs; and

Whereas this disparity in farm purchasing power, if permitted to continue, reflects itself not only in economic distress for farmers, but in reduced retail sales, employment, and industrial activity; and

Whereas the present unfavorable economic conditions in agriculture make it extremely difficult for young people to establish themselves in farming as their life's work: Now, therefore, be it

*Resolved by the house of representatives that we favor legislation to accomplish the following purposes—*

1. Providing mandatory price supports to assure full parity prices and income to producers of major farm commodities, using whatever methods may be most practical, such as loan and purchase programs, production payments, incentive payments, surplus removal measures, promotion of exports, or a combination of these measures. As far as possible, farm support programs should be placed on a self-regulating, self-financing basis, using processing taxes and tariff levies similar to those utilized in the sugar and wool programs.

2. Continuing, expanding, and improving the soil bank as a soil-conservation measure and as a supplement to price programs by including the feed grains and other major field crops in the acreage reserve; by requiring soil-conservation practices upon acres placed into the acreage reserve; by raising the level of payments and shortening the term of contracts in the conservation reserve; by requiring participation in the soil bank as a condition to eligibility for price support and that a reappraisal be made of the present method of setting individual farm acreage allotments to determine the eligibility of such farm for price supports and participation in the soil-bank program.

3. Establishing a specific national policy regarding the size of food reserves which should be maintained in the national interest.

4. Providing for greatly expanded research programs to study agricultural marketing and price problems and to develop new uses and new markets for farm products.

5. Providing price protection at full parity on the perishable farm products such as milk, meat, butter, poultry and eggs, which are so important in our diversified farming economy. Wherever purchase and storage measures are not effective as a support measure, authority should be provided for use of production payments or for incentive payments to encourage the marketing of hogs or livestock at most favorable weights.

6. Providing the initiative, both with leadership and funds in carrying on effective farm credit, soil conservation, crop insurance, REA programs, and programs to promote the consumption of a proper diet among our aged, our schoolchildren, our low-income groups and those in institutions.

7. To safeguard a sound farm program, a practical farm program must contain a maximum payment that may be paid to one individual or corporation in one calendar year.

8. Providing for a complete reappraisal of the parity formulas, with the view of developing a yardstick which, when used as a basis for support measures, will assure farmers actual parity of income for their efforts. Whenever the use of full parity level is not practicable in connection with loan and storage programs because of the level of world prices or of competitive products, then the use of compensatory payments should be considered. This would allow the products to find their own level on the open market and the producer would be reimbursed to the extent that his return is below the proper level; and, be it further

*Resolved,* That the administration of farm programs at the county and community level for farmer-elected committees be fostered in every way by legislative and administrative policy, specifically, safeguarding the right of farmers to elect their own committees, and to assure these committees undisputed authority in operating the county offices and programs; and, be it further

*Resolved,* That the Minnesota Senators and Representatives be commended for their support of worthwhile and effective agricultural programs; and, be it further

*Resolved,* That the chief clerk of the house of representatives be directed to forward a copy of this resolution to the chief officer of the House of Representatives and the Senate of the United States Congress.

## PRESERVATION OF PATENT OFFICE BUILDING—RESOLUTIONS

Mr. HUMPHREY. Mr. President, I have recently received two resolutions endorsing S. 996, my bill to preserve the historical Patent Office Building and to provide for its use by the Smithsonian Institute to house historical collections of American art.

One of these resolutions was addressed to the chairman of the Senate Committee on Rules and Administration from

Maj. Gen. U. S. Grant 3d, the president of the Columbia Historical Society. The other resolution was adopted by the Washington-Metropolitan Chapter of the American Institute of Architects, Inc.

I ask unanimous consent that both of these resolutions be printed in the RECORD, and appropriately referred.

There being no objection, the resolutions were referred to the Committee on Rules and Administration, and ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., *February 25, 1957.*
The Honorable THOMAS C. HENNINGS, Jr.,
*Chairman, Senate Committee on Rules and Administration, Senate Office Building, Washington, D. C.*

MY DEAR SENATOR HENNINGS: Pursuant to the purposes for which it was incorporated; namely, "the collection, preservation, and diffusion of knowledge respecting the history, biography, geography, and topography of the District of Columbia, * * * and, in general, the transaction of any business pertinent to an Historical Society at the National Capital," our society adopted the following resolution at its meeting on February 20, 1957:

*"Resolved,* That the Columbia Historical Society warmly endorses the proposal in Senate bill S. 996, introduced by Senator HUBERT H. HUMPHREY, of Minnesota, and in the House bill, H. R. 4002, introduced by Hon. FRANK THOMPSON of New Jersey, to prerserve the historic old Patent Office Building (now occupied by the Civil Service Commission) and to provide for its use by the Smithsonian Institution to house historic collections of American Art."

The society hopes that the said bills may have your approval and your committee's recommendation for their passage, thus enabling this historic Federal building, a milestone in the development of our Nation by the patents it harbored for so many years and an outstanding example of our early 19th century architecture, to perpetuate in its three dimensions for future generations the good taste of the past and to preserve and make accessible to the public the story of our country as told by American artists.

Respectfully yours,
U. S. GRANT 3d,
*Major General, United States Army, Retired; President, Columbia Historical Society.*

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WASHINGTON-METROPOLITAN CHAPTER OF THE AMERICAN INSTITUTE OF ARCHITECTS, INC.,
*Washington, D. C., March 4, 1957.*

*Resolved,* That the Washington-Metropolitan Chapter of the American Institute of Architects warmly endorses the proposal in Senate bill S. 966, introduced by Senator HUBERT H. HUMPHREY, of Minnesota, and House bill, H. R. 4002, introduced by Hon. FRANK THOMPSON, Jr., of New Jersey, both to preserve the historic old Patent Office Building (now used by the Civil Service Commission) and to provide for its use by the Smithsonian Institution to house historic collections of American art. In L'Enfant's plan this site was reserved for a national church, but was used instead as the site of the second Patent Office, begun in 1837 under the administration of President Jackson, completed in 1867. The fine old building of pure Greek design by Robert Mills, the first native American trained architect, the architect also of the Treasury Building, the Old Post Office, the Washington Monument in Baltimore and the original designs for the Monument here.

The building, designed for display as well as administrative purposes, surrounds a fine interior court and has four monumental street facades, the original south facade of sandstone from historic Aquia Creek, the three later facades of white Maryland marble.

The important things here proposed are: First, to preserve this historic old building and, second, to give to the American people a place for the permanent display for historic American art and for the progressive accumulation of the best in the arts and crafts of our Nation.

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## REDISTRIBUTION OF FEDERAL TAX MONEYS—RESOLUTION OF CITY COUNCIL OF VIRGINIA, MINN.

Mr. HUMPHREY. Mr. President, I present a resolution adopted by the City Council of Virginia, Minn., regarding redistribution of Federal tax moneys to the State municipal subdivisions.

I ask unanimous consent that the resolution be printed in the RECORD, and appropriately referred. There being no objection, the resolution was referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Resolution 6459

Resolution requesting distribution of Federal tax moneys to the State municipal subdivisions

*Resolved by the City Council of the City of Virginia,* That—

Whereas the imposition of Federal taxes have become increasingly great throughout the years to the point where each new administration establishes record peacetime expenditures; and

Whereas the proportionate share of the total national, State, and local taxes have been reversed from the former position when the local governmental units received the great share of tax moneys, and these governmental units do essentially perform the great bulk of services to the citizens of this country and today are unable to receive sufficient funds to maintain their current operating needs: Now, therefore, be it hereby

*Resolved,* That the Federal Government redistribute to the State municipal subdivisions substantial portions of the moneys derived by the Federal Government through its tax sources, thus enabling the local divisions of government to maintain the services rendered to the citizens; be it further

*Resolved,* That copies of this resolution be sent to the Senators and Congressman representing this congressional district.

Attest:

J. G. MILROY, Jr.,
*City Clerk.*
ARTHUR J. STOCK,
*President of the City Council.*

Presented to the mayor March 13, 1957.
Returned by the mayor March 18, 1957.
Approved March 18, 1957.
JOHN VUKELICH, *Mayor.*

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## RESOLUTIONS OF ORGANIZATIONS IN MINNESOTA

Mr. HUMPHREY. Mr. President, I have just received four resolutions from constituents in Minnesota. One of them from the clerk of the board of education, Goodridge Public Schools, Goodridge, Minn., favors Federal aid for school construction.

Another from the manager of the chamber of commerce, Le Sueur, Minn., favors increased postage rates, a restoration made in the cuts of the Post Office budget, and increased pay for postal clerks and carriers.

Another from Local 1028, United States Steelworkers of America, Duluth, Minn., protests the competitive effects of importation of wire and wire products into the United States.

Finally, a resolution of the Duluth, Minn., AFL–CIO central body concerns the issue of outdoor advertising and billboards along the highways to be built under the Federal Aid Highway Act.

Mr. President, I ask unanimous consent that these resolutions be printed in the RECORD and appropriately referred.

There being no objection, the resolutions were received, appropriately referred, and ordered to be printed in the RECORD, as follows:

To the Committee on Labor and Public Welfare:

GOODRIDGE PUBLIC SCHOOLS,
*Goodridge, Minn., March 13, 1957.*
Senator HUBERT H. HUMPHREY,
*United States Senate,*
*Washington, D. C.*

DEAR SENATOR HUMPHREY: On March 11, 1957, our board passed a resolution favoring Federal aid to help in schoolhouse construction. Districts with low valuation such as ours are in particular need of aid for building purposes.

Anything that you can do to help in the passage of Federal aid for school construction will be appreciated.

Yours truly,
HENRY WAALE, *Clerk.*

To the Committee on Post Office and Civil Service:

CHAMBER OF COMMERCE,
*Le Sueur, Minn., March 14, 1957.*
Hon. HUBERT H. HUMPHREY,
*Member of the United States Senate,*
*Senate Post Office, Washington, D. C.*

DEAR SENATOR HUMPHREY: At a recent meeting of the legislative committee from the local chamber of commerce, it was unanimously agreed that the Le Sueur Chamber of Commerce go on record favoring increased postage rates in line with Postmaster General Summerfield's recommendations, and also wish you to help restore the cuts made in the Post Office Department budget which Mr. Summerfield requested.

If this cut in the budget is not restored, our service certainly will be impaired as well as every other post office, and new additions will be left without mail service which the city of Le Sueur now has one such project.

We feel we cannot go along with the National Chamber of Commerce on no increased pay for postal clerks and carriers. We urge you to give these people a pay increase which we feel that they deserve.

Yours truly,
CHARLES N. SEARL,
*Manager.*

To the Committee on Finance:

UNITED STEELWORKERS OF AMERICA,
LOCAL NO. 1028, CIO,
*Duluth, Minn., March 14, 1957.*
Hon. HUBERT H. HUMPHREY,
*United States Senate,*
*Washington, D. C.*

DEAR SENATOR HUMPHREY: This is to inform you the members of Local Union 1028, United Steelworkers of America of Duluth, Minn., are deeply concerned with the imports of wire and wire products into the United States. We represent approximately 3,000 employees of the American Steel & Wire Co. plant at Duluth, Minn.

The following are figures based on the 1952 production shipped at the American Steel & Wire Co. plant compared with the years of 1953, 1954, and 1955; we shipped only 61 percent of our capacity in wire fence and 77 percent in nails and 40 percent in barbed wire. This means that in 1953, 1954, and 1955 we shipped 39 percent less of wire fence, 23 percent less of nails, and 60 percent less of barbed wire than we did in 1952.

Certain types of wire are being shipped into the United States at $25 to $38 a ton

less than the domestic price. It is obvious, if this continues, and it seems to be increasing yearly, that serious cutbacks will occur in employment at our plant.

We are facing cutbacks in production of wire products practically every year and they are affecting other parts of the steel mill as well.

No doubt, Senator HUMPHREY, you realize the importance of keeping the steel plant in Duluth operating at full capacity. When operating at full capacity we have full employment. This also affects other industries directly or indirectly such as iron ore, etc.

It is our hope that you as our Senator in Washington will do everything within your power to lessen the affects of foreign imports and by doing this help to keep our steelworkers employed on a year-round basis.

With kindest regards, I remain,

Respectfully yours,

EDWARD E. SKARP,
*Recording Secretary, Local Union 1028, United Steelworkers of America.*

To the Committee on Public Works:

DULUTH CENTRAL BODY, AFL–CIO,
*Duluth, Minn., March 14, 1957.*

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

DEAR SIR: Our body is opposed to the present bill outlawing outdoor advertising and billboards along the highways to be built under the Federal Aid Highway Act.

We believe that certain restrictions are proper in that no sign of any kind "except strictly highway markers, speed limits, and other signs for motorists, information put up by governing bodies" should be so placed as to interfere with the safe and normal flow of traffic.

Any sign which is placed over 100 feet from the roadway is useless. However, we leave it to your judgment within this limit as to the proper distance from the roadway that these signs could be safely installed.

Our concern is because of the great number of building tradesmen who would be put out of jobs if this bill passes.

Please use your influence to bring out a workable highway sign bill.

Respectfully yours,

FRANK T. MCCAULEY,
*Recording Secretary.*

## LETTER FROM UNITED CHRISTIAN YOUTH MOVEMENT—RESOLUTION

Mr. WILEY. Mr. President, tomorrow the Senate Foreign Relations Committee opens a series of important hearings in which various private contractors who have been studying the mutual security program will submit their observations with regard to the proposed future of that program, as well as its past record.

In this connection, I have been pleased today to hear from Charles H. Boyles, chairman of the United Christian Youth Movement of the National Council of Churches of Christ in the United States.

The movement, in a most thoughtful resolution, has addressed itself to what it earnestly feels to be a Christian approach to the economic and technical needs of the world, particularly the underdeveloped areas.

I believe this expression, as adopted at the movement's meeting in Cincinnati last month, will be of interest to my colleagues, as it is of interest to me.

I present the resolution, along with Mr. Boyles' letter, and ask unanimous consent that they be printed in the RECORD.

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

THE UNITED CHRISTIAN
YOUTH MOVEMENT,
NATIONAL COUNCIL OF THE
CHURCHES OF CHRIST IN THE
UNITED STATES OF AMERICA,
*New York, N. Y., March 18, 1957.*

The Honorable ALEXANDER WILEY,
*Senate Office Building,*
*Washington, D. C.*

MY DEAR MR. WILEY: Enclosed you will find a policy statement of the cabinet of the United Christian Youth Movement. It lifts the historic concern of the youth of 30 denominations for an adequate program of economic aid and technical assistance.

We have followed carefully the developing program and proposed changes in the current foreign economic aid program of our country, with particular attention to the Fairless and Johnston reports. We urge your support of those principles of the Johnston report calling for an expanded program of foreign economic aid, with particular reference to the underdeveloped nations of the world.

It is with respect that we call this concern to your attention.

Sincerely,

CHARLES H. BOYLES.

Charles H. Boyles, chairman, 257 Fourth Avenue, New York, N. Y.

Sue Jane Mitchell, vice chairman, Dascomb Hall, Oberlin College, Oberlin, Ohio.

Gay Little, secretary, Clever, Mo.

COMMISSION CHAIRMEN

Christian faith: Dave Young, 2376 Logan, Camp Hill, Pa.

Christian witness: Gladden Schrock, box 390, Manchester College, North Manchester, Ind.

Christian outreach: Florence Fray, 602 North Wittenberg Avenue, Springfield, Ohio.

Christian citizenship: Milton Patton, room 1045, Baker Hall, Ohio State University, Columbus, Ohio.

Christian fellowship: Ann Chambers, Holden Annex, College of Wooster, Wooster, Ohio.

CHAIRMAN, COMMITTEE ON YOUTH WORK

Dr. Robert H. Kempes, 209 Ninth Street, Pittsburgh, Pa.

STAFF

A. Wilson Cheek, executive secretary.

Don Newby, associate executive secretary.

John S. Wood, associate executive secretary.

Alva I. Cox, Jr., director of youth evangelism.

Charles H. Boyles, youth associate.

ACTION TAKEN BY THE CABINET OF THE UNITED CHRISTIAN YOUTH MOVEMENT IN ITS MEETING AT CINCINNATI, OHIO, ON FEBRUARY 18, 1957

Consistent with our historic Christian concern for the establishment of closer fellowship and more complete understanding among peoples of all lands and cultures, the United Christian Youth Movement has frequently recorded its support for an increased program of economic aid and technical assistance. At this time, when the entire foreign-aid program is under review in both the Congress and the executive branch of our Government, we would restate some of the guiding principles which are essential considerations in the making of wise, forward-looking decisions in this area:

1. In an interdependent world, our well-being, economically as well as politically, cannot be guaranteed without insuring the well-being of people everywhere.

2. Assistance should be rendered, not alone as a matter of enlightened self-interest, but out of a deep sense of stewardship and concern for the plight of all God's children.

3. Such aid must not be used to destroy the self-respect or national dignity of the recipients. Programs of foreign economic aid or technical assistance must be seen as good in their own right. To think of them as tools of national foreign policy, weapons in a fight against communism, or lures in a web of military alliances is to decrease their effectiveness and destroy their worth.

4. Therefore, such programs should be administered through an agency independent of either Defense or State Department control, with a staff of competent personnel recruited on a career basis, and operating under a long-range mandate from both the Congress and the President that would guarantee stability to the agency's operations.

5. Without denying the value of bilateral aid arrangements, it seems clear that the ultimate goals of a foreign economic policy conceived as outlined above, could best be served through expanded channels of multilateral, cooperative programs of assistance. The channels for these would be most logically found in the structure and scope of the United Nations.

6. Facing the claim that expanded appropriations for such programs are to some extent dependent on reductions in staggering military budgets, it would seem our Government, and indeed all governments, have a clear and present responsibility earnestly and sincerely to undertake the development of a program of worldwide reduction in armaments with effective inspection and controls.

7. In the absence of such agreement, however, the wisdom of the centuries indicates that money appropriated for such constructive ends as have been undertaken through the foreign economic program will do far more to win lasting peace than all our massive expenditures for armaments which never ameliorate the social, economic, political, and ideological tensions making for distrust and hostility.

In keeping with these principles, and out of conviction that the foreign economic program, properly administered, is a vital step toward world peace, we call upon the Congress, the President, and the administration to work for an improved and expanded program of economic aid and technical assistance commensurate with the needs of the hour, consistent with our national heritage of concern for the rights of all peoples, removed from the realm of diplomatic or military policy, and coordinated through an independent, continuing, governmental agency working in the closest possible relationship with the United Nations. We authorize our officers and staff to make these concerns and principles known when and where they may be most effective in helping our Nation to move toward such a policy and program.

## BILLS INTRODUCED

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

By Mr. GOLDWATER:

S. 1636. A bill for the relief of Delfina C. Lopes; to the Committee on the Judiciary.

By Mr. BUTLER:

S. 1637. A bill for the relief of Wilfred T. Watterworth; and

S. 1638. A bill for the relief of Wilmore E. Balderson; to the Committee on the Judiciary.

By Mr. JOHNSTON of South Carolina (for himself and Mr. DIRKSEN):

S. 1639. A bill to provide for the suspension of the vesting of alien property, and the liquidation of vested property, under the Trading With the Enemy Act; to the Committee on the Judiciary.

By Mr. WILEY:

S. 1640. A bill to amend the Internal Revenue Code of 1954 to allow a teacher to deduct from gross income up to $600 a year of expenses incurred by him to further his education; to the Committee on Finance.

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

By Mr. BUSH:

S. 1641. A bill for the relief of Yong Ja Lee (Mina Kuhrt); to the Committee on the Judiciary.

By Mr. THURMOND (for himself and Mr. JOHNSTON of South Carolina):

S. 1642. A bill for the relief of Claude E. Crawford; to the Committee on the Judiciary.

By Mr. SALTONSTALL (by request):

S. 1643. A bill for the relief of Natale Gabriele; to the Committee on the Judiciary.

By Mr. BIBLE:

S. 1644. A bill to authorize the sale of four merchant-type vessels to citizens of Mexico for use in the intercoastal trade of Mexico; to the Committee on Interstate and Foreign Commerce.

S. 1645. A bill to authorize the Secretary of the Interior to grant easements in certain lands to the city of Las Vegas, Nev., for road widening purposes; to the Committee on Interior and Insular Affairs.

By Mr. HUMPHREY:

S. 1646. A bill to amend section 218 of the Social Security Act so as to permit the State of Minnesota to provide for social security coverage of certain employees of such State; to the Committee on Finance.

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

By Mr. SMATHERS:

S. 1647. A bill for the relief of Wayne Edward Cottrell;

S. 1648. A bill for the relief of Marion Shinn; and

S. 1649. A bill for the relief of certain aliens; to the Committee on the Judiciary.

By Mr. COOPER (by request):

S. 1650. A bill to amend sections 9 and 40 of the United States Employees' Compensation Act, as amended; to the Committee on Labor and Public Welfare.

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## THE IMPERATIVE NEED FOR TAX DEDUCTIONS FOR TEACHERS

Mr. WILEY. Mr. President, I introduce, for appropriate reference, a bill amending the 1954 Internal Revenue Code, to allow tax deductions of educational expenses by our teachers.

Enactment of this measure would prevent action on an unwarranted proposal now pending before the Internal Revenue Service—a proposal which in my mind would constitute a serious hardship on the teaching profession. In effect, this regulation would tax our teachers for additional training, if it should lead to a better job or salary increase.

At a critical time, when our future depends on a higher level of education and of better qualified teaching personnel, it is unthinkable to me that we should tax a teacher for "keeping up with his profession."

We should all be aware by now that the U. S. S. R. is turning out twice as many engineers each year as we. We find our science and "math" studies at the secondary-school level in a pretty sorry state, for lack of qualified teaching personnel and interested students. The challenges to the teaching profession are therefore great—not simply in the physical sciences but in the social sciences as well.

How, then, can we improve the situation by imposing a tax liability on teachers who are earnestly trying to improve themselves and to keep their training up to date?

And so, to remedy this situation, my bill would preclude any discriminations against teachers in obtaining rightful deductions for educational costs.

The principle of this bill has the wholehearted support of the National Education Association and many State educational agencies. I hope it will receive the early and serious attention of my colleagues. Most of my associates are, I believe, deeply aware of our educational needs, and many have likewise pointed up the real threat of a scientific-technological lag in our Nation.

I present the text of an Associated Press story of March 4, 1957, describing a movement for this proposed legislation on the House side. I may add, incidentally, that my bill incorporates technical improvements, I believe, over the bill proposals already offered in the House.

I ask unanimous consent that the bill, together with the Associated Press story, may be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill and news story will be printed in the RECORD.

The bill (S. 1640) to amend the Internal Revenue Code of 1954 to allow a teacher to deduct from gross income up to $600 a year of expenses incurred by him to further his education, introduced by Mr. WILEY, was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

*Be it enacted, etc.*, That (a) part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by redesignating section 217 as section 218 and by inserting, after section 216, the following new section:

"SEC. 217. Expenses of teachers for further education.

"(a) Allowance of deduction: In the case of a taxpayer who is an established teacher (as defined in subsection (c) (1)), there shall be allowed as a deduction the expenses for further education (as defined in subsection (c) (2)) paid by him during the taxable year.

"(b) Limitations:

"(1) Maximum deduction: The deduction under subsection (a) shall not exceed, in the case of any taxpayer, $600 for any taxable year.

"(2) Adjustment for certain scholarships and veterans' benefits: If during the taxable year the taxpayer receives any amount as—

"(A) a scholarship or fellowship grant (within the meaning of section 117 (a)) which, under section 117, is not includible in gross income, or

"(B) education and training allowance under part IV of title II of the Veterans' Readjustment Assistance Act of 1952

in connection with his enrollment in a course or courses of education in respect of which he incurs expenses for further education, the expenses for further education paid by him during the taxable year which (but for this subparagraph) would be taken into account under subsection (a) shall be taken into account only to the extent that such expenses exceed the aggregate of the amounts so received.

"(c) Definitions: For purposes of this section—

"(1) Established teacher: The term 'established teacher' means an individual who is employed on the educational staff of a public or private school accredited by the accrediting agency of a State or Territory or by a regional accrediting agency.

"(2) Expenses for further education: The term 'expenses for further education' means all expenses which are incurred by an established teacher for tuition, books, and other equipment, and travel and living expenses while away from home (to the extent that they exceed his normal living expenses), and which are paid by him during the taxable year in connection with his enrollment in a course or courses of education at an institution of higher education accredited by the accrediting agency of a State or Territory or by a regional accrediting agency. Such term does not include any expense which is allowable as a deduction under section 162 (relating to trade or business expenses)."

(b) The table of sections for such part VII is amended by striking out:

"SEC. 217. Cross references."

and inserting in lieu thereof

"SEC. 217. Expenses of teachers for further education.

"SEC. 218. Cross references."

SEC. 2. The amendments made by this act shall apply only with respect to taxable years beginning after December 31, 1956.

The news story presented by Mr. WILEY is as follows:

### ASKS TAX BREAK FOR TEACHERS

(By James B. Sibbisn)

WASHINGTON.—Congress is being asked to give the million schoolteachers in this country a better break on their income tax.

Some Congressmen—like Representative JENKINS, Republican, of Ohio, of the tax-writing House Ways and Means Committee—are responding sympathetically.

Teachers want to deduct expenses of going to summer school to improve their professional ability.

JENKINS has introduced a bill to permit it.

An indignant Chicago teacher, Mrs. Adah Mauer, wrote Representative O'HARA, Democrat, of Illinois:

"Teachers are bitter over businessmen being able to entertain customers in the Stork Club and deduct the fun."

#### CAN'T BE DEDUCTED

At the same time, she said, "We sit in stuffy lecture halls absorbing Plato, psychology, and human dynamics, also for the purpose of increasing our income, and can't deduct the tuition.

"Not only is it not fair, it is an indictment of our American value system."

According to Ernest Giddings, legislative official of the National Education Association, the Internal Revenue Service sometimes does permit these tuition expenses to be deducted.

What Giddings cannot figure out, he said, is that the deductions are disallowed whenever the teacher gets a better job from his or her added education.

#### CHANCE IS QUESTION

"In fact," he said, "if the summer-school training even enhances the teacher's professional reputation he cannot have a deduction."

Ordinarily, he said, the deduction is given only to those teachers who have been required to take summer courses—and then only if they return to the same job.

What chance the legislation has of getting passed is questionable. The Treasury Department has been opposing tax relief for most special groups.

## AMENDMENT OF SOCIAL SECURITY ACT, RELATING TO CERTAIN EMPLOYEES OF STATE OF MINNESOTA

Mr. HUMPHREY. Mr. President, I have just received a letter from the State of Minnesota Public Retirement Study Commission seeking an amendment to the Social Security Act to provide old age and survivors insurance coverage to certain public employees in Minnesota who would otherwise be excluded. The basic problem is posed in the letter just referred to, and I ask unanimous consent that it be printed at this point in my remarks.

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

STATE OF MINNESOTA,
PUBLIC RETIREMENT STUDY COMMISSION,
ST. PAUL, MINN.

Re social security amendment, to members of the Minnesota delegation.

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

DEAR SENATOR HUMPHREY: As the executive committee of this commission, we ask your assistance in submitting a bill in Congress which would provide old age and survivors insurance coverage to certain public employees in Minnesota who would otherwise be excluded. Our request is much like those made by the States of Wisconsin, Utah, and Arizona. Congress has, in those specific instances, passed legislation which remedied the problems confronting the States mentioned.

Our commission has for the past 2 years made a study of the State's public retirement systems, and has recommended a plan which will allow social security coverage to governmental employees. By this plan, eligibility, benefit payments, and contributions have been changed to provide fairness, equity, and actuarial soundness in the various State retirement funds.

However, by redefining the eligibility for membership in the State retirement systems, we find that those employees who are now made ineligible for membership will not be covered by the Social Security Act because the ineligibility was not established by legislative action taken prior to 1954. Had the State of Minnesota enacted this retirement plan 3 years ago these same public employees who are disqualified for membership in a State retirement system could, nevertheless, be covered by the Federal retirement program.

The amendment we wish to have submitted to Congress would simply change the cut off date from 1954 to 1958 as it pertains to Minnesota. The proposed amendment is enclosed herewith.

If the amendment we suggest is passed, public employees who are members of a State retirement fund may have combined coverage by State and Federal retirement. For those employees who are ineligible for membership in a State retirement fund, Federal retirement alone will be provided, which would not be the case without this amendment.

Your cooperation will be earnestly appreciated.

Sincerely,

HARRY. L. WAHLSTRAND.
FAY GEORGE CHILD.
H. P. GOODIN.

Mr. HUMPHREY. Mr. President, I think it is clear from the statement of the problem by the Minnesota Public Retirement Study Commission that this proposed legislation would remove certain inequities in the treatment presently facing some of our public employees in Minnesota. I am confident that the Senate will wish to do for these employees what it has done in similar cases affecting other States. I have submitted the proposed drafted amendment supplied to me by the Minnesota Public Retirement Commission to the Senate Legislative Counsel's office where certain revisions have been made in conformity with proper drafting requirements for Senate purposes. The resulting revision of the proposed amendment from the Minnesota Public Retirement Commission I now send to the desk, and ask that it be appropriately referred for the earliest possible Senate consideration. I ask unanimous consent, Mr. President, that the bill may be printed in the RECORD.

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

The bill (S. 1646) to amend section 218 of the Social Security Act so as to permit the State of Minnesota to provide for social-security coverage of certain employees of such State, introduced by Mr. HUMPHREY, was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

*Be it enacted, etc.*, That section 218 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(q) Notwithstanding the provisions of subsection (d), the agreement with the State of Minnesota entered into pursuant to this section may, subject to the provisions of this subsection, be modified so as to apply to service performed by employees covered by the State employees retirement fund, the public employees retirement fund, or the teachers retirement fund. The membership of each such retirement fund shall be deemed a separate coverage group. Such agreement may be modified so as to apply to services performed by employees who, by reason of legislative action taken prior to January 1, 1958, are no longer covered by a State retirement system and such employees shall be deemed a separate coverage group."

## FINANCIAL INSTITUTIONS ACT OF 1957—AMENDMENT

Mr. THURMOND submitted an amendment, intended to be proposed by him, to the bill (S. 1451) to amend and revise the statutes governing financial institutions and credit, which was ordered to lie on the table and to be printed.

## EXTENSION OF EXISTING CORPORATE AND CERTAIN EXCISE-TAX RATES—AMENDMENTS

Mr. WILLIAMS (for himself, Mr. AIKEN, Mrs. SMITH of MAINE, and Mr. PURTELL) submitted an amendment, intended to be proposed by them, jointly, to the bill (H. R. 4090) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, which was referred to the Committee on Finance and ordered to be printed.

Mr. WILLIAMS (for himself and Mr. BUTLER) submitted an amendment, intended to be proposed by them, jointly, to House bill 4090, supra, which was referred to the Committee on Finance and ordered to be printed.

## 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. MARTIN of Iowa:

Results of annual questionnaire from the State of Iowa.

## NOTICE OF CONSIDERATION OF A NOMINATION BY COMMITTEE ON FOREIGN RELATIONS

Mr. GREEN. Mr. President, as chairman of the Committee on Foreign Relations, I desire to announce that the Senate received today the nomination of Philip Young, of New York, to be Ambassador of the United States to the Kingdom of the Netherlands, vice H. Freeman Matthews, resigning.

Notice is given that this nomination will be eligible for consideration by the Committee on Foreign Relations at the expiration of 6 days, in accordance with the committee rule.

## NOTICE OF PUBLIC HEARINGS ON CERTAIN BILLS

Mr. JOHNSTON of South Carolina. Mr. President, the Subcommittee on Trading With the Enemy Act of the Senate Committee on the Judiciary will hold public hearings commencing at 10 a. m., on Thursday, April 4, 1957, in room 424, Senate Office Building, for the purpose of hearing testimony on the following bills:

S. 411, to amend section 32 of the Trading With the Enemy Act, as amended, by Senator BIBLE.

S. 600, to provide for the payment of certain American war damage claims and the return of certain World War II vested assets, by Senator JOHNSTON.

S. 727, to provide for the investment of $100 million of liquidated assets vested under the provisions of the Trading With the Enemy Act, and for the use of the interest from such investments for scientific scholarships and fellowships for children of veterans, and so forth, by Senator SMATHERS.

S. 1302, to amend the Trading With the Enemy Act, as amended, and the War Claims Act of 1948, as amended, to allow, as a matter of grace, the return of certain vested assets, by Senator YOUNG.

The subcommittee will also take testimony on any bills which may be filed between the time of this notice and the hearing date of April 4, 1957.

## NOTICE OF HEARINGS BEFORE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS ON ALASKA AND HAWAIIAN STATEHOOD BILLS

Mr. JACKSON. Mr. President, the Committee on Interior and Insular Affairs will hold hearings on Senate bill 49, the Alaska statehood bill, on March

25 and 26; and hearings on Senate bill 50, the Hawaiian statehood bill, will be held on April 1 and 2.

## RECENT EVENTS IN THE MIDDLE EAST

Mr. JOHNSON of Texas. Mr. President, the events of the past few days in the Middle East have given rise to a great deal of apprehension in this country.

Americans generally had assumed that the Israeli withdrawal from the Gaza Strip and the Gulf of Aqaba would be matched with equally statesmanlike acts on the other side. Thus far, we have waited in vain.

This country took the lead in persuading the Israelis to withdraw from the Gaza Strip and the mouth of the Gulf of Aqaba. We did not do so because we were taking one side in a dispute. We took our position because we thought it was a predicate to peace. It would be a great tragedy, Mr. President, if this statesmanlike act were to become instead, the predicate to another battle.

The free world has a heavy stake in a peaceful and stable Middle East. It is to our direct interest that all the nations in that area find a way of living together in which each can maintain its independence and integrity.

There is no doubt in the mind of anyone about the assumptions upon which the Israeli withdrawal was based. The foundation for those assumptions was well documented in the lead editorial which appeared this morning in the New York Times. I ask unanimous consent that the editorial be printed at this point in the RECORD, as a part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows.

MIDDLE EAST: THE RECORD

With new tension rising in the Middle East, Secretary Dulles has issued a joint declaration with Israeli's Foreign Minister to the effect that the United States stands firmly by the "hopes and expectations" it has expressed regarding a settlement of the conflict between Egypt and Israel.

The new tension arises because Egypt's President Nasser has taken over the administration of the Gaza Strip; because he is moving troops equipped with new Soviet arms to the area from which Egypt launched its main guerrilla attacks against Israel; because he proclaims a continued blockade of Israeli shipping in both the Strait of Tiran and the Suez Canal on the basis of belligerent rights derived from a continued "state of war"; and because he asserts not only unrestricted control of the Suez Canal but also the right to use it as an instrument of Egyptian politics.

Now the United States and the United Nations have not only expressed "hopes and expectations" concerning all these issues. They have assumed definite commitments involving their good faith.

These commitments are contained in the following pronouncements:

1. The basic resolution of the United Nations General Assembly of November 2, 1956, which, in calling for a cease-fire and withdrawal of the invading forces, also called on all parties "to observe scrupulously the provisions of the armistice agreements" * * * "to desist from raids across the armistice lines" * * * "to refrain from introducing military goods into the area" and "to restore secure freedom of navigation in the Suez Canal."

2. The General Assembly resolution of November 5, 1956, which established a United Nations emergency force "to secure and supervise the cessation of hostilities in accordance with all the terms" of the November 2 resolution.

3. Secretary General Hammarskjold's report of November 6, endorsed by the General Assembly, that it would be the function of the United Nations force to help maintain quiet during and after the withdrawal of non-Egyptian forces * * * over "an area extending roughly from the Suez Canal to the armistice demarcation lines" and "to secure compliance with the other terms established in the resolution of November 2."

4. Mr. Hammarskjold's report of January 24 that in view of the armistice agreements and a Security Council's decision "the parties to the armistice agreement may be considered as not entitled to claim belligerent rights"; his report of January 16 that "the international significance of the Gulf of Aqaba may be considered to justify the right of innocent passage through the Strait of Tiran and the gulf in accordance with recognized rules of international law"; his report of February 22 that "the takeover of Gaza from the military and civilian control of Israel * * * in the first instance would be exclusively by the United Nations emergency force," and his report of March 8 that "until further arrangements are made, the United Nations emergency force has assumed responsibility for civil affairs in the Gaza Strip."

5. Ambassador Lodge's statement to the General Assembly on January 28 that "under the [armistice] agreement and pursuant to the Security Council decision, neither side may assert belligerent rights, much less engage in hostile actions"; that "the United States strongly supports the Secretary General's recommendation concerning the deployment of the United Nations emergency force on both sides of the armistice lines * * * and at the Strait of Tiran * * * to achieve there the separation of Egyptian and Israeli land and sea forces * * * until it is clear that the nonexercise of any claimed belligerent rights has established in practice peaceful conditions."

6. The United States memorandum to Israel dated February 11 that "the future of the Gaza Strip [is] to be worked out through the efforts and good offices of the United Nations," and that "the United States believes that the Gulf [of Aqaba] comprehends international waters and that no nation has the right to prevent free and innocent passage in the gulf and through the straits giving access thereto."

7. President Eisenhower's statement of February 20 that "the United States would be glad to urge and support some participation by the United Nations, with the approval of Egypt, in the administration of the Gaza strip" * * * to assure that the strip "could no longer be used as a source of armed infiltration and reprisals"; that "we should not assume that * * * Egypt will prevent Israeli shipping from using the Suez Canal or the Gulf of Aqaba" * * * and that, "if, unhappily, Egypt does hereafter violate the armistice agreement or other international obligations, then this should be dealt with firmly by the society of nations."

8. President Eisenhower's letter to Premier Ben-Gurion assuring that "Israel will have no cause to regret" its withdrawal, and that "there should be a united effort by all the nations to bring about conditions in the area more stable, more tranquil, and more conducive to the general welfare than those which existed heretofore."

This is the record, and these are the commitments. The United Nations and the United States will be judged by the way they live up to them.

## UNITED STATES POLICY IN THE UNITED NATIONS CONCERNING HUNGARY—LETTER FROM HENRY CABOT LODGE

Mr. HUMPHREY. Mr. President, some days ago I submitted, for printing in the CONGRESSIONAL RECORD, an editorial from Life magazine, relating to the Hungarian revolution and United States policy in regard to it, as well as in regard to actions taken by the United Nations. The editorial was entitled "If There's a New Hungary."

The editorial contained a number of criticisms of United States policy, as well as some very thoughtful and, I believe, constructive suggestions concerning what we might have done. The thesis of the article was that we should be prepared ahead of time, rather than permit ourselves to be caught short.

Mr. President, only a few days ago I received a letter from the Honorable Henry Cabot Lodge, the representative of the United States of America to the United Nations. The letter was addressed from his office at 2 Park Avenue, New York 16, N. Y., under date of March 14, 1957.

Mr. President, it goes without saying that I have the highest regard for our ambassador to the United Nations, Mr. Lodge. He has worked diligently and devotedly to serve the United States with honor and distinction in the United Nations. The problems centering upon Hungary were indeed complex and grave, and they came in rapid-fire succession.

Without trying to evaluate the response written by Mr. Lodge, let me say I feel it would be entirely fitting and proper that his statement be printed in the CONGRESSIONAL RECORD, because undoubtedly it is an official reply to the thought-provoking and, I felt, constructive editorial.

Therefore, Mr. President, I ask unanimous consent that the letter of Ambassador Lodge addressed to me and his statement sent to the editors of Life magazine, relating to their editorial concerning Hungary, be printed at this point in the RECORD, as a part of my remarks.

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

NEW YORK, N. Y., *March 14, 1957.*

The Honorable HUBERT H. HUMPHREY,
*United States Senate,*
*Washington, D. C.*

DEAR HUBERT: On page 3108 of the CONGRESSIONAL RECORD for March 5, I notice you inserted an editorial from Life magazine which mentions United States policy in the United Nations concerning Hungary.

There were so many misapprehensions and inaccuracies in this article that I sent a statement to Life in order that it might have the facts straight. I herewith enclose a copy of that statement which you can also insert in the CONGRESSIONAL RECORD if you see fit, but which, above all, I wanted you to have so that what information I have on the question will be available to you.

With cordial best wishes.

Most sincerely yours,

HENRY CABOT LODGE.

STATEMENT

The Life editorial of March 4, If There's a New Hungary, makes grave criticisms of United States policy on Hungary in the United Nations. It also makes fundamental mistakes about the nature of the United Nations, and further mistakes—as well as startling omissions of facts—concerning the United Nations handling of the Hungarian uprising. The mistakes and omissions are so basic that they invalidate the criticisms.

I cite quotations from the editorial and my comments thereon as follows:

1. The editorial says: "Had the United Nations, with United States leadership, been able to act swiftly * * *."

We did act swiftly. In fact, we acted immediately. On October 24, when the first reports came in of trouble in Budapest, the United States Mission staff worked throughout the night preparing for possible United Nations action. On the 25th we began urgent talks with other representatives at the United Nations, who, like us, were sifting the sparse reports coming in from Budapest and weighing the possibilities of United Nations action and the results which might flow from it.

On October 27, 5 days before Nagy first appealed to the United Nations, we acted by calling for a Security Council meeting in view of the fact that Soviet forces were "violently repressing the rights of the Hungarian people." This was the swiftest possible action. From that moment, despite the imminent perils of the Near East, we continued to act as swiftly as intelligent action could be taken.

2. The editorial says that "Lodge could have immediately asked for an emergency session of the General Assembly on November 2, when Premier Nagy proclaimed Hungary's neutrality."

This ignores the fact that an emergency session of the General Assembly cannot be called until the Security Council has finished dealing with a given question. On November 2 the Security Council was still seized of the Hungarian item (in a session called at United States request) and the United States was active in the Council on that subject. The United States would have been ruled out of order if we had not gone into the Security Council.

This criticism also ignores the further fact that Nagy himself made no such request. Instead he requested that the question of Hungary's neutrality be inscribed on the agenda of the regular session of the General Assembly, not scheduled to meet until November 12.

3. The editorial says: "The Assembly could have swiftly created a Hungarian observation commission," and that "an advance commission composed of U. N.-member ambassadors in Vienna could have flown to Budapest by helicopter and been observing a full day before the massive November 4 Soviet intervention."

These suggestions completely ignore the fact that no observers can enter a country without its consent. Until the very moment of his downfall Nagy gave no sign that he would consent to such a thing—which he might well have feared would hasten the Soviet military attack he was trying to avoid.

4. The editorial says that Miss Anna Kethly "could have been installed as Hungary's accredited United Nations spokesman."

The United Nations cannot designate people to represent member states—only the member states can do that. Miss Kethly presented no credentials on which the United Nations could act at that time.

5. The editorial says: "The United Nations Assembly could have issued a sort of habeas corpus summons demanding that Russia produce the kidnaped Imre Nagy."

This statement ignores the fact that the United Nations General Assembly is not a government; that it has no power to summon anybody, that no nation, including the United States, has ceded any sovereignty to it; and that everything that the General Assembly does is purely recommendatory and has no force of law.

6. The editorial says: "At midnight, when the Australian delegate interrupted the discussion of Suez to demand attention to the renewed Soviet attack on Budapest, going on at that very moment, Lodge was not prepared to do anything."

The truth is that Lodge was prepared to do much and that he did so. Following the statement of the Australian representative, Mr. Walker, and following two votes of the highest importance which were taking place at that moment on the life and death crisis of the invasion of Egypt, I took the rostrum to add my voice to the appeal for an immediate meeting of the Security Council. I had already asked the president of the Security Council to call a meeting. The Council was convened at 3:13 a. m., Sunday morning and before it rose at 5:25 a. m. had adopted a United States resolution calling an emergency session of the General Assembly on the Soviet intervention in Hungary.

The statement, "Lodge was not prepared to do anything," further ignores continuous days and nights of meetings, speeches, motions, and resolutions—an effort by the United States in the United Nations which has been commended by hundreds of individuals, by organized labor, and by Hungarian groups. We prepared everything that could be prepared and nothing practicable has ever been brought up on this subject which the United States did not prepare for. Between October 27 and December 12 the United States sponsored 9 resolutions on Hungary. In the same period I made 25 speeches and statements on Hungary.

7. The editorial says: "Miss Kethly was not even permitted to address the Assembly."

No one is permitted to address the Assembly in his private capacity. There is not a chance in the world that a majority of the Assembly would allow the political "outs" of a country, however meritorious their case may be, to use the United Nations General Assembly as a platform.

Miss Kethly was given every possible facility. Her speedy admission to the United States was arranged. She had access to many United Nations delegations. Moreover, the United States took a leading part in creating the Special Committee on the Problems of Hungary, which did receive testimony from Miss Kethly and from many other important Hungarians. This committee was especially created for the Hungarian situation—and its work is still continuing.

8. The editorial says: "The numerous Ambassadors already in Budapest could have been made United Nations observers."

If they had become United Nations observers, their credentials could have been canceled by the Hungarian regime and they could have been expelled from Hungary—in which case they would immediately have ceased to be Ambassadors and the valuable services which they rendered (and are rendering) to the everyday people of Hungary would have come to an end. This factor weighed heavily with many members of the Assembly.

9. The editorial says: "The whole record is a sorry one for the United States and the United Nations alike."

The record is not a sorry one. The record is a good one. Although it did not succeed in bringing about the withdrawal of Soviet troops, the United Nations has done things for the people of Hungary which no single country or other organization could have done. The steps which the United Nations has taken have played a useful part in preventing deportations; in bringing food to the people of Budapest; in helping 170,000 Hungarian refugees to find new homes; in persuading many Asian and African countries for the first time to vote to condemn the Soviet Union; and in dealing a body blow to communism all over the world.

10. The editorial says: "A permanent United Nations observation force could be set up under direct control of the Secretary General, equipped with its own transport and communications system."

This idea ignores the fact that any observation team must be made up afresh to meet each specific situation. This is because its members must be nationals of countries not directly involved in the situation which is to be observed. A permanent force would undoubtedly contain nationals of countries who would be unacceptable as observers.

This idea is also fallacious in that the United Nations is not a world government, and, therefore, United Nations observers cannot go everywhere (into Hungary or into the United States) without the consent of the government of the nation concerned. The Communists have never permitted United Nations observers to function effectively wherever communism has control. Some day a situation may arise where we may not permit United Nations observers either. Because the Organization of American States was acting in Guatemala in 1954 we opposed United Nations intervention, including the sending of observers there. To seek to force the entrance of observers without the consent of the nation in which observation is to take place would be an act of war.

I presume that your editorial springs from the same human emotion of heartsickness that every American must feel at seeing heroes brutally slaughtered and—for the present—defeated. I share that emotion. But we do not advance the interests of these people by wishful thinking, or by closing our eyes to the facts—or by acting as though the crisis in the Near East never existed.

One fact about United States policy in the United Nations at the time of the Hungarian crisis is that we took every step short of war and that in pursuing that policy we left no stone unturned. Although these steps accomplished much, they did not cause the Soviet army to withdraw. The truth is that, although the United States is powerful, it is not all-powerful. Although the United Nations is influential, it cannot make its will immediately effective against the Soviet Union—any more than it could against the United States—without their consent.

HENRY CABOT LODGE.

Mr. HUMPHREY. Mr. President, I commend a reading of the letter and statement to every Member of the Senate, since they deal with a matter of the utmost importance to our national welfare.

Mr. President, I turn now to another subject.

The PRESIDENT pro tempore. The Senator from Minnesota has the floor.

## THE UNITED NATIONS AND AMERICAN FOREIGN POLICY

Mr. HUMPHREY. Mr. President, on Friday, March 8, at the University of Massachusetts, in Amherst, Mass., I addressed a conference of New England students on "The United Nations and American Foreign Policy." In the course of my remarks I attempted to reply to the criticisms which recently have been made of the United Nations, and to discuss the value of the organization and of our continuing role in it. I ask unanimous consent that the text of my address be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit A.)

Mr. HUMPHREY. Mr. President, two of the items with which I dealt in some detail in the speech to which I have just referred, were the current problems at the United Nations of so-called bloc voting and of alleged interference with domestic jurisdiction.

An interesting article, written by Thomas J. Hamilton, on voting trends in the United Nations General Assembly, appeared in the New York Times on February 24, 1957. The article, entitled "U. N.'s Asian-Africans Less Than Solid Bloc," tends to counter the criticism that the tendency toward bloc voting is expanding in the United Nations. I ask unanimous consent that the article be printed as exhibit B, following the text of my Amherst speech.

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

(See exhibit B.)

Mr. HUMPHREY. Mr. President, Mr. Stanley Hoffman, instructor in government at Harvard University, recently contributed a thoughtful article to the magazine International Organization. The article is entitled "The Role of International Organization: Limits and Possibilities." I ask unanimous consent, Mr. President, that the text of the article be printed as exhibit C, following the text of my Amherst speech.

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

(See exhibit C.)

EXHIBIT A

SPEECH BY SENATOR HUBERT H. HUMPHREY BEFORE THE INTERNATIONAL WEEKEND CONFERENCE, UNIVERSITY OF MASSACHUSETTS, AMHERST, MASS., MARCH 8, 1957, ON THE UNITED NATIONS AND AMERICAN FOREIGN POLICY

Ladies and gentlemen, when you asked me to speak tonight, you graciously told me to choose my own subject so long as it dealt with world affairs. As it turns out, this has not been an easy thing to do. You, I, and almost everyone else in the country these past few weeks have been preoccupied with the crisis in the Middle East, and with all the public uncertainties, Congressional-Executive tensions, and the tremendous amount of action and inaction which has been going on. I myself am still full of the subject of the Middle East. Almost daily for the past month, I have had to address myself to one or the other aspect of this Middle Eastern question—whether it was the trouble over Suez, the ambiguities and insufficiencies of the Eisenhower doctrine, the troop-withdrawal problem, or the threatened sanctions against Israel.

We have undergone 2 months of tension at the United Nations and careful scrutiny of the Eisenhower doctrine in the Senate. Fortunately, encouraging action has now been taken in both places.

I myself am convinced that the progress on both fronts was related. On the one hand, firm bipartisan Senate opposition to President Eisenhower's original advocacy of one-sided pressure against Israel was, most observers feel, a major factor in turning the administration's policies toward a more constructive and balanced approach. On the other hand, successful negotiations leading to the Israeli troop withdrawals and implied American assurances against renewed Egyptian belligerency won votes for the Eisenhower doctrine in the Senate. These changes helped convince many Senators that the vote of confidence in administration policy, which the vague Eisenhower doctrine really amounted to, was at least an endorsement of the beginning of a constructive approach, rather than a blank-check vote for largely negative and unimaginative policies.

I finally voted for the Eisenhower doctrine despite the fact that I considered its original version poorly designed and inadequately explained. I could not have voted for the resolution as it originally passed the House of Representatives. That I was finally able to support the Senate resolution, despite continued misgivings, was due solely to the fact that important improvements were made in the resolution by several amendments adopted by the Senate.

As the sponsor in the Foreign Relation Committee of the successful amendment changing the authorization of the use of military forces to a declaration of support for the President, if he deemed use of troops necessary, I am confident that we avoided a distorted constitutional feature of the original Eisenhower proposal. With the adoption of an amendment during Senate debate, we strengthened our ties with the United Nations by calling upon the President to continue to furnish facilities and military assistance to the United Nations emergency force in the Middle East. I was pleased to note that every Senate Democrat voted for this appeal to President Eisenhower to sustain the United Nations force. Two Republicans joined us.

In another Senate amendment, we sought to promote constructive policies in the Middle East and elsewhere by requiring the President to satisfy himself that no nation receiving military aid from us will use it for aggressive purposes. With these three major amendments contained in the resolution, plus other improvements adopted in the committee, I felt that an affirmative vote was justified.

Few people in Congress really believe, however, that the Eisenhower doctrine itself will solve many problems. As originally presented, it was not a policy but an invitation to formulate one. The debate in the Senate has been useful. It has given us the first occasion in years for a full discussion of all the complexities, handicaps, and possibilities of American policy in the Middle East. The debate has shaken us out of our lethargy. We now have been put on notice of the enormous responsibilities which are already ours in the Middle East, as in so many other areas of the world. In this sense, I believe that the debate on the Eisenhower doctrine has been helpful and constructive.

But both the policymakers and the people of the United States must now turn their attention to the basic issues which still confront us in the Middle East: cessation of Egyption belligerency, free navigation of waterways, resettlement of refugees, boundary determinations, an end to border raids, and broadly based new projects for regional economic development.

We have not been successful in meeting these problems in the past, as I have lately had occasion to appreciate both as a Senator and as a delegate to the General Assembly of the United Nations. In the latter role I must, of course, represent the official position of our Government as far as my votes at the United Nations are concerned. Before I joined the delegation, however, I made it quite clear that I intended to speak out in my role as a Senator and a private citizen—as I intend to do tonight—whenever I felt that our official policies were misguided or insufficient. By the same token, I shall speak out in support of the administration whenever I feel that I can honestly give that support helpfully and sincerely.

Let me be frank about it. As far as I am concerned, one of the chief causes of the spotty and deteriorating reputation our country has written in the field of foreign policy in the last few years has been this administration's inconsistent and abrupt swings from sweetness and light to storm and disaster.

The serious international problems we face do vary in intensity, but they have existed and still exist with a consistency that requires something better than constantly shifting policies of expediency leaving our own people and friends abroad bewildered.

The American people will back this administration or any administration in asserting real world leadership for the cause of peace, but only if we are told the truth rather than fed palliatives. We cannot exist on an alternating diet of tranquilizers and pep pills. We cannot look at the world through rose-colored glasses one day and then be asked to change them for smoked glasses the next.

Now all of this has immediate relevancy to my main subject tonight: "The United Nations and American Foreign Policy." Let me explain why:

In recent weeks, I have watched with considerable apprehension the relationship between our Middle Eastern policy and the functioning of the United Nations. I say apprehension because I am convinced on the one hand that our Middle Eastern "policy" has been either nonexistent or deficient, and on the other hand that the way some of our leaders have used the United Nations in this connection has been detrimental to the United Nations itself. I have in mind specifically the inconsistent attitudes of two of our most noteworthy spokesmen on foreign affairs—President Eisenhower himself, who speaks for the administration, and my colleague at the United Nations, Senator KNOWLAND, who speaks for himself and for an undisclosed number of Republicans in the Congress and in the country.

I hasten to say that I do not want my remarks to be taken in a partisan context. This is not a partisan rostrum. It just happens to be a fact of life—an uncomfortable one for me—that the Republican Party is in power at the moment and the views of leading Republicans like the President and the Senate minority leader are unavoidably important to all of us. It also happens to be a fact of life, up to now at least, that world responsibilities have never been an issue which has torn the Democratic Party asunder. Other issues have divided Democrats, but not this one. As far as I know, the United Nations itself has never been a subject of heat or controversy within the Democratic Party.

The same cannot honestly be said about the Republican Party, and this has now become a fact of national importance. The United States is in the United Nations. But important leaders of the party in power haven't quite made up their minds (1) whether we are in the U. N. or out, and (2) what we should do, if we are in.

This dilemma has been clearly presented in recent weeks by the contrasting attitudes toward the United Nations on the part of President Eisenhower and Senator KNOWLAND. I am more uncomfortable about the views of the latter than I am about those of the former, but frankly I am uncomfortable about both. Here is why.

We are all thoroughly familiar with the repeated appeals which President Eisenhower has personally made in special TV broadcasts, press conferences, and State papers. He has stated, in the strongest possible generalities that it is our national policy to rely upon the United Nations. The President's attention to the U. N. is highly praiseworthy. I welcome it. But I also submit that all embracing reliance seems to occur most often in those instances when the United States Government has no policy itself. Passive reliance, especially in such

instances, may be highly unfair to the United Nations.

As Senator MIKE MANSFIELD said recently: "It is a policy which would make the United Nations a scapegoat for our responsibility. A scapegoat may relieve the executive branch of a sense of frustration, but it will hardly serve the interest of the United States."

Senator KNOWLAND, on his part, devoted a whole speech at the Georgetown University on February 11, 1957, to the deficiencies of the United Nations, raising about as fundamental a doubt as can be raised concerning the President's reliance on the U. N. Senator KNOWLAND'S question, as usual, went straight to the point: "Does the record of the United Nations warrant a continuation of our policy and support?" Every implication in his speech cast serious doubt that it does.

The Senator accused the United Nations of frustrating itself by vetoes, of operating on a double standard of morality, of increasingly resorting to bloc voting, of interfering in internal domestic affairs, and of discriminating in allotting its financial burdens. Many of these charges are undeniable—but it seems to me that they spring from the world in which we live. Moreover they are neither startling nor strange viewed from our own American experience.

For these reasons, I have decided to outline tonight the role of the United Nations as I see it. It is a role which does not quite fit either President Eisenhower's fulsome reliance on the U. N., or Senator KNOWLAND'S implied rejection of it.

Of these two approaches to the United Nations, the President's is the most elusive and the most frustrating. At times he has seemed to regard the United Nations as some kind of vast Univac machine into which difficult problems may be fed and automatic answers provided.

This approach in a sense is flattering to the United Nations, but even world organizations can be flattered to death.

A tendency to impose tasks on the United Nations beyond its capacities does a disservice to the U. N. and its future. Reliance on the United Nations in the absence of both policy and leadership is self-defeating. Without steady injections of specific American policies and hard-working leadership at the U. N., Univac won't register anything except a compromise of other peoples' policies and other peoples' leaders.

So in this case as in any others, while we often welcome the President's words, we do not always know what they mean. Lip-service leadership is not enough to meet the requirements of the hour, and a comfortable reliance on an infant world organization is hardly adequate to the tasks now facing us as the most powerful Nation on earth.

I do not wish to be misunderstood. I should like to see the United Nations used, but used effectively. I should like to see it energized by American leadership. I should like to see it strengthened and developed in a dozen different ways, not only in its political, but in its social, economic, and scientific aspects as well. It is this element of constructive, detailed support which I find missing both from the President and from the minority leader.

Let me turn now to some of the criticisms which Senator KNOWLAND and others have made of the United Nations and its usefulness in the context of the long-term goals of American foreign policy.

Let me begin by describing for you a scene which has become familiar to me during my service at the U. N. General Assembly. It is a scene which frequently defies the logic of logic choppers and literal-minded men.

Here at the General Assembly are 80 nation states, unequal in power, wealth, and culture. All claim an equal sovereignty. Each pursues, or tries to pursue, an independent policy. Each judges its own best national interest. Each entertains its own private and public opinion about the characteristics of a more perfect world.

The delegates themselves represent historical backgrounds and exhibit such vast cultural differences that most logical men could easily despair over the possibility of commonly accepted standards. Some of the members of the United Nations pay much of the cost of its operation; others pay very little. There are blocs. Delegates frequently think more of their own blocs and their own interests than the overall peace of the world—or rather, I should say, almost all delegates identify their own interests, and the interests of their own blocs, with the overall peace of the world. Lately, it has seemed to be painfully true that those who defy the law of nations seem to get away with more than those that respect the charter.

And yet, my friends, 170 years ago our Thirteen Colonies attempted the experiment of the United States of America. There is not a single thing said against the United Nations today that was not said against the early Republic. How could you have a government when a part of the States had slaves? There was a double standard. The agricultural States were afraid of the more industrialized States. Some wanted free trade. Some wanted protection. The smaller States were afraid that the larger States would have more influence in the House of Representatives. Some of them felt that they would bear a disproportionate share of the cost of the Federal Government.

Moreover, the nations in the Old World that had not been able to defeat the revolt of the colonists predicted that the colonists would defeat themselves because they could not govern themselves. There struggling colonies, with a few million people—many of them impoverished—with few means of communication, defied the logic of everyone but themselves.

We are foolhardy if we judge the United Nations by the standards of literal-minded men. I shall not claim that it is able to produce absolute justice or even rough justice for all. I shall not claim that the weak are as powerful as the strong. Neither will I claim that the weak are necessarily wise in some of their voting.

But I will say that the United Nations represents the early stages of the evolution of mankind to international law and order. So tenacious is the desire of man for peace, so strong is this impulse for law and order, that within the last 12 years the United Nations has withstood the most terrific shocks and assaults upon it. It has survived the advent of the atomic age and the revolt of a quarter of the world against the colonial system. I earnestly believe that had it not been for this organization, the world might well be in its third and final war.

The United Nations is far from perfect. But all the hopes of man to evolve a just international economic order, to advance human rights, to stop aggression, to disarm, to establish a reign of law, are bound up in the United Nations. It is for us to apply not absolute logic but rather the test of imagination. It is for us to give the United Nations our leadership.

Let us consider the situation as it really is in view of the attacks against the U. N.

### 1. BLOC VOTING

The United Nations has 80 members. One-fourth of them were colonies when the Second World War began. One-fourth of the world has thrown off the yoke of colonialism in slightly more than a decade. Some hundred million more are making the final liquidation of the colonial system. Paul Hoffman, my fellow delegate at the present United Nations Assembly, has called this the greatest social revolution in history. We Americans might say that the blow which we struck to the colonial system in 1776 is reaching its full fruition in 1957.

One of the basic facts of our time is the spirit of nationalism which dominates the thinking of most of the underdeveloped areas of the world. We are all familiar with the manifestations of this force—the antiwesternism throughout much of Asia and Africa and the irresponsible fashion in which the Soviet Union has tried to take advantage of this feeling and use it for its own ends. We are now seeing the reemergence of this same spirit of nationalism in the Soviet captive countries of Eastern Europe.

The rise of nationalism throughout so much of the world presents a paradox in that it comes at the time when most of the more highly developed countries, such as the United States and the nations of Western Europe, are moving more and more toward forms of international organization which play down nationalism. It is both useless and wrong to try to oppose nationalism—useless because any such opposition would be foredoomed to failure; wrong because nationalism springs from basically good, patriotic feelings, which are shared to some degree by all men everywhere. Of course, self-determination of national groups has been a keystone of American policy since the days of Woodrow Wilson, so all this is nothing new to us.

Now here is the important point.

One reason we need the U. N. is to provide a constructive focus for this tremendous force of nationalism which otherwise would be running wild. The U. N. does not control nationalism, but it does provide a framework in which nationalism can find its proper and responsible place in a world society that is becoming increasingly interdependent. The U. N. can likewise protect and encourage nationalism to pursue constructive ends. The challenge, both before the U. N. and before our own Government, is how we deal with these problems in a responsible manner calculated to promote the principles of the United Nations Charter, to advance the national interests of the United States, and to bring some greater measure of peace and freedom to the people of the areas concerned.

These new people in the underdeveloped nations are very suspicious of the Western World because they identify the Western World with the colonialism which they have struggled to overthrow. Some of them, not appreciating that the Soviet Union has established a new colonial system by absorbing contiguous territories, have tended to be neutral in what we think are some of the great moral issues of our time. Naturally, they tend to bloc voting. We hear of the Bandung bloc, or the Asian-African bloc, etc.

Many of these nations are without the long experience in government of the nations in the West. But they are entitled to feel their way as did our American forefathers. Many of these nations lack the trained civil service and the industrial technicians of the older states. But they tend to give the highest kind of priority to economic development.

Under these circumstances, I think we should rejoice that these new governments, still absorbed with the birth pains of nationalism and revolution, nevertheless want to join and play an active role in the United Nations. This is the most significant fact of all. Together with the dignity and security which their U. N. membership brings them, these new countries are developing a sober sense of responsibility earlier than they might otherwise. Our responsibility in turn is to work with them—giving guidance, help, and sympathy. We should cooperate, not dominate.

Now I recognize the difficulty of blocs. At the moment there are leaders in this large Asian-African bloc who are sometimes so blinded by their fear of colonialism that they cannot be objective in such matters as Suez,

Hungary, or Kashmir. But the Government of the United States must live with these blocs and must do its best to dispel fear and suspicion. It must hold a place of leadership because of its singlemindedness and devotion to the principles of justice and the charter.

Moreover, of course, blocs are not so unusual. It is particularly ironical, I might add, that the distinguished minority leader of the Senate professes to be so upset about them. For some time now, Senator KNOWLAND'S official duty on Capitol Hill has been bloc organizing, if not bloc busting. (May I say parenthetically that bloc busting is preferable both in the Senate and the U. N. to block busting on the battlefield.) In any case, Senator KNOWLAND knows all about blocs, and his rich experience in Washington should help make him feel at home at the U. N. After all the Senate and the General Assembly have a lot in common: blocs, unequal representation, flamboyant personalities, odd alliances, even lots of politics.

Indeed this last point is worth stressing. The fact that the members of the U. N. take it seriously enough to engage in politics there is one of the most encouraging signs we have. It is a tribute to the U. N.'s growth and future possibilities. We engage in politics and political maneuvering when we feel strongly about something.

2. DOUBLE STANDARDS OF MORALITY

Meanwhile it is not necessary to blame the United Nations for decisions that are beyond its control. The United Nations is not responsible for the double standard of morality which is involved in not punishing the Soviet Union while attempting to enforce the charter elsewhere. The double standard exists and is deplorable. We should do all we can to remove it, and I think we could go further than we have in attempting to remove it. But is it a false emphasis to criticize the United Nations for failing to act against the Soviet Union when strong nations themselves have refused to risk the final terrible gamble of atomic war?

In this sense, the double standard of morality is built into the international situation these days. It exists in or outside the United Nations. The only legitimate question to ask is whether the United Nations diminishes or increases the operation of this double standard. I am convinced that this international vehicle for the expression of moral force not only diminishes the double standard, but is our very best hope of removing it in the future.

It is true that the United Nations has secured results in the Middle East in the tangible form of securing the withdrawal of the British, the French, and the Israelis. United Nations resolutions have not secured the withdrawal of the Soviet Union from Hungary. But in the long process of the development of justice from the frontier to the modern community, justice has scarcely been even.

The strong have often escaped penalty, but they have not escaped censure. Certainly there was no equivocation about United Nations resolutions regarding the Soviet Union in Hungary.

There is a tendency among some people to pooh-pooh the United Nations as a debating society which can do no more than adopt pious resolutions. What these people overlook, however, is that these resolutions express the collective conscience of mankind. Even the mighty Soviet Union is not wholly insulated from the force of world public opinion. It has taken a considerable political beating because of its actions in Hungary. Increasingly, in United Nations votes on the Hungarian question, more and more so-called neutralists shifted from a position of abstention to a position of voting against the Soviets. Soviet fakery, double-dealing, and double-crossing was clearly exposed. Not for a long time, if ever, can the Soviets count on the same kind of open-minded reception in many of the Asian-African states that they were receiving a year ago. The more we can keep the truth about the U. S. S. R. before the people of the world, the better off we will be.

3. VETO POWER

For the same reason, I am not so concerned about the use of the veto by the Soviet Union as are some others. As a real element in the world picture, the Soviet veto exists. Soviet power sets limits to what can and cannot be done. This is regrettable. It is also a fact which would exist whether or not it is formalized in the veto power of the Security Council.

Through the uniting-for-peace resolution, the United Nations has, however, found a technical way around the technical veto. One morning the General Assembly that was debating the Middle Eastern question recessed at 3 o'clock in order that there might be an emergency meeting of the Security Council to consider Soviet troops in Hungary. And when the Soviet Union vetoed the resolution twice within the lifetime of this present Assembly, without leaving their seats the members invoked the uniting-for-peace resolution, and the General Assembly met within 24 hours in emergency session.

I realize that a resolution of the General Assembly does not have the legal force of a resolution of the Security Council. But I believe that, by precedent, and by the exercise of its prerogatives, and through its influence, resolutions of the General Assembly will come to have greater and greater authority. Two years ago I thought that the charter would have to be revised before the deadlock over members could be broken. But the United Nations has now been able to increase its membership from 60 to 80.

Of course, I know that many argue that the veto in the Security Council should be removed. I have the feeling, however, that many, if not most, of the politicians who complain most stridently about the current abuse of the veto power in the Security Council are precisely the ones who would insist on its continuation to protect American interests if the time should come when its elimination were seriously considered.

As far as I am concerned, I am ready at once to strike the veto power from matters relating to nonmilitary intercessions or inquiries between disputing nations. To do so would be to correct an abuse of the veto power which has been added in practice at the U. N. over the past 10 years, but which was never intended when the charter was signed.

Beyond that, I doubt that anyone really believes that in the world of 1957, the United States would or should surrender its veto power in the commitment of its military forces. Except for the brilliant improvisation of the uniting-for-peace procedure, the veto power remains. In an organization of sovereign nations, the veto is not in itself bad. It is the use—or the abuse—of it that matters.

4. U. N. INTERFERENCE IN DOMESTIC AFFAIRS

The United Nations is based on the principle of sovereign equality of states. Hence it is not supposed to intervene in the domestic jurisdiction of its members. But when does a matter cease to be essentially a matter of domestic concern and begin to threaten the peace of the world?

That is the critical question, and the answers to it don't fall into neat, legal categories. Indeed I think it is less important to formulate or worry about hard and fast legal rules on this issue—rules which cannot in the nature of things be hard and fast—than it is to promote compromise on outstanding questions by trial and error. The recent disposition of the Algerian matter in the General Assembly illustrates exactly what I mean.

The French regard Algeria as an internal problem. The Algerians and the Arabs could not disagree more than they do with the French on this issue. But in the refining process of General Assembly debate and negotiation at the U. N., the collective impact of world opinion produced a resolution which, while not accepting either the French or the Algerian position completely, may promote a real solution.

It may well be that the debate in the General Assembly has saved what remains of the French Empire. The French may now move toward reforms in Algeria as part of a bold program for all French African possessions. I understand that the French Government was pleased with the mildness of the Assembly resolution on Algeria. It will be correct if it regards this mildness as giving it a 1-year respite to produce a better system for Algeria before the 12th Assembly meets.

The Algerian resolution was ambiguous and generalized—but deliberately so. Its passage may be a practical achievement far surpassing the effectiveness of any clear-cut legal decision on how far the U. N. could go on interfering with France's "internal" jurisdiction over Algeria.

5. FINANCIAL CONTRIBUTIONS

The United States pays a third of the budget of the United Nations and more of special refugee and emergency items. This is undeniable. But, as far as the one-third cost is concerned, this is less than the United States would be required to contribute if the United States were actually assessed dues according to its ability to pay. We would then pay 40 percent instead of 33. Indeed the national income of the United States is more than the combined national incomes of a third of the U. N. membership. Our total annual share of the U. N. bill (including the specialized agencies) is equal to what 10 hours of World War II cost us.

Beyond that, I do not believe that we want in the United Nations, any more than in the United States, a property qualification for voting. It may very well be that in time to come the General Assembly will move toward a weighted system of voting. I emphasize the the General Assembly is only 12 years old. It must be given time to grow.

From what I have said about the U. N., you can tell that I am more interested in the possibilities than I am in the dangers. I am less interested in the frustrations than I am in the opportunities for leadership.

Consider for a moment the positive achievements of the United Nations. Here are a few:

(1) In 1951, the United Nations, at the request of the Government of the United States, intervened against the aggressor at the 38th parallel in Korea. I know all the difficulties and the arguments. The United Nations did not have a police force. The United States made a disproportionate contribution of forces, because it had the forces close at hand. Nevertheless the achievement remains: Fifteen other members of the United Nations contributed forces. I understand that had we been willing to arrange for the logistical support of others, the equivalent of another division from United Nations countries would have been obtained. Some 40 nations contributed aid of various kinds in the Korean action.

(2) President Eisenhower, in what I think may be his most important contribution to history, challenged the United Nations General Assembly on December 8, 1953, to establish an agency under the sponsorship of the United Nations to promote the atom for peacetime purposes. Such an agency has now been established and the blessings of atomic energy will not be the possession of a wealthy few, but will be extended to all mankind through the United Nations.

(3) In 1947, the United Nations proclaimed the Declaration of Human Rights, which

though only a declaration and not a treaty, is now becoming a source of law. Its principles are being incorporated in new constitutions, and it is gradually being referred to by domestic courts as a standard of human rights.

(4) The United Nations has demonstrated that a multilateral approach to help the underprivileged peoples of the world help themselves is a more efficient and satisfactory approach than many of the bilateral methods of medical, technical, and economic assistance which we have also used. Millions of children have received supplementary feedings, vaccinations, and clothing as a result of United Nations activity. Hundreds of thousands of people today are benefiting from the expert advice and training of technicians operating under U. N. auspices. Food production in widely scattered areas of the world has been increased dramatically by new agricultural methods.

We must enlarge our efforts to reach the world's people in ways most meaningful to them—through WHO, UNICEF, UNESCO, ILO, FAO, specialized agencies which already exist in the United Nations structure. We must go beyond them to the formation of new U. N. agencies which could go immediately to work. I have proposed at least four of them, repeatedly. I repeat them again: SUNFED (the Special United Nations Fund for Economic Development), a Middle East Good Offices Commission, a Middle East Development Authority, a new International Waterways Commission to help avoid jurisdictional crises over waterways like that of Suez. Here in the area of the U. N. specialized agencies lie some of the most fruitful, constructive, lasting possibilities for positive advance.

(5) The present General Assembly to which I am a delegate has also demonstrated its capacity to do important things. Today it has a fleet of 40 vessels clearing the Suez Canal. It has the first real international army patrolling an area as military forces withdraw in response to Assembly resolutions. Nothing like that has occurred before in history.

I want to say a word about this international force. I wish to see it perpetuated. I do not think it will ever be large; possibly not more than ten or twenty thousand; possibly equipped with a few patrol boats to keep waters open, such as the Gulf of Aqaba, but always a small force. It will be a very small force, indeed, compared to the customary armies of nations.

A sheriff is one man in a community of many, but he wears the badge which is the symbol of the community and men do not attack him easily. So I believe that a small, available United Nations Force, rushed to a scene of trouble before the trouble gets out of hand, will, in most cases, help prevent violence. I do not believe that there is any government in the world today that would fire upon the symbolical force of the community. Had such a force been in existence when the first appeal came from Hungary, it might have been dispatched there quickly. I doubt if even Soviet commanders would have fired upon it.

I have joined Senator SPARKMAN in his Senate Resolution for the establishment of a permanent United Nations police force. It seems to me to be crucially important that this opportunity is not lost for the establishment of a permanent United Nations force growing out of the emergency force in the Middle East.

To conclude, it seems to me that the only policy to establish a more just and peaceful world is one which combines law enforcement, through the United Nations so far as that is possible, with careful diplomacy inside and outside the United Nations. We must judge all of our decisions at the U. N. both as legal obligations from the past and by probable consequences for future precedents. We should urge measures to induce members of the United Nations to observe their obligations under the Charter which are likely to be successful and which do not unduly risk nuclear war. We should urge conciliation and compromise through the United Nations to settle disputes peacefully and justly. We must not ask of others what we would not accept ourselves. We must strive for an equal enforcement of legal obligations, but must realize that great inequalities of power will sometimes make this impracticable. The discrepancies in the United Nations structure between voting power and financial contribution is inherent in the sovereign equality of States and the necessity to allocate costs by capacity to pay.

The United Nations, though far from perfect, is an asset to the world. While seeking to improve it by practice, interpretation, supplementary agreements and, where feasible, amendments to the Charter, we must not destroy it or weaken it, ignore it or overburden it.

The United States can realize many of its policies more effectively by working through independent diplomacy to create conditions which will permit the United Nations to be more effective—particularly by seeking agreement with the Soviet Union to reunite Germany, Korea, and Vietnam, and to moderate mutual suspicions and fears. A general policy of defense without provocation, and conciliation without appeasement, would contribute to this end.

The most important guide to policy is patience. Some factors are undoubtedly on our side. Nationalism is a stronger force than Communist ideology. The demands for peace, self-determination, human rights, economic development and social progress, which are principles of the Charter and also of American foreign policy, are demands of human beings on both sides of the Iron Curtain, in developed and underdeveloped countries. The charter provides opportunities for these universal demands to exert pressure upon the policies of governments otherwise dominated by fear, ambition or fancied necessities. With patience, skill, and moderation we can help the United Nations to utilize these opportunities.

Let us see that our own policies are not led astray by resentment, impatience, misinformation or ambition, into decisions which would fail to reflect the opportunities which the United Nations offers and which would defeat our own objectives.

The United Nations can fail. It can become a futile debating society. It can be afraid to stand for principle or to apply the principles when possible. If so, it will be our failure as much or more than the rest. And failure can well mean an atomic war that will destroy life on this planet.

The processes which began in the United Nations 12 years ago may also go on to curb the forces of evil and make the blessings of atomic energy, of economic well-being, of human rights, of freedom and civilized living the possession of all mankind. It will be the defeat or the victory of the United Nations, and much depends upon the patience and leadership which this country gives to the task ahead.

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EXHIBIT B

[From the New York Times of February 24, 1957]

U. N.'S ASIAN-AFRICANS LESS THAN SOLID BLOC—STANDING TOGETHER ON COLONIALISM, THEY DIFFER AMONG THEMSELVES ON MANY OTHER QUESTIONS—SOME WILL SUPPORT WEST

(By Thomas J. Hamilton)

The new phase of the Middle Eastern crisis reached its acute stage two weeks ago, when Dag Hammarskjold reported that his efforts to bring about an unconditional Israeli withdrawal behind the armistice lines had been frustrated.

Ever since then, the United States has been trying to convince Israel that the assurances Washington has offered about United Nations action were sufficient guaranty against a revival of belligerent acts by Egypt.

The dependability of these assurances, however, rests in the final analysis on how Secretary of State Dulles would react if Colonel Nasser kicked over the traces, and so far they have not been fully accepted by Israel.

On the other hand, the Eisenhower administration has not yet brought itself to support the tough economic sanctions resolution now presented to the General Assembly by a half dozen Arab and Asian countries. President Eisenhower's speech Wednesday night did not say United Nations "pressure" should go as far as sanctions, and some people in Washington are clearly thinking about something milder.

The coming week may demonstrate whether the stalemate can be broken with either the carrot or the stick. But the United States is no longer a free agent in these matters. Although it still has great influence in the Assembly and throughout the United Nations, the system of bloc voting has greatly reduced its control over events.

ENLARGED BLOC

Put in simplest terms, the Asian-African bloc, now increased to 27, has more votes and far more influence than the 20 Latin-American members. Since the United States had placed its main reliance on the Latin Americans, its loss of strength in the Assembly needs no elaborate explanation.

However, the Asian-African bloc is not a monolithic mass of votes. If it were, the bloc and its allies could kill any resolution, and there would be no point in drafting one without its full knowledge and approval.

The Asian-African countries, it is true, sought to make common cause at the Bandung Conference in the spring of 1955. Some members still refer to the bloc as the Bandung group, although others—perhaps because they have not realized the connotations in the United States—speak of "A. A. meetings."

However, the jealousies and disputes among these newly liberated countries, most of whom emphasize their unique devotion to peace and self-determination, are almost as plentiful as those elsewhere.

Dr. Charles Malik, the Lebanese Foreign Minister, reminded the Assembly Friday that, while the Arab States might be divided on other issues, they were united in demanding Israel's withdrawal from Egyptian territory. But relations between Lebanon and Syria, her larger neighbor, are anything but friendly, and those between Syria and Iraq are even less so.

MISGIVINGS RISE

Among the Asian countries, the feuds between Pakistan and India and between Pakistan and Afghanistan are equally well known. Such differences are partly responsible for the fact that the Asian-African group does not have much of a positive program to offer when an issue not involving colonialism develops.

This tendency to take the anticolonial side, no matter what the circumstances, is hard for westerners to understand.

But if Americans had freed themselves from foreign rule only a few years ago, they would no doubt be equally tough about the issue, no matter what the color of the nations still trying to carry the burden of colonial rule.

Some of the Asian-African countries, moreover, are loyal friends of white nations. In addition to the Philippines, where the decision of the United States to grant independence has created bonds of friendship, we count Pakistan, Thailand, and Turkey as close friends; the United States is

linked to each of them by mutual defense agreements.

VARIETY OF REACTIONS

Japan, once a redoubtable enemy, has profited from generous peace terms and a defense agreement, and is an increasingly influential member of the Asian-African group.

Relations between the Netherlands and Indonesia, her former colonial region, are certainly bad, but Britain has retained the friendship of Ceylon, India and Pakistan, and they have remained in the Commonwealth since gaining independence.

There is no love lost between the French and either the Syrians or the Lebanese, and French relations with Tunisia and Morocco are still uncertain. But Laos, freshly emerged from her status as a part of what was once French Indochina, voted with France on the Algerian issue.

The recent Algerian and Cyprus debates—which incidentally have aroused much more attention in Europe than in the United States—are good illustrations of the strength and weakness of the Asian-African group.

Although it was able to block the resolutions sought by France and Britain, the group could not impose its own, and resolutions of unexampled vagueness resulted.

But the important thing was that both France and Britain, which had blocked any discussion the year before, had to agree to debate the two issues this time because of the increased strength of the group.

OPENING FOR MORE

While continuing to insist that neither issue was within the jurisdiction of the United Nations, they left the door open for more debate—and perhaps tougher resolutions—in the years to come. Similar developments can be expected in the debate this week on Indonesia's attempt to pressure the Netherlands into giving up western New Guinea (West Irian).

The end of the colonial era is almost here, and the colonial powers are in for some rough times at the United Nations until the process is completed.

The question is whether the United States, whose prestige with the Asian-African bloc is high because of the stand it took against the British, French, and Israeli attacks on Egypt, can take the lead in directing efforts toward a constructive program.

The opportunity thus created is one of the principal justifications for actions by the United States which have so disastrously weakened the western alliance. The Middle Eastern debate may indicate what can be done with this opportunity.

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EXHIBIT C

THE ROLE OF INTERNATIONAL ORGANIZATION: LIMITS AND POSSIBILITIES

(By Stanley Hoffman)

No field of study is more slippery than international relations. The student of government has a clear frame of reference: the state within which occur the developments which he examines. The student of international relations, unhappily, oscillates between the assumption of a world community which does not exist, except as an ideal, and the various units whose decisions and connections form the pattern of world politics—mainly, the nation-states. International organizations therefore tend to be considered either as the first institutions of a world in search of its constitution or as instruments of foreign policies. The scholar who follows the first approach usually blames, correctly enough, the nation-states for the failures of the organization; but he rarely indicates the means which could be used to bring the realities of world society into line with his ideal. The scholar who takes the second approach stresses, accurately enough, how limited the autonomy of international organizations has been and how little they have contributed to the achievement of their objectives; but because he does not discuss his fundamental assumption—the permanence of the nation-state's driving role in world politics—he reaches somewhat too easily the conclusion that the only prospect in international affairs is more of the same.

It may well be that this conclusion, too, is justified, but it should not be arrived at through a short cut. The approach which seems the most satisfactory, though not the simplest, should be the following one. First, the objectives defined by the Charter of the United Nations are to be considered as the best moral goals statesmen can pursue; that is, the maintenance of peace and security, the promotion of economic, social, and cultural cooperation, respect for human rights, and the establishment of procedures for peaceful change. (Implicit in this assumption is, of course, another one: it is legitimate that statesmen should assign moral ends to their policies, and that states' activities should be submitted to moral judgments, the absence of a single, supranational system of values notwithstanding.)[1] Secondly, the means through which these objectives are to be sought are necessarily international agreements; no conquest of the world by one nation, or even by an alliance of nations, could bring them about; consent is indispensable, even if it means that they can only be reached gradually and partially. Thirdly, it cannot be assumed at the outset that the present structure of international society must be the permanent framework of action, for it may well be that the objectives cannot be reached within such a framework, as, for instance, the world federalists have argued. Changes in the structure may thus appear necessary. But one has to avoid utopias; if it is unwise to postulate the perpetuation of the present system, it is equally unwise to advocate ways which an analysis of world politics reveals to be blocked.

The problem which we want to discuss briefly can thus be phrased in the following terms: Given the present structure of world society, what should and what can international organizations do to promote the objectives which we have mentioned?

I

A short analysis of present world society reveals a number of paradoxes and contradictions.

In the first place, the scene is dominated by two opposite developments. On the one hand, there is the phenomenon usually described as bipolarity of power. On the other hand, at the same time that military and economic strength has become centered, temporarily perhaps, in only two superpowers, there has been a trend toward further political disintegration of the world. As the process of social mobilization of hitherto passive peoples progresses,[2] the number of sovereign states has increased,[3] and the continuing breakup of former empires will undoubtedly add new ones. Both developments, contradictory as they appear, make the return to a concert of the great powers impossible; the necessary solidarity and fluidity of power are both gone.[4] And yet, the technological gap between the advanced and the backward nations is greater than ever before.

In the second place, the process of interlocking interests and activities, which internationalists once hopefully described as leading inevitably to a world community, has indeed continued. The distinction between internal and international affairs is now ruled out; it has therefore become impossible to prevent one nation from influencing and intervening in the policies of another. The superb autonomy and specialization of diplomacy is over, and nearly the whole world has become a "Turkish question." At the same time, however, the psychological effect of this development has been rebellion and seeking refuge in a conception made for, and reminiscent of, a more idyllic age: the concept of national sovereignty and independence. The contradiction is nowhere more apparent than in the U. N. itself. The organization has contributed immeasurably to an internationalization of all problems, and to a kind of equalization of diplomatic standards and practices for all members; but at the same time its operations are based on the principle of equality and the myth of sovereignty. The smaller states use sovereignty as a fortress, and the superpowers as a safeguard of their own freedom of action against friendly or hostile restraints.[5]

In the third place, the two sets of factors previously mentioned have produced a fundamental change in the politics of the two leading powers. The great powers of the 19th century used limited means for limited objectives. The relations between these powers could easily be described in equations, or at least in mechanistic terms—balancing process, equilibrium, etc. The superpowers of today have transnational objectives; each one stands both for a certain organization of the world, and for a certain distribution of social forces and political power in each nation.[6] The means they use, with one important exception (the resort to general war), are also much broader. Their emphasis, in the choice of means, is far less on national power, far more on gaining allies. As some theorists have shown,[7] this multiple equilibrium opens new channels of influence for the two superpowers and creates, at the expense of both, new procedures of restraint quite different from the restraints imposed on the big powers by the European concert. No big power can go it alone and define its interests to the exclusion of other nations' interests; the only, though very real and important, choice it has is between more and less broad international definitions of ends and means, depending on the kind and amount of international power it wants to mobilize.

In the fourth place, the smaller nations are torn between two modes of behavior

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[1] We have argued this elsewhere at greater length. See Quelques Aspects du Rôle du Droit International dans la Politique Étrangère des Etats in: Association Française de Science Politique, La Politique Étrangère et ses Fondements, Paris, Armand Colin, 1954, pp. 264–270. See also A. H. Feller, In Defense of International Law and Morality, Annals of the American Academy of Political and Social Science, July 1952 (vol. 282), pp. 77–78.

[2] See Karl Deutsch, Nationalism and Social Communication, John Wiley and Technology Press, 1953.

[3] See E. H. Carr, Nationalism and After, New York, Macmillan, 1945, p. 53, for predictions to the contrary.

[4] See Kenneth Dawson, The U. N. in a Disunited World, World Politics, January 1954 (vol. 6, No. 2), p. 209, and this writer's Organisations Internationales et Pouvoirs Politiques des Etats, Paris, Armand Colin, 1954, pt. I.

[5] See Max Beloff, Foreign Policy and the Democratic Process, Baltimore, Johns Hopkins Press, 1955, lecture IV.

[6] Raymond Aron, "En quête d'une Philosophie de la Politique Etrangère," Revue Française de Science Politique, January–March 1953, pp. 87–91.

[7] Jiri Liska, "The Multiple Equilibrium and the American National Interest in International Organization," Harvard Studies in International Affairs, February 1954; Ernst B. Haas, Regionalism, Functionalism, and International Organization, World Politics, January 1956 (vol. 8, No. 2), p. 238.

in which they usually try to indulge simultaneously, as well as between two attitudes toward both the nation-state and the U. N. The two modes of behavior represent two levels of world politics. On the one hand, the smaller states try to protect themselves, collectively, against the rivalries of the two superpowers. Individually, they would be the victims of the great conflict; together, they have the best chance of restraining the big powers and of gaining a number of advantages in return. Some seek such a common escape in a broad alliance with the United States (Rio Treaty, NATO, SEATO), others in a neutral belt. But in either case, thus protected against the "nationalistic universalism" of the superpowers,[8] they practice traditional nationalism quietly. The smaller nations live in two ages at the same time. As for the two attitudes toward the nation-state and the U. N., each one is taken by a different group of states. The new nations focus on the nation-state their highest ambitions of international power, economic development, and social unity. Furthermore, their attachment to the nation-state is proportional to the intensity of their will not to get involved in the big-power conflict; a feeling that neutralists in Europe have echoed and expressed sometimes in impressive theoretical arguments.[9] These nations, at the same time, look on the U. N. with great enthusiasm; they see in it an instrument for the advancement of the smaller nations (in number and in power), and a mechanism for restraining the superpowers. On the contrary, the older nation-states of continental Western Europe are more disabused of the nation-state, even though it retains the citizens' basic loyalty; and they look at the U. N. with greater misgivings, both because they have been outvoted so often in the U. N. on colonial issues, and because they contest the wisdom of spreading all over the world the disease of nationalism which they, too, contracted once, and from which they have suffered grievously.

This brief description leads to a few remarks concerning the scholar's or the politician's usual approaches to the understanding of world politics. First, it shows the fallacy of simple models or categories of analysis. The assumption of a Hobbesian state of nature among states is misleading. It exaggerates the degree of opposition between loyalty to the nation and cooperation among nations,[10] as well as the degree to which the more unmitigated forms of power politics are being used by nations; it leads to the presently hopeless solution of world government as the only alternative to a world of militarized, antiliberal, indeed carnivorous nations.[11] Now, this is not at all the way in which many people think of the nation-state. It oversimplifies the reasons for the rise of antiliberal forces which are not engendered only by the clash of sovereignties and nationalism; it leaves out all the restraints which, in the 19th century, made the state of nature a rather Lockian one, and, in recent years, shaped a system so new and complex that no theorist has anticipated it. The model of Hobbes is not more accurate than the model of the world community—which may explain why it is so easy to jump from the first to the second.[12]

In the second place, the analysis of foreign policies in terms of power, or of power and purpose,[13] is also insufficient. The concept of national power is no guide in a century where ideas are the most powerful weapons, if it does not include the strength of ideological appeals. Even if it does, it fails to explain the differences between the ends and means of foreign policy in periods of limited conflicts and relative stability, and in revolutionary periods.[14]

Thirdly, the usefulness of reasoning on the basis of internal or even international precedents appears very limited. Those who show, not without truth, the distorting effects of the nation-state on the thinking of the citizens, are sometimes the first to use examples drawn from the development of constitutionalism.[15] Those who deplore the forces which have destroyed the simple and autonomous mechanisms of 19th century diplomacy are too easily inclined to use it as a standard and as a still attainable ideal.

Finally, the statesmen's view of world politics is sometimes equally oversimplified. Western statesmen have tended to assume too readily that there are two completely separate spheres of world politics today: the conflicts with the Communist bloc, all around the Iron Curtain, and the relations with the rest of the world, where all the objectives of the U. N. may be gradually reached, where anti-Soviet collective security and solid, supranational communities can be organized without any Soviet leap over the barriers of containment.[16] The Soviets have tended, and still tend, to assume too easily that, in the non-Soviet world, all is tension and conflict, as if the alignments established as buffers against the cold war did not dampen minor antagonisms.[17]

II

Before examining what international organization should and could do in such a world, let us see what its recent role in international politics has been.

The U. N. was built on two assumptions; both have proved to be unjustified. The first was, of course, the survival of a concert of great powers. The second was what one might call the Kant-Wilson hypothesis. The organization was supposed to harmonize the interests of sovereign states, conceived as 19th century nations. Their international policies would therefore be distinguishable from their internal problems. Their usual antagonisms would be limited in scope, or at least seldom involve their national existence. This was the assumption of a world squarely based on the nation-state—the hypothesis of inter-state cooperation for and with peace and security.[18] There was nothing revolutionary about it; historically, it was rather reactionary, insofar as it tried to revive conditions whose disappearance had brought about two world wars. Both assumptions implicitly envisaged the establishment of a widely acceptable status quo, on the basis of which the organization would operate. The tragedy has been the conflict between these underlying hypotheses and the two major realities of world politics: the bipolarity of power and the further disintegration of the world.

The consequence of the conflict between the first postulate and bipolarity has been the failure of the collective security mechanisms of the charter. The conflict between the second postulate and the multiplication of nation-states, due to the anticolonial revolution has led the U. N. to use as channels of peaceful change the procedures created for the settlement of ordinary disputes. It was hoped that the U. N. might thus harness that revolution. However, change has taken place, not as the consequence of, but either outside of or before the decisions of the U. N., and it has been violent and often savage. The U. N. has given the impression of merely smoothing some of the edges and of running after the revolution so as not to be left too far behind.[19]

In order to avoid complete paralysis on cold war issues because of the first conflict, and to transcend the procedural limitations which have made it difficult to cope with the second, the organization has escaped from its original charter and changed into a "new United Nations."[20] However, the new, unofficial charter is based upon an assumption which conflicts not only with the old ones, but also again with the reality. Both the uniting-for-peace resolution, charter of the cold-war role of the U. N., and the more fragmentary code of practices adopted by the U. N. in dealing with the anticolonial revolution[21] were obviously necessary in order to keep the U. N. in line with the main currents of international politics. But the policy of collective assertion, parliamentary debates, and majority votes assumes the existence of a sort of world community, where decisions similar to those reached in the framework of a constitutional system would make sense—[22] a far cry from both the hierarchial big-power rule and from the interstate league of the Wilsonians. All these contradictions have engaged the U. N. in a series of vicious circles.

On the cold-war front, bipolarity has made the resurrection of a concert of power against the one threatening big state fairly ineffective. The fear many small nations have of becoming engulfed in the cold war has, of course, undermined the whole argument

[8] Hans J. Morgenthau, Politics Among Nations, New York, Alfred A. Knopf, 1954, pp. 230–234.

[9] See, for instance, J. M. Domenach, Les Nationalismes, and G. E. Lavau, La Souveraineté des Etats, in Esprit, March 1955.

[10] This exaggeration has been criticized by Arnold Wolfers, The Pole of Power and the Pole of Indifference, World Politics, October 1951 (vol. 4, No. 1, p. 39), and by Karl Loewenstein, Sovereignty and International Cooperation, American Journal of International Law, April 1954 (vol. 48, No. 2, p. 222).

[11] See Thomas I. Cook, Theoretical Foundations of World Government, Review of Politics, January 1950 (vol. 12, No. 1, p. 20).

[12] See Ernest S. Lent, The Development of United World Federalist Thought and Policy, International Organization, IX, pp. 486–501.

[13] See, respectively, Morgenthau, cited above, and Thomas I. Cook and Malcolm Moos, Power Through Purpose: The Realism of Idealism as a Basis for Foreign Policy, Baltimore, Johns Hopkins Press, 1954.

[14] See Aron, cited above, and Association Française de Science Politique, cited above, pp. 370–373.

[15] This tendency is criticized by H. J. Morgenthau, cited about ch. XXIX, and by Gerhard Niemeyer, A Query About Assumptions of International Organization, World Politics, January 1955 (vol. 7, No. 2), p. 337.

[16] That this view was held by Secretary of State Acheson appears in many of the documents reproduced by McGeorge Bundy, The Pattern of Responsibility, Boston, Houghton Mifflin, 1952. It remains true that this picture was a fairly accurate basis for policy in Stalin's time.

[17] See Khrushchev's speech at the 20th Congress of the Communist Party of the U. S. S. R., New York Times, February 15, 1956.

[18] See Max Beloff, Problems of International Government, in Yearbook of World Affairs, 1954, London, Stevens & Sons, pp. 4–8.

[19] See Raymond Aron, Limits to the Powers of the U. N. Annals of the American Academy of Political and Social Science, November 1954 (vol 302), p. 205.

[20] See H. J. Morgenthau, The New U. N. and the Revision of the Charter, Review of Politics, January 1954 (vol. 16, No. 1), p. 3.

[21] Elmination, through a variety of devices, of the domestic jurisdiction clause; assertion of a right of the U. N. to define a collective and substantive policy, rather than limiting the organs to the more purely conciliatory procedures of the charter; See Leland M. Goodrich and Anne P. Simons, The U. N. and the Maintenance of International Peace and Security, Washington, Brookings Institution, 1955, pp. 155, 160, 609; and H. J. Morgenthau, cited above, pp. 315–338.

[22] See Aleksander W. Rudzinski, Majority Rule Versus Great Power Agreement in the U. N., International Organization, IX, pp. 366–385.

behind the uniting-for-peace resolution. Furthermore, the impossibility of tracing a clear line between internal and international affairs has obscured the idea of aggression; when aggression is easily disguised as social liberation, it is not astonishing to see the very nation which advocates a clear-cut definition of aggression suggest that civil or national liberation wars be left out of the organization's reach.[23] Finally, the fact that recommendations have to be made by a two-thirds majority increases the small nations' power to destroy the new system, either by refusing to make it work or by irresponsible recommendations which not they, but the big states, will have to carry out; the balance between proclamation and performance is a difficult one.[24] Both the difficulties and the dangers of putting into effect the uniting-for-peace machinery show that the primary emphasis in the U. N. cannot be put on collective security.[25]

The attempts to cope with the nationalist revolutions and the problem of change are not much more satisfactory. Conditions are so revolutionary that the U. N. has been unable to use effectively conciliatory procedures tailored only for conflicts between stabilized sovereign states. But world politics remain so strongly based on the sovereign state that the U. N. cannot get its assertions of competence and declarations of policy accepted by those of its members whose sovereignty is thereby infringed. If the members of the majorities point out that sovereignty means little in an era when internal tensions become matters of international concern, the outvoted members can always argue that the majorities' policies lead not to greater integration of the world, but to an increase in the number of sovereign units eager to shield their own activities behind Article 2, paragraph 7.[26] The issues between states, in an era where conflicts do indeed involve the very existence of nations, the birth of some, the dismantling of others, cannot be settled by resort to a world court: hence the constant refusal of the Assembly to submit such questions to it. But precisely because the issue is the life and death of the basic units in world politics, it is useless to expect the more threatened ones to submit to majority votes.[27]

The result, not unexpectedly, is frequently deadlock followed by a retreat of the U. N. The policies advocated by it are not carried out, and after a decent resistance the U. N. ceases to recommend them.[28] The committees established for the implementation of these policies fail to obtain the cooperation of the other party, and when the walls of Jericho refuse to collapse, it is the committee which is broken up.[29] At the same time the more modest task which the original charter did allow the U. N. to perform—what we called the smoothing of edges, the curbing of the worst forms of unavoidable violence—becomes more difficult for two reasons. The decision of the U. N. to take a substantive stand reduces the chances of conciliation by increasing the opposing party's resistance and distrust. Furthermore the two main trends of present world politics have interacted. The cold war has first thrown a shadow over, then a monkey wrench into, U. N. attempts at securing peaceful change. The breakup of the original concert of powers in these matters[30] has increased the chances of change through violence; it has emancipated the anticolonial nations from a possible big-power tutelage; insofar as the Soviets support them, while the United States is allied to the colonial powers in such institutions as NATO and SEATO, it has become far more difficult for the U. N. to oblige the antagonists or the reluctant side in a colonial conflict to renounce violence.[31]

It may have been vain to expect, in a world where the two main trends create for existing states a good deal of trouble, that an international organization established for coping with the irrepressible, minmum degree of insecurity that persists during stabilized periods could do much to eliminate the glaring insecurities of today. Maybe the organization could, indeed, be nothing but a gentle civilizer. But the civilizer has not always been gentle. It has rather tended to increase the degree of insecurity, while both the cold war and the peculiar voting system which gives the loudest notes to sing to the weakest voices have prevented it from harnessing the forces it helped to set in motion. The reliance on, and exploitation of, the vague, broad and yet-to-be achieved principles and purposes of the charter have combined the maximum of ambiguity with the maximum of resistance from the members. The result has been a somewhat disturbing division of labor between the world body and the regional organizations; the problems that could be solved were quite legitimately dealt with by the latter,[32] but the U. N. has become the recipient of those problems which just cannot be solved diplomatically, a fortiori by parliamentary votes in the Assembly.[33] This was particularly apparent in the case of all the cold-war conflicts which were submitted to the U. N. by both parties for propaganda purposes; on these issues, and on most of the colonial problems as well, Mr. Kennan's rather cruel description of the Assembly's votes as a series of tableaux morts[34] is an apt one.

Self-restraint or resignation to very limited and superficial soothing tasks might have killed the organization. But taking worthy stands and cheering itself up until it gets hoarse, has not really saved it as a force in world affairs—though such attitudes might have made it useful as an instrument serving a number of widely different foreign policies. The rules of the "new U. N.," like the rules of the original charter, create both too rigid and too big-meshed a net of obligations for member nations. It is too rigid, in so far as compliance with these rules has proved to be impossible. It is too big-meshed, because in order to be applicable to so many different states, these obligations inevitably had to be few and vague. Thus, the rather obvious and recognized solidarity of interests among smaller group of states is not sanctioned by any set of norms and institutions common to them. These great gaps increase insecurity, the chances of conflicts, and uncushioned power politics.

III

The following considerations on what the role of international organization should be in the present world are based on the follow postulates. (a) The nation-state, conceived as a legally sovereign unit in a tenuous net of breakable obligations, is not the framework in which the ideals we have defined at the outset can all be realized or approximated. It can hardly be maintained that it affords the greatest possibilities of economic advance, and even, in many areas, of orderly political and social change. (b) Experience to date has shown that political organization on a world scale cannot, by itself, advance beyond the stage of the nation-state: its fate is linked to the nation-state. Three consequences flow from these postulates.

The first consequence concerns the role of the political organs of the U. N. If they cannot shape new forces, they should at least prevent the nation-states from getting even further away from the distant objectives which the U. N. proclaims. The two tests—rather negative ones, one may fear—which each decision or recommendation should meet are, first, a test of responsibility—will it decrease, increase, or leave unchanged the state of tension with which it is supposed to deal? If it will not contribute to decreasing tensions, it should not be made, except if inaction is clearly bound to produce even worse consequences than intervention. This test is particularly necessary in colonial affairs. Secondly, a test of efficiency: Is the measure advocated, sound as it may be, backed by a sufficient combination of interests and forces? Otherwise, it will be an empty gesture.

The second consequence suggests the need for building new institutions which will help the nation to go beyond the stage of the nation-state. A case can be made—and has often been made[35]—against excessive and premature attempts at establishing "rigid legal norms" and institutions; it has been said that the process of integrating nations must be left to the free interplay of political, economic, and social forces within them. Undoubtedly, no organization can be effective if there are no such favorable forces; it cannot create them. But where they do exist, a network of legal obligations and institutions can consolidate the common interests at the expense of the divergent ones and act as the indispensable catalyst of an emergent community; otherwise, there would be no op-

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[23] See Ales Bebler, The Yardstick of Collective Interest, Annals of the American Academy of Political and Social Science, November 1954 (vol. 302), p. 85.

[24] See the comments of George Kennan, Realities of American Foreign Policy, Princeton University Press, 1954, p. 40, and the suggestions of H. Field Haviland, Jr., in Annals of the American Academy of Political and Social Science, November 1954 (vol. 302), p. 106.

[25] See the remarks of Sir Gladwyn Jebb, The Role of the United Nations, International Organization, VI, pp. 509–520, and René de la Charriere, L'Action des Nations Unies Pour la Paix et la Sécurité, Politique Étrangère, September–October 1953.

[26] See the debate between Clyde Eagleton and Quincy Wright in Proceedings of the American Society of International Law, 1954, pp. 32–34, 67, 116, 119. The long discussions in U. N. organs on human rights, show similar arguments.

[27] See Clyde Eagleton, Excesses of Self-Determination, Foreign Affairs, July 1953 (vol. 31, No. 4), p. 592, and The Yardstick of International Law, Annals of the Academy of Political and Social Science, November 1954 (vol. 302), p. 68.

[28] An examination of U. N. substantive recommendations on Palestine, Kashmir, Spain, and South Africa's apartheid policies, and of their gradual watering down or abandonment is the basis of this assertion (see Goodrich and Simons, cited above, chs. IX to XII). The success of U. N. intervention in Indonesia remains an isolated instance in this respect (i. e., substantive recommendations on issues not directly connected with the old war).

[29] See the fate of the committees created for dealing with German elections, with apartheid policies and with the problem of Indians in South Africa (see Goodrich and Simons, cited above, chs. VIII and XIII).

[30] See a study of these "ad hoc concerts" in Ernst B. Haas, Types of Collective Security: An Examination of Operational Concepts, American Political Science Review, March 1955 (vol. 49, No. 1), p. 40.

[31] See Coral Bell, the U. N. and the West, International Affairs. October 1953 (vol. 29, No. 4), p. 464.

[32] In particular in the case of the Organization of American States.

[33] I. L. Claude, Swords Into Plowshares, New York, Random House, 1956, p. 122, comments that the Commonwealth has been the greatest exporter of insoluble disputes to the U. N. (Kashmir, Indians in South Africa).

[34] George Kennan, Realities of American Foreign Policy, cited above, p. 42.

[35] See George Kennan, Realities of American Foreign Policy, cited above, pp. 105–106.

portunity to select, seize, save, and stress the unifying forces. The reason why the nations tend to organize themselves as states and why the highest allegiance of the citizens usually belongs to the state is that this form of political organization affords them protection, security, justice, gratifications, and services. Therefore, the only way to transfer loyalty to another set of institutions is to create new agencies which will provide the citizens with some of these advantages and help in gradually building communities larger than nations.

But these new agencies will be solid and effective only if they are accepted freely by the peoples they are supposed to link. This means, in the first place, that the peoples will have to reach the national stage first. Recognition of the insufficiency of the Nation as framework of social organization can only come after the Nation has achieved a large measure of self-government. Consequently, in areas where no nation-state has yet been established, the national stage cannot, in all probability, be skipped. However, independence might be accompanied by an agreement on interdependence with other countries for clearly defined and accepted functions.

In the second place, wherever the nations, new or old, have all the attributes, blessings, and curses of the sovereign state, a difficult task of incitement and negotiations will have to be performed. Political federation is probably ruled out in the early stages. Except perhaps in the limited European area where disillusionment with the nation-state is strongest (but how far does it go?) one cannot expect, even under the stress created by necessities of defense or economic development, that nation-states will agree to the kind of wholesale transfer of powers which political federation requires. Suicide, so to speak, if it takes place at all, will have to be piecemeal. Political power cannot be expected to be abandoned first. Nor is it sure that political federation is always a desirable goal. The main enemy of international stability and individual liberty, in those countries where the nation-state has ceased to be a refuge and become a prison, is not the nation, but the state; it is the concentration of political, economic, military power, etc. * * * in one set of institutions. The creation, by amalgamation of existing nation-states, of a new state similar in its essence to the previous ones and even larger in area can hardly be called an improvement. A federation strong enough to survive the strains of birth and youth might soon develop into a supernation; the trend toward centralization, observed in all federations, could lead to such a result.[36] A decrease in the number of leviathans is no gain if it is compensated by an increase in their respective power. Thus, the only practical way to reach the aim—a decentralization of allegiance—seems to be the establishment of functional institutions based on transnational interests. In order to be effective, these agencies would have to be geographically limited. Or, if in certain cases a regional limitation makes little sense economically,[37] they should possess some ideological, historical, or technical justification. They would therefore, as a rule, not be universal institutions like the U. N. and its specialized agencies, but, for instance, organizations in which certain underdeveloped countries sharing one common economic problem would cooperate with more advanced nations which have solved or faced the same problem at home or in their colonies. The nation-state would thus be caught in a variety of nets. Gradually, unobstrusively, perhaps, a large measure of economic power would be transferred to the new agencies. They would for a long time to come leave to the state a kind of negative power to destroy the net; nevertheless, they could reach and provide the individuals with tangible services.[38] They would not constitute an immediate rival for the states and would therefore expect more consent or at least less violent resistance. The most effective attack on sovereignty is not a frontal one—it is one which slowly but clearly deprives sovereignty of its substance, and consequently of its prestige. The buildup of interlocking functional communities is required both by the presently strong attachment to formal sovereignty and by the actual interlocking interests which can become a positive force in world politics only if they are institutionalized.

As a third consequence of our two postulates, the U. N. should concentrate on, and develop, its role as a "center for harmonizing the actions of nations in the attainment of (the) common ends," which these joint interests suggest. Indeed the U. N. should either take the initiative or at least assume responsibility for the establishment and coordination of the regional or functional communities we have advocated. Two reasons militate for such a policy. In the first place, it is necessary to provide the U. N., checkmated on political issues, with a new area of activities in its own interest. Secondly, the West, increasingly unable in political matters to get its views accepted by others through a process of "collectivization of interests," [39] but unable also to discard the world body, must find constructive ways of seizing the initiative. In the inevitable clash of ideas between East and West, the West cannot merely offer to the nations the ideal of internal democracy; it must also present the image of a more satisfactory world order. The Soviet Union, which wants to prevent a consolidation of the non-Communist world, plays upon the strong attachment which is still felt to the nation-state and to nationalism, sovereignty, and independence. The West cannot fight back on this ground; it would mean giving up the objectives we have mentioned. Nor can the West propose such revolutionary changes that the Soviets might successfully exploit this continuing attachment to the shelter of sovereignty, as well as charge the West with hypocrisy, since none of the leading Western states is ready to sacrifice large areas of its own sovereignty.

Again, a progressive middle road seems to be the right one. This is precisely where the U. N. can operate. Militarily, the role of the U. N., as we indicated, can only be a very limited one; it is therefore normal that initiatives for collective defense be taken outside of it. But initiatives for economic action should be made within the U. N. This would be politically advantageous. The suggested regional or functional institutions can hardly function without western economic assistance. Now, the new nations have shown a distrust of purely western initiatives, interpreted as cold war moves, and a respect for the U. N., which suggest that the U. N. should be selected as the channel for such assistance. It is also wise technically; there is a need for coordination of the present and future technical institutions, which can best be exercised by the U. N.[40] As the French Foreign Minister, M. Christian Pineau, has recently suggested,[41] an agency for world economic development should be created within the framework of the U. N. This agency would coordinate and control specialized agencies such as the International Monetary Fund and the International Bank for Reconstruction and Development, as well as the U. N. technical assistance activities and more recently created or proposed U. N. institutions such as the International Finance Corporation and the Special United Nations Fund for Economic Development.[42] It should give its aid, gifts, loans, technical assistance, raw materials, or energy, etc., to the regional or functional organizations we have recommended, rather than to states directly. These organizations would be sponsored by the U. N. agency and established among the underdeveloped nations (with or without direct participation of the industrialized ones). They would be the pioneers of supranational development. The U. N. agency, being international by virtue of the charter, would play the more modest but essential role of an instigator.

IV

The last question we have to discuss is obviously the most difficult one: Can international organizations play the role we have tried to assign to them?

First, as for limiting the political organs of the U. N. to the rather limited tasks we have suggested, there is little doubt about the answer. On colonial and self-determination issues, the small powers, which are indispensable in the decision-making process, cannot be led to abandon the policy they have promoted in recent years; the Soviet bloc may be expected to fan the flames, and the United States cannot easily try to stop the movement—the more so, since it needs the small powers in case of a return to acute cold-war tension. The answer here is: "No." However, on the issue of collective security and also in the settlement of ordinary disputes, the organization might be condemned not just to violate the two tests we have indicated, but not even to reach the stage where proposals would be submitted to the tests. Both the reluctance of a majority of members to face the cold war and the neutralization of U. N. procedures by the conflicting maneuvers of the big powers could lead to such a paralysis. Writers who have shown how useful an instrument of American foreign policy the U. N. is [43] have attached too much importance to the Korean miracle and the mechanical 50-to-5 votes and underestimated the eventuality of Russian exploitation of U. N. procedures. However, any American attempt at penalizing the small powers either by direct pressure or by de-emphasizing the importance of the U. N. [44]

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[36] See François Perroux, L'Europe Sans Rivages, Paris, Presses Universitaires, 1954, especially pt. II; Percy Corbett, Congress and Proposals for International Government, International Organization, IV, pp. 383–399, 390; and Jean Rivero, Introduction to a Study of the Development of Federal Societies, International Social Science Bulletin, Spring 1952 (vol. 4, No. 1), p. 375.

[37] See the case against regionalism in economic organizations in Raymond F. Milesell, Barriers to the Expansion of U. N. Economic Functions, Annals of the American Academy of Political and Social Science, November 1954 (vol. 302), pp. 39–49, and Perroux, cited above, especially pp. 399–415.

[38] See I. L. Claude, Individuals and World Law, Harvard Studies in International Relations, 1952.

[39] Hans Morgenthau, cited above, in Annals of the American Academy of Political and Social Science and Review of Politics; Edward H. Buehrig, The United States, the United Nations, and Bipolar Politics, International Organization, IV, pp. 573–584.

[40] See Edgar S. Furniss, Jr., A Reexamination of Regional Arrangements, Journal of International Affairs, May 1955 (vol. 9, No. 2), pp. 79–89.

[41] See a summary of M. Pineau's project in Le Monde, May 5, 1956, p. 2.

[42] M. Pineau's plan envisages also the establishment, within the world agency, of a board which would buy and sell surplus commodities produced by underdeveloped areas, and stabilize the market prices of raw materials.

[43] Advocated, for instance, by George Kennan, cited above, p. 59–60.

[44] Hans Morgenthau, cited above and The Yardstick of National Interest, Annals of the American Academy of Political and Social Science, November 1954 (vol. 302), p. 77; Jiri Liska, cited above.

would leave the field wide open to the Soviet Union. The Soviets, who adopted in the worst years of the cold war an attitude of disdain for the U. N., have now realized what possibilities of counterattack they have neglected; nor can the United States afford to abandon the U. N. in favor of pure bilateralism or regionalism. Each of the superpowers is, in a way, caught in the U. N. In spite of the partial excesses and the partial paralysis, the political organs must be preserved. By promoting diplomatic intercourse among all nations, they allow the more underdeveloped ones to use their participation as both a compensation for and as a weapon against the gap that separates them from the more advanced states. Also, if the world should return to multipolarity and stabilization, the U. N. must be there to perform at last the services that had been prematurely expected in the days of euphoria.[45]

Secondly, could the U. N. play the new economic and social role which we have suggested? The obstacle here seems to be the reluctance of the United States and Great Britain to allow the U. N. to play such a role, and to transfer a major part of their foreign-aid funds to the U. N. It has been suggested that the West might lose its freedom of movement on the economic front of the cold war if it accepted a system in which the smaller powers, and the U. S. S. R. itself, could control the use of western resources. This argument is debatable on two counts. It is better to risk providing the nations concerned with a sort of right of veto or a brake on the activities of a U. N. economic agency than to sow the seeds of grave economic rivalries, misallocation of resources, and social and international tensions by taking no initiative at all. Such would undoubtedly be the effects of the uncoordinated policies of nations which may all want to industrialize themselves without regard for the regional distribution of opportunities and the scarcity of investment funds. To resort to purely western initiatives made outside of the U. N. is to court failure, as the new nations fear colonialism in disguise and western cold war intentions. To wait for local initiatives is not very wise either. A study of existing economic agencies shows that, with the significant exception of the European coal and steel community and new continental European projects, American or British initiatives have been decisive.[46] The institution we suggest, which could be an irritating check on western policies, would also provide the West with a big and subtle channel for getting the main points of its policies across far better than through direct aid to a few selected allies; the dose of economic medicine administered to the peoples of underdeveloped areas through such an institution may be excessively sweetened in consequence of their objections, but it will still be administered to more.[47]

Furthermore, the opportunities that a U. N. agency might give to Soviet maneuvering are not greater than the opportunities the Soviets already have for exploiting nationalism and driving wedges between those nations closer to the West and the uncommitted ones. If the main Western Powers carry their hostility against the restraint exercised at their expense by the small nations so far that the more traditional emphasis on bilateral diplomacy and self-interest, narrowly defined, is preferred, then indeed Soviet strategy will have won. Bilateralism breeds separation, and further opportunities for political and economic conflicts. It allows the Soviets to outbid the West, or at least to drag the West into an endless bidding game. On the contrary, if the West did take the initiative in proposing a world agency on the lines we suggest, and if the Soviets refused to join in order to "go it alone," their own unilateral offers of aid would then become as politically suspect as western offers have sometimes become. The example of SUNFFD should be kept in mind. The Soviets, in the beginning, were as cool to the fund as were the western industrial nations. Strengthening an important area of the non-Communist world could hardly have been welcome to the Soviets; but in 1954 and 1955 they saw that they could exploit western reluctance at no cost to themselves, and they rallied to the underdeveloped nations' claim for a rapid establishment of a fund. Western reticence and insistence on priority for bilateral aid may prove to be a serious mistake. American opposition, at first, to close bonds between the proposed atoms-for-peace organization and the U. N., and the shift, between 1953 and 1954, from a revolutionary and truly supranational institution to a mere clearing house, can also be criticized on these grounds. The more rapidly the world moves out of the situation of bipolarity, the more useful it will be for the West to deal with the underdeveloped, uncommitted members of the "third force" through a world organization, where their moves and maneuvers can be more easily controlled than if they too enjoyed total freedom from international restraints.

Finally, it remains necessary to discuss the chances of success of regional or functional institutions sponsored by a U. N. agency of the kind we have suggested. The record of existing regional and functional organizations such as NATO, the Colombo plan, the OEEC, the European Coal and Steel Community, and the OAS, does not really answer the question, because most of them have not been launched for the purposes and in the conditions we have advocated. However, the main conclusions have to be taken into consideration. In the first place, outside of the Soviet bloc in which regionalism is an instrument of Soviet hegemony, there has been no political integration. In political matters, interstate cooperation remains the most one can expect. Secondly, the greatest measure of effective supranational integration has been achieved, ironically enough, in military alliances.[48] This is an ominous sign indeed, whose meaning can best be seen in connection with a third conclusion. The most successful nonmilitary organizations are those which are squarely based on their members' calculations that the common agencies will bring benefits to them as nations; the framework of expectations remains the nation-state, not the larger area served by the agencies. States are more willing to confess their military insufficiency than their economic and social weaknesses. When it is a question of welfare, not of survival, the urgency seems smaller. This explains why NATO has never been able to play the same role in economic and political matters as in military affairs.[49] The only relative exception to the last conclusion is Western Europe, for the reasons which were indicated above. It is no accident that the only area in which individuals may appeal, in case of a violation of their rights, to a supranational body is part of the territory covered by the Council of Europe; and even there the process is a slow and limited one.[50]

Thus, the precedents show a need for caution and realism. Many serious objections must be contemplated. First, there are obstacles to the very establishment of the institutions we have advocated. The most obvious one is, again, the cold war. How will it be possible even for a U. N. agency to convince the new uncommitted nations to harmonize their development plans, and, as it may appear necessary, to denationalize a part of their economic resources and policies, when they are encouraged to stick to the nation-state by Soviet strategy and may even receive Soviet help if they refuse to join Western-inspired arrangements? There is no doubt about the crippling effect Soviet policy could have; but this is not a reason to give up trying, since this is precisely what the Soviet Union would like to force the West into. Furthermore the atoms-for-peace case shows that the West disposes here of such a powerful lever that even the Soviet Union cannot afford to remain aloof and hostile—or else, as in the Marshall plan precedent, in spite of all her threats and baits, the nations which see the advantages of such common enterprises will join at great cost to Soviet prestige.

A second obstacle can be called the vicious circle. The new institutions cannot be created without the consent of, and, especially in case of U. N. sponsorship, without a controlling role for the recipient nations. Will they not therefore be able to veto, for nationalistic reasons, more ambitious plans of supranational development, and end up with nothing more than the more timid and traditional intergovernmental cooperation schemes, loaded with safeguards and rights of veto? This may well be. But even modest schemes are better than unbridled competitions, and additionally, insofar as most of the functional plans would depend on support from the industrialized nations of the West, the bargaining power of the latter should not be underrated. The needs of the underdeveloped nations are such that if they had to choose between the discomforts of isolation and the sacrifice of sovereignty involved in joint development projects, it should not be lightly assumed that they would prefer the first, unless the West couched its appeal too much in cold-war terms, or asked at the outset for too many sacrifices of sovereignty. The possible advent of a third industrial revolution should give to the Western nations, who have such an advance in atomic energy experience, a very powerful counter. The debates in the 1955 General Assembly on atoms-for-peace have shown that the underdeveloped nations are willing to accept and even to promote joint undertakings as an alternative to the Western tactics of bilateral agreements, which they resent.

A third obstacle could prevent either the establishment or the efficient functioning

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[45] See the concluding remarks of E. B. Haas, cited above, World Politics, January 1956.

[46] The contrast between the Colombo plan and the failure of the Simla Conference, where the initiative was left to the local leaders, is a case in point. See William Henderson, The Development of Regionalism in Southeast Asia, International Organization, IX, pp. 463–476.

[47] See Benjamin V. Cohen, The Impact of the United Nations on United States Foreign Policy, International Organization, V, pp. 274–281.

[48] The record of the European Coal and Steel Community, impressive as it is, does not rival NATO's and justifies Lincoln Gordon's question whether similar results could not have been reached without the apparatus of supranationality ("Myth and Reality in European Integration," Yale Review, September 1955 (vol. 45, No. 1), pp. 80–103).

[49] See on this subject Norman J. Padelford, Political Cooperation in the North Atlantic Community, International Organization, IX, pp. 353–365.

[50] In addition to trusteeship territories, of course, see P. Modinos, La Convention Européenne de Droits de l'Homme, Annaire Europeen, vol. I, The Hague, Martinus Nijhoff, 1955.

of the suggested institutions. Will not the basic political antagonisms between states paralyze these agencies? Will not, for instance, the fear that the members might have of each other's ambitions or power prevent any joint undertaking? Or will not the nation which has the greatest resources and skills, or whose economic development will appear to be the most necessary for the whole area's advance, seize these advantages and impose gradually its domination over the other members under the cloak of supranational arrangements? Here, again, one must recognize that the risk does exist and that such fears may either play a deterrent role or saddle the institutions with crippling provisions for balancing purposes. It would indeed be naive to expect these institutions to put an end to power politics. They would provide new channels, new restraints, and new fields of action for it. But it would be equally naive to expect, in the absence of any joint undertaking, that the effects of uneven distribution of power would not be felt. They cannot be eliminated; but they can be softened and used for the common good if adequate common mechanisms are established. Thus, this objection is, and should be, a cause for great caution in the establishment of new institutions,[51] but definitely not for inaction.

The last objections bear upon the effects such mechanisms, if they are successfully established, might be expected to produce. On the one hand, it is suggested that the decentralization of allegiance to which we have referred will not take place because the various states will still act as a screen between the individuals and the supranational bodies. State borders might lose their political significance, but their psychological effects will be preserved, and the states will have a vested interest in not allowing too big a transfer of loyalty to the new units.[52] On the other hand, one might say that even if the states did not insist on keeping their subjects' full allegiance, the transfer of loyalty to utilitarian, technocratic bureaucracies deprived of any contact with the peoples they work for is very unlikely indeed. There really is no easy refutation of this argument; the dreams of rational internationalists have been shattered more than once; there is little doubt that the splitting of loyalties can only be the result of a very long process, and that it will require a period of peace in which the state's prestige and resistance to encroachment on its powers can be eroded. Common economic interests have not prevented nationalist explosions; nor can the institutionalization of these interests be expected to suppress them. In most parts of the world, on the most elemental and vital problems, the nation-state will keep the final say. But this is not an argument against trying both to remove the greatest possible number of questions from the sacred zone of nationalism and sovereignty to the unglamorous sphere of international cooperation and to create such patterns that even when the last word remains with the state, this word will be in no small way conditioned by the state's commitments and by the growing habit of common action.

[51] Safeguards that make cooperation possible, even though it will be slow, are better than schemes which disintegrate because they were too bold. The failure of EDC shows how necessary it is to provide for common mechanisms which do not create, among the weaker members, fear lest the potential superiority of one of the partners will be accentuated by the process of integration.

[52] See Hans Morgenthau, Politics Among Nations, cited above, p. 500; contra Quincy Wright, International Organization and Peace, Western Political Quarterly, June 1955 (vol. 8, No. 2, p. 149). See also I. L. Claude's discussion in Swords Into Plowshares, cited above, pp. 382–387 and 400–402.

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If we state, then, what can be done, and compare it with what should be done, the prospects appear both modest and not at all hopeless. Far less can be done than the most ardent internationalists desire or sometimes expect. But somewhat more can be done than the spokesmen for reliance on "wise statesmanship" or on the manifestation of "perennial forces" seem to believe, and certainly quite a lot more should be tried.

The defenders and promoters of international organizations would have a much stronger case if they recognized frankly the two following limitations. First, there is no sudden mutation in world politics, and the forces that may some day break the crust of the nation-state can only be helped, not created, by international organization. This is why the basis of action remains the state, why the chances of truly supranational institutions, even limited to certain functions, are far smaller, in most parts of the world, than those of organs of international cooperation, why even ambitious supranational schemes might not operate very differently from these, and finally why in the new bodies power politics will continue. But this is not what matters. Power politics also survive in the internal affairs of any nation. What counts is the framework and the general direction of the process.

Secondly, the mushrooming of international institutions will not solve the fundamental issue of security.[53] They can be created on all sides of the big abysses that separate the nations and threaten world peace—the cold war, the colonial revolution; they cannot bridge the gaps. Here the balance of power between the superpowers, and between the crumbling empires and the rising new nations, are the decisive factors. The most international organization can do is to provide restraints on the superpowers and centers of cooperation between old and new nations after the colonial issue has been decided by force or by local agreements.

Once these limitations are accepted, the role of international organization should appear in its true light. Even if it were not much more than that of an amiable civilizer, it would still be a far bigger one than many challengers seem to suggest. They usually leave this role to traditional diplomacy. International organization as a fragile but still badly explored diplomatic method can, within its own limits, help the nations to transcend the limits of the nation-state.

[53] See Arnold Wolfers, cited above, and E. H. Carr, cited above, pp. 52–53.

## TOTALITARIANISM IN OPERATION

Mr. ERVIN. Mr. President, yesterday I pointed out that certain of the so-called civil rights bills are designed to deprive American citizens of the right of trial by jury. On March 7, 1957, the DeKalb New Era, of Decatur, Ga., printed an editorial in which it made the following observations:

Trial by jury is one of the basic foundations of our Government. On it rests many of the most precious things in our life as a Nation of free people. Take that away and we have lost something of great value, a priceless thing the loss of which will in time bring down upon us our saddest and most tragic hour. Take that away and we have destroyed something without which we can no longer live as a free people.

I share in full measure these views. For this reason, I ask unanimous consent that the editorial be printed in full following my remarks.

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

TOTALITARIANISM IN OPERATION

A strange and unheard of thing is taking place in this country, according to press articles.

The scene is laid in Clinton, Tenn., the same locality that has witnessed such violence in recent months. The school board was endeavoring to carry out the mandate of the Supreme Court and integrated its schools. Others in the town did all within their power to prevent integration. The board sought a court injunction to restrain this action. The case by all standards of State laws was to be tried before a jury.

But the Federal Government in the form of the Justice Department stepped in and has petitioned the court to strike the names of the plaintiffs (the school board) and substitute the name of the United States. If this is done under Federal laws the matter will be heard without a jury. Thus by this simple act the people of Clinton are faced with a case brought by their school board being heard and decided without a jury. For all intents and purposes trial by jury in this instance has been abolished.

Without considering the merits or demerits of the issues involved, but looking only to the action of the Department of Justice, the matter takes on all the appearances of what is going on behind the Iron Curtain. Trial by jury is one of the basic foundations of our Government. On it rests many of the most precious things in our life as a Nation of free people. Take that away and we have lost something of great value, a priceless thing the loss of which will in time bring down upon us our saddest and most tragic hour. Take that away and we have destroyed something without which we can no longer live as a free people.

Such a hideous thing is unheard of in this country except in the executive sessions of gangsters and their ilk. It is of the very essence of totalitarianism, of tyranny. It is the beginning of the end of freedom. Others in recent years have proposed enactments that would have given the Federal Government the right to try a citizen in a bailiwick of its own choosing, far removed from the home of his friends and neighbors. But nothing like this has ever been attempted. It presents to the American people a fearful possibility.

It is high time the people of this country begin to think seriously of what is taking place, of the perilous dangers cunningly injected into the most commonplace activities, of the slow creeping but ruthless usurpation of rights that are and that always have been inherently found in our principles of government. We have been repeatedly warned by those who know. In our complacency we have winked at these warnings, and scoffed at the idea of America losing her freedom. The hour gets late. Shadows grow more somber. The distant rumble of storms to come are clearly audible. If we are wise we will note these things and will get up ways and means to preserve for our children those good things that our fathers have passed on to us.

## VETERANS FACE HOUSING LOAN CRISIS

Mr. JAVITS. Mr. President, a serious crisis in housing for veterans exists. I have stacks of letters reading exactly like this:

I am a veteran that served in the Army from 1943–46. After my discharge I completed college and started working in industry. At the present time I have saved sufficient money to make a downpayment on a

house. However, I find that it is impossible to obtain a GI loan from any of the banks in this vicinity. I personally checked 12 banks and found them consistent in their refusal to accept a GI loan.

The opportunity for a VA-guaranteed mortgage loan is one of the great opportunities extended to our veterans. None of us I am sure would want to see one of the most valuable elements of the GI bill of rights wiped out by the inability of our system of government to meet its full intent. That this is, however, the case right now is shown by the fact that mortgage money on VA loans at 4½ percent has practically dried up. With competition for available funds of banks, insurance companies and other lenders very great for industrial improvement, consumer credit and other prime loans, with FHA loans at 5 percent and other Government-insured loans like those for the building of new ships yielding better than 5½ percent, not only are new loans hard to obtain but even existing house-purchase contracts cannot be closed. I am advised that in the Long Island area of New York alone: "Present mortgage commitments of local banking institutions amounting to well over $100 million must perforce be canceled if veterans are not allowed to compete realistically for mortgage funds. This means that less than one-half of the 20,000 projected units will be built on Long Island this year and the well-organized construction industry thrown into chaos."

As the money market has grown tighter, VA loan authorizations especially, and FHA loans, too, have taken a nosedive. Comparing January and February 1956 with January and February 1957, the percentage of the privately financed nonfarm housing starts financed by VA loans has gone down from about one-third to under one-sixth or by about 50 percent; while the number financed by FHA loans has also been cut 50 percent. Also, we have seen a catastrophic drop in the number of such housing starts from an average of about 75,000 in January and February 1956 to an average of 62,000 in January and February this year. Based on the February rate, aggregate housing starts for 1957 are at an 8-year low of 910,000—20 percent under the 1956 rate—and falling. February did not show any increase, while February 1956 showed an increase over January 1956 of 8 percent.

In my own State of New York, housing starts for 1956 were 21 percent under 1955, and are still falling.

Home construction accounts for about one-third of total construction, one-third more being in commercial construction, and the other one-third in public construction. But the housing one-third, automatically regulating, as it does, demands for autos, appliances, home furnishings, and many other items, is a key factor in the continuance of prosperous economic conditions.

The real and present danger to the whole economy of this dramatic diminution in the rate of housing construction—apparently heavily attributable to the collapse of the VA housing-loan program—is real, clear, and immediate.

It is our duty to waste no time about doing what we can to reverse the trend. The Subcommittee on Housing of the Banking and Currency Committee is holding hearings currently on this vexing subject. We are told that the way to deal with the situation is to raise the interest rate on VA loans from 4½ to 5 percent, and that is, indeed, the principal recommendation of the administration. In addition, a reduction in downpayments on FHA-loan housing is also recommended. But the problem is that competition is for the supply of money, and if VA loans are going to be entered unaided in that race there is no assurance whatever that the veterans will come out all right. Indeed, the evidence is all the other way.

A report of the Housing Committee on Veterans' Affairs, dated January 15, 1957, commenting on the increase in interest rate on VA loans from 4 to 4½ percent in 1953, states: "It is still questionable today that the increase in the interest rate from 4 to 4½ percent created a greater participation in the program, because almost immediately after the increase the lenders introduced the discount practice on veterans' loans." The discount has in effect increased the interest rate on VA loans to 5 percent or more right now, for discounts vary in the principal centers of the country on these VA loans between 5 and 8 points. For this purpose, I am submitting a chart from the magazine House and Home, of March 1957. A 4-point discount would yield a return approximately the equivalent of one-half percent interest rate.

The basic problem appears to be far more the inadequacy in the funds available for guaranteeing home loans rather than in the interest rate. Indeed, it should be our long-range interest, considering the productivity and security of a country and our determined fight against inflation, to prevent interest rates from running away.

Accordingly I urge upon my colleagues realistically meeting this emergency by increasing the funds available for VA-guaranteed home-loan mortgage lending. This can be done, first, by enactment of the Johnson bill of which I am a cosponsor which will provide $1,300,000,000—1 billion 300 million—of additional money for direct loans at the 4½-percent rate, being 25 percent of the National Service Life Insurance Fund—the veterans' own reserves. Before an interest-rate increase can be justified, this must be tried. Second, legislation to allow certification of FHA- and VA-guaranteed mortgages. This is analogous to participation in mutual-fund investment. Such certificates may be available readily for sale—without responsibilities of servicing—to the private pension and retirement funds of the country with assets in excess of $20 billion which are growing at the rate of $4 billion a year. These are the reserves and trust funds of millions of American workers and should certainly be put to work in big part to meet a housing emergency involving millions of Americans, particularly veterans. Especially when such investments are perfectly safe in Government-guaranteed obligations and can earn more than is paid on stocks bought at current prices in which these funds are now so heavily invested.

The urgency is very great; frustration and dismay face millions of prospective homeowners, including veterans, and a grave threat is growing to our economic stability. Congress has it within its own power to act decisively to deal with the situation, directly to have a beneficent effect upon the whole economy and to stop the trend which could be disastrous and which is so clearly apparent today. I hope very much that the Senate committee in charge will act decisively and quickly, for time is very much of the essence.

Mr. President, I ask that the chart from the magazine House and Home be printed at this point in the RECORD.

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

MILWAUKEE FIRM TO INSURE MORTGAGES AT LESS THAN HALF FHA RATE

Best evidence yet that FHA is charging too much for its mortgage insurance came last month from Milwaukee.

Mortgage Guaranty Insurance Corp., 704 W. Wisconsin Avenue, announced plans to offer private mortgage insurance for less than half what FHA charges.

FHA collects a straight ½ percent per year on declining mortgage balances (and has piled up $313 million section 203 reserves in 22 years of doing so). The Milwaukee firm will charge ½ percent the first year, but only ¼ percent on the declining balance thereafter. Alternatively, and 25 percent cheaper still, it will offer a single premium to cover the first 10 years of a loan (almost the entire risky portion). Rates will range from 1¼ percent to 2 percent, depending on the length of amortization.

The plan was still subject to approval by Wisconsin's State insurance department when this was written. But Milwaukee sources expected no opposition, Mortgage Guaranty having assured two apprehensive title companies that it did not plan to jump into the title business through the back door.

Board chairman Max H. Karl, who is a member of the Milwaukee law firm of Frank, Karl & Bessman, expects to expand the plan gradually from Wisconsin to other States. Ultimately, he hopes to operate in all States but New York, which has a law against private mortgage guaranty firms. Mortgage Guaranty has an authorized capitalization of $500,000. Karl says the minimum requirement of $250,000 has been raised.

The company will insure first mortgages subject to these requirements and ceilings:

Twenty-five thousand dollars loan up to 25 years.

Must be amortized.

One- to four-family nonfarm residential property, owner-occupied.

Eighty percent of value as per appraisal acceptable to the company.

Satisfactory credit report.

Mortgage Guaranty's plan will contrast sharply with FHA's redtape and centralized (e. g., bureaucratic) control. Items:

1. There will be no interest limits.

2. Credit reports will be farmed out—to rating firms acceptable to the insurer.

3. A master insurance policy will eliminate need for the company to sign individual mortgage notes.

4. If the mortgage on a property is foreclosed, Mortgage Guaranty will waive any claim against the borrower if the sale of the property brings less than the loan balance.

*Mortgage market quotations (sale by originating mortgagee, who retains servicing) as reported to House & Home the week ending Feb. 8*

| City | FHA 5s (sec. 203) (b) | | | | | | VA 4½s | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Minimum down [1] 30 year | | Minimum down [1] 25 year | | 25 year, 10 percent down | | 30 year, 2 percent down | | 25 year, 5 percent down | | 25 year, 10 percent down or more | |
| | Immediate | Future | Immediate | Future | Immediate | Future | Immediate | Future | Immediate | Future | Immediate | Future |
| Boston local | [2] 101 | [2] 101 | [2] 101 | [2] 101 | [2] 101 | [2] 101 | ([3] [4]) | ([3] [4]) | ([3] [4]) | ([3] [4]) | ([3] [4]) | ([3] [4]) |
| Out-of-State | 94 | ([3]) | 95–96 | ([3]) | 95–96 | ([3]) | 91 | ([3]) | 92 | ([3]) | ([3]) | ([3]) |
| Chicago | [5] 97½–98 | [5] 97½–98 | [5] 98 | [5] 98 | [5] 98 | [5] 98 | [5] [6] 93–95 | [5] [6] 93–95 | [5] [6] 93–95 | [5] [6] 93–95 | [5] [6] 93–95 | [5] [6] 93–95 |
| Cleveland | 97–98 | 96–97 | 98–99 | 97–98 | 98–99 | 97–98 | ([3] [7]) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) |
| Denver | 97–98 | 97–98 | 97–98 | 97–98 | 97–98 | 97–98 | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) |
| Detroit | 97–98 | 97 | 98–99 | 98 | 98–99 | 98 | 93–94 | 93 | 94–95 | 94 | 94½–95½ | 94½ |
| Houston | [7] 96 | ([3]) | 96½–97 | ([3]) | [5] 97–97½ | ([3]) | 91 | ([3]) | 91½ | ([3]) | 92½ | ([3]) |
| Jacksonville | 97–98 | ([3]) | 97–98 | ([3]) | 97–98 | ([3]) | 90–92 | ([3]) | 90–92 | ([3]) | 90–92 | ([3]) |
| New York | [2] 99 | [2] 99 | [2] 99 | [2] 99 | [2] 99 | [2] 99 | [5] 95–96 | [5] 95–96 | 95–96 | 95–96 | [5] 95–96 | [5] 95–96 |
| Philadelphia | 98 | ([3]) | 98 | ([3]) | 98 | ([3]) | [5] [7] 93 | ([3]) | 93 | ([3]) | 93 | ([3]) |
| San Francisco | ([3]) | 95 | ([3]) | 95 | ([3]) | 95 | 91–91½ | 89–91 | 91–91½ | 89–91 | 91–91½ | 89–91 |
| Washington | 97½ | 97 | 97½ | 97 | 97½ | 97 | 92 | ([3]) | 92 | ([3]) | 92 | ([3]) |

[1] 7 percent down on 1st $9,000.
[2] Par.
[3] No activity.
[4] A few loans at par for public relations effect.
[5] Very limited market.
[6] No project market; only individual houses.
[7] Only market FNMA.

Sources: Boston, Robert M. Morgan, vice president, Boston Five Cents Saving; Bank; Chicago, Murray Walbach, Jr., vice president, Draper & Kramer, Inc.' Cleveland, William T. Doyle, vice president, Jay F. Zook, Inc.; Denver, C. A. Bacon, vice president, Mortgage Investments Co.; Detroit, Stanley M. Earp, president, Citizens Mortgage Corp.; Houston, Everett Mattson, vice president, T. J. Bettes Co.; Jacksonville, John D. Yates, vice president, Stockton, Whatley, Davin & Co.; New York, John Halperin, president, J. Halperin & Co ; Philadelphia, Laurence J. Stabler, vice president, W. A. Clarke Mortgage Co.; San Francisco, M. V. O'Hearn, vice president, Bankers Mortgage Company of California; Washington, D. C., Hector Hollister, vice president, Frederick W. Berens, Inc.

NOTE.—Immediate covers loans for delivery up to 3 months; future covers loans for delivery in 3 to 12 months. Quotations refer to prices in metropolitan areas; discounts may run slightly higher in surrounding small towns or rural zones. Quotations refer to houses of typical average local quality witu respect to design, location, and construction.

NEW YORK WHOLESALE MORTGAGE MARKET

Prices on the open wholesale market in New York City, for out-of-State loans, as reported the week ending Feb. 8 by Thomas P. Coogan, president, Housing Securities, Inc.:

VA and FHA 4½s (minimum down, 25 or 30 years):
Immediates 91–93
Futures 90–93

FHA 5s (minimum down, 25 or 30 years):
Immediates 95–96
Futures 94–95

NOTE.—Prices are net to originating mortgage broker (not necessarily net to builder) and usually include concessions made by servicing agencies.

FNMA PRICES, EFFECTIVE JAN. 30, 1957

For immediate purchase. Subject to ½ point purchasing and marketing fee and 2 percent stock purchase. Mortgage ratios involve outstanding balance of loan to (1) purchase price (excluding closing costs) or (2) FHA or VA valuation—whichever is less. FHA prices cover secs. 203b, 203i, 222, and 213 individual mortgages.

| States | Loan to value ratios | | | | | |
|---|---|---|---|---|---|---|
| | FHA 5's | | FHA 4½'s | | VA 4½'s | |
| | 90 percent or less | Over 90 percent | 90 percent or less | Over 90 percent | 90 percent or less | Over 90 percent |
| Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont | 99½ | 99 | 95½ | 95 | 95½ | 95 |
| Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania | 99 | 98½ | 95 | 94½ | 95 | 94½ |
| Alabama, Arkansas, Colorado, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Minnesota, Mississippi, Missouri, Nebraska, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Virginia, Washington, Wisconsin, Puerto Rico | 98½ | 98 | 94½ | 94 | 94½ | 94 |
| Arizona, California, Idaho, Kansas, Louisiana, Michigan, Montana, Nevada, New Mexico, Utah, West Virginia, Wyoming, Hawaii, Virgin Islands | 98 | 97½ | 94 | 93½ | 94 | 93½ |

NOTE.—If remaining term of an FHA sec. 213 individual mortgage exceeds 30 years, the price shown is reduced by ½ percent for each 5-year period (or part thereof) above 30 years.

## ORDER OF BUSINESS

Mr. MORSE. Mr. President, I have a series of insertions for the RECORD which, under the 3-minute rule, would take me 12 minutes, since I desire to make introductory comments on them.

I ask unanimous consent that I may speak for 12 minutes.

The PRESIDENT pro tempore. Is there objection?

Mr. YOUNG. Mr. President, reserving the right to object, will the Senator yield to me for half a minute?

Mr. MORSE. I am perfectly willing to wait until all the other insertions have been made.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request of the Senator from Oregon? The Chair hears none, and the Senator from Oregon may proceed.

Mr. MORSE. Now the Senator from North Dakota may proceed. I am waiting for the other insertions to be made.

(Mr. YOUNG, on behalf of Mr. LANGER, asked and obtained leave to have certain telegrams printed in the RECORD, which appear under the proper heading when the Senate resumed the consideration of S. 1451.)

## DISTRICT OF COLUMBIA SCHOOL LUNCHES

Mr. HUMPHREY. Mr. President, I am sure many of my colleagues were as shocked as I was to read in the Sunday Washington Post that youngsters were going hungry in the Nation's Capital—and yet there is no school-lunch program in the District's schools.

It is incredible that in a country of our abundance, children should be neglected within the shadow of the very Chamber where we are gathered.

We have provided for making our surplus food available throughout the Nation and throughout the world to combat hunger, yet we find it existing in our own backyard.

We have school-lunch programs, welfare surplus distribution programs, special milk programs—yet Washington, D. C., children are left out.

Why?

That question must be answered, and answered at once.

Must the District of Columbia be penalized just because it lacks the stature of a State, or lacks self-government?

Mr. President, I ask that the chairmen of both the District of Columbia Committee and the Senate Committee on Agriculture, the latter committee having developed these distribution programs, immediately undertake a thorough joint investigation of this intolerable situation, with the objective of seeing that the District participates fully in these food-distribution programs helping to alleviate human suffering elsewhere.

We cannot hold up our heads if we do any less.

Mr. President, I ask unanimous consent that the rather appalling and pathetic article to which I have referred be printed in the RECORD at this point as a part of my remarks.

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

HUNGER STALKS CHILDREN IN SOUTHWEST AS VOLUNTEERS PLEAD FOR FOOD

(By Eve Edstrom)

Hunger haunts the young in Southwest Washington.

It is no ghost. It can be seen at every step.

It is in the listless body of the 4-year-old whose head and hands droop forward after he delivers his mother's note which says:

"Could you lend me two car tokens to go to the welfare?"

It is in the pinched, pale face of the 7-year-old who clutches a pound of butter under his coat—and runs.

And it is in the none-of-your-business attitude of the 11-year-old who, in desperation, was asked: "How, how can you be reached?"

"Fear or cookies—that's how you'll reach me," he replied.

"And that seems to be the way many of the children feel—scare me or feed me," says Miss Jule Bouchard, director of Barney Neighborhood House, a Red Feather settlement in the heart of the redevelopment area at 470 N Street SW.

To a handful of volunteers able to feed only a handful of these children, it is "incredible" that the District has no hot lunch program for its elementary school children and is making no use of available surplus food for families on relief.

This was pointed out last week in a letter to School Superintendent Hobart M. Corning. One of the volunteers, Mrs. Lawrence S. Lesser, wrote:

"With all the surplus food that is being sent abroad (and I agree that it should be) it seems all the more wicked and incredible that in the shadow of the Nation's Capitol young children should find it necessary to be out at night scavenging in garbage pails for food * * * This situation could be partially alleviated if these children received at least one adequate meal a day."

How much does just one meal mean to an elementary school child?

Nine-year-old Johnny, who is one of a family of 15, can answer that—just by his actions.

Johnny was enrolled in a school near Barney and was selected for its limited hot-lunch program in December. His family moved out of the area and Johnny was sent to another school 16 blocks away.

Daily he trudged the 32 blocks to and from Barney to get his lunch.

"We couldn't turn him away but he couldn't continue to walk that distance, particularly during the cold, winter months," Miss Bouchard said.

DAILY FOOD DOLE

One of the volunteers agreed to donate a monthly check so that Johnny could purchase his lunch nearer to his school. His teacher gave him the money each day to buy a hot lunch served at an adjacent junior high school.

This arrangement worked well—until 12:45 p. m. Tuesday when Johnny was back on Barney's doorstep.

He didn't ask for food. He looked at his feet as he said:

"We had another teacher today and she didn't know."

"We'll take him back to school and explain what happened," Miss Bouchard said, "but you see that is the only place he knows of to get food."

Barney is only able to feed 20 to 25 children like Johnny each noon.

"Several of the children we serve are in ungraded classes," Mrs. Lesser pointed out to Corning. "Others are hovering on the verge of TB or have serious heart conditions or nervous disorders.

"Also, although it is difficult to prove, we feel that there must be a correlation between malnutrition and the large incidence of juvenile delinquency among the older children in these families."

MALNUTRITION ESTABLISHED

The malnourishment of these children is an established fact.

"We get any number of malnourished children who come to us because they are complaining of stomach aches," says Dr. John R. Pate, of the Southwest Health Center.

"The stomach aches don't come from a lot of something in their stomachs. They come from a lot of nothing.

"I've just seen a 9-year-old who weighs 35 pounds * * * but that weight doesn't tell the story. We have two boys who come here, both are 14. One weighs 72 pounds, the other weighs 176 pounds. Both are malnourished."

Blackened teeth, pinched faces, bloated stomachs are the outward signs of ill health seen in Southwest's children.

The inward scars leveled by family living in Southwest also are discernible. They are shown:

In the frightened eyes of the child who doesn't take his clothes off at night because he never knows when he must run from his drunken father.

In the sobs of the little girl of normal intelligence who lives with a babbling idiot of a mother.

In the disturbed behavior of the two children who saw their father stab their mother.

The story of Southwest's problem families are known to many. It is one of the reasons why United Community Services wants to work hand-in-hand with the housing redevelopers on a pilot project in human redevelopment.

But as Miss Bouchard points out, before positive work can be done with these families, they must have food.

It was because of Miss Bouchard's concern over the lackadaisical attitude of a number of Barney children that the settlement house's board of trustees agreed that an attempt should be made to feed them.

"The children couldn't concentrate because they were hungry," she said. "The lack of food has a direct relationship on their behavior and on their performance in school."

A few trustees put up money to buy food. A volunteer, Mrs. John F. Davis, 4704 River Road NW., corralled her friends to prepare the food and serve the lunch.

NO PLACE FOR LUNCH

Mrs. Davis' interest stemmed from her attempts to buy lunches for some of the children but she found there was no place to get a good lunch near the school.

Only a couple of Mrs. Davis' friends, who serve lunch at Barney, live in the District. The majority are from suburbia, either Montgomery County or Arlington, where they know the worth of a school lunch program in elementary schools even for the advantaged child. Hot lunches are part-and-parcel of the elementary school programs throughout Maryland and Virginia.

It took only a few weeks for the women to spot the gaping holes in both school and welfare services to the District's less fortunate children.

They exploded the school administrative theory that elementary school children don't need lunch programs because the schools are in the neighborhood where the children live and they can go home to eat.

"In a number of areas," Mrs. Lesser pointed out, "many of the mothers of these children are either employed during the day or are on relief."

YOUNGSTERS GO WITHOUT

"The result is that the younger schoolchildren in these families get no lunch whatsoever, either because there is no one at home to prepare it, or because with the less-than-minimum subsistence allowed under the relief budget, there is no food available."

It is not only Washington's inadequate relief program but its inexplicable regulations, the women found, that makes the need for a school-lunch program most acute.

"It is very well to state people should help themselves," Elizabeth Gorlich, a social worker in the neighborhood, notes, "but relief families are penalized when they do.

"Just down the street from Barney is a teen-ager who got a job, delivering newspapers. But when he learned a portion of his earnings was going to be deducted from his mother's relief grant, he said: 'What's the use?' and gave up his newspaper route."

The fact that families cannot supplement their meager grants without suffering deductions has given rise to the term "grocery bag baby" in Washington.

This stems from the fact that some mothers establish unwholesome relationships with men to help buy the family groceries. When a new baby appears in the household, mother and her children then are cut off from relief.

"You can say that mama shouldn't do what she is doing, but who can say that children should suffer for it?" Barney workers say.

Barney's board of directors has observed that these families could supplement their diet if the District would take advantage of surplus food distributed by the Agricultural Marketing Service.

Thirty-nine States have contracts with the Department of Agriculture to obtain this food. Many cities, such as Philadelphia, Pittsburgh, New York and Detroit, give food grants along with money grants to families in need.

Such a proposal, Welfare Director Gerard M. Shea reports, has been forwarded to the District Commissioners. Action on it has been delayed, he said, pending completion of a total review of the District's relief policies.

The Welfare Department also is pushing for legislation which would grant it authority to give emergency assistance to families whose breadwinner is ablebodied but temporarily unemployed.

"These families, who qualify for no relief of any kind in the city, are the worst off," states Miss Bouchard.

The task of getting food to these children, states Mrs. Lesser in her letter to School Superintendent Corning, "is not and should not be" a problem for private charities.

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

Mr. HUMPHREY. I yield.

Mr. MORSE. I am glad the Senator has raised the question. Let me say, as chairman of the Public Welfare Subcommittee of the Senate Committee on the

District of Columbia, that I had planned to hold hearings on this very subject. In view of the fact that it is basically a District of Columbia matter, I think it ought to be left with the subcommittee of the Committee on the District of Columbia. We would be delighted to have any member of the Committee on Agriculture and Forestry join with us in an advisory and consultative capacity, but I think it is a subject which should be handled within the jurisdiction of my subcommittee. I can assure the Senator that it will be handled.

Mr. HUMPHREY. Inasmuch as the Senator from Oregon has already indicated his intention to hold an inquiry relating to this subject, I know that it will be given first-class and very careful treatment. I shall look forward to visiting the subcommittee hearings.

Mr. MORSE. I should like to have the Senator to sit with me.

Mr. HUMPHREY. That would be agreeable to me.

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## OVERHAUL NEEDED FOR DEPARTMENT OF THE INTERIOR TIMBER SALES PROGRAMS

Mr. MORSE. Mr. President, on various occasions I have called attention to situations concerning which I thought that the press has erred in reporting the facts, and it always pleases me whenever I see the facts faithfully reported by the press.

PRESS EXPOSES MANAGEMENT

On February 3, A. Robert Smith, a reporter for several Oregon newspapers, ran a story under his byline which indicated that a private consultant for the Bureau of Land Management had told that agency that they had lost $5 million as a result of their sales practices. Smith faithfully reported the facts, and, so far as I can determine, the Oregon newspapers carried his story as he wrote it.

I ask unanimous consent that Mr. Smith's story be printed in the RECORD at this point as a part of my remarks.

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

EXHIBIT 1

[From the Eugene (Oreg.) Register-Guard of February 3, 1957]

LIMITED O. AND C. BIDS CAUSE INCOME LOSS

(By A. Robert Smith)

WASHINGTON.—Oregon's O. and C. counties and their taxpaying residents have lost some $5,000,000 in timber revenues during the past 3 fiscal years because of limited competition in O. and C. timber sales.

This is the estimate of a private forestry specialist, Paul F. Graves, in a report to the Bureau of Land Management on the effectiveness of marketing area restrictions. His conclusion, that marketing area lines should be eliminated, is that these long-time restrictions have contributed to the limited competition and thereby have reduced revenue which goes into county treasuries from O. and C. timber sales.

The BLM has yet to decide whether it will follow Graves' recommendation. The Bureau, however, has set a hearing in Portland on March 1 on marketing areas. A similar hearing last April on the question of abolishing marketing restrictions on salvage timber drew a wide variation of views. The restrictions, however, were removed.

Graves, who is a professor of forest management at Syracuse University, last summer made a 2-month study for the BLM of marketing area restrictions in Oregon. His purpose was to determine the extent to which marketing areas have served their purpose of contributing to the stability of communities.

Marketing area restrictions have been in effect on O. and C. timber since 1948, in order to limit sales to mills which will do the primary processing of logs within the area in which they are cut. The Senate Interior Committee, after long hearings on timber sales policies last year, recommended the abolishing of restrictions.

Graves' report, which hasn't been made public but has been obtained by this reporter, pointed out that BLM sales have averaged only about half as many bidders per sale during the past 2 years as have Forest Service sales in the same general communities. Both types of sales have been almost wholly by oral auction. The Forest Service does not impose marketing area restrictions. Graves added that sale prices for timber have on the average increased consistently with the number of bidders.

In his analysis, Graves found that, in the absence of good competition in bidding for O. and C. timber, the taxpayers have lost substantial potential income from the harvest of Federal timber. O. and C. counties divided up 75 percent of all revenue from O. and C. timber sales, although now they are putting roughly a third of their revenue into building access roads.

Graves reported that if there had been an average of three bidders per sale during the past 3 years, the increase in total revenue would have been $5,885,211, of which $4,413,909 would have gone to the counties. With more than three bidders, the total would have been $7,656,908, with the counties' share $5,742,681.

Graves contended, therefore, that by restricting competition below three bidders per sale, marketing areas may have been responsible for the counties' losing about $1.5 million annually.

He said that, in all probability, reduced timber sale prices have resulted in either higher earnings for company executives and corporate balance sheets, or have served to protect and subsidize inefficiency within the mills that have benefited from the cheaper stumpage.

Moreover, Graves reported, he found no evidence of millworkers being paid higher wages by mills obtaining cheaper timber, or of such mills taking steps to assure continuity of wood supply and stability of operations for the benefit of the community's future economic well-being.

Graves said he found that the heaviest impact of potential revenue loss occurred in the south coast, Rickreall and Santiam master units, and in marketing areas where there have been the highest percentages of single bidder sales. He noted that a number of mill operators in these areas have been strongly in favor of continuing marketing restrictions.

In the south coast area in 1956, he said, sales that went to single bidders averaged about $17 per thousand board feet less than those that involved competitive bidding among more than three bidders. The figures for the 2 previous years, he estimated, were nearly $15 for 1955 and $7 for 1954.

Graves suggested, furthermore, that virtually all timber sold in western Oregon, whether by the Forest Service or BLM, is processed in nearby mills. He said all of the 4 billion board feet of Federal timber sold by both forestry agencies in this area during the past 3 years, in sales where competition was provided by several bidders, was purchased by operators located within 65 miles of the timber.

By Graves' estimate, Lane County would have received approximately $750,000 more in the past 3 years from O. & C. timber sale receipts. Lane in 1956 received $1,837,619, and in 1955 $1,315,480.

Mr. MORSE. On February 19 the Department of the Interior issued a press release stating that its consultant's report refutes these stories in the press.

I ask unanimous consent that the press release of the Department of the Interior be printed in the RECORD at this point as a part of my remarks.

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

EXHIBIT 2

1954–56 SALES OF O. AND C. TIMBER $15.7 MILLION ABOVE OTHER FEDERAL PRICES

Timber sales from Oregon and California railroad revested lands in western Oregon averaged $9 per thousand board-feet more than prices paid for other Federal timber of like quality in the same general area and period, according to an independent study made by Prof. Paul F. Graves, of the New York College of Forestry.

The Graves report on comparative marketing prices in the timber-rich O. and C. lands was released today by the Bureau of Land Management of the Department of the Interior. It refutes published statements to the effect that marketing procedures for O. and C. timber might have cost the 18 O. and C. counties potential additional revenues.

The official tabulation shows that BLM timber sales during the past 3 years were worth $54.9 million to the counties and the Federal Government, BLM Director Edward Woozley said, "whereas, if we had sold the same volume of timber at the lower prices that were paid for other Federal timber during the 3-year study period it would have brought $15.7 million less than the amount actually realized."

A primary purpose of the Graves study was to help determine the advisability of holding a public hearing on proposed abolishment of O. and C. marketing area restrictions.

The hearing is scheduled for March 1, 1957, in Portland, Oreg.

The regulations governing the 12 marketing areas require that O. and C. timber must be manufactured in the immediate area of its origin.

The Graves report compares O. and C. timber prices and prices paid for other Federal timber in the O. and C. area.

The tables show that annual price averages of O. and C. timber during the study period were $19.02, $29.56, and $38.69 with an overall average exceeding $29 per thousand board-feet. For other Federal timber in the same general area the annual averages were $11.73, $15.88, and $32.58 with a general average of about $20 per thousand board-feet. The study period covered fiscal years 1954, 1955, and 1956 for BLM sales, and the calendar years covering approximately the same period for other Federal agencies.

Woozley said that more access roads have been built, more salvage timber harvested, higher salaries paid, more advice has been sought from local advisory boards, and more cooperation given county governments since 1953 than has been true during any other administration.

He pointed out that both the access-road regulations and area marketing restrictions were established prior to 1951 and that the road regulations have been revised since 1953.

Mr. MORSE. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks, as exhibits 3 and 4 a subsequent article in the Medford Mail

Tribune and an excellent editorial from the Eugene Register-Guard.

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

EXHIBIT 3

[From the Medford Mail Tribune of February 28, 1957]

"PAPA KNOWS BEST" ATTITUDE DISPLAYED BY BLM IN HANDLING MARKETING OF O. AND C. TIMBER

(By A. Robert Smith)

WASHINGTON.—The Bureau of Land Management has just displayed what a House investigating subcommittee was talking about when it said that too many agencies have adopted a "papa knows best" attitude in keeping legitimate information concerning public issues from the public at large.

BLM has now made public a report prepared by a private forest expert, Paul F. Graves, but the manner in which it did so bears describing as an illustration of the heart of the problem raised by the tendency of Government officials to clamp a tight lid on any information that will not reflect favorably on their agencies.

The Graves report is critical of BLM's long-standing policy of imposing marketing restrictions on the Federal timber it puts up for bid on western Oregon's O. and C. lands. Its most sensational conclusion is that these restrictions have limited competition, thereby reducing bid prices for O. and C. timber and in turn causing the 18 O. and C. counties that share timber revenues to lose in the neighborhood of $5 million over a 3-year period.

Professor Graves, of Syracuse University, studied the O. and C. situation for 2 months last summer, then submitted his carefully documented report in October. The report was held in confidence by Bureau officials who relished not the thought of the commotion it might stir up in behalf of changes in BLM policies.

BLM had hired Professor Graves to make the report because of pressure from Congress, for the Senate Interior Committee last summer concluded a long study of Federal timber sale policies with a recommendation that marketing area restrictions be reconsidered. The committee requested that BLM study the problem and report back on whether it would continue or erase marketing areas, and the reasons why.

Some weeks ago BLM announced it would hold a public hearing in Portland March 1 to let the issue be debated. But, according to informed sources, BLM had no intention of disclosing the contents of the Graves report prior to that hearing. Obviously, it would provide the most lethal ammunition for opponents of BLM policy.

Meanwhile, a newspaper reporter gained access to the contents of the report, and his story in this newspaper made headlines over the finding that the counties were losing money due to BLM's restrictions on free competition for timber.

BLM acted with typical "papa knows best" form. Off its mimeographed machines came a press release purporting to describe what was in the Graves report—yet it didn't even hint that Graves had been critical of marketing restrictions or had recommended their demise. BLM's press release, indeed, ignored the entire 115-page narrative in which Professor Graves first describes O. and C. timber sale practices and their economic effect on local lumbering communities and then reaches his conclusions that they should be changed.

In an effort to distract attention from this conclusion, BLM dug deep into the appendix to find statistics in a set of tables from which it concluded that BLM sale prices were about $9 per thousand board feet more than those received by the Forest Service in the same general area. BLM argued that it would have received $15.7 million less than it did in the 3-year study period if it had followed practices of the Forest Service, which does not impose marketing limits.

STATEMENTS REFUTED

Candidly admitting the purpose of its press release, BLM then claimed this refutes published statements to the effect that marketing procedures for O. and C. timber might have cost the 18 O. and C. counties potential additional revenue. BLM sought to give the impression that its conclusion was the kernel of the Graves report, when in fact the professor didn't even discuss it.

In any event, deliberately distorted as it was, this representation compelled BLM to make public the report it would have preferred to sit on as though it had an inalienable right to decide what facts of Government should be withheld from public scrutiny.

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EXHIBIT 4

[From the Eugene (Oreg.) Register Guard of February 27, 1957]

BLM SMOKE SCREEN ON MARKET AREAS

The Bureau of Land Management has someone on its staff who can add apples to oranges and come up with a smoke screen.

The Bureau, in relating a study of O. and C. marketing areas made last summer by Paul Graves, of Syracuse University, attempted to refute an earlier report in which Graves estimated the marketing restrictions on timber had cost the 18 O. and C. counties some $5 million in the last 3 years. The story the Bureau tried to refute was carried by this paper 2 weeks before the Graves report was released. It was written by A. Robert Smith, our Washington correspondent. It quoted Graves' findings accurately.

The BLM's version is that its timber drew an average of $9 a thousand board feet more during the last 3 years than timber from the national forests. This is true, but it doesn't take into account the basic differences in timber quality, accessibility, appraisal methods and all the other factors involved in the sale of public timber.

And, it skirts completely the question of competition. With the same figures used by the BLM it is possible to show that there is greater competition for national forest timber. BLM timber in western Oregon in 1956 was appraised at an average price of $26.41. It was purchased for an average of $38.69—an increase of 46 percent over the appraisal.

National forest timber was appraised at an average of $18.21. It was purchased for an average of $32.58 from the five national forests in western Oregon. The increase of bid over appraisal was 78 percent.

In view of the hearing Friday in Portland on marketing areas, we feel that it is important to challenge the Bureau's attempt to minimize one section of an impartial report which it initiated.

We do not, however, feel that what happened in the last 3 years, whether the counties lost money or not, is the question at issue.

The question is whether the marketing areas are, today, serving any useful purpose. Graves says they are not.

Since the only official press release on the Graves report was concerned with an attempt to cast a smoke screen before the public, we trust there is no significance in the fact that that same press release failed to mention a single one of Graves' findings.

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DEPARTMENT OF THE INTERIOR TRIES TO WIGGLE OUT

Mr. MORSE. Mr. President, the reporter's story was 100 percent factual and correct. In fact, it contains the verbatim language of the consultant's report. With a remarkable disregard for the truth, the Department of the Interior has endeavored to discredit this reporter's story. The Department in its press release puts words in the mouth of their consultant which he never uttered.

DEPARTMENT OF THE INTERIOR DISTORTS FACTS

I do not wish to burden the record with the full 120-page report of the consultant of the Bureau of Land Management, but I do want to discuss a few points in that report.

The Department hired a Prof. Paul F. Graves, of the New York State College of Forestry, and I shall cite statements by Professor Graves and by the Department of Interior to show how they distorted his report.

The press release of the Department says that "a primary purpose of the Graves study was to help determine the advisability of holding a public hearing on proposed abolishment of marketing areas."

Graves states in his report that the study "was to be a basic review and anlysis of the whole question of O. and C. marketing areas." He says he was to ascertain "whether changes in the marketing-area system might be needed," and he studied "the extent to which the existing timber-using mills and communities are dependent upon O. and C. timber." He considered "whether mills and communities would be adversely or favorably affected by changes in or elimination of the marketing areas." Finally, he studied "the effectiveness of administration of the Bureau of Land Management program in relation to marketing areas."

Professor Graves recommended that "marketing areas be abolished in their entirety," but this is not cited in the self-serving press release of the Department of the Interior.

INTERIOR UNJUSTLY POINTS FINGER AT OTHER FEDERAL AGENCIES

Far more serious than this omission and distortion is the Department statement that "Timber sales from the Oregon and California revested lands in western Oregon averaged $9 per thousand feet more than prices paid for other Federal timber of like quality in the same general area and period, according to an independent study made by Prof. Paul F. Graves, of the New York College of Forestry."

I gave this consultant's report to a member of my staff and asked him to find this statement. He could not. I looked the report over myself and I could not find it. The Department of Interior distorted the report and in so doing they attempt to cast a reflection upon the abilities of other Federal timber-selling agencies.

What did Professor Graves tell the Bureau of Land Management? He said that when there were three or more bidders for BLM timber sale, they got more revenue than when there was only one bidder. He pointedly, and with good reason, declined to compare BLM prices with Forest Service prices because they are not comparable.

The Bureau of Land Management sells its timber on a lump-sum basis. If a sale estimated at 1 million board-feet is appraised for $20,000 and sells for this price,

then 1.2 million board-feet are cut, the Government does not get paid for the extra 200,000 board-feet. On a Forest Service sale the timber is scaled. If 200,000 board feet more than the estimate is cut, the Government gets paid. Thus, the unit prices for Forest Service timber may appear to be lower because the bidder must pay for all the timber he cuts.

Secondly, the O. and C. timber lies in a belt which is several miles nearer to mill centers than are the national forests. Here, again, there is often a lower transportation cost for O. and C. timber. I have also heard it said that more of the O. and C. timber, because it grows at a lower elevation, is of better quality than are the national forest holdings.

Another big factor is road costs. Because of the special history of the O. and C. lands, the counties make available, from money due them, funds which give the Bureau of Land Management about six times as much per acre for Government-constructed access roads as the Forest Service gets. Thus, the Bureau of Land Management has been able to construct many expensive, major access roads by contract rather than under timber sales. In the past 3 years in Oregon alone the sale price of national forest timber has been reduced in excess of $20 million for road-construction allowances to timber-sale purchasers. The record will show that the Forest Service has gotten every bit as much for timber it has sold with real competition as could be obtained.

INTERIOR TRIED TO COVER UP ITS MESS

In my judgment, viewed in balance, there is absolutely no doubt that all our Federal agencies could do a better job of selling timber.

There is no doubt in my mind that the Department of Interior hired a really independent consultant who told them some facts they did not want to hear. In order to cover up, they are saying: "Look over there, if you think we are in a mess, look at this other fellow."

The question is whether the Bureau of Land Management has lost money, and I think that it has. Instead of pointing to someone else and, if I may say so, doing it unjustly, the Bureau of Land Management ought to clean up its own house and let those who have the responsibility for looking over the operations of the Government determine what is wrong elsewhere.

INTERIOR SHOULD SUBSTANTIATE ITS ALLEGATIONS OR APOLOGIZE

But I also say that if the Interior Department thinks there is waste elsewhere in Government, let them come up before the Congress and tell us how the rest of the Government can be improved, instead of sniping by press release.

I am sure that the record will show that the claim by the Department of the Interior that it got $15.7 million above other Federal prices for O. and C. timber is false and misleading. I think an objective comparison would find that their conservation program is not so complete, and their timber sale record is no better.

It simply stands to reason that if there is real competition in a timber sale, it does not matter which agency is selling the timber. The bidders will be bidding against each other. When the timber is sold at the appraised price by any agency to one bidder, there may well be a loss to the taxpayers.

Mr. President, the Department of the Interior should apologize to the other Federal agencies for its statement and make a public retraction, or else it should request a hearing before the appropriate committee so that it can show how much better it is at managing timber.

INTERIOR SHOULD ABOLISH MARKETING AREAS AND SELL TIMBER COMPETITIVELY

The Department of the Interior should proceed to give to Congress the facts about marketing areas. If it be true that marketing areas are not in the best interest of the public, the Department should take steps to eliminate them. However, as Professor Graves recommends, this issue is of great concern to my State, and I want to make certain that the facts are the basis of any action with respect to marketing areas which is taken by the Government. I must be convinced that they should be abolished, before I shall support such a recommendation. I do not believe the Department of the Interior can justify its covering up Professor Graves' recommendations, and distorting the record with regard to other timber sales agencies.

In closing, let me suggest to the Department of the Interior that it also apply itself to make certain that all of its timber is offered for sale under conditions which assure full opportunity for small firms to bid on such public timber.

Let me say to Secretary Seaton, if he really wants to conduct a study into something worthwhile, instead of alibiing and rationalizing for the administration's phony policy in connection with the national resource interest of the American people, here is a study that he ought to conduct forthwith. I call upon Secretary Seaton to come before Congress with the facts, and stop releasing to the people false press releases, as the Department of the Interior has done in this instance.

## NOMINATION OF JUDGE WHITTAKER TO FILL VACANCY ON THE SUPREME COURT

Mr. HENNINGS. Mr. President, I should like to say a few words in support of the prompt confirmation of the nomination of Judge Charles E. Whittaker to fill the vacancy on the Supreme Court created by the resignation of Judge Stanley Reed. I had the honor yesterday to report to the Senate that the Judiciary Committee had unanimously approved Judge Whittaker's nomination. I now urge the Senate to act favorably on this nomination without delay.

I think that it is noteworthy that Judge Whittaker will be the first Justice of the United States Supreme Court to be appointed from the the State of Missouri since it was admitted to the Union 136 years ago. It is surprising that in this length of time not a single Supreme Court Justice has been appointed from my State. However, in the present nominee I think that we will make up some of the deficiency in time. I feel certain that Judge Whittaker will be a credit to the Court, to his country, and to his State.

The State of Kansas can also take pride in Judge Whittaker's elevation to the highest court in the land. Judge Whittaker was born in the northeastern corner of Kansas. He comes from moderate if not humble beginnings. He was born and raised on a farm. Like so many other men who have risen to prominence, he ran a trapline as a young boy. He rode 6 miles on horseback to school each day.

Despite adverse circumstances, Charles Whittaker decided upon a career in the law. In a short length of time he became a lawyer's lawyer. He engaged in the active practice of law for almost 30 years before he was elevated to the bench. Mr. President, this is really the third occasion upon which it has been my honor and privilege to support Judge Whittaker for a place in the Federal judiciary. In 1954 I heartily supported his nomination as a United States district judge. In 1956 I supported him with equal enthusiasm for a seat on the bench of the United States court of appeals.

In the past few years Mr. Whittaker, who had been a lawyer's lawyer, proved himself to be a judge's judge. I believe he has all the qualities I like to see in the members of our judiciary. He is a man of the highest character, a man of unimpeachable integrity, and a man of courage. He is scrupulously fair in his decisions and understanding of the law. In addition to all these qualities, he has proved himself to be one of the hardest working members of the Federal bench.

Mr. President, as you know, Judge Whittaker is of a different political persuasion than I. However, I know of no man of either of the great political parties whom I could support more enthusiastically for elevation to the highest court in the land. In my mind, Mr. President, in questions involving appointments to the judiciary—as in the field of foreign policy—partisan politics has no place. I think we should give our wholehearted support to all good appointments to the Federal bench, regardless of party.

In Judge Whittaker's case I believe we have not only a good appointee but an excellent one. I urge the Senate to confirm his nomination without delay.

## IMPORTANCE OF PROMPT ASSISTANCE TO SMALL BUSINESS

Mr. SPARKMAN. Mr. President, on January 7, I introduced S. 351, a bill to amend section 167 of the Internal Revenue Code of 1954 so as to extend to purchasers of used equipment the same privileges of accelerated depreciation which were extended to purchasers of new equipment in the 1954 code. When I introduced the bill I stated that I would explain it in some detail at a later date. Subsequent to January 7, nine members of this body joined me as cosponsors of the measure. My cosponsors are Mr. HILL, Mr. HUMPHREY, Mr. KEFAUVER, Mr. NEUBERGER, Mr. KENNEDY, Mr. MORSE, Mr.

THYE, Mr. SCHOEPPEL, and Mr. KUCHEL. The support of these Senators is especially gratifying to me, because I regard all of them as being particularly knowledgeable in the problems of small business and aware of the need for early and practical action to assist small business and to stem the tide toward the growing concentration of economic power in the hands of fewer and fewer large companies. I trust that when I have completed my explanation of S. 351 today, my cosponsors and I will be able to count upon a great majority of this body to join us in supporting this bill.

By way of background, section 167 of the Internal Revenue Code of 1954 was adopted to correct a situation that had plagued businessmen, large and small alike, for nearly two decades, namely, the ultraconservative policies of the Treasury Department relative to depreciation schedules on capital plant and equipment. Basically, the Treasury Department's policy was sound. It provided that a businessman could not write off the cost of his capital investment except over the period of its useful life. The basic difficulty with this policy arose when Treasury published a document known as Bulletin F in 1942. This document set forth in great detail what the Treasury regarded as the "useful life" of various types of capital items. And these criteria as to "useful life" were regarded by a great many businessmen as unrealistic. Bulletin F announced, for example, that the average useful life of a store or a garage was 50 years, that furniture, fixtures, and filing cases should be expected to last 20 years, and so on. Businessmen taking depreciation on these itms could do it only over the "useful life" laid down in Bulletin F, unless they could obtain special permission from Treasury to vary the Bulletin F schedule. In addition, unless the businessmen could convince the Treasury that he had a special problem, he could depreciate the capital asset only at a fixed rate, and to a fixed level, never below the "salvage" value of the asset. For example, if a businessman bought an asset costing $5,500, and it had a "useful life" of 10 years and a "salvage" value of $500, he would divide $5,000 by 10 and take $500 depreciation in each of the 10 years he held the asset.

The great advances in technology in World War II and the succeeding years made it apparent that the "useful life" in many assets was much shorter than Treasury would admit. New production equipment, for example, while admittedly the finest when first introduced and sold, would soon be made obsolete by the introduction of even better equipment. To keep abreast of the competition, a manufacturer had to replace equipment long before it had really worn out. But many such manufacturers could not afford to buy new equipment because the slow rates of depreciation on their present equipment made it economically unfeasible for them to replace it.

This basically was the situation which section 167 of the 1954 code was designed to correct. And it corrected it by allowing businessmen for the first time to elect to use accelerated depreciation schedules without the necessity of first obtaining the approval of the Treasury Department. Stated very briefly, these accelerated schedules allow a businessman to depreciate a capital asset more rapidly in its early years, thus taking into account the fact that an asset's most useful and productive years are the first years of use. These schedules also result in an asset acquiring a depreciated value which is more realistically related to its fair market value over its entire life. Thus, a businessman wishing to sell a relatively new and still useful piece of equipment, is able to do so without suffering great loss in real, depreciated value.

Generally speaking, the new rates enable a businessman to depreciate his capital assets at rates approaching twice the old, conservative, straight-line method. Citing again the example of the man who purchases a piece of equipment at a cost of $5,500, and assuming it has a normal useful life of 10 years and a salvage value at the end of that time of $500, whereas under the old method he could charge off only $500 a year in depreciation, today, using the special declining balance method authorized by section 167 of the 1954 code, he could charge off twice that amount, or $1,000 in the first year. In the second year he would charge off 20 percent of the remaining balance, which would be $800, that is, 20 percent of $4,000.

The one great difficulty with section 167, however, was that it permitted the use of these accelerated depreciation schedules only on new equipment. It specifically applied only to capital assets acquired new and used for the first time after 1953. Thus, section 167 is not of any help to the thousands of small-business men who cannot afford the price of new capital plant and equipment. It is of no help to the man going into business for the first time, the man who must stretch his investment as far as possible by buying used buildings and used machine tools to make his start. It is of no use to the small man who wants to expand his production modestly by adding one more machine or one more showcase or a delivery truck—it is of no use to him unless he has the money with which to buy the item brandnew. And in this day of high taxes, the small-business man is hard pressed to meet his tax bills. If he has anything left over on which to feed his business, he has to shop around for the best bargain he can find. More than likely, the capital item he can afford to buy will be a used item.

I believe the small-business man in this situation should have the same benefits of accelerated depreciation as his more affluent competitor, and this is what S. 351 would accomplish. It would allow the purchasers of used equipment to depreciate such equipment at accelerated rates. Aside from the equity of S. 351, I believe it takes into account a very real fact: a piece of capital equipment purchased second hand is certainly closer to obsolescence than a new asset. The purchaser has probably paid a premium for his second-hand asset. Allowing him to depreciate it rapidly may enable him to replace the old asset at an earlier date with an improved unit, or even a brandnew one.

There has been considerable expression of concern in the past lest the allowance of accelerated depreciation on used capital assets might lead to abuses which would seriously affect the Federal revenues. I believe there may be some merit in this concern, and I have therefore included in S. 351 a limitation on the amount of equipment that might be subject to these rapid rates of depreciation. The bill provides that the rates shall apply only to the first $50,000 worth of equipment purchased in 1 year, except that the businessman may, under a separate section of the bill, lump his benefits for 5 years into 1 year if he wishes. The latter provision is designed to take care of the situation where a business wants to purchase a considerable amount of used, capital assets in 1 year, such a reequipment program to take care of the needs of the business for several years to come. Expressed in terms of dollars, under S. 351 a business could purchase $250,000 worth of used capital assets in 1 year and take advantage of the accelerated depreciation schedules on all of that equipment, but it would not be able to add any other used assets to its accelerated depreciation schedules during the succeeding 4 years.

I was pleased to note that the President's Cabinet Committee on Small Business made a recommendation along the lines of S. 351 last August. The major difference between S. 351 and the Cabinet Committee proposal would be that the latter did not make provision for lumping purchases in excess of $50,000 in 1 year, and I believe this feature of S. 351 is extremely important for the reasons which I have already cited.

It is difficult to estimate the effect that S. 351 would have on the Federal revenues. The staff of the Joint Committee on Internal Revenue Taxation has informed me that it estimates S. 351 would bring about a reduction in fiscal 1958 in the neighborhood of $25 million. This would be on the assumption that all purchasers would elect the new methods, which would be a reasonable expectation. I say it is difficult to estimate the revenue effect of S. 351, however, for the reason that the increased productivity and efficiency of small business resulting from the enactment of the bill might very well yield greater profits and thus more tax dollars for the Treasury. On this point I am inclined to agree with the Cabinet Committee on Small Business which commented that its tax proposals, while in some instances entailing a temporary loss of revenue, would, in the long run, "tend to enlarge the national income which is the ultimate source of all tax revenues." I believe it fair to predict that S. 351 would, in the long run, have the same result.

In these days of high taxes, depreciation is just as meaningful to the businessman as profits in the bank. The small corporation paying a 52-percent income tax can retain $52 in the business for every $100 of depreciation it can justify. Thus, the accelerated depreci-

ation schedules authorized by the 1954 Code are very real benefits. But those benefits should not be extended exclusively to businesses which are financially able to purchase new capital assets. They should be made available on an equitable basis to the businessman who purchases used capital assets as well. And the small-business man will be found most often in the latter category.

It is essential that help be extended quickly to small business. S. 351 is a practical bill which will bring practical results to all small-business men. And this can be accomplished quickly—this year—by early action on S. 351. I urge all my colleagues to give their full support to S. 351 to the end that we may give early and practical help to a great segment of our economy that is in dire need of help and which is looking to this Congress to provide the help—the entire small-business community.

Mr. President, I wish to turn now to another matter relating to small business.

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

## TAXATION OF CERTAIN CORPORATIONS AS PARTNERSHIPS

Mr. SPARKMAN. Mr. President, on January 7, I introduced five bills designed to bring tax relief to small businesses. One of these was S. 349, a bill to permit certain corporations to be taxed as partnerships. Nine of my colleagues joined me in sponsoring S. 349. My cosponsors are Mr. HILL, Mr. HUMPHREY, Mr. KEFAUVER, Mr. NEUBERGER, Mr. KENNEDY, Mr. MORSE, Mr. THYE, Mr. SCHOEPPEL, and Mr. KUCHEL. I was delighted to welcome the support of these distinguished Senators, and I hope that when I have completed my explanation of this bill today my cosponsors and I may be joined by a great majority of this body in supporting S. 349.

Section 1361 of the Internal Revenue Code of 1954 grants an election to certain partnerships and proprietorships to be taxed as corporations. This election has certain obvious benefits, chief among them being tax savings, for business entities which can qualify for the election.

It is clear to be that a companion election should be granted to certain small corporations to be taxed as partnerships. Such a provision was contained in H. R. 8300 as reported by the Committee on Finance in the 83d Congress, but it was dropped prior to the enactment of H. R. 8300 as the Internal Revenue Code of 1954. In the 3 years since the enactment of the new code, it has become increasingly clear to me that such an election would be of great benefit to numerous small corporations which are hit especially hard by the present high corporate income-tax rates. Those taxes take 30 percent of the first $25,000 of net corporate income and 52 percent of all net income over $25,000. The dividends which are passed on to the stockholders—if there is any money left for dividends—is then taxed at the personal income-tax rates of the stockholders. These taxes siphon off the liquid funds which a small corporation needs for expansion, retooling, and other business purposes.

If the income of a small corporation were taxed instead to the stockholders as if they were partners, the total tax bill would often be considerably lower, and thus more money would be retained in the business to meet its cash needs.

Take, for example, a small corporation with, say, $50,000 of net taxable income. The corporate tax on that income at present rates would be $20,500, or 41 percent of the total profits of the business. Assuming the corporation were made up of 10 stockholders, and the profits were divided equally among them as if they were partners, each of the stockholders would then have $5,000 added to their taxable income and taxed at personal income-tax rates. Assuming the salaries of these partners were reasonable, the overall tax saving to the company could be considerable.

This, in essence, is what S. 349 would provide. It would grant the election to any corporation having not more than 10 stockholders, all of the stockholders being active in the business. It thus would favor those small corporations which are truly small businesses, and those businesses in which the owners are also the active managers, not simply investors.

S. 349 would also have the effect of avoiding the threat that continues to hang over all corporations by virtue of section 531 of the 1954 code relating to surplus accumulations. It was my hope that the new code section, clarifying and in many ways improving upon the old section 102, would eliminate the fears of small corporations in this area, but apparently this has not been accomplished. On the Small Business Committee we continue to receive complaints and inquiries from small corporations relative to the imposition of the penalty surtax on surplus accumulations. S. 349 should eliminate that problem once and for all, since it would tax the stockholders as partners, and partners are not subject to the penalty provisions of section 531.

The Joint Committee on Internal Revenue Taxation has informed me that it is difficult to estimate the revenue effect of S. 349 since we do not have adequate data on which to make firm estimates. The staff of that committee informs me, however, that a rough estimate which it prepared on H. R. 8300 in the 83d Congress indicated that there would be a revenue loss in the neighborhood of $50 million a year. In this connection I should like to note that S. 352, the corporate income tax bill which I introduced along with S. 349 on January 7, would result in a revenue gain of some $90 million, so that these 2 bills taken together would result in a revenue surplus. Even granting the loss on S. 349 alone, I believe the loss would be a temporary one, and that the increased vitality of small corporations that would result from an exercise of the election, would in the long run produce more income for those companies and thus more tax dollars for the Treasury.

I was encouraged to note that the President's Cabinet Committee on Small Business recommended the adoption of a measure such as S. 349 in its report last August, and that the President endorsed the proposal. I would therefore hope that, in spite of Secretary Humphrey's recently expressed opposition to any tax relief for small business that would result in revenue loss, the Republican as well as the Democratic Members of this body will recognize the need for S. 349 and that they will lend it their full support.

Section 1361 of the 1954 code grants the election to certain partnerships and proprietorships to be taxed as corporations. This provision would obviously be of greatest benefit to those business entities where the partners are already in the 52 percent plus personal income-tax brackets. S. 349 would simply grant a similar election to those stockholders of small, closely held corporations who find themselves in the 52 percent corporate income tax brackets and who would benefit by being taxed instead at personal rates. In fairness to all businessmen, I believe the corporate shareholder envisaged by S. 349 should be given an advantage commensurate with that bestowed upon partners and proprietors by section 1361.

In my opinion, S. 349, even granting that it might necessitate some loss in revenue, would yield impressive dividends in the increased vitality and prosperity of small corporations now struggling to save money to reinvest in the business. Viewed in that light, I believe that S. 349 deserves the unanimous support of this body, and I earnestly hope that my colleagues will join with me in urging early and favorable action on the bill.

## ROBERT H. HANSEN, OF DENVER POST, EXPOSES FALLACIES OF ADMINISTRATION PROGRAM ON SNAKE RIVER

Mr. NEUBERGER. Mr. President, I am particularly privileged to make a brief speech about Snake River development at this time, because the Presiding Officer's chair is occupied by the distinguished senior Senator from Oregon [Mr. MORSE].

During recent years he has led the long legislative fight to save the great natural resources of Hells Canyon for all the people of the United States, and to prevent private exploitation of this priceless asset—an asset which is a part of the heritage of future generations of Americans.

Mr. President, the success of a snake charmer is derived from his ability, through tuneful blandishments, to hypnotize an otherwise deadly reptile into a state of docile submission. The snake, his aggressive instincts for self-preservation immobilized through hypnosis, becomes the willing servant of the charmer.

At first glance, Mr. President, there may seem to be little relationship between the hypnotic influence of the snake charmer and the policy of this administration toward development of the Hells Canyon reach of the Snake

River. The analogy, however, is suggested dramatically in the title of an article which appeared in the Denver Post of March 10, 1957, entitled "The Big Dam War, Fred Seaton's Turn To Charm the Snake." This penetrating article by able Denver Post Staff Writer Robert H. Hansen, a former Nieman scholar at Harvard University, exposes in detail recent hocus-pocus by the Secretary of the Interior to cover up the utter vacuity of administration activities in connection with middle Snake River development. As indicated by the article, the much-heralded new look in administration power policy is an attempt at hypnosis. The activities are designed to charm residents of the region through which the Snake River flows into the belief that the empty policy of the previous 4 years has been changed.

The article relates how on February 15, 1957, Secretary Seaton sent a letter to Federal Power Commission Chairman Jerome K. Kuykendall advising him that the Bureau of Reclamation was studying the feasibility of a Federal dam at Pleasant Valley, 34 miles downstream from the high Hells Canyon Dam site. Four power companies seek licenses to build dams in the same area.

The article by Robert H. Hansen stated:

Reaction to Seaton's letter was immediate. Time magazine hailed it as a "new look" in the Interior Department, a "drastic modification" of its Hells Canyon stand brought about in no small measure by election reversals which engulfed many a Republican, including McKay. The Wall Street Journal, in a pro-private-power story on the Pacific Northwest, erroneously reported the Seaton letter "asked the FPC to delay a private license for Pleasant Valley dam on the Snake River—a project approved by his predecessor."

But, Mr. President, the real significance, the real meaning of Mr. Seaton's letter was analyzed in other paragraphs of the Denver Post article. They said:

Both Kuykendall and Seaton's top aides concede that his letter carried no legal weight. It is not in the record, upon which the FPC will base its Pleasant Valley decision, because the record closed 2 months earlier.

Nor does Seaton's letter withdraw the Aandahl letter, which is in the record saying the Interior Department has no objection to the Pacific Northwest Power Co. license. Finally, Seaton's letter did not ask the FPC to delay its decision, expected sometime this summer, while Interior completes its high Pleasant Valley Dam studies, expected no earlier than November or December.

An editorial in the same issue of the Denver Post succinctly summarizes the hypnotic overtones of the Secretary's activities when it said:

Mr. Seaton's Department is now on both sides of the Pleasant Valley project—"not opposed" to private development but "studying" the feasibility of action by the Government. Jerome K. Kuykendall, Chairman of the FPC, has said the Commission expects to rule on the private utilities' petition this summer. The Bureau of Reclamation's feasibility studies are not expected before next winter. But, in the meantime, Mr. Seaton gets credit for having installed a new look in Interior by asking for a delay on the private petition—something which Mr. Seaton has not done.

And in another paragraph, commenting on the administration power-partnership policy, the Denver Post editorial continues:

It has only one fault. It is not working. It is slowly but surely taking on the aspects of a phony, a gimmick, a propaganda trick to make digestible the politically damaging fact that the administration is in thralldom to the private-utility industry.

Yes, Mr. President, it will take more than adroit handling of a flute by Mr. Seaton to distract attention of westerners from the administration's mishandling of Snake River development, and the influences which shape these adverse policies.

As time goes on and the administration tries to muddle out a policy for the Snake River, the justification for authorizing a high Federal dam at Hells Canyon becomes more apparent. Hells Canyon Dam is the right dam for the right place, and administration attempts to move it upstream or downstream in some other guise, as Pleasant Valley Dam, will not achieve the objectives of full and comprehensive development of the Snake River. I do not know how much longer the administration's shell game will continue. But the correct, effective, and positive way by which it can resolve its present dilemma is to make the decision which should have been made in the first place—to support construction of a high dam at Hells Canyon.

Mr. President, I ask unanimous consent to include in the RECORD with my remarks the article from the Denver Post of March 10, 1957, entitled "The Big Dam War Rages on the Snake."

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

THE BIG DAM WAR RAGES ON THE SNAKE

(By Robert H. Hansen)

No, the Hells Canyon battle is not over. They are going at it all over again up on the untamed Snake River between Idaho and Oregon.

It's the same old public versus private power fight—but with some switches in the battle lineups and a couple of important new skirmishes thrown in, reaching from central California deep into Canada.

Actually, Hells Canyon always was more than a contest between public and private power advocates, more than one of the Nation's last great undeveloped dam sites.

It was in this mile-deep chasm on the remote Idaho-Oregon border that the Eisenhower partnership policy of resource development first came into clear focus—a policy highly controversial in itself, and, some say, politically repudiated by the stunning Democratic sweeps of the Pacific Northwest in 1954 and 1956.

But Hells Canyon is even more than a battleground of public and private power zealots, more than an interesting exercise in natural-resource philosophy, more than a political rallying cry.

As Senator RICHARD L. NEUBERGER, Democrat, of Oregon, put it when the administration junked its plans for a big multipurpose Hells Canyon Dam and turned the site over to the Idaho Power Co. for partial development aimed only at private power profits:

"If the utilities are thus to be permitted to call the tune for the march of western development, it will be an economic death march—not only for the Pacific Northwest, but for all the West."

It was NEUBERGER who warned the GOP in 1953 that its Hells Canyon position was vulnerable at the polls, and who proved it in 1954 when he unseated the veteran Oregon Republican and converted partnership disciple, Senator Guy Cordon. Wrote NEUBERGER in the May 17, 1953, issue of Roundup:

"The issue of Hells Canyon may become the same kind of political rallying cry in the western elections of 1954 and 1956 that Muscle Shoals constituted throughout the Middle West and East a generation ago."

The elections of 1956, added to NEUBERGER'S 1954 defeat of Cordon, have now caused a heralded new look in the administration's Interior Department policies of water and power development.

The original partnership, Interior Secretary himself, Douglas McKay, a lifelong Oregonian and popular ex-governor, was soundly thrashed when he ran against Senator WAYNE MORSE, Republican - turned - Independent - turned Democrat. In Idaho, a young unknown Democratic champion of Federal Hells Canyon development, FRANK CHURCH, overcame personal opposition from President Eisenhower to swamp another partnership Republican, Senator Herman Welker, despite Ike's Idaho landslide. Throughout the Northwest, Democrats swept a host of governorships, statehouses, and Congressional seats.

So now we have a new Interior Secretary, Fred Seaton, of Nebraska, a new look in the administration's partnership policies, and a new battle on the Snake.

To understand what it's all about, and the significance to the entire West, it is necessary to review the old Hells Canyon controversy, now pending before the United States Supreme Court.

When the first Republican in two decades entered the White House in 1952, private power companies revived dormant applications to build their own dams and generating plants on stretches of rivers which Democratic administrations had reserved for Federal reclamation, power, flood control, navigation, recreation, and other multipurpose development.

One of these was Hells Canyon, where previous Democratic Congresses had rejected plans to build the world's second tallest dam, only 4 feet lower than Hoover Dam. The cost estimate varied from $300 million to $500 million, a big reason for Congressional indifference.

In one of his early acts as Interior Secretary, McKay withdrew objections of his predecessor, Oscar Chapman, to the Idaho Power Co. application for a Hells Canyon license from the Federal Power Commission.

Idaho Power, whose common stock is owned largely in the East, proposed to build three smaller dams instead of a high Federal dam. The cost was estimated first at $133 million, later at $175 million, all private, not taxpayers' dollars.

But the lower dams, while perhaps providing comparable amounts of power, made no pretense of offering comparable other benefits of Federal development—flood control, the enhancement of recreation and wildlife, navigation, river regulation to increase downstream power production when stream flow is low, etc.

After months of hearings and thousands of pages of conflicting testimony the FPC licensed two small dams of Idaho Power, gave qualified approval of a third, and the company rushed in to begin construction.

But the FPC, in a highly unusual action, let the Idaho Power Co. off the hook. First, its examiner held that one Federal high dam was clearly superior in almost all respects. Next, it ruled out Federal development as unlikely ever to pass Congress, and granted the Idaho Power license.

Then the FPC did an even stranger thing. It modified Idaho Power plans, allowed 10 years for construction notwithstanding that the company said the work could be done in 3, and left it up to the company whether to build the third dam, ever.

Even McKay's Interior Department had insisted upon comparable results from private development, and the Federal Power Act requires the FPC to approve the plan best adapted to comprehensive river-basin development. But the FPC decision was upheld by the United States court of appeals.

In the absence of Federal opposition to the Idaho Power application, an organization known as the National Hells Canyon Association was formed. Members of the United States Senate have called the association—comprised of farm groups, labor organizations, cooperatives, nonprofit utility bodies, and dedicated individuals—"one of the most remarkable grassroots movements of recent years."

It is the National Hells Canyon Association, together with the States of Oregon and Washington, eight public utility districts and the National Rural Electric Cooperative Association, which has carried the FPC decision to the United States Supreme Court.

The FPC decision, according to the association, sets a precedent which may affect the economy and future of every river region, and thus the economy and security of the Nation. Further, it argues, the FPC clearly neglected comprehensive basin development plans drawn by the Army engineers and authorized an obviously inferior project—all in the name of partnership.

The whole concept of comprehensive river-basin development is at stake, the association says, and confusion has enveloped the powers and duties of the FPC, the role of Army engineers and the responsibilities of the Bureau of Reclamation.

Specifically, the association charges that the FPC permitted prompt underdevelopment of the Snake at the expense of proper development, compared the Federal and private proposals on the basis of 3 dams while requiring only 2 to be built, and ignored irrigation subsidies which would accrue from power revenues of the high Federal dam.

The FPC findings spiked two bugaboos raised against the high dam: the contention that there isn't enough water in the river to fill the high dam reservoir, and the fear that upriver water rights would be jeopardized.

This brings us up to date, and to Secretary Seaton's new look at the whole philosophy of partnership in river development.

On February 15, 1957, Seaton sent a letter to Jerome K. Kuykendall, chairman of the Federal Power Commission, notifying him that the Bureau of Reclamation had been ordered to study the feasibility of a high Federal dam at Pleasant Valley, 34 miles down the Snake from Hells Canyon.

Seaton's letter was prompted by FPC deliberations on the application of the Pacific Northwest Power Co. to build two small dams below Hells Canyon, at Pleasant Valley and Mountain Sheep.

This application, filed in 1954 by a combine of four private power companies, had been proceeding quietly through the FPC mill while the Hells Canyon controversy raged. The two proposed dams, of the Idaho Power type, would cost $143,700,000 and generate 1 million kilowatts.

In line with the "partnership" policy the Interior Department early in 1956 formally advised the FPC that the administration "has no objection" to the private company's two small dams at Mountain Sheep and Pleasant Valley. This was done in a letter from Fred A. Aandahl, Assistant Secretary of the Interior, who handles power matters, to Kuykendall, on January 31, 1956.

Again, extended hearings were held and thousands of pages of testimony taken. In December, the FPC closed the record and took the application under advisement.

Two months later the Seaton letter went to Kuykendall, based on a preliminary reclamation study of high dam possibilities at Pleasant Valley which was completed in September 1956.

Both Kuykendall and Seaton's top aids concede that his letter carries no legal weight. It is not in the record, upon which the FPC will base its Pleasant Valley decision, because the record closed 2 months earlier.

Nor does Seaton's letter withdraw the Aandahl letter, which is in the record saying the Interior Department has no objection to the Pacific Northwest Power Co. license.

Finally, Seaton's letter did not ask the FPC to delay its decision, expected sometime this summer, while Interior completes its high Pleasant Valley Dam studies, expected no earlier than November or December.

Reaction to Seaton's letter was immediate. Time magazine hailed it as a "new look" in the Interior Department, a "drastic modification" of its Hells Canyon stand brought about in no small measure by election reversals which engulfed "many a western Republican," including McKay.

The Wall Street Journal, in a proprivate power story on the Pacific Northwest, erroneously reported the Seaton letter "asked the FPC to delay a private license for Pleasant Valley Dam on the Snake River—a project approved by his predecessor." Similar reports appeared widely in the Nation's press, and the Washington Star was led to question the reality of any Northwest power shortage.

Senator NEUBERGER quickly fired back, opening the new fight on the Snake River from the Senate floor as hearings on the perennial Federal Hells Canyon bill got under way in the House and Senate.

"Seaton has destroyed the illusion voiced by administration spokesmen that the FPC-licensed Idaho Power projects were the best for development of Hells Canyon power and flood-control potentials," NEUBERGER declared. "Obviously, if high Pleasant Valley Dam—which would inundate Idaho Power's little Hells Canyon site—provides greater benefits, then the FPC has been guilty of licensing inferior development in the Hells Canyon area."

Seaton's letter—and the third worst flood in Columbia River history in 1956—did revive a long-submerged issue in the entire Snake controversy * * * flood control.

The Snake is the largest tributary of the vast Columbia system which drains 259,000 square miles in Canada, Washington, Oregon, Idaho, Montana, Wyoming, Utah, and Nevada, and dumps 10 times more water into the Pacific Ocean than the Colorado River carries.

Last year's flood threat was the greatest since 1894, and only a steady early snow melt prevented damages which could have reached $300 million in the lower Columbia region alone. (Such losses did occur in 1948.)

That threat was noted by implication in Seaton's letter, when he referred to an Army engineers' study which found 4 million acre-feet of flood-control storage is needed on the middle Snake River. The Secretary said Idaho Power dams would provide 1 million acre-feet and the private Pleasant Valley and Mountain Sheep Dams another 500,000.

But a high Pleasant Valley Dam, Seaton said, would provide 1,300,000 acre-feet of flood-control storage capacity and 1,250,000 kilowatts of power. Seaton said he took his figures from the September 1956 report of the Bureau of Reclamation, which indicated a high multipurpose project might prove economically feasible upon further study.

While Seaton's top aids, including Under Secretary Hatfield Chilson, of Loveland, are convinced he has scrapped McKay's discredited policies, they find it hard to cite specific examples in the power field. Elmer F. Bennett, Assistant to Seaton, says Interior no longer arbitrarily holds that private development is necessarily best even if only partial, or that profitable power sites should be surrendered to private utilities while the Federal Government develops only the marginal, questionable, unprofitable projects.

But NEUBERGER, MORSE, CHURCH, and others aren't easily convinced. And Seaton's aids can't easily explain why his letter to Kuykendall on the Pleasant Valley issue was so late, why it asked no delay, why it did not withdraw Aandahl's letter of no objection to private development.

"Seaton's letter was just one of those things we failed to get around to in time to get it in the FPC record," says one top Interior official. "But it does constitute a reversal of our previous position on the need for a high dam on that stretch of the Snake River. Under McKay, the high dam was simply written off; the necessary information to support it was collected but never evaluated.

"While it is true that there is no direct request for a delay by the FPC, no formal intervention and no expressed opposition to private development in the Seaton letter, those things are clearly implied. There is every reason to believe the FPC will cooperate."

But high dam, multipurpose advocates, remembering the FPC action in the Hells Canyon-Idaho Power case, remain extremely skeptical. If Seaton is sincere, they ask, why is it necessary to read between the lines to get at his real meaning? Why does he act by implication and innuendo? Why doesn't he simply state his position and policy clearly and forthrightly?

"If the administration is concerned about our power shortage, why hasn't it started a single new project in this one region where 40 percent of the total potential waterpower in the United States is waiting to be developed?" asks NEUBERGER.

"Why isn't there even a nickel in the budget to build our great John Day Dam? Here's 1.1 million kilowatts ready to go, all designed and engineered, with a power potential equivalent to a high Hells Canyon dam. The reason is obvious; the administration still hopes to make another phony 'partnership' out of John Day."

Seaton's "new look" in the Interior Department and multipurpose high dam sweet talk drew all the more suspicion when he proposed a "partnership" on the big Trinity project in California with the Pacific Gas & Electric Co.

Seaton asked Congress to allow P. G. & E. to build the power features of the $225 million project. He said this would relieve taxpayers of $55 million in costs and produce a $165 million surplus of revenues to the Federal Treasury in 50 years of operation.

Seaton's request was based on a report from his reclamation commissioner, Wilbur A. Dexheimer, which said either joint or all-Federal development was feasible both economically and engineeringwise. But Dexheimer emphasized joint development would mean limited power for present customers of the massive Central Valley project, of which Trinity is a part, and higher rates.

Seaton's recommendations to Congress also pointed up these two drawbacks to "partnership" development, but the press release his office issued played them down.

Under Seaton's partnership proposal, present so-called preference customers (public bodies like the city of Sacramento, the atomtown Roseville, rural electric co-ops, etc.) would pay $86 million more for their power than if it were produced and sold by the Federal Government, over the 50-year life of the agreement. Of this, Federal agencies

themselves, like the military bases and atomic plants of central California, would pay $29,500,000.

And if another related project, the San Luis irrigation development, is added as planned at some future date, these increased power rates would come to $118 million and $71 million, respectively.

While both Seaton and Dexheimer noted that P. G. & E. would pay $135 million in Federal, State, and local taxes on its power installations, neither referred to the increased taxes which would accrue from an expanded tax base provided by Federal development—an important factor in reclamation justification.

The amount of power from partnership development would fall far short of an all-Federal project, too. The P. G. & E. plan would produce 400,000 kilowatts; Federal development, 650,000 kilowatts.

Seaton did concede, in his recommendations to Congress, that the partnership plan also would run afoul of the Central Valley Project Act on two important counts:

1. Power would be sold without any preference to public bodies, counter to express provisions of the CVP Act and Federal reclamation laws.

2. No preference would be given to customers in Trinity County, where the project is located, despite a provision in the CVP Act which earmarked 25 percent of the Trinity power to users in that county.

Still a third objection was considered in the Seaton proposal: After 50 years, the Federal Government would have to pay severance damages of an undetermined amount to P. G. & E. to take over the powerplants and retire whatever net investment the utility had not amortized in that time.

Seaton suggested Congress write a "more tangible test of severance damages than that contained in the proposed agreement" with P. G. & E.

Dexheimer's report offered no conclusions as to whether all-Federal or partnership development is to be preferred, but Seaton told Congress:

"In my opinion, it appears clear from the report of the Commissioner that joint development would provide substantially more funds for potential irrigation and multipurpose development in the Central Valley project area. This means that the power resource of the Trinity River division under joint development would provide the greater benefit to the project area and to the Nation as a whole."

Dexheimer, in an interview later, said it means partial development of the potential power resource, and at double the power rates of the all-Federal plan. In return, P. G. & E. would pay to the United States an average of $4,617,000 annually for 50 years to buy falling water from the project for power generation—an amount admittedly higher than United States operation could earn.

Seaton's proposal for partnership development of Trinity despite these drawbacks brought a burst of protest, even from California Republicans, led by Senator THOMAS KUCHEL.

"The Secretary's recommendation for private power development at Trinity is fraught with many perils," KUCHEL warned.

After citing the smaller power production and higher rates provided by the P. G. & E. partnership, KUCHEL declared:

"This is tantamount to emasculating the preference law so far as the Central Valley project is concerned. * * * In my judgment, Congress will not consider repealing the preference clause. * * *

"With respect to Federal installations, long served by Central Valley project power, such as a Navy shipyard, an Atomic Energy Commission development, or Army or Air Force bases, it is illogical to urge that the Federal Government build a $225 million project only to compel its own governmental agencies to pay private power rates for the electric energy produced by the waters stored therein. Indeed, it would be illegal. * * *

"From the very beginning, the California State government has urged the Federal Government to undertake its construction and to integrate it with the Central Valley project, with a specific recommendation for Federal generation of power. * * *

"Under the Secretary's proposed contract, the single responsibility of the company would be to produce hydroelectric power in a manner most efficiently to supply the needs of its own customers. * * * The basic concept of the Central Valley project would be drastically altered, if not, indeed, destroyed by the proposed contract.

"Suppose, in a period of water shortage, agricultural needs compelled the project to draw off water from the reservoir at a faster rate than that required by the company for power production. Apparently, to resolve the resulting problem, the contract proposal would require the United States to pay a penalty to the company for doing the very thing which the project was designed to accomplish.

"The basic purpose of the Central Valley project is storing and releasing water in the interests of irrigation and reclamation. That purpose is in the public interest, and the public interest requires that that purpose be fulfilled without imposing penalties on the Government of the United States."

The whole Central Valley project, KUCHEL concluded, was "not constructed for profit," but was designed to meet "an urgent need among our people for reclamation assistance," with benefits distributed "on as wide a range as possible."

Representative JOHN E. MOSS, Democrat, of California, joined with a host of others in condemning the Seaton partnership on the Trinity. Moss said the plan would "set a most disastrous precedent for other similar projects throughout the Nation." He charged it would "give the green light to virtual monopolization by the utilities of hydroelectric power resources in the West."

Moss then inserted into the CONGRESSIONAL RECORD an editorial from the Sacramento Bee, assailing the proposal for "throwing away" the "public yardstick" of Federal power with which to measure electric rates and insure competition to keep private rates down to reasonable levels.

The Bee argued that private rates are always lowest where there is Federal power to keep them in line, and that Seaton "has fallen in step" with private utility lobbying to destroy "every vestige of public power." Resulting higher power rates throughout the Nation, the Bee said, would amount to many times more than the $55 million the taxpayers would save on the initial Trinity investment.

Seaton's specific, concrete Trinity "partnership" recommendation at the same time he was implying favor of a Federal high dam on the Snake River stung Hells Canyon zealots into new fury.

NEUBERGER commended KUCHEL for his condemnation of the Trinity proposal, and invited him to reverse his past position and join 21 other Senators who have introduced a new Hells Canyon bill.

MORSE joined in, declaring Californians "are not entitled to have the taxpayers of the United States pay the check for all the nonreimbursable costs of the Trinity project and then have the private utilities pick up the profits." He called for "an investigation of the newly announced, but still rather vague, policies" which Seaton proposes, "not only in regard to the Trinity project but in regard to the Pleasant Valley project and other projects on which he has been sending out trial balloons."

The St. Louis Post-Dispatch, citing other reports that the Eisenhower administration is now beginning to lean toward an all-Federal John Day project on the lower Columbia, said the Interior Department "continues to show plain signs of contradiction and unclearness in its own mind toward the development of our waterway resources."

This, then, brings us back to the Pacific Northwest and Hells Canyon—and the question: Where do we go from here?

Apparently, the public power supporters of a high Federal multipurpose dam on the Snake River are as divided and confused as they accuse the administration of being.

They insist a big dam is imperative—to produce badly needed power in maximum amounts at reasonable rates, to regulate the river for full flood control and downstream power generation, and to supply necessary revenues to make supplemental irrigation projects possible.

But they can't agree on where to build it.

MORSE is the big gun in the battle for a high Hells Canyon Dam. But even some of his closest supporters privately concede it will never pass Congress, if only because Congress would refuse to pay off Idaho Power Co. for the $20 million it has already invested there by rushing into construction under its FPC license.

And it can be recalled that the Muscle Shoals development in the Tennessee Valley during World War II passed Congress only after 240 authorization bills were defeated.

Still, the chances of passing a high Hells Canyon bill now or in the future must be regarded as remote at best.

That leaves Pleasant Valley as a next likely alternative.

Church of Idaho thinks a high dam there is perhaps the most practical answer to the problem of Snake River development. NEUBERGER suggests a 5 to 10 year moratorium on any Snake River development, while we reach 300 miles into Canada to develop the upper Columbia system.

Reason for the moratorium on the Snake, NEUBERGER explains, is to allow more time to study still another high dam site—Nez Perce, farther downstream below the junction of the Snake and the Salmon Rivers.

A high dam at Nez Perce, perhaps the best site of all, poses 2 serious problems: It would destroy the $10 million salmon industry by cutting off the Salmon River breeding grounds, and it would flood out the Pleasant Valley dam site.

NEUBERGER thinks the fish and wildlife service may find a solution to the salmon problem in a few more years. Just as Grand Coulee blocked off the spawning grounds on the upper Columbia, so would Nez Perce doom the Salmon River because as yet there is no way the adult fish can be lifted over the 700-foot dam or the fingerlings passed downstream.

CHURCH and NEUBERGER do agree on one thing: If Congress doesn't do something, the FPC is likely to grant the private license for Pleasant Valley which would preclude any high dam on the Snake. The question neither can answer yet is: What could Congress do, if anything—and would it?

Meanwhile, the Hells Canyon Association sticks stubbornly with high dams at Hells Canyon and Nez Perce, battling either high or low dams at Pleasant Valley before the FPC.

High dams at Hells Canyon and Nez Perce, the association argues, would provide 4 times more flood-control storage alone than Idaho Power's 3 lower Hells Canyon Dams and a Federal high dam at Pleasant Valley. In power production, the 2 high dams would generate 1 million more kilowatts, or the equivalent of Grand Coulee.

J. T. Marr, president of the Hells Canyon Association, views Seaton's hint of a high dam at Pleasant Valley as "at best a weak

apology for a tragic failure to insist on orderly, comprehensive development of the Columbia Basin."

"Anything less than a high dam at Hells Canyon and a high dam at Nez Perce will meet with opposition from the people of the Northwest, no matter how cleverly it is packaged and presented to us," Marr told the FPC.

On the other hand, NEUBERGER recognizes the immediate need for more low-cost power to stimulate the sagging economy of Oregon. Aluminum plants have been cut back one-third by the power shortage, and new industries are no longer coming in.

NEUBERGER traces the Oregon decline back to the 1952 elections. At that time, Oregon's per capita income averaged $97 over the national level. Now it stands $10 below it. He fixes the total economic loss at $340 million, and calls the situation alarming.

Unemployment, NEUBERGER says, is among the highest in the Nation, and Oregon incomes rose only 14 percent since 1950, while the national average rose 24 percent.

In proposing immediate, large-scale power developments in Canada, at Mica Creek and Libby dam sites, NEUBERGER recognizes that there has been no agreement between the United States and Canada on financing, power distribution, river regulation for downstream generation in this country, or power exchanges.

Negotiations, he admits, have been deadlocked for a year or more, and little progress was made before that.

Again, he blames the Eisenhower administration directly—because it named Len Jordan, former Idaho Governor, to head the United States side of the International Commission conducting the negotiations. Jordan, NEUBERGER charges, has always been an open and avowed foe of public power and Federal river development on a comprehensive basinwide scale.

But NEUBERGER recalls that Eisenhower himself held out the lure of Libby Dam while the Hells Canyon fight was raging. Since then, NEUBERGER notes, the administration seems to have forgotten all about Libby and now is tempting high-dam advocates with Pleasant Valley.

"It's the same old shell game," NEUBERGER says. "And the people of the Northwest lose two ways: We lose Hells Canyon, and we lose all other new starts, too, despite our great need and vast potential.

"It would be easier to press our negotiations with Canada, to the mutual advantage of both Nations, than it would be to solve our fish problem at Nez Perce. And if we go ahead with Pleasant Valley, we will be discarding Nez Perce entirely, because it would flood either high or low dams upstream."

So NEUBERGER says he will fight for John Day and Libby, once Congress decides again on Hells Canyon and pending the Supreme Court review of the whole case. This, he argues, will provide 2.6 million kilowatts the fastest, and still retain the possibility of Nez Perce if the fish issue can be resolved.

John Day was authorized in 1950, but the administration apparently can find no one willing now to introduce its partnership legislation. Republicans who sponsored or supported such bills in the past were washed out of Congress in the 1954 and 1956 elections. So the administration budget contains no appropriation to start work on the project, although Army engineers say they could use $8 million this year. NEUBERGER says an attempt will be made in Congress to provide the necessary funds.

But while the administration talks up high dams and holds down budget appropriations, and while public-power exponents divide their forces and offer opposing arguments, the FPC proceeds toward licensing the small dams at Pleasant Valley and Mountain Sheep. The region's power needs continue to grow, and the Nation's need increases for Snake River flood control and power revenues to finance further tax-broadening, economy-bolstering reclamation.



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

The PRESIDING OFFICER (Mr. MORSE in the chair). 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. TALMADGE in the chair). Without objection, it is so ordered.

## VISIT TO THE SENATE BY THE PRESIDENT OF THE NATIONAL CONSULTATIVE ASSEMBLY OF MOROCCO

Mr. SPARKMAN. Mr. President, I desire to inform the Senate that there is at this time on the floor of the Senate a very distinguished visitor, in the person of Mr. Ben Barka, President of the National Consultative Assembly of Morocco. [Applause.]

His position is analogous to that of Speaker of the House of Representatives of the United States Congress.

Mr. President, as all of us know, Morocco was declared to be a free and independent state about 1 year ago. Mr. Barka is the first President of the National Consultative Assembly of Morocco.

Accompanying him is the Ambassador to the United States from Morocco. [Applause.]

Mr. President, we are delighted to have both of these gentlemen with us.

Mr. Barka has given to me a statement expressing his appreciation. I should like to have the privilege of reading the statement at this time.

The PRESIDING OFFICER. Without objection, the Senator from Alabama may proceed.

Mr. SPARKMAN. Mr. President, I now read what the President of the National Consultative Assembly of Morocco would say if he were speaking to the Senate:

MESSAGE FROM MR. BEN BARKA, PRESIDENT OF THE NATIONAL CONSULTATIVE ASSEMBLY OF MOROCCO, TO THE SENATE

Mr. President, may I at the outset express my grateful thanks to the distinguished Senator from Alabama, Senator SPARKMAN, for the hospitality extended to me as president of the Moroccan National Consultative Assembly. Our assembly is the first step undertaken by our country toward the path of a constructive democratic life and institutions. My visit to the United States of America is an example of the activity being developed by my country to study, to learn in order to build a modern nation based on a healthy economy, on social justice, and democratic institutions.

My visit to the United States will be, I am sure, very useful. We believe that all men are brothers and that international relations between countries prove very fruitful when they draw their foundations from mutual respect and solidarity, as is stated on all occasions by his majesty the head of our state, Mohammed V. We are glad to notice that the people of Morocco and the people of the United States of America have developed the most friendly relations ever since the very first year of the independence of the United States of America. It is our sincere desire to strengthen our relations in the interest of all.

May I, Mr. President, convey the warm greetings of the Moroccan National Consultative Assembly to the Congress of the United States of America.

Mr. President, in that connection let me add that the other day my attention was called to a fact with which I had not previously been familiar, namely, that Morocco was the very first country to recognize the United States of America as a free and independent nation, following our Declaration of Independence.

I join with all other Senators in welcoming this distinguished visitor to the floor of the United States Senate. [Applause.]

Mr. MANSFIELD. Mr. President, I should like to join my distinguished colleague in welcoming Mr. Ben Barka, the president of the National Consultative Assembly of Morocco, and also the Moroccan Ambassador to the United States, who are in the Senate Chamber this afternoon.

We are delighted that this young nation is so ably represented, and we are very happy that these two gentlemen are here as our guests.

Mr. WILEY. Mr. President, the two Senators who have preceded me in speaking have expressed my own views about these distinguished visitors.

I am reminded of the fact—which was called to our attention at the luncheon today—that when, in 1776, the Sultan of Morocco welcomed the United States of America into the family of nations. America was then a young, striving nation of 3 million persons. Today, the United States of America welcomes Morocco into the family of democratic nations, and Morocco now has a population of 10 million.

It was my privilege to be with this distinguished visitor on two occasions recently, at luncheons. Mr. Barka speaks remarkably fine English, and has an outstanding grasp of world events and the situation existing today.

After visiting in the city of Washington, he will visit other parts of our country, including the west coast.

Mr. President, we are delighted to have such distinguished visitors travel in our country and become acquainted with our way of life.

It is a pleasure to me to join with my colleagues in welcoming Mr. Barka to the Senate and to the United States.

## THE MIDDLE EAST SITUATION

Mr. McCARTHY. Mr. President, I ask unanimous consent to have printed in the RECORD the portion of the column written by Mr. Drew Pearson, which appears in the issue of the Washington Post and Times Herald this morning, having to do with the doublecross of the Israelis. While I normally do not have too much respect for the accuracy of Mr. Pearson's

comments, this one seems to be completely accurate, and one which I believe should be printed in the RECORD.

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

ISRAELIS VICTIMS OF DOUBLECROSS

(By Drew Pearson)

If you know the full inside story of the hectic negotiations by which Israel agreed to withdraw from the Gaza Strip and the Gulf of Aqaba, you can't escape the conclusion that this little country has been given one of the biggest doublecrosses of modern diplomacy.

This may seem an extreme statement but here is the hitherto unpublished record:

Around the middle of last month the Eisenhower administration was worried sick over the position in which it found itself regarding the pending U. N. vote for sanctions against Israel. It was so worried that the first thing Secretary Dulles did when Premier Guy Mollet of France arrived in Washington was to ask his help solving the U. N.-Israeli impasse.

"If there ever was a time when the United States needs the good offices of France it's now," Dulles said in effect.

The reason was easy to understand. The Eisenhower administration by this time had got itself into a position where it was damned by the Arab-Asian bloc if it didn't vote for sanctions, and damned by a majority of Congress plus powerful political forces if it did.

What it needed was a compromise.

The West German Government had politely but firmly notified Dulles that Germany would not go along with sanctions. Germany's commitment to Israel, made as a result of Hitler's massacre of 6 million Jews, was a moral one, West Germany told the State Department.

Dulles also knew that France, plus probably Australia, New Zealand, Canada, and England would not go along with sanctions. Furthermore, both Senator LYNDON JOHNSON, the Democratic leader, and Senator WILLIAM KNOWLAND, the GOP leader, had publicly served notice on the administration that Congress would probably not agree to sanctions.

Finally, the administration was desperately anxious to get the Eisenhower Near East doctrine O. K.'d by the Senate.

All this was why Dulles literally begged Premier Mollet to help him out of the Near East dilemma.

DULLES GIVES O. K.

In the negotiations which followed, the French suggested that instead of getting a flat guaranty from the U. N. or Egypt that the Egyptian Army would not go back into the Gaza Strip, Israel might base its withdrawal on a series of assumptions which would be approved in advance by the United States and France.

So many murderous raids have been conducted from this little finger of land by Egyptian fedayeen that no Israeli Government could long remain in power if it permitted the Egyptian Army to reenter.

As a result of the French suggestion, however, a series of assumptions were drawn up by Israeli Foreign Minister Golda Meir. One assumption was that the civil and military administration of the Gaza Strip "will be exclusively by the U. N." Another assumption was that the U. N. administration would continue until "there is a peace settlement."

These and other assumptions were studied carefully in writing and agreed to by John Foster Dulles. He made 6 or 8 changes in the wording. These Israel accepted.

It was also agreed that after Mrs. Meir made her U. N. speech outlining these assumptions, United States Ambassador Lodge should speak and describe the assumptions as "reasonable."

DULLES IN REVERSE

When Lodge spoke, however, he changed the signals. Instead of calling the assumptions "reasonable" as agreed, he called them "not unreasonable." He also went out of his way to emphasize that Egypt could exercise control over Gaza.

This was what made the Israeli Government almost reverse itself and not get out of Gaza after all.

Undoubtedly the Cabinet would have reversed its foreign minister's decision in Washington had not John Foster Dulles pulled a diplomatic rabbit out of his hat. He drafted a personal letter to Premier Ben-Gurion, which President Eisenhower cabled to Jerusalem.

The President said what Ambassador Lodge was supposed to say but didn't.

One day after the withdrawal, however, when it was too late for Israel to backtrack, Secretary Dulles told his press conference that President Eisenhower's letter did not mean what the Israelis thought it meant, that he did not endorse all of Mrs. Meir's assumptions.

## EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of executive business.

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

## EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

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

## EXECUTIVE REPORT OF A COMMITTEE

The following favorable report of a nomination was submitted:

By Mr. GREEN, from the Committee on Foreign Relations:

Andrew H. Berding, of the District of Columbia, to be an Assistant Secretary of State, vice Carl W. McCardle, resigned.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar, beginning with the nomination previously passed over.

## THE SUPREME COURT

The legislative clerk read the nomination of William Joseph Brennan, Jr., of New Jersey, to be an Associate Justice of the Supreme Court of the United States, which nomination had previously been passed over.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to this nomination?

Mr. SMITH of New Jersey. Mr. President, it gives me great pleasure to rise to support confirmation of the nomination of William Joseph Brennan, Jr., of New Jersey, to be an Associate Justice of the Supreme Court. He is one of our distinguished citizens.

Justice Brennan is one of the preeminently qualified members of the New Jersey Bar, and has served with distinction as a member of the New Jersey judiciary during the past 7 years, the last 4 years as justice of the Supreme Court of New Jersey.

Justice Brennan's background and experience certainly qualify him to become a distinguished member of our highest court. He possesses an excellent legal training, wide and varied experience in private practice, outstanding service as both a trial and appellate judge, and an alert and vigorous mind.

As a result of his contributions to Army and Air Force procurement programs of the Department of Defense in World War II, he has well earned the distinction of being the holder of the Legion of Merit.

His appointment to the Supreme Court by President Eisenhower has been widely received with commendation. The nomination comes before the Senate with the endorsement of the American Bar Association, various bar associations within the State of New Jersey, and the personal support of New Jersey's chief justice, Arthur Vanderbilt, a nationally known and respected jurist.

Let me add that Justice Brennan is a very warm, personal friend of mine and of members of my family. It is a great pleasure and honor for me to speak in behalf of Mr. Brennan's nomination, and to urge its prompt confirmation.

Mr. CASE of New Jersey. Mr. President, I am happy to have this opportunity to commend the nomination of William Joseph Brennan to be an Associate Justice of the Supreme Court.

We in New Jersey are very proud of Mr. Brennan. Born in Newark, he began his distinguished career in the law in that city in 1931. His outstanding abilities were early recognized in legal circles, and he soon became a member of one of the leading law firms in our State.

During the war years, he served as a colonel with the United States Army, and for his work he received the Legion of Merit.

In 1949, he was named to the superior court bench; and a year later he was appointed to the appellate division. In 1952, he was elevated to the highest bench in our State, the New Jersey Supreme Court.

Both by temperament and experience, he is eminently qualified for service on the highest court of the land. Among fellow members of the bar, he is highly esteemed, not only for his legal ability, but also for the integrity and fairness which characterized his advocacy of a case. On the bench, the same qualities have earned him the respect and admiration of his colleagues. By members of the bar and bench alike, he is generally regarded as exemplifying the finest traditions of judicial office. Throughout the State, he enjoys the confidence and trust of his fellow citizens, regardless of their race or creed.

I know I speak for the citizens of New Jersey generally in expressing my deep

confidence that the years will attest the merit of his selection for the high post of Associate Justice of the Supreme Court.

Mr. McCARTHY. Mr. President, I shall take only a few minutes of the time of the Senate to speak on the nomination of Mr. Brennan.

I am opposed to the nomination, of course. Mr. Brennan used the Supreme Court of New Jersey as a privileged sanctuary from which to engage in back-fence sniping and to conduct guerrilla warfare against anyone who would dare attempt to expose individual Communists. He made fine speeches against communism generally, but that is very easy to do. Even Alger Hiss did that, Mr. President. Of course, I am not comparing Mr. Brennan with Alger Hiss; I merely cite that to show how easy it is for one to wave his arms and talk against communism generally, but they try to crucify anyone who digs out individual Communists.

For example, while Mr. Brennan was on the Supreme Court of New Jersey, he talked about Congressional investigations as "Salem witch hunts." He talked about "the barbarism of Congressional hearings." He talked about "epithets hurled at helpless and hapless victims."

Mr. President, I wish to insert in the CONGRESSIONAL RECORD the questioning of Mr. Brennan, when he admitted that he had no such evidence—in fact, no evidence whatsoever—upon which to base his statements. Therefore, Mr. President, I ask unanimous consent to have inserted at this point in the CONGRESSIONAL RECORD the part of the hearings of the Judiciary Committee which I attended.

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

STATEMENT OF HON. JOSEPH McCARTHY, A UNITED STATES SENATOR FROM THE STATE OF WISCONSIN

Senator McCARTHY. Mr. Chairman, I first want to thank the committee very, very much for giving me the right to ask a few questions of this nominee to the Supreme Court. They will be very brief, but I think important.

The CHAIRMAN. Wait just a minute.

Mr. Clerk, I want you to put in the record all letters and communications that were received both in favor and opposing this nomination.

(The letters and communications referred to have been filed for the record.)

Proceed.

Senator McCARTHY. I have never personally met Mr. Brennan and so anything I say here is not motivated by any personal feelings toward him. I have asked for the right to appear and before I ask the questions I would like to read a very, very brief statement.

I have asked to appear before the committee in this matter for one reason and one reason only.

As the committee is well aware, the Supreme Court will have a number of cases before it in the months ahead concerning the Communist conspiracy, and concerning Congressional efforts to expose the conspiracy.

Whether Congress will be able to pursue its investigations of communism will depend, in very large measure, upon how those cases are decided.

I, therefore, think it is of the utmost importance for this committee, for the Senate, and for the American people to know if the judges that will decide those cases are predisposed against Congressional investigations of communism.

On the basis of that part of his record that I am familiar with, I believe that Justice Brennan has demonstrated an underlying hostility to Congressional attempts to expose the Communist conspiracy.

I can only conclude that his decisions on the Supreme Court are likely to harm our efforts to fight communism.

I shall, therefore, vote against his confirmation unless he is able to persuade me today that I am not in possession of the true facts with respect to his views.

I shall want to know if it is true that Justice Brennan, in his public speeches, has referred to Congressional investigations of communism, for example, as Salem witch hunts, and inquisitions, and has accused Congressional investigating committees of barbarism.

I have evidence that he has done so. And such views, in my opinion, reflect an utterly superficial understanding—putting it mildly—of the Communist threat to our liberties, as well as an underlying contempt for the Congress of the United States.

I believe that before a vote is taken on this matter, this committee and the Senate, and the American people, have a right to know whether Justice Brennan can be counted on to help or hinder the fight against communism.

And may I say, Mr. Chairman, I appear merely to keep the record straight. I don't have any high hopes of being successful in opposition to Justice Brennan's nomination. I have great fear that the leftwing—and I emphasize leftwing—Democrats and the so-called modern Republicans, just what that means I don't know, but the modern Republicans will roll over and play dead and will approve his nomination.

I say I have some questions to ask him. I will try to make this as brief as possible but I do tremendously appreciate the opportunity of making the record.

May I say, Mr. Chairman, while I have a number of books here, I have no intention of reading them. They are merely here in case questions should come up that might require their use.

Senator O'MAHONEY. May I ask the Senator a question or two, Mr. Chairman?

The CHAIRMAN. Yes, sir.

Senator O'MAHONEY. You made a reference in your written statement to your possession of certain documents. Would you identify the documents?

Senator McCARTHY. I will be glad to. I think, Senator, they should be inserted in the record.

Senator O'MAHONEY. What do you have?

Senator McCARTHY. They are statements that come from the mouth of Justice Brennan.

Senator O'MAHONEY. Pardon me, Senator——

Senator McCARTHY. Can I finish, Senator?

Senator O'MAHONEY. No——

Senator McCARTHY. Let me finish my answer.

Senator O'MAHONEY. You can't answer it——

Senator McCARTHY. Senator O'MAHONEY, let me answer your question.

Senator O'MAHONEY. You can't answer it until you know what my question is.

Senator McCARTHY. I heard your question.

Senator O'MAHONEY. But you don't understand it. Let me say for the record, Senator, that the documents which you have in your hand are mere typewritten papers. I don't want you to read them. I want you to identify them. What are they? Then, of course, they ought to be made a part of the record.

Senator McCARTHY. I was about to identify them, Mr. O'MAHONEY.

Senator O'MAHONEY. Please do.

Senator McCARTHY. And I might say that these were gotten from Mr. Brennan's office as a result of news statements about them, so I assume they are accurate.

Senator O'MAHONEY. Oh, you assume. I want to know. Are they accurate?

Senator McCARTHY. When they come from him, Senator.

Senator O'MAHONEY. What is your proof?

Senator McCARTHY. When they come from him.

Senator O'MAHONEY. What is your proof that they come from him?

Senator McCARTHY. His letter stating that he is sending them to me. If he questions them, I would be glad.

Senator O'MAHONEY. Now you are identifying them.

Senator McCARTHY. Senator, let me finish. Let me finish one question.

Senator HENNINGS. Mr. Chairman, in the interest of orderly procedure should we not as we would in court identify the documents for what they purport to be?

Senator O'MAHONEY. That is what I am trying to do.

Senator McCARTHY. May I say to you, I don't know what documents will be called into being. The documents I referred to now are speeches made by Mr. Brennan.

Senator O'MAHONEY. Your say-so doesn't make them so.

Senator McCARTHY. I think my say-so may mean something, Senator O'MAHONEY. I have just told you that they are speeches of Mr. Brennan. If he says they are not, then we will be glad to hear from him, I'm sure.

Senator O'MAHONEY. If you would only identify them, then we would know whether your say-so is correct.

Senator McCARTHY. Could you give me 1 second's time to identify them?

Senator O'MAHONEY. Read the letter which you say you received. That would be proof.

Senator McCARTHY. Could I give you—could you give me 1 second, Senator, without interruption?

Senator O'MAHONEY. You have all the time there is, sir. I just want you to proceed in an orderly manner, not in a disorderly manner.

Senator McCARTHY. If I didn't have this interruption, I would be proceeding in an orderly manner.

Senator O'MAHONEY. Yes; for the record you stated you had a lot of books on the table. I see only the CONGRESSIONAL RECORD and some concealed pamphlets. [Laughter.]

Senator McCARTHY. I may say, Mr. Chairman, that some of the audience may think this is humorous. There is nothing humorous about appointing a Justice to the Supreme Court and I don't think it is humorous. You may have a great sense of humor, Senator, but I am trying to answer your question, and I will answer it if you will be quiet for just 30 seconds. Will you do that for me?

Senator O'MAHONEY. Please answer the question, and I shall be quiet.

The CHAIRMAN. Proceed, Senator McCARTHY.

Senator McCARTHY. What I would like to refer to are two speeches made by Mr. Brennan. They were forwarded to me after a telephone conversation between Mr. Bozell of my office and Mr. Brennan's secretary. He promised at that time to send these speeches. These speeches were sent and from the news reports I have no reason to believe that the speeches had been distorted or were inaccurate. If you will bear with me, I may say that Mr. Brennan apparently is a very erudite gentleman, he gives very good speeches on an overall basis, but I am

not going to discuss the overall speech of Mr. Brennan.

I intend to question him about some of the items that he brought forth in that.

Senator BUTLER. When were those speeches made and where?

Senator MCCARTHY. March 1, 1954.

Senator BUTLER. Where?

Senator MCCARTHY. With the name of McCarthy—the Charitable Irish Society.

Senator HENNINGS. What city or town?

Senator MCCARTHY. At Boston.

Senator BUTLER. What date?

Senator MCCARTHY. March 17.

Senator BUTLER. What year?

Senator MCCARTHY. 1954.

The CHAIRMAN. We will have to have order. If we can't, the spectators will have to leave the room.

Senator MCCARTHY. The other made before the Monmouth Rotary Club on February 23, 1955. It was during the investigation of communism at Fort Monmouth or at about that time.

The CHAIRMAN. That was an investigation that you conducted?

Senator MCCARTHY. It was an investigation that our committee conducted, and I was in charge of that. Pardon me, Senator, for feeling a bit strongly on this.

Senator O'MAHONEY. You have answered the question now. You were fencing around, apparently not understanding the question.

The CHAIRMAN. Do you want those admitted into the record?

Senator MCCARTHY. I think in fairness to Mr. Brennan the entire documents should be submitted in the record.

The CHAIRMAN. They are admitted into the record.

Senator MCCARTHY. Because I might say they are good speeches.

(The documents referred to are as follows:)

"THE CHARITABLE IRISH SOCIETY, BOSTON, MASS., MARCH 17, 1954

"Mr. President, reverend clergy, distinguished guests, and members and friends of the Charitable Irish Society, my pleasure in having the honor on this night of St. Patrick to address this ancient and honorable society is greater for the warmth of Mr. O'Neill's gracious and overly generous introduction. As I listened to him, again, as often this evening, I thought how wrong Samuel Johnson was. It was he, you will remember, who coined the canard, 'The Irish are a fair people; they never speak well of one another.'

"The assignment is particularly pleasant, as it ever must be to one of Irish blood, to respond to the toast, 'To the day we celebrate.'

"This is the day every year when the whole Nation seems to go on a genealogical binge to find a strain of Irish somewhere in the family lineage. We who need go back no further than our parents' Roscommon cottages witness the avid search, smugly we must confess, and yet with an inner if unexpressed pride that all America should in that way show its recognition of how completely American are the Americans of Irish ancestry. It adds a particular zest to our annual festival when we gather throughout America, as once again we do tonight, in convocations of the quality, if not always of the magnificance, of our meeting here.

"Americans of Irish stock now number five times as many as the number of Irish who are the Irish nation. There are most of us around Boston than there are residents in Dublin. The alchemy which has melded the Irishman into the complete American may have the flavor of the abtruse, but the meld for all to see, perhaps envy, and the reason for it is obvious. The Irish love of individual liberty has naturally flowered in this America where the promise of that liberty has been realized as nowhere else on earth.

"And we lay claim to having made a measurable contribution to the building of this America—a claim made not the less loudly because we willingly acknowledge that we had some help.

"My theme tonight is a reminder that this is a religious America, a subject anachronistic to some, but I submit really timeless because it explains so much. Many have remarked the unique fervor with which we Americans of Irish stock embrace our religious faith. One commentator has said that the value we set upon the constitutional guaranties of religious liberty has made the Irish probably more deeply emotionally attached to America than any other national group in American society. We here tonight will be quick to say that our deep pride in being Americans also has roots in the guaranties of the other human liberties to be found in the Constitution.

"But let us admit the emphasis for the moment. Does not that very trait have special significance in the times in which we live?

"That the alarm clock of history is wound up in periods of world crises and proceeds to run down between times is a truism. Emphatically today's days are lived at the high tension of alarm. Not only is it that everywhere in the world is there an uneasy sense that we are in the midst of profound changes in our social, political, and economic life, nor merely that the flow of events seems to be forcing men and nations relentlessly to a choice between strikingly different and strongly competing philosophies of national life. Rather is it that there is an increasing consciousness of a terror abroad in the world which if it could would turn the clock back to the dark days of tyranny and oppression from which this America provided escape and asylum, not for our forebearers alone but for all peoples whose children proudly wear with us the label "American." None questions now the portentous fact, starkiy revealed by daily events that the fundamental difference between our Government and that of our enemy is that we Americans accept, and he rejects, the concept that man-made government must ever be subject and obedient to the laws of God. All Americans, those of Irish blood and those not of Irish blood, accept the great truth expressed by James Madison, that "Before any man can be considered as a subject of civil society he must be considered as a subject of the Governor of the Universe—every man who becomes a member of any particular society must do it with a saving of his allegiance to the Universal Sovereign." And ever since, all branches of government in America have followed a course of official conduct which openly accepts the existence of God as the Creator and Ruler of the Universe.

"Every official of Government, State or Federal, Presidents, governors, judges, officeholders at all levels, before assuming their duties of office, take an oath that is a recognition of God's authority and an undertaking by the official to accomplish the transaction to which it refers as required by His laws. The confederated colonies and, later, the States organized as a constitutional nation, acknowledged the existence of and bowed before the Supreme Being. The Declaration of Independence, phrased in the political ideology of Thomas Jefferson, frankly grounded its position in the inalienable rights endowed by God, the Creator, made appeal to Him, the Supreme Judge of the world, for the rectitude of that position, and expressed trust in the divine providence for protection in the fulfillment thereof. The Articles of Confederation recited the beneficent intervention of the Great Governor of the world. The Thanksgiving Proclamation issued annually by the President, founded originally on resolution and continued through the years by tradition, gives, by its continuity and content, a striking reflection of the acceptance by our Nation, and specifically by our Government, of the idea and existence of God. Our coined dollar for years beyond memory has carried the inscription 'In God We Trust.' And the constitutions of the several States too are replete with declarations placing God at the apex of all things. A famous Justice of the United States Supreme Court has said of them, 'There is a universal language pervading them all having one meaning. They affirm and reaffirm that this is a religious nation; these are not individual sayings, declarations of private persons; they are organic utterances; they speak the voice of the entire people.' Whatever their religious belief, all Americans acknowledge with us the fitness of recognizing in important human affairs the superintending care and control of the Great Governor of the universe and of acknowledging with thanksgiving His boundless favors, of bowing in contrition when visited with the penalties of His broken laws.

"Yes, this America, like the Irish since St. Patrick planted the seed of Christianity in Ireland in the year 432, is and always has been theistic. The influence which that force contributed to our American origins and the direction which it has given to our progress, are beyond calculation. The heirs of an intense religious devotion, as we Irish are, are joined by Americans of all creeds in the depth of our persuasion that it is of supreme importance to our Nation that our people remain theistic, that belief in God shall abide.

"Yes, this is a religious nation—not a Catholic nation, or a Protestant nation, or a Jewish nation, but increasingly a genuinely free and tolerant society simultaneously preserving religious freedom while destroying religious bigotry, in a word, a nation, as Madison hoped, where 'Whilst we assert for ourselves a freedom to embrace, to profess and to observe the religion which we believe to be of divine origin, we cannot deny any equal freedom to those whose minds have not yielded to the evidence which has convinced us. If this freedom be abused, it is an offense against God, not against men. To God, therefore, not to man, must an account of it be rendered.'

"All our liberties are precious but none so precious as religious liberty for without it the other liberties cannot exist.

"Some insist that we Irish are prone to claim too great a share of the credit for this America. Well, though I make my head a target by saying it, I am bold enough to suggest that there is cogent evidence that the determination of Jefferson and Madison to embed the ideal of religious liberty in the Constitution was given strong impetus by the happenings in Ireland at the very time the States were considering the ratification of the Bill of Rights, which are the first 10 amendments. Those years between 1791 and 1798 witnessed Ireland's supreme effort to shake itself free of a tyranny which had its roots in the union of the state with an established church. It was the effort of a united Ireland—jointly of Irish Roman Catholics and Irish Protestant Dissenters. Their common bond was the hatred and fear they shared of the religious favoritism shown the established church, the galling compulsion that Catholic and Dissenters alike pay tithes to support that church, and the concomitant suppressive measures imposed not alone upon their freedom to practice their own faiths but the oppressions which saw their lands stolen by force, exploited by absentee owners with great recklessness, and divided up into plantations for favorites—a tyranny so foul that even Jon-

athan Swift was moved to protest that everything should 'be burnt that comes from England except the people and the coals.'

"The Catholic and Protestant Irish joined forces in the famed Society of United Irishmen, organized in 1791, when your distinguished organization had already reached the maturity of 54 years, and was disbanded and dead in the holocaust of battle by 1798 at the time of your 61st birthday. Led by the immortal Theobald Wolfe Tone, a young Protestant lawyer, the Society of United Irishmen rallied every element of Irish life to its standards, north, south, east, and west.

"Wolfe Tone knew that, tightly welded as the Irish were, and fanatical as was their determination to revolt under the goad of brutal persecution, an armed uprising could succeed only with outside help. He journeyed to Paris and sought and obtained the help of the French. In December of 1796 a French fleet of 43 vessels with 15,000 men set out for Ireland. But en route a great storm arose, the fleet was destroyed, and the landing of such few as reached Bantry Bay was easily prevented.

"Wolfe Tone did not give up. He returned to France in the winter of 1797, prevailed upon the French to try again with some help from the Dutch. This time another huge fleet and 10,000 men embarked. But disaster again befell. The fleet was becalmed and the enemy had time to collect a force which intercepted and totally defeated the French and Dutch as Camperdown.

"Lesser men would have despaired. But Wolfe Tone returned to France to try again. Meanwhile, however, the enemy had become aware that the Society of United Irishmen was being stealthily forged into an efficient military organization awaiting only the arrival of Wolfe Tone and the French to revolt throughout the island. They set out to crush the organization. Martial law was declared, such society officers as could be identified were thrown into prison or executed, hideous excesses of soldiery were neither discouraged nor forbidden.

"Then the movement was dealt its cruelest blow. Within Ireland the controlling group of the society, kept to 15 because of the necessity of stealth in their meeting and planning, was betrayed by one of their own number, a Thomas Reynolds by name. As our American Revolution had but a decade earlier produced Benedict Arnold, the Irish revolution produced its own. Reynolds revealed the final plans for an uprising in coordination with the French, who under Wolfe Tone's urging had outfitted a third fleet which was then en route to Ireland.

"All the leaders were seized and immediately hanged. The arduously collected and carefully stored arms and weapons were taken and there was loosed upon the Irish people a terror with few parallels, so ruthless that even the enemy military commander lost control of his troops and in his words protested to London, 'Every crime, every cruelty that could be committed by Cossacks and Calmuchs has been committed here. The way in which the troops have been employed would ruin the best in Europe.'

"But, though leaderless and virtually without arms, using pipes or sticks, or, more often, their bare hands, driven on by flaming hate and sustained by raw courage alone, the Irish people nevertheless revolted throughout Ireland in the tragic insurrection of 1798. Foredoomed to failure in an awful carnage, they attacked at Prosperous, Dunbayne, Barretstown, in Kildare and Carlow and Dublin; but on all sides they were terribly repulsed with horrible losses.

"On Tara's historic hill, 3,000 of them attacked a large force of Royal horse and foot with nothing but flesh to meet cannon and shot. Only a handful lived to tell the story. In Wexford the United Irishmen knew their Gettysburg. Almost solidly a Catholic county then, as today, their leader was a Protestant, Bagenal Harvey. Their field commanders were two priests, Fathers John and Michael Murphy. Initially they achieved a huge success—5,000 of them attacked and overwhelmed a force of Royal cavalry and infantry and obtained desperately needed arms, ammunition, military stores, and many horses. With these, insult, outrage, and murder were fearfully avenged. No quarter was given. One Royal regiment lost all but five men.

"But now came upon the stage a man familiar in American history—Lord Cornwallis. He became the enemy's commander in chief. The Irish of Wexford, after a succession of battles, had achieved something like a cohesive force of 20,000 which early in June were deployed on Vinegar Hill, a name curiously reminiscent of some battlefield of our own Civil War. It was near Enniswithy. To it Cornwallis brought his Royal forces of regulars and militia who completely surrounded the hill. Discipline and artillery at last prevailed over numbers and valor, and after 2 hours of battle the insurgents broke and were mowed down in a fearful slaughter. The gallant Father Michael Murphy, thought invulnerable to bullets by his men, fell leading an assault.

"This, then, was the scene in Ireland as Wolfe Tone with the third French fleet drew near. The enemy, of course, were forewarned and ready. They fell upon the fleet in overwhelming force off the coast of Donegal and in a fierce 6-hour engagement completely destroyed it.

"Wolfe Tone was captured and sentenced to death, not as a prisoner of war, but as a traitor. He outwitted his captors by opening a vein and dying before the sentence could be carried out.

"So, what Benedict Arnold and Lord Cornwallis could not do in America, Thomas Reynolds and Lord Cornwallis accomplished in Ireland.

"T. S. Eliot has said, 'Of all that was done in the past, you eat the fruit, rotten or ripe.' Now, this I know is an impartial audience. Surely the wish is not merely the father to the thought and the historians' right who say it is mere coincidence that our Founding Fathers chose that moment to write into our organic law that the state should tolerate all religions and allow them all freedom of expression. The Irish nation was not for a century and a quarter to have the opportunity to write this fundamental of liberty into a constitution of an Irish Republic. But meanwhile countless numbers escaped the denominational concept of the state by emigrating to America where they seized, with what advantage to our America we know, the opportunity to develop and expand this new continent where the binding together of ecclesiastical with political privilege was not to be known.

"But our American way of life now faces a different and perhaps even more deadly challenge because its target is not one, or some, but all religions. Anne O'Hare McCormick, in last Saturday's New York Times labeled it 'the real danger—the massive forces of the imperialist communism that seeks to conquer the world.' Organized atheistic society is making a determined drive for supremacy by conquest as well as by infiltration. We are at a crucial hour, and Americans of all faiths have a common stake in the outcome and are commendably on the alert, although for decades our cries of danger fell largely upon deaf ears. But certainly we need not panic. As Miss McCormick puts it, 'The picture of ourselves as a nation petrified by the fear of communism is neither true nor flattering.' Americans of all races and creeds have closed ranks against the godless foe. Whatever of treasure, of time, of effort required to defeat him, we will provide, and gladly. But we cannot and must not doubt our strength to conserve, without the sacrifice of any, all of the guaranties of justice and fair play and simple human dignity which have made our land what it is.

"When the Master of Men trod the earth, He said, 'Ye shall know the truth, and the truth shall make you free.' The dictators of His day nailed Him to a cross. But the truth He brought has uprooted every dictator since His time.

"The truth shall make you free. Free—not rich. Freedom was the promise. Since that promise was made, the centuries have waxed and waned, economic tides have risen and fallen, but humanity has never ceased its struggle to be free. Autocrats have enslaved men, dictators have regimented them, tyrants have ground them down. But 1,800 years after that old promise there was set up in America a system of government based upon the dignity and inviolability of the individual soul, declaring that all men have God-given inalienable rights to life, liberty, and the pursuit of happiness. In the 178 years since that happy event, this old world, released from tyranny, watered by individual liberty, revivified by the initiative of millions of free men working in their own way for themselves and their children, has produced more of human happiness and has made greater progress in the arts, sciences, education, and economic prosperity than in all the previous centuries of experimentation with the absolute state put together. The enemy deludes himself if he thinks he detects in some practices in the contemporary scene reminiscent of the Salem witch hunts, any signs that our courage has failed us and that fear has palsied our hard-won concept of justice and fair play. These are but passing aberrations even now undergoing systematic deflation. Perhaps you heard and saw Bishop Fulton J. Sheen on his TV program last night. He put the matter in his eloquent and magnificent style. He said that when Americans bait traps to catch rats and use overripe Gorgonzola which smells up the house and nauseates everyone in it, we don't stop using cheese to bait traps to catch rats, we change from Gorgonzola to less odorous Swiss. America, the leader and hope of free men everywhere, has supreme confidence in the irresistible strength of our free society to meet and vanquish today's imperialism, so utterly devoid of hope and offering man only the promise of a degrading slavery.

"For us, the Americans of Irish descent, to whom America is so much, I would close with Harry Lauder's story of the lamplighter. The great comedian told us of sitting at his window in his Scotland home many years ago, long before the advent of electric lights, watching the street lamplighter light the evening lights. He would watch him as he would place his ladder, climb and light the lamp, take down the ladder and go to another, and so on down the street until at last he could see the lamplighter no more but could tell the way he went by the lamps he had lighted.

"So it is, my friends, with you and me of Irish blood. As we go through life, may we be found lighting the lamps of truth and justice and righteousness, even as our Irish forebears before us, so that as time passes and we move from the scene of action, our own children and their children after them, though we be lost to view, may tell the way we went by the lamps we lighted along life's pathway."

"MONMOUTH ROTARY CLUB, FEBRUARY 23, 1955

"I sincerely appreciate the courtesy of the invitation to be with you tonight. It is several years since circumstances compelled me to resign my membership in the Newark Rotary Club, but I have many fond recollections of that association and they make

me feel very much at home in this gathering of my neighbors of Monmouth County.

"The Rotarian ideal of service with its objectives of high ethical standards in our relationships with each other and the advancement of international understanding, good will, and peace takes on a special significance in this troubled day. Faith in our God, in ourselves, in our fellow man are the foundations upon which the Rotary ideal rests—and when in our lives have those essentials had more meaning, when has the striving for them ever been more worth while?

"That the alarm clock of history is wound up in periods of world crises and proceeds to run down between times is a truism.

"Emphatically today's days are lived in the high tension of alarm. Not only is it that everywhere in the world is there an uneasy sense that we are in the midst of profound changes in our social, political, and economic life, nor merely that the flow of events seems to be forcing men and nations relentlessly to a choice between strikingly different and strongly competing philosophies of national life. Rather is it that there is an increasing consciousness of a terror abroad in the world which if it would turn the clock back to the dark days of tyranny and oppression from which this America provided escape and asylum not for our forebears alone but for all peoples whose children wear with us the label 'American.' None questions now the portentous fact, starkly revealed by daily events, that the fundamental difference between our Government and that of our enemy is that we Americans accept, and he rejects, the concept that manmade government must ever be subject and obedient to the laws of God. All Americans accept the great truth expressed by James Madison that 'Before any man can be considered as a subject of civil society he must be considered as a subject of the Governor of the Universe—every man who becomes a member of any particular society must do it with a saving of his allegiance to the Universal Sovereign.' And ever since, all branches of government in America have followed a course of official conduct which openly accepts the existence of God as the Creator and Ruler of the Universe. Every official of government, State or Federal, Presidents, governors, judges, officeholders at all levels, before assuming their duties of office, take an oath that is a recognition of God's authority and an undertaking by the official to accomplish the transaction to which it refers as required by His laws.

"The confederated colonies and, later, the States organized as a constitutional nation, acknowledged the existence of and bowed before the Supreme Being. The Declaration of Independence phrased in the political ideology of Thomas Jefferson, frankly grounded its position in the inalienable rights endowed by God, the Creator, made appeal to Him, the Supreme Judge of the World, for the rectitude of that position, and expressed trust in the divine providence for protection in the fulfillment thereof.

"The Articles of Confederation recited the beneficent intervention of the great Governor of the World. The Thanksgiving Proclamation issued annually by the President, founded originally on resolution and continued through the years by tradition, gives, by its continuity and content, a striking reflection of the acceptance by our Nation, and specifically by our Government, of the idea and existence of God. Our coined dollar for years beyond memory has carried the inscription 'In God We Trust.' And the constitutions of the several States too are replete with declarations placing God at the apex of all things. A famous Justice of the United States Supreme Court has said of them, 'There is a universal language pervading them all, having one meaning. They affirm and reaffirm that this is a religious nation; these are not individual sayings, declarations of private persons; they are organic utterances; they speak the voice of the entire people.' Whatever their religious belief, all Americans acknowledge with the fitness of recognizing in important human affairs the superintending care and control of the Great Governor of the Universe and of acknowledging with thanksgiving His boundless favors, of bowing in contrition when visited with the penalties of His broken laws.

"Yes; this America is and always has been theistic. The influence which that force contributed to our American origins and the direction it has given to our progress are beyond calculation. Americans of all creeds are as one in the depth of our persuasion that it is of supreme importance to our Nation that our people remain theistic, that belief in God shall abide.

"Yes, this is a religious nation—not a Catholic nation, or a Protestant nation, or a Jewish nation, but increasingly a genuinely free and tolerant society simultaneously preserving religious freedom while destroying religious bigotry; in a word, a nation, as Madison hoped, where 'Whilst we assert for ourselves a freedom to embrace, to profess, and to observe the religion which we believe to be of Divine origin, we cannot deny an equal freedom to those whose minds have not yielded to the evidence which has convinced us. If this freedom be abused, it is an offense against God, not against man. To God, therefore, not to man, must an account of it be rendered.'

"And so it is but to be expected that the Rotary ideal of service, at base a religious concept, does not seek to supplant or interfere with any religion and assumes, and rightly, that its program of service is in accord with all religions and in a real sense is a reflection of the larger American ideal.

"And because we are Americans first and Rotarians, too, we are aghast at the massive threat of the forces that seek to destroy us. Organized atheistic society is making a determined drive for supremacy by conquest and infiltration. Conquest by arms we can deal with, and we have largely contained its expansion because our enemy is equally aware that we can deal with it. Infiltration is a furtive weapon, elusive, hard to meet and to grasp. Our imaginations build pictures of its size and shape, and the picture I draw is not the picture you draw of it. But a portrait of ourselves as petrified by the fear of this thing is neither true nor flattering. Americans of all races and creeds have closed ranks against the godless foe. Whatever of treasure, or time, of effort required to defeat him, we will provide, and gladly. But we cannot and must not doubt our strength to conserve, without the sacrifice of any, all of the guaranties of justice and fair play and simple human dignity which have made our land what it is.

"Our pursuit of this ugly thing has led us of late, as a Nation, into another fear, namely, that sometimes an infiltration can elude us by setting up the barrier of the fifth amendment. Our gorge rises in frustrated anger when one suspected of participating in the enemy plan can refuse to confirm or deny our suspicions when asked the question 'are you a Communist' by answering, 'I refuse to answer because the answer may incriminate me and under the fifth amendment I cannot be compelled to incriminate myself.' If he was hard to dig out in the first place, digging out the evidence to convict him may be harder still, and without it he may go his way unhindered even as you and I.

"Whence and why the privilege of an accused not to give evidence against himself? Fifteen of the 108 words of the fifth amendment spell it out: 'No person shall be compelled in any criminal case to be a witness against himself.' Substantially the same phrasing imbeds the privilege in the constitutions of 46 of the 48 States. Only Iowa and our own State of New Jersey have not given the privilege constitutional sanction but raise it instead by statute. But I wonder if the statement of it in our Constitution and statute improves upon the original statement of it in Magna Carta in the year 1215, 740 years ago. There it is phrased, 'No bailiff from henceforth shall put any man to his law upon his own bare saying without credible witnesses to prove it.'

"For we must go back almost 8 centuries to discover the source of the privilege. Our constitutions merely declare it; they did not create it.

"The year 1583 probably marks its beginning in the form we know today. That was the year Archbishop Whitgift, a man of stern Christian zeal presiding in the Court of High Commission in England, determined to crush heresy wherever its head was raised. He proceeded immediately to examine clergymen and other suspected persons, under oath, and to wring from them, by one means or another, what happened to fit his definition of heresy and subject them to punishment which even in retrospect makes us shudder. The passions which flamed around this practice fed by the growth of dissident views, at once religious and political, finally forced the courts to a showdown in the trial of John Lilburn in 1637. Lilburn was an obstreperous and forward opponent of the Stuarts. Popularly known as Freeborn John, he was something between a patriot and a demagog. He was committed to prison by the infamous court of the star chamber on a charge of printing heretical and seditious books. Yes, even in those days any thinking which did not conform was labeled treasonous. On his examination he refused to answer the questions put to him to show his guilt. Said he, the examination was 'contrary to the laws of God, nature, and the kingdom, for any man to be his own accuser.' For his boldness in refusing to answer he was condemned to be whipped and pilloried. The sentence was executed, but Lilburn preferred a complaint to the Parliament. And in 1646 the House of Lords vacated the sentence as 'illegal, and most unjust, against the liberty of the subject, and law of the land, and Magna Carta.' For the pain of his whipping and the invasion of his rights as a free man he was granted 3,000 pounds in reparation.

"The privilege, thus established, came into full recognition by 1660, extended to include an ordinary witness and not just the party accused. The colonists who came to America brought it with them as the peculiar mark of the true Englishman 'that no man is bound to accuse himself' and, aided perhaps by the agitation going on in France in the 1780's against inquisitional practices being followed in that country, it promptly found its way into the Bill of Rights being written into the State and Federal Constitutions.

"Has the privilege outlived its usefulness? Certainly our times differ from the turbulent times which gave it birth—and the reason which bred it, revolt against the use of arbitrary power to force men's consciences on the subject of religion is not today's problem. Equally certain is it that more often than not those who claim its refuge have committed the crimes of which they are accused. Why, then, should a civilized people abide a situation so highly advantageous to the guilty, providing a hiding place for crime and hazarding a general disrespect for law and order from the sight of the criminal loose on the streets laughing at the prosecutor?

"Logically why should not a person charged with a crime be obliged to give what explanation he can of the affair? Why should he have the privilege of silence? Are we collectively knaves and fools in the grip of a

shibboleth by which those outside the social pale escape their just deserts?

"These questions imply the arguments advanced by those who would abolish the privilege as a mere tawdy remnant of ancient generations, serviceable, indeed necessary, for them, but unnecessary in the light of other more modern safeguards amply sufficient to protect against the abuses which brought it about. This contest over compulsory disclosure is not new. Even Shakespeare had his doubts. In Hamlet the King soliloquizes: 'In the corrupted currents of this world offence's gilded hand may shove by justice; and oft 'tis seen the wicked prize itself buys out the law. But 'tis not so above; there is no shuffling; there the action lies in his true nature, and, we ourselves are compelled, even to the teeth and forehead of our faults, to give in evidence.'

"But if we pause and think a moment and ask ourselves, 'What is it really that the privilege aims to accomplish,' we come to the different, and, for me at least, more persuasive conclusion that it is not abolition of the privilege but greater respect for it that we should foster, for the need for it is as great or perhaps greater in our day. Our heritage as a people is that we are masters of our own government, the better to assure the protection of individual rights, for it is upon the individual and his rights consistent with the rights of other individuals that our way of life is built, opposing the concept of a society as a collective self-subordinating the individual and commanding his very life to serve its ends. A system of inquisition on mere suspicion or gossip without independent proofs tending to show guilt is innately abhorrent to us, not for the old woman's reasons, that it is hard upon a man to be obliged to criminate himself, but because in the hands of petty bureaucrats, whether under James the First or under Philip the Second or in the 20th century under an American Republic, such a system is always certain to be abused.

"Life magazine recently reminded us of the conclusion reached by Arnold Toynbee in his just completed mammoth Study of History—that communism asks mankind to worship mankind as a collective self, but the idol of Western liberal humanism is the individual, and as truly he is a pipsqueak by comparison, the safeguards to preserve him must indeed be strong and the watch over him indeed be vigilant.

"No doubt a guilty person may justly be called upon to answer at any time, for guilt deserves no immunity. But it is the innocent that needs protection. The true reason and necessity for the privilege is that any system of administration which permits the prosecution to trust habitually to compulsory self-disclosure as a source of proof must itself suffer morally thereby. The inclination develops to rely mainly upon such evidence and to be satisfied with an incomplete investigation of the other sources. The British police official who frankly admitted that his lot was nicer in India than at home, because 'It is far pleasanter to sit comfortably in the shade rubbing red pepper into a poor devil's eyes than to go about in the sun hunting up evidence against him' had his American counterpart in the California police officers who only 5 years ago used a stomach pump to empty the stomach of a suspected drug addict and then obtained his conviction on the evidence of the two capsules he disgorged. 'This is conduct which shocks the conscience,' said our United States Supreme Court, 'They are methods too close to the rack and the screw to permit of constitutional differentiation.'

"The privilege exists then because of the reality of the fear, too often proved empirically to be well founded, that the power to extract answers will beget a forgetfulness of the just limitations of that power. The simple and peaceful process of questioning breeds a readiness to resort to bullying and even to physical force and torture. If there is a right to an answer, there soon seems to be a right to the expected answer, that is, to a confession of guilt. Thus the legitimate use grows into an unjust abuse; ultimately, the innocent are jeopardized by the encroachments of a bad system. It has been the course of human experience over centuries of struggle that any system which permits John Doe to be forced to answer on the mere suspicion of an officer of the law or of the chairman of an investigating committee, or on public rumor, or on secret betrayal, is a constant danger to all who live under it. And thus it is that 'We are concerned with something far more important than securing or sustaining a particular conviction. Many and conflicting are the criteria by which a society is to be deemed good, but perhaps no test is more revealing than the characteristics of its punitive justice. No single aspect of our society is more precious and more distinctive than that we seek to administer criminal justice according to morally fastidious standards. These reveal confidence in our institutions, respect for reason, and loyalty to our professions of fairness,' not from overwhelming indulgence of the guilty but from basic instincts to secure to each of us an equating of the scales in any necessarily unequal contest between him and the state. The good which the privilege aims at consists in that general fact, and not in the individual application of it to a given claimant. Concede the harm to society when the guilty escape—it is a particular harm which we suffer for the larger good. Kulski in his recent study, 'The Soviet Regime,' pertinently says:

" 'The totalitarian mind accepts all the means which promise the achievement of its ends. The democrat is ready to compromise some of his ideal ends for the sake of renouncing means which would involve the sacrifice of human lives or freedom. This is the major moral issue dividing any totalitarian, be he Communist or Fascist, from a genuine democrat.'

"The current widespread interest in the privilege grows, of course, out of its invocation before congressional investigating committees, particularly those committees inquiring into alleged subversion in Government. Distrust of the fifth amendment was a concomitant of such inquiries. Frankness with ourselves must compel the acknowledgment that our resentment toward those who invoked its protection led us into a toleration of some of the very abuses which brought the privilege into being so many centuries ago. The abuses took on modern dress, it is true—not the rack and the screw, but the distorted version of the happenings at secret hearings released to the press, the shouted epithet at the hapless and helpless witness. And woe betide him who cried protest at this perversion of the legislative inquiry. He was thrust in the mold of a sympathizer with and protector of those who plead the fifth amendment. Intentionally conceived or merely misguided, the result has been to engender hate and fear by one citizen of another, to have us distrust ourselves and our institutions, to have us become a 'nation afraid' to borrow from Elmer Davis. That path brings us perilously close to destroying liberty in liberty's name. But there are hopeful signs in recent events that we have set things aright and have become ashamed of our toleration of the barbarism which marked the procedures at some of these hearings. It is indeed reason for pure joy and relief that a long last our collective conscience has sickened of the excesses and is demanding the adoption of permanent and lasting reforms to curb investigatory abuses.

"Dean Griswold, of the Harvard Law School, said in a speech in Newark a short while ago:

" 'One way to evaluate a political instrument is to consider what the situation would be if it did not exist. We may better understand the importance of the fifth amendment by considering what not having it would mean. We usually think of the privilege against self-incrimination either in historical terms, in the light of past tyrannies, or in terms of the embarrassment that a witness at a congressional hearing may experience as a result of the exposure of political mistakes. Let us look, though, at the reverse side of the coin in terms of the standard operating procedures of the police states which have brought the medieval techniques up to date. If we are not willing to let the amendment be invoked, where, over time, are we going to stop when police, prosecutors, or chairmen want to get people to talk? Lurking in the background here are really ugly dangers which might transform our whole system of free government. In this light, the frustrations caused by the amendment are a small price to pay for the fundamental protection it provides.

" 'The fifth amendment has been very nearly a lone sure rock in a time of storm. It has been one thing which has held quite firm, although something like a juggernaut has pushed upon it. It has, thus, through all the vicissitudes been a symbol of the ultimate moral sense of the community, upholding the best in us, when otherwise there was a good deal of wavering under the pressure of the times.'

"When the Master of Man trod the earth, He said, 'Ye shall know the truth, and the truth shall make you free.' The dictators of His day nailed Him to a cross. But the truth He brought has uprooted every dictator since His time.

" 'The truth shall make you free.' Free—not rich. Freedom was the promise. Since that promise was made the centuries have waxed and waned, economic tides have risen and fallen, but humanity has never ceased its struggle to be free. Autocrats have enslaved men, dictators have regimented them, tyrants have ground them down. But 1,800 years after that old promise there was set up in America a system of government based upon the dignity and inviolability of the individual soul, declaring that all men have God-given inalienable rights to life, liberty, and the pursuit of happiness. In the 178 years since that happy event this old world, released from tyranny, watered by individual liberty, protected and assured by the fifth amendment and its companion guaranties, revivified by the initiative of millions of freemen working in their own way for themselves and their children, has produced more of human happiness and has made greater progress in the arts, sciences, education, and economic prosperity than in all the previous centuries of experimentation with the absolute state put together. Are we Americans then to cringe before a tyrannical imperialism so devoid of hope, containing within it only the purpose of a degrading slavery, and deny our own irresistable strength, grown great upon the bread of spiritual evaluation of the dignity of the human soul? History, past and present, answers an emphatic 'No.'

"It is said in a Rotary publication, 'Rotary seeks all that which brings people together and it avoids all which separates them.' For us, then, here tonight, to whom America is so much, I would close with Harry Lauder's story of the lamplighter. The great comedian told of sitting at his window in his Scotland home many years ago, long before the advent of electric lights, watching the street lamplighter light the evening lights. He would watch him as he would place his ladder, climb and light the lamp, take down the ladder and go to another,

and so on down the street until at last he would see the lamplighter no more but could tell the way he went by the lamps he had lighted.

"So it is, my friends, with you and me. As we go through life, may we be found lighting the lamps of truth and justice and righteousness, even as our forebears before us, so that as time passes and we move from the scene of action, our own children and their children after them, though we will be lost to view, may tell the way we went by the lamps we lighted along life's pathway."

Senator McCARTHY. I would like to ask Mr. Brennan a few questions if I may.

Mr. Brennan—and despite, as I may say, the levity that has preceded this, to me this is extremely important. I am sure you will agree with that and I won't even call for an answer to that. I would like to ask you a question: Do you approve of congressional investigations and exposure of the Communist conspiracy setup?

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STATEMENT OF WILLIAM JOSEPH BRENNAN, JR., NOMINEE TO BE ASSOCIATE JUSTICE OF THE SUPREME COURT OF THE UNITED STATES

Mr. BRENNAN. Not only do I approve, Senator, but personally I cannot think of a more vital function of the Congress than the investigatory function of its committees, and I can't think of a more important or vital objective of any committee investigation than that of rooting out subversives in Government.

Senator McCARTHY. You, of course, I assume, will agree with me—and a number of the members of the committee—that communism is not merely a political way of life, it is a conspiracy designed to overthrow the United States Government.

Mr. BRENNAN. Will you forgive me an embarrassment, Senator. You appreciate that I am a sitting Justice of the Court. There are presently pending before the Court some cases in which, I believe, will have to be decided the question what is communism, at least in the frame of reference in which those particular cases have come before the Court.

I know, too, that you appreciate that having taken an oath of office it is my obligation not to discuss any of those pending matters. With that qualification, whether under the label communism or any other label, any conspiracy to overthrow the Government of the United States is a conspiracy that I not only would do anything appropriate to aid suppressing, but a conspiracy which, of course, like every American, I abhor.

Senator McCARTHY. Mr. Brennan, I don't want to press you unnecessarily, but the question was simple. You have not been confirmed yet as a member of the Supreme Court. There will come before that Court a number of questions involving the all-important issue of whether or not communism is merely a political party or whether it represents a conspiracy to overthrow this Government.

I believe that the Senators are entitled to know how you feel about that and you won't be prejudicing then any cases by answering that question.

Mr. BRENNAN. Well, let me answer it, try to answer it, this way, Senator. Of course, my nomination is now before the Senate for consideration, nevertheless since October 16 I have in fact been sitting as a member of the Court. The oath I took, I took as unreservedly as I know you took your own, and as I know every Senator took his. And I know, too, that your oath imposes upon you the obligation to ask just such questions as these.

But I am in the position of having an oath of my own by which I have to guide my conduct and that oath obligates me not to discuss any matter presently pending before the Court, because I have actually sat in consideration on such matters and the only way that the mouth of a member of the Court may be opened in expression of an opinion in respect of any one of them is a formal written opinion when that is finally written and filed.

I do hope you will not feel that in saying what I do, I am doing any more than taking what I am sure is your own position that each of us has to be faithful to his own oath.

Senator McCARTHY. Mr. Brennan, we are asked to either vote to confirm or reject you. One of the things I have maintained is that you have adopted the gobbledegook that communism is merely a political party, is not a conspiracy.

The Supreme Court has held that it is a conspiracy to overthrow the Government of this country. I am merely asking you a very simple question.

It doesn't relate to any lawsuit pending before the Supreme Court. Let me repeat it.

Do you consider communism merely as a political party or do you consider it as a conspiracy to overthrow this country?

Mr. BRENNAN. I can only answer, Senator, that believe me there are cases now pending in which the contention is made, at least in the frame of reference in which the case comes to the Court, that the definitions which have been given by the Congress to communism do not fit the particular circumstances.

Senator McCARTHY. Will you repeat that?

Mr. BRENNAN. I say the contention is being made in those cases that the congressional definition does not fit the particular circumstances presented by the cases.

Senator McCARTHY. I don't want to interrupt you, but would you tell us where and when.

Mr. BRENNAN. Where and when?

Senator McCARTHY. Yes.

Mr. BRENNAN. I can't say anything to you, Senator, about a pending matter.

Senator McCARTHY. You just did. You said that the Congress, that the definition of the Congress does not fit—what is the word you used?

Mr. BRENNAN. I said the contention made in the particular case—and for that reason the issue which is presented to the Court for decision—is whether on the particular facts in the case now before the Court that definition does or does not fit.

Senator McCARTHY. I wonder if the reporter would read that to me?

(Answer read.)

Senator McCARTHY. You know that the Congress has defined communism as a conspiracy. You are aware of that, aren't you?

Mr. BRENNAN. I know the Congress has enacted a definition; yes, sir.

Senator McCARTHY. And I think it is important before we vote on your confirmation that we know whether you agree with that?

Mr. BRENNAN. You see, Senator, that is my difficulty, that I can't very well say more to you than that there are contending positions taken in given cases before us.

Senator O'MAHONEY. Mr. Chairman, I wonder if the Senator from Wisconsin will yield?

Senator McCARTHY. Before I yield, I would like to get an answer to this. This is all important. I would like to know whether or not the young man who is proposed for the Supreme Court feels that communism is a conspiracy or merely a political party. Now just so you won't be in the dark about my reason for asking that, the Daily Worker, all of the Communist-lip papers, and the Communist witnesses who have appeared before my committee—I assume the same is true of Senator EASTLAND'S committee—have taken the position that it is merely a political party. I want to know whether you agree with that. That will affect your decision. It will affect my decision on how to vote on your confirmation. I hope it will affect the decision of other Senators.

Mr. BRENNAN. Senator, believe me I appreciate that what to one man is the path of duty may to another man be the path of folly, but I simply cannot venture any comment whatever that touches upon any matter pending before the Court.

Senator McCARTHY. Mr. Brennan, I am not asking you to touch upon anything pending before the Court. I am asking you the general question:

Do you consider communism merely as a political party or do you consider it as a conspiracy to overthrow this country?

And I remind you that the Supreme Court has already stated that it is a conspiracy. The House and the Senate have so stated. I just would like to know how you feel about that.

Mr. BRENNAN. Senator, I cannot answer, I am sorry to say, beyond what I have.

Senator McCARTHY. I yield to the Senator, if I may, Mr. Chairman.

Senator O'MAHONEY. Just let me clarify this. The Senator from Wisconsin has made it perfectly clear, as I understand it, that he is not asking the Justice to make any statement with respect to a pending case. Therefore, the oath of office that the Justice may have taken is not involved.

Senator McCARTHY. Right.

Senator O'MAHONEY. There is now pending before the Senate a resolution, sent here by the executive branch of the Government, by the President of the United States, who appeared before us in a joint session of Congress in which he asked Congress to pass a resolution authorizing him to employ the Armed Forces of the United States in the defense of any nation in the Middle East, undescribed though the Middle East was in the resolution, at the request of any nation there, which was being attacked by international communism.

Now the question I think that is in the mind of the Senator from Wisconsin is the question which I think has already been settled and on which you must have clear views. Do you believe that international communism is a conspiracy against the United States as well as against all other free nations?

Mr. BRENNAN. Yes; that question I answer definitely and affirmatively. I did not understand that was the question the Senator was asking me.

Senator O'MAHONEY. I don't think the Senator was asking you to enter into the details of any particular case.

Mr. BRENNAN. I can say without qualification.

Senator McCARTHY. You have stated it very well.

Senator JENNER. May I interrupt right there? Does the Senator from Wyoming and does the Senator from Wisconsin draw a distinction between international communism and communism?

Senator O'MAHONEY. I don't.

Senator McCARTHY. I don't draw a distinction.

Senator JENNER. I would like to know Mr. Justice Brennan's answer to that. Do you draw a distinction between international communism and communism?

Mr. BRENNAN. Let me put it this way, Senator. This is the difficulty. There are cases where, as I recall it, the particular issue is whether membership, what is membership, and whether if there is membership, does that come within the purview of the congressional statutes aimed at the conspiracy? I can't necessarily comment on those aspects because they are actual issues before the Court under the congressional legislation.

Senator JENNER. That is why it raises a question in my mind. In other words, if we have a Communist Party in the United

States and the congressional committee has ascertained that it is hooked up with international communism, yet the domestic party might contend they are just national Communists, would that influence your thinking?

Mr. BRENNAN. Nothing would influence my thinking. All I am trying to get across is that I do have an obligation not to discuss any issues that are touched upon in cases before the Court.

Senator JENNER. I think in the question that Senator O'MAHONEY placed—read the question, will you, please, Mr. Reporter, and the answer.

(Question and answer read.)

Senator JENNER. Delete the word "international" and just leave in the word "communism," what would be your answer?

Mr. BRENNAN. Of course, I accept the findings as they have been made by the Congress. The only thing I am trying to do, Senator, is to make certain that nothing I say touches upon the actual issues before us growing out of that legislation as applied in particular cases.

Senator HENNINGS. Mr. Chairman, may I inquire——

Senator JENNER. Had you finished?

Senator HENNINGS. I am trying to clarify this.

Senator MCCARTHY. Will you yield?

Senator HENNINGS. Not at this moment. I want to see if I can clarify this. I happen to be a member of this committee. I want to be as courteous to the Senator from Wisconsin as I can be, but I propose to ask the question unless the chairman stops it.

The CHAIRMAN. Proceed.

Senator MCCARTHY. May I ask, may I address myself to the Chair? Mr. Chairman, I had the floor. I had yielded along a certain line of questioning. I don't know what the rule was you adopted the other day. It was certainly courteous for you to let me come in here and ask questions. I would like very much, and tomorrow, if you will bear with me, I would like to be able to get an answer.

Senator HENNINGS. I will be delighted to bear with the Senator as long as the Senator will permit me to bear with him. I have been recognized by the Chair and I have asked permission to ask Mr. Justice Brennan a question.

The CHAIRMAN. I will permit you to do that. We are not taking Senator MCCARTHY off his feet.

Senator HENNINGS. It is simply in an effort to clarify this.

The CHAIRMAN. Now proceed.

Senator HENNINGS. How long have you been practicing law, Mr. Brennan?

Mr. BRENNAN. Since 1931. Senator, which I guess is—this is 1957, that is 26 years.

Senator HENNINGS. Not quite as long as a good many of us here have. You are indeed most singularly honored and fortunate, I think, at your age to have been designated by the President to such a high place.

Mr. BRENNAN. Thank you, Senator.

Senator HENNINGS. You are familiar with the law of conspiracy, aren't you?

Mr. BRENNAN. Yes; I am indeed.

Senator HENNINGS. Is your dilemma, may I suggest, arising from the general proposition as to what constitutes a conspiracy, and what in that connection may constitute certain overt acts, or the clear and present danger as defined by Mr. Justice Holmes, and such other factors as may relate to the general proposition?

Mr. BRENNAN. That is partly some of the issues.

Senator HENNINGS. That is part of it. I am speaking to you as a lawyer.

Mr. BRENNAN. That's right, sir.

Senator HENNINGS. Your dilemma, I take it, does not arise from general propositions as laid down by the Congress that communism is a conspiracy?

Mr. BRENNAN. It is not.

Senator HENNINGS. Against the security and welfare of the United States?

Mr. BRENNAN. It is not.

Senator HENNINGS. Is that correct?

Mr. BRENNAN. That is correct.

Senator HENNINGS. I have not had the pleasure of knowing you, sir. I am simply trying to, if I can, clarify for my mind and for that of others who may be so disposed to accept part of your explanation. The law of conspiracy—I happen to have taught law a little bit, and practiced it, a little longer than you have perhaps; I am not as good a lawyer, sir, as you are, I am sure, however—I do think that the elements of conspiracy in any case are matters depending upon the facts in the instant case; are they not?

Mr. BRENNAN. That is exactly the point.

Senator HENNINGS. Is that what you are trying to get at?

Mr. BRENNAN. That is what I am. I have not done it well.

Senator HENNINGS. I thought perhaps you were.

Senator JENNER. My question, Mr. Chairman, was not based on cases pending. My question was in a similar vein.

In view of that, would you answer the question?

Mr. BRENNAN. The answer is "Yes." I'm sorry to have confused the gentleman.

The CHAIRMAN. Senator MCCARTHY, you may proceed.

Senator MCCARTHY. Let's see if we finally have the answer to this, Mr. Justice. You do agree that communism, striking the word "international" from it, communism does constitute a conspiracy against the United States—I am not talking about any case pending.

Mr. BRENNAN. Yes.

Senator MCCARTHY. Thank you.

You have sent to me at my request two speeches that you delivered covering, among other things, the subject of congressional investigating committees. There may be more which you have not sent me. I know that a man doesn't save all of his speeches—at least I don't.

Mr. BRENNAN. May I suggest, Senator, not to interrupt you——

Senator MCCARTHY. Certainly.

Mr. BRENNAN. There was only one more which I delivered on this subject and that is the same one virtually as the one you have that I supplied you with that was made in Red Bank, N. J.

Senator MCCARTHY. If I can interrupt myself there, could you send me a copy of that speech before your vote comes up?

Mr. BRENNAN. That one I don't have. That is the one I do not have, but it is the same as the one in Red Bank.

Senator MCCARTHY. I just wonder if anywhere in these two speeches you sent me you make any distinction between good investigations of communism and bad investigations.

As I read the speeches—and there is nothing secret about them—you make a blanket charge against congressional investigating committees, and at the risk of becoming boresome by repetition, you do a very good job of handling the King's English. But I just wonder if anywhere in these two speeches you distinguish between the good committee and bad committee or are all committees that investigate communism bad?

Mr. BRENNAN. Senator, I'm sorry you read them that way. Certainly if they may be read that way, they were not intended, that was not what I intended to say.

If I may suggest what I had in mind, it was this: I was not concerned primarily with any committee as such. What troubled me was largely this: I think that committee investigations are so vital a part of congressional work that it is awfully important that what those committees do in the discharge of their work has the complete confidence of all of us, because I think when people become more interested in how the job is done than that the job is done, we have a symptom of a condition which threatens to impair the vitality of the job and the job is too important.

The symptom in this instance, as I saw it, was also in a form in which aspects of fair play came in. By that I mean this: I suppose there is no American heritage that all of us cherish more than that of the right to fair play. And I mean not only do Americans expect fair play of their courts and their administrative agencies but, I think, as well of investigating committees. I don't think Americans distinguish justice in that sense as court justice, or agency justice, or legislative justice, and they are the things that I commented upon in those speeches—and really not the one in Boston, I think, at all. I know you said earlier that I characterized congressional committee investigations as Salem witch hunts. I don't think I made reference to any committees.

Senator MCCARTHY. You did, sir. Would you like to have me quote the speech in which you do refer to it?

Here we are. Do you have your speech given at Boston on the 17th of March 1954, if you will turn to page 12. Let me read the entire sentence, "The enemy"—and you were making a grand speech against communism generally—"The enemy deludes himself if he thinks he detects in some practices in the contemporary scene reminiscent of the Salem witch hunts, any signs that our courage has failed us and that fear has palsied our hard-won concept of justice and fair play."

Can I ask you in connection with that, now that your memory has been refreshed, have you seen indications of Salem witch hunts in the congressional investigations of communism?

Mr. BRENNAN. That is just the point, Senator. I didn't make any reference to congressional committees in that comment.

Senator MCCARTHY. Could you answer that, Mr. Justice?

Mr. BRENNAN. I shall, Senator.

Senator MCCARTHY. Have you seen any indication?

Senator WILEY. Let him answer.

Senator MCCARTHY. I will do the questioning unless I yield to you.

The CHAIRMAN. Proceed.

Senator MCCARTHY. The question is, Do you find any evidence of Salem witch hunts?

Mr. BRENNAN. I couldn't say that of any congressional committee. What I was thinking of was this: There was a general atmosphere that bothered me, and I think a lot of other Americans about this time. This was in 1954 and before that, when we seemed generally to be highly hysterical, as I think I quoted in my speech, did I not, and quoted Ann O'Hare McCormick something to the effect that a picture of ourselves as a Nation petrified by the fear of communism is neither true nor flattering.

It was the general notion—not congressional committees—but there was a general feeling of hysteria that I felt was very unfortunate and many things were symptoms of it, not congressional committees. There were lots of other aspects as I saw it at the time.

That is what I had reference to. I want to make it clear that I never have said that congressional committees were embarked on Salem witch hunts.

The CHAIRMAN. Mr. Justice, I would like to ask you a question there. Senator MCCARTHY has placed in the record two speeches.

What particular investigations did you have reference to in that?

Mr. BRENNAN. I made reference in the speech itself generally to congressional inquiries and I did say particularly in respect of inquiries into subversion in Government. The actual language was—I was dealing here with the privilege against self-incrimination—and what I said was—

"The current widespread interest in the privilege grows of course out of its invocation before congressional investigating committees, particularly those committees inquiring into alleged subversion in Government. Distrust of the fifth amendment was a concomitant of such inquiries. Frankness with ourselves must compel the acknowledgment that our resentment toward those who invoked its protection led us into a toleration of some of the very abuses which brought the privilege into being so many centuries ago."

I was concerned—and I was not speaking as a member of the New Jersey Supreme Court although I did sit on that court—as an American speaking his piece about a scene which bothered me.

I felt we were letting ourselves dissipate and in fact were dissipating our energies to meet this very great threat which concerned me as much as that did every American.

Senator MCCARTHY. Could I correct you?

The CHAIRMAN. Let him finish his answer.

Senator MCCARTHY. I knew the justice would want to be corrected if I may. He said he was not a member of the court.

The CHAIRMAN. He said he was a member of the court. He said he was not speaking as a member of the court.

Senator MCCARTHY. I beg your pardon.

The CHAIRMAN. Proceed, Mr. Justice Brennan.

Mr. BRENNAN. I just felt, as I think many of us did at the time, that we ought to regain our perspective in order better to do the job that had to be done of licking this terrible thing.

The CHAIRMAN. What I want to know is: There was the Fort Monmouth investigation. There were others. In any of these speeches did you have reference to any particular investigation?

Mr. BRENNAN. No; I did not.

The CHAIRMAN. If so, which was it?

Mr. BRENNAN. No; I did not. I had no reference to any particular investigation nor to any particular place where investigation was being made. It was just a general observation of things as they appeared to me at the time.

Senator MCCARTHY. Mr. Chairman?

The CHAIRMAN. Proceed, Senator MCCARTHY.

Senator MCCARTHY. In your speech at Fort Monmouth?

Mr. BRENNAN. I never made a speech at Fort Monmouth.

Senator MCCARTHY. Fort Monmouth Rotary Club, February 23, 1955.

Mr. BRENNAN. That is not Fort Monmouth. That was in Red Bank. Red Bank, of course, is a community near the location of Fort Monmouth. But this was the assembled Rotary Clubs of Monmouth County who annually have a—it is not quite a convention but a meeting in which representatives of all the Rotary Clubs from the county meet and I was asked to address them on the subject of the privilege against self-incrimination which is what that is about.

Senator MCCARTHY. The speech is entitled, and I didn't give it the title, you did yourself, Monmouth Rotary Club, February 23, 1955.

Mr. BRENNAN. That's what it is. It is not Fort Monmouth.

Senator MCCARTHY. I understand you now. You talk about a terror abroad. What did you mean, a terror against communism or what kind of a terror are you talking about?

Mr. BRENNAN. I meant communism, the terror. What I said was this:

"Emphatically today's days are lived in the high tension of alarm. Not only is it that everywhere in the world is there an uneasy sense that we are in the midst of profound changes in our social, political, and economic life, nor merely that the flow of events seems to be forcing men and nations relentlessly to a choice between strikingly different and strongly competing philosophies of national life. Rather is it that there is an increasing consciousness of a terror abroad in the world which if it could, would turn the clock back to the dark days of tyranny and oppression from which this America provided escape and asylum not for our forebears alone but for all peoples whose children wear with us the label 'American.' "

I was talking about communism.

Senator MCCARTHY. Then you were talking about the terrorism against communism?

Mr. Brennan, at that time you were speaking in Monmouth, we were conducting an investigation there.

Mr. BRENNAN. No; I was not speaking of the terrorism against communism.

I was speaking of the terrorism of communism and, frankly, if there was any investigation going on at Fort Monmouth at that time, I did not know it.

Senator MCCARTHY. You didn't know that at all?

Mr. BRENNAN. Not at that time. I knew there had been investigations at Monmouth, but whether they were at the time of that address, I don't know.

Senator MCCARTHY. I may be a bit dense this morning, but the terror abroad which you condemned is the terror of what?

Mr. BRENNAN. The terror which is communism; that it what I was talking about.

Senator MCCARTHY. Were you approving that terror or condemning it?

Mr. BRENNAN. I was condemning it?

Senator MCCARTHY. You were condemning this terror?

Mr. BRENNAN. Yes.

Senator MCCARTHY. You thought there should not be a terror of communism?

Mr. BRENNAN. I pray God we get rid of it quickly.

Senator MCCARTHY. At the time, you were telling your audience there should not be a terror of communism, isn't that right?

Mr. BRENNAN. Perhaps we don't say the same thing. I was saying communism was the terror and it was communism that was abroad. It was communism that would turn the clock back to the days of tyranny.

Senator HENNINGS. You speak of terror in the French revolutionary sense of terror.

Mr. BRENNAN. Exactly.

Senator MCCARTHY. Have you ever approved an investigation of the Communist exposure? If you will think back, and you have made speeches saying you were against communism—have made some fine high-sounding speeches along that line—while you have been making those speeches against communism generally, can you tell us where you have approved a single investigation of the same Communists you were talking about?

Mr. BRENNAN. Senator, I don't know quite what you mean where I have approved. I say and I say again that I think we cannot do enough to make certain that this fight is won.

We can't do enough to see that anything like it within or out of Government is exposed. What I was talking to was a premonition I felt that unless it were approached differently than it was being approached, we would lose our eyes—would get our eyes off the target and on other things which would dissipate our energies to do it.

That's what I was talking about.

Senator MCCARTHY. We will get back to that different approach that you have in mind in a minute, if the Chair will bear with me. In the meantime, I may say, I have a rather long memory, I think at least 3 minutes, I recall the question I asked you.

The question is, Have you ever approved an investigation of the Communist exposure? If you will just think back in any of these speeches, have you ever approved by one little word the exposure of Communists, either by the Internal Security Committee, the House committee, by the investigating committee, any other committee?

Mr. BRENNAN. I had no occasion in either of these speeches. I don't recall I have had any other occasions when I affirmatively in public, Senator, got up to say what I just said now. I can only say that if I ever had I would have said precisely what I said now: That I was very much for it, very, very much for it.

I just want to be certain that we don't, as I put it before, dissipate our energies by not doing it as effectively as we could.

Senator MCCARTHY. Mr. Justice, you say what you would have said. What did you mean when you referred to the barbarism of investigating committees?

Mr. BRENNAN. What I think I actually said——

Senator MCCARTHY. If you will take about 2 pages while you are looking it over, you will find you were not referring to investigation of graft, corruption, or fraud; you were referring to investigation of communism, and you referred to the barbarism of the committees.

I would like to know where we had been barbaric in exposing communism.

Mr. BRENNAN. May I read exactly what I said, please?

Senator MCCARTHY. Would you give me the page?

Mr. BRENNAN. I don't know whether it is the same on your copy. It is page 11, and it starts, "The current widespread interest in the privilege." Do you have that?

Senator MCCARTHY. It is O. K.; I'll find it.

Mr. BRENNAN. I had read before—

"Frankness with ourselves must compel the acknowledgment that our resentment toward those who invoked its protection led us into a toleration of some of the very abuses which brought the privilege into being so many centuries ago. The abuses took on modern dress, it is true—not the rack and the screw, but the distorted version of the happenings at secret hearings released to the press, the shouted epithet at the hapless and helpless witness. And woe betide him who cried protest at this perversion of the legislative inquiry. He was thrust in the mold of a sympathizer with and protector of those who plead the fifth amendment."

Senator MCCARTHY. Could I be rude and interrupt you there? You talked about the epithets hurled at hapless and helpless witnesses. Could you give us one example of such epithets?

Mr. BRENNAN. No; these, Senator, were honestly illustrations, a little artists' license, if you please, of what it was I was getting at. I can't tell you exactly now what it is I had in mind, but I know that there was certainly an impression abroad—and, believe me, I think actually the appearance for this purpose is as bad or almost as bad as the actuality—that witnesses in some of these instances were not treated as I am presently being treated, for example.

Senator MCCARTHY. Could you name——

The CHAIRMAN. Wait just a minute. Did you conclude your answer?

Mr. BRENNAN. These are merely illustrative. I can't name any specific instances for you, Senator; no.

Senator McCARTHY. While you were talking about the epithets that are being hurled at hapless and helpless victims, when you were talking about Communist investigations, you did not have in mind any single incident; is that right?

Mr. BRENNAN. If you get back to those days, you will recall—it is hard completely to recapture them—that there was a great deal written and said on this subject. I don't suppose there was a community in the country where this whole business was not very widely discussed.

I know I had the impression and I think many others did that there were witnesses at whom epithets were shouted, that there were distorted versions of the happenings at secret hearings released to the press. We certainly had the impression, and I can't tell you from any actual knowledge but, as I said before, I think the appearance of that kind of thing in our concept of it in America is as bad in its ultimate result as is the actuality.

Senator JENNER. May I interrupt? Did you ever hear any of the epithets that were hurled at the committee members?

Mr. BRENNAN. No, sir.

Senator JENNER. Some of those were pretty bad, too.

Mr. BRENNAN. I can well imagine.

Senator McCARTHY. You were a justice of the New Jersey court?

Mr. BRENNAN. Yes; I was at that time.

Senator McCARTHY. People were entitled to think when you made a statement that you were basing it on fact. Do I understand now that when you talked about epithets being hurled at hapless and helpless victims you had no incident in mind, that you were merely speaking from what you thought might have been an impression created?

Mr. BRENNAN. No; I probably did, but I don't remember. Certainly that was a general impression.

Senator McCARTHY. Now, you talked about the barbarism of committees.

Mr. BRENNAN. May I get to that?

Senator McCARTHY. Yes; if you would. I would like to know where the committees have been barbaric?

Mr. BRENNAN (reading):

"Intentionally conceived or merely misguided, the result has been to engender hate and fear by one citizen of another, to have us distrust ourselves and our institutions, to have us become a 'nation afraid,' to borrow from Elmer Davis. That path brings us perilously close to destroying liberty in liberty's name. But there are hopeful signs in recent events that we have set things aright and have become ashamed of our toleration of the barbarism which marked the procedures at some of these hearings. It is, indeed, reason for pure joy and relief that at long last your collective conscience has sickened of the excesses and is demainding the adoption of permanent and lasting reforms to curb investigatory abuses."

Senator McCARTHY. From what page are you reading?

Mr. BRENNAN. I am not sure we have the same one.

Senator McCARTHY. We need not have that. What were the hopeful signs that we were getting sick of the excesses?

Mr. BRENNAN. I recall——

Senator McCARTHY. You are giving a good opening there.

Mr. BRENNAN. I know there were suggested procedures for changing it, for changes rather in the procedures followed by investigating committees. I don't mean related particularly to the committees that were engaged in this inquiry but to committee procedures, generally.

I remember that there was something like that, whether they actually became effective or not.

Senator HENNINGS. There were many of them and hearings were held by the Committee on Rules if the Chair will bear with me.

Senator McCARTHY. Let's get down to that.

We are being asked to approve the nomination of a Supreme Court Justice. He talks about the barbaric procedures. I would like to hand you a copy of the rules under which the investigating committee acted and it is identical, I believe, to the rules under which the other investigating committees acted.

Is there anything barbaric in that or is there anything barbaric that you know of by any other committee?

And, Mr. Brennan, just so there is no doubt in your mind, I have been reading in the Daily Worker and in the—I don't intimate that you are even remotely a Communist or anything like that.

Mr. BRENNAN. I have never read a copy of it.

Senator McCARTHY. I do. I read it. I have been reading in every leftwing paper, the same type of gobble-dy-gook that I find in your speeches talking about the barbarism of committees, the same Salem witch hunts. I just wonder if a Supreme Court Justice can hide behind his robes and conduct a guerrilla warfare against investigating committees and you talked about barbaric procedures.

I wonder if there is, in which you would improve the rules that we work under?

Mr. BRENNAN. Mr. Senator, I must say that I didn't say anything about barbaric procedures. What I said I think refers back to the general business of press releases and epithets and so forth, toleration of that "barbarism," that is what I was talking about. I think they are synonomous.

The CHAIRMAN. Wait just a minute now. We will take a recess until 10:30 in the morning.

There are a number of witnesses who desire to appear.

The Chair will appoint Senator O'MAHONEY, Senator ERVIN, and Senator DIRKSEN to if possible hear those witnesses this afternoon and see if their testimony is of enough importance so that they should come before the full committee in open hearing.

That does not include your questions, Senator McCARTHY. You can proceed in the morning.

Mr. Smith, Mrs. Seitz, you will contact the Senator from Wyoming, please.

We will now recess until 10:30 in the morning.

(Whereupon, at 1 p. m. the hearing was adjourned, to reconvene at 10:30 a. m. Wednesday, February 27, 1957.)

Mr. McCARTHY. Mr. President, I shall not ask for a yea-and-nay vote on the question of confirmation of this nomination. I assume—because of Mr. Brennan's attacks on anyone who dares fight subversives in this country—that perhaps he qualifies in the minds of some Senators for a position on the Supreme Court.

Mr. President, with that statement I rest.

Mr. DIRKSEN. Mr. President, I should remind the Senate that the two speeches made by Mr. Brennan—one to the Monmouth Rotary Club, and the other to the Charitable Irish Society; one in 1954 and the other in 1955—are printed in the hearings of the Judiciary Committee in connection with this nomination. I think there are only two paragraphs which I need read in order to clarify the matter. As appears on page 17 of the hearings, the Senator from Wisconsin [Mr. McCARTHY] asked the following question, and received the following reply:

Senator McCARTHY. I would like to ask Mr. Brennan a few questions if I may.

Mr. Brennan, and despite, as I may say, the levity that has preceded this, to me this is extremely important. I am sure you will agree with that and I won't even call for an answer to that. I would like to ask you a question: Do you approve of congressional investigations and exposure of the Communist conspiracy setup?

Mr. BRENNAN. Not only do I approve, Senator, but personally I cannot think of a more vital function of the Congress than the investigatory function of its committees, and I can't think of a more important or vital objective of any committee investigation than that of rooting out subversives in Government.

I think that is a clear statement of Mr. Brennan's frame of mind with respect to this function of the Congress.

Mr. McCARTHY. Mr. President, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. McCARTHY. I believe the Senator from Illinois was present at the time when Mr. Brennan was being interrogated. If so, the Senator from Illinois will recall that it took us perhaps half an hour or three-quarters of an hour to get Mr. Brennan to answer the simple question of whether he felt that communism was a conspiracy or merely was a political system. I questioned him on that point; the Senator from Indiana [Mr. JENNER] questioned him; and I believe that other Senators did likewise.

However, as the Senator from Illinois will recall, Mr. Brennan was extremely reluctant. Even after the Supreme Court has held that communism is a conspiracy, Mr. Brennan—who wishes to go on that Court—was reluctant to tell us whether he felt it was a conspiracy or merely was a political system.

I say to the distinguished Senator from Illinois that, if nothing else, that half hour or three-quarters of an hour of questioning shows Mr. Brennan's frame of mind toward the Communist conspiracy, and shows how he will hold while he serves on the Supreme Court. It shows his supreme unfitness to be an Associate Justice of the Supreme Court.

Mr. DIRKSEN. I must say the committee acted carefully, and, with the highest respect for the opinions of the distinguished Senator from Wisconsin. There was, however, an element which had to be taken into account. It must not be forgotten that Justice Brennan has been sitting on the Supreme Court. He has been sitting on cases, as a matter of fact. So there was a self-imposed inhibition as to how far he could go without violating what he thought was the proper path of duty. I think his answers were most responsive, and indicated how very mindful he was of the duty he was under as a Justice of the Supreme Court. There was no reluctance on his part, as I interpret his statement, and I heard all the testimony.

Mr. McCARTHY. I do not care to pursue this matter indefinitely. I am

sure Brennan's nomination will be confirmed, but I am also certain the Senator will agree with me it was most unusual for the committee to try to coax a nominee for the Supreme Court to tell us whether or not he believed that communism was a conspiracy—which the Supreme Court itself has held—or whether it is merely a political system. The Senator knows it took us at least half an hour, if not more, to get him to answer that simple question, and that question is not pending before the Supreme Court. So he had no inhibitions about answering that question, so far as cases pending were concerned. That showed the frame of mind of this individual, whose nomination the Senate is about to confirm, I assume.

Mr. DIRKSEN. Mr. President, to conclude, I thought Justice Brennan showed a proper discretion in the matter, so that he could never be charged with prejudging an issue which might come before the Supreme Court. With that statement, I conclude my observations of this particular nomination.

Mr. MORSE. Mr. President, so far as I know, every Senator on this side of the aisle is ready to vote on the nomination, but this debate shows such a great difference of opinion on the other side of the aisle that I suggest the absence of a quorum, so we can have a full attendance of the Senate in reaching our final decision.

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

The question is, Will the Senate advise and consent to the nomination of William Joseph Brennan, Jr., to be an Associate Justice of the Supreme Court of the United States?

The nomination was confirmed.

## NEW REPORTS—THE SUPREME COURT

The legislative clerk read the nomination of Charles E. Whittaker to be an Associate Justice of the Supreme Court of the United States.

Mr. JOHNSON of Texas. Mr. President, the distinguished senior Senator from Missouri [Mr. HENNINGS] asked that this nomination be considered at this time. That is the reason why the motion was made to proceed to the consideration of the executive calendar.

Mr. HENNINGS. Mr. President, I thank my friend, the distinguished majority leader, very much for this opportunity.

During the morning hour I read into the RECORD a statement relating to Judge Whittaker.

Let me say for the benefit of Senators who may not have been present at that time that the nomination of Judge Whittaker was approved yesterday in the Committee on the Judiciary by a unanimous vote, there being 10 members out of 15 present. All 10 voted for confirmation of the nomination of Judge Whittaker.

I know of no man, in my own legal experience, who has been better qualified to adorn the bench of the Supreme Court of the United States than Charles Whittaker. As I have said, he does not belong to my political faith. In such matters I think lawyers like to believe that politics does not make very much difference. So it is with great pride that I respectfully urge upon my colleagues the prompt confirmation of the nomination of Charles Whittaker to be an Associate Justice of the Supreme Court of the United States. On previous occasions the Senate confirmed his nomination to be a district judge, and his nomination to be a judge of the United States Circuit Court of Appeals for the Eighth District.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Charles E. Whittaker to be an Associate Justice of the Supreme Court of the United States?

The nomination was confirmed.

## DEPARTMENT OF JUSTICE

The legislative clerk read the nomination of W. Wilson White to be an Assistant Attorney General.

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

## UNITED STATES ATTORNEY

The legislative clerk read the nomination of M. Hepburn Many to be United States attorney for the eastern district of Louisiana.

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

## UNITED STATES MARSHAL

The legislative clerk read the nomination of Donald C. Moseley to be United States marshal for the western district of Louisiana.

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

Mr. JOHNSON of Texas. Mr. President, I ask that the President be immediately notified of all nominations confirmed this day.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

## 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.

## THE MIDDLE EAST CRISIS

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an article on the Middle East crisis, written by Chalmers M. Roberts, one of our most capable correspondents in the field of foreign relations, and published in the Washington Post of today.

Mr. Roberts' article deals with the Israeli situation. To accompany this article, I also ask unanimous consent that there be printed in the RECORD the first part of this morning's Drew Pearson column, under the heading "Israelis 'Victims of Doublecross.' "

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

[From the Washington Post and Times Herald of March 19, 1957]

ISRAELIS "CAN'T AGREE" TO RETURN TO GAZA BY BELLIGERENT EGYPT—NO NEW PLEDGES GIVEN MRS. MEIR DURING MEETING HERE WITH DULLES

(By Chalmers M. Roberts)

The Middle East crisis deepened yesterday. Arab pressures on Israel mounted, and the United States refused any new assurances to Israel in the face of disagreement over earlier American pledges.

The overriding question was whether Israel would resort to arms because of the Egyptian takeover from the United Nations of the Gaza Strip civil administration. Adding to the crisis atmosphere was a new Saudi Arabian threat to blockade the Straits of Tiran, leading to the Gulf of Aqaba.

There were differing interpretations of the assurances the United States had given Israel at the time Israeli troops were withdrawn from Egypt. And there were different versions of what transpired at an hour-and-55-minute meeting here yesterday between Secretary of State John Foster Dulles and Israeli Foreign Minister Golda Meir.

NO NEW PLEDGES

At the Capitol, Dulles was quoted by Senators as having told a closed Senate Foreign Relations Committee meeting that he had given Israel no new assurances.

Senator J. WILLIAM FULBRIGHT, Democrat, of Arkansas, told newsmen he had asked what new assurances, if any, the Secretary had given Mrs. Meir earlier in the day. FULBRIGHT said Dulles replied: "None whatsoever."

Some Senators also said Dulles gave an optimistic report of conditions in the Middle East, the Associated Press reported.

The Dulles-Meir conference was followed by one nearly as long between the Israeli minister and her aides with a group of Dulles' assistants in order to draft a joint statement. At the time of the Dulles-Meir meeting word had not yet been received by the State Department of the new Saudi Arabian threat to free passage of Israeli-bound shipping in the Gulf of Aqaba.

The joint statement left the impression that Dulles had listened to Mrs. Meir's complaints that the United States, in effect, was letting Israel down by not acting to prevent the Egyptian take-over in Gaza and that he had refused to offer any new plan of action or any new assurances.

In that statement one paragraph was devoted to Mrs. Meir's deep concern at the return of Egypt to Gaza and the reduction of the U. N.'s responsibilities there. The statement went on to stress the gravity with which Israel viewed these events which Israel considers "contrary to the assumptions and expectations expressed by her and others" at the U. N. and subsequently and, finally, the Israeli anxiety at reports that Israeli shipping may be blockaded in the gulf and in the Suez Canal, and that Egypt will maintain a state of belligerency toward Israel.

The next paragraph, devoted to Dulles' remarks, did not directly refer to any of Mrs. Meir's points. Instead it said the Secretary "reaffirmed" that American policy continued to be what it has been.

Dulles expressed the view that the United States was "concerned with current developments" and would "continue to use its influence in seeking peace and tranquility." Then he said the United States stands "firmly by the hopes and expectations it had expressed with regard to the situation which should prevail" as to the U. N. responsibility in Gaza, free passage in the Straits of Tiran leading to the Gulf of Aqaba and settlement of the Suez Canal dispute.

Behind these generalizations, however, is a deep Israeli anxiety over the course of events in the Middle East. And there was an apparent disagreement over just what the United States has, or has not, given Israel in the way of "assurances."

FIRM ASSURANCES

The Israeli feeling was that Dulles, in the talk with Mrs. Meir yesterday, had in fact agreed with her that Egypt had violated an earlier understanding that the U. N. alone would run the Gaza civil administration. That understanding was one said to have been worked out by Dulles, Mrs. Meir, and French Premier Guy Mollet in Washington just prior to Israel's agreement to pull its troops out of Egypt.

The Israeli believe that they had such a firm assurance from the United States. They now feel that the word of the United States and of President Eisenhower himself is under test.

But American sources said that the American position had not been one of assurances but of hope that the U. N. would have the Gaza administration responsibility. It is still the American hope, it was said, that the future of Gaza can be as near as possible to the arrangements envisaged by U. N. Secretary General Dag Hammarskjold last February 22. Those arrangements, however, were far less definite on the U. N. role that the assurance Israel feels it had from the United States.

IN CONTRADICTION

This American position is in contradiction to the Israeli stand. The Israeli understanding is that Dulles had given Mrs. Meir a firmer assurance than the public position taken by Hammarskjold.

Mrs. Meir flew to New York yesterday for a late evening meeting with Hammarskjold. She is expected back in Washington for another talk today with Dulles. The Secretary flies to Bermuda on Wednesday morning for the conference between President Eisenhower and British Prime Minister Harold Macmillan.

Mrs. Meir is due to fly home to Israel in time for a Thursday meeting of Premier David Ben-Gurion's Cabinet. That could be an eventful meeting. Ben-Gurion already has said there will be no advance notice of any possible Israeli military action.

FORCE FEARED

Some American officials feel Israel may use force to drive the Egyptian administration out of Gaza, arguing that Egyptian raids on Israel have been renewed. Others feel the chief Israeli aim may be to create world sympathy for her right to use force under the U. N. Charter's right-of-self-defense clause to halt future raids from Gaza and to keep open the Gulf of Aqaba.

Any attack against the Egyptians in Gaza could involve the U. N. emergency force now being deployed on the Egyptian side of the Gaza-Israel border. Mrs. Meir again yesterday refused to permit the force to operate along both sides of that 1949 armistice line.

As to the past public assurances, Mrs. Meir called attention at the U. N. General Assembly on March 1, when she announced the troop withdrawal, to certain assumptions. Among them was the expectation that the U. N. would control the Gaza administration for a transitory period from the takeover until there is a peace settlement, to be sought as rapidly as possible, or a definite agreement on the future of the Gaza Strip.

The next day President Eisenhower wrote Ben-Gurion that he believed that it is reasonable to entertain such hopes as those expressed by Mrs. Meir and others.

Ben-Gurion thereupon ordered the troop withdrawal without first calling a Cabinet meeting and in the face of considerable opposition within Israel.

Some diplomatic sources say that Ben-Gurion took the risk to both his nation and his own political future because of his faith in President Eisenhower. They say that faith stems from a visit Ben-Gurion long ago paid the President when he was the Allied Military Commander in Germany at the end of World War II.

Ben-Gurion found that General Eisenhower was highly sympathetic with his own views on the fate of European Jews under Hitler. Ben-Gurion has often told this story and some of his associates believe it led him to go along with the President's appeal to pull back the Israeli forces.

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[From the Washington Post and Times Herald of March 19, 1957]

ISRAELIS VICTIMS OF DOUBLECROSS

(By Drew Pearson)

If you know the full inside story of the hectic negotiations by which Israel agreed to withdraw from the Gaza Strip and the Gulf of Aqaba, you can't escape the conclusion that this little country has been given one of the biggest doublecrosses of modern diplomacy.

This may seem an extreme statement but here is the hitherto unpublished record:

Around the middle of last month the Eisenhower administration was worried sick over the position in which it found itself regarding the pending U. N. vote for sanctions against Israel. It was so worried that the first thing Secretary Dulles did when Premier Guy Mollet, of France, arrived in Washington was to ask his help solving the U. N.-Israeli impasse.

"If there ever was a time when the United States needs the good offices of France it's now," Dulles said in effect.

The reason was easy to understand. The Eisenhower administration by this time had got itself into a position where it was damned by the Arab-Asian bloc if it didn't vote for sanctions, and damned by a majority of Congress plus powerful political forces if it did.

What it needed was a compromise.

The West German Government had politely but firmly notified Dulles that Germany would not go along with sanctions. Germany's commitment to Israel, made as a result of Hitler's massacre of 6 million Jews, was a moral one, West Germany told the State Department.

Dulles also knew that France, plus probably Australia, New Zealand, Canada, and England would not go along with sanctions. Furthermore, both Senator LYNDON JOHNSON, the Democratic leader, and Senator WILLIAM KNOWLAND, the GOP leader, had publicly served notice on the administration that Congress would probably not agree to sanctions.

Finally, the administration was desperately anxious to get the Eisenhower Near East doctrine okayed by the Senate.

All this was why Dulles literally begged Premier Mollet to help him out of the Near East dilemma.

DULLES GIVES O. K.

In the negotiations which followed, the French suggested that instead of getting a flat guaranty from the U. N. or Egypt that the Egyptian army would not go back into the Gaza Strip, Israel might base its withdrawal on a series of assumptions which would be approved in advance by the United States and France.

So many murderous raids have been conducted from this little finger of land by Egyptian fedayeen that no Israeli Government could long remain in power if it permitted the Egyptian Army to reenter.

As a result of the French suggestion, however, a series of assumptions were drawn up by Israeli Foreign Minister Golda Meir. One assumption was that the civil and military administration of the Gaza Strip will be exclusively by the U. N. Another assumption was that the U. N. administration would continue until there is a peace settlement.

These and other assumptions were studied carefully in writing and agreed to by John Foster Dulles. He made 6 or 8 changes in the wording. These Israel accepted.

It was also agreed that after Mrs. Meir made her U. N. speech outlining these assumptions, United States Ambassador Lodge should speak and describe the assumptions as reasonable.

DULLES IN REVERSE

When Lodge spoke, however, he changed the signals. Instead of calling the assumptions reasonable as agreed, he called them not unreasonable. He also went out of his way to emphasize that Egypt could exercise control over Gaza.

This was what made the Israeli Government almost reverse itself and not get out of Gaza after all.

Undoubtedly the cabinet would have reversed its foreign minister's decision in Washington had not John Foster Dulles pulled a diplomatic rabbit out of his hat. He drafted a personal letter to Premier Ben-Gurion, which President Eisenhower cabled to Jerusaleum.

The President said what Ambassador Lodge was supposed to say but didn't.

One day after the withdrawal, however, when it was too late for Israel to backtrack, Secretary Dulles told his press conference that President Eisenhower's letter did not mean what the Israelis thought it meant, that he did not endorse all of Mrs. Meir's assumptions.

Mr. MORSE. Mr. President, as one reads these two articles, he sees further evidence as to why I feel as I do about the Secretary of State. His language must be considered very carefully when he converses with anyone, as I am sure the representatives of Israel have now discovered. They thought they were getting assurances. They are now told, as these articles point out, that they were getting only expressions of hope from the Secretary of State.

Yesterday I was attending another meeting at the time the Foreign Relations Committee met, and I could not attend the session of the Foreign Relations Committee. Earlier in the day I went to the committee room and read the transcript of Secretary Dulles' testimony before the Committee on Foreign Relations. As each day goes by, I see mounting evidence in support of observations which I have made on the floor of the Senate many times, to the effect that we ought to be rid of him. With regard to the Israeli situation, his policies have been so against the best interests of

our country that I am at a loss to understand how the administration can justify keeping him in office.

Chickens are coming home to roost pretty fast, as Herblock pointed out in a great cartoon the other morning. It bears out what many of us, including the present occupant of the chair [Mr. TALMADGE] pointed out in the debate on the Middle East Eisenhower doctrine, namely, that we should have obtained commitments from the Arab countries before we passed the resolution.

It is rather interesting now to read newspaper stories from newspapers which formerly supported the Eisenhower doctrine, and to note how quickly they have been disillusioned, because of what I consider to be growing evidence of gross malfeasance in office by the Secretary of State.

## SLUM CLEARANCE AND URBAN REDEVELOPMENT

Mr. CLARK. Mr. President, the Subcommittee on Housing of the Committee on Banking and Currency, on which I have the honor to serve, is at present considering a number of bills dealing with the entire housing problem in general, and with slum clearance and urban redevelopment in particular. Personally I was distressed to have appear before the subcommittee yesterday the administrator of the Housing and Home Finance Administration, who stated that in order to help, as he put it, to balance the budget, that agency was reducing its request for long-range commitments for urban redevelopment organization—a condition which in my judgment has nothing to do with balancing the budget, and can only result in the slums in our larger cities continuing to grow faster than we are able to eliminate them. It will be impossible for those interested in urban redevelopment to make their plans for obtaining Federal credit sufficiently in advance if the present policies of the agency are continued.

I was gratified to see in this morning's Washington Post a fine editorial entitled "Slum Clearance Slowdown," which expresses so well the point of view of those of us who have had firsthand experience as mayors of larger cities with the problem of urban blight and the vital necessity for continued Federal assistance in that field that I ask unanimous consent to have the editorial printed in the RECORD at this point as a part of my remarks.

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

SLUM CLEARANCE SLOWDOWN

The United States Conference of Mayors is entirely justified in protesting "a shift in Federal policy aimed at slowing down and otherwise restricting" the urban renewal program. The proposed cutback in Federal aid to local slum clearance projects is all the more objectionable because it is being touted as an economy measure. In point of fact, if the program is not to be abandoned altogether, the reduction could as well result in more rather than less expense, in future years. In any case, the proposed reduction in contract authority cannot possibly reduce actual Federal cash outlays for several years. The present concern is with the precarious balance of Federal income and spending next year, not with the long-run prospect.

Housing and Home Finance Administrator Albert M. Cole says the $175 million in new contract authority for urban renewal grants which he is asking for fiscal 1958 will permit the prosecution of a vigorous program. How is it, then, that in January the Administration felt obliged to recommend $500 million in new authority for the next 2 years? It is true that only half this amount would have been available for obligation in the year starting July 1, but to plan projects wisely and efficiently, it is essential that cities have assurance that reservation of Federal aid is not to end abruptly next year. The Administration not only is silent on what may be expected in fiscal 1959 but has refused to use $100 million in standby authority for renewal contracts provided by Congress in 1955.

The result is that disturbingly tough new rules have had to be issued to help hoard the rapidly shrinking aid authority. Large projects are to be discouraged, which means that many ventures which are not feasible on any other basis must be abandoned. Cities that have geared up for renewal and have one or more projects moving must now defer in the allocation of aid funds to cities that have no programs under way; success, in other words, is to be penalized.

There is something to be said for holding projects to manageable proportions, but it must be remembered that renewal depends, in the end, on private investment, which will not be attracted to small, unimaginative redevelopments surrounded by blight. Available aid should be equitably distributed among the Nation's cities, but cities scarcely will be interested in one-shot projects that make only dents in the deterioration of their core areas.

Slum clearance suffers above all else from its snail's pace. It requires great civic effort to start a program and keep it moving. Only a little discouragement from the Federal Government can kill the program in its infancy. To date, only $86 million has been expended out of $857 million officially reserved for projects throughout the country. At best, very little more will be spent next year. But many new projects can be launched on the tortuous course to execution if sufficient contract authority is provided.

We hope the Congressional housing subcommittees will recognize that Federal urban renewal aid is not suited to compensatory budgeting because it is impossible to forecast a budget situation 3 or 4 years in advance. Only a sustained, consistent program over a long period offers any hope of licking the critical problem of central area decay which afflicts much of urban America.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had passed without amendment, the bill (S. 323) to amend section 334 (e) of the Agricultural Adjustment Act of 1938, as amended, relating to increased allotments for durum wheat.

## FINANCIAL INSTITUTIONS ACT OF 1957

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Is there further morning business? If not, morning business is concluded.

Mr. JOHNSON of Texas. Mr. President, I ask that the Chair lay before the Senate the unfinished business.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 1451), to amend and revise the statutes governing financial institutions and credit.

Mr. YOUNG. Mr. President, the senior Senator from North Dakota (Mr. LANGER) is presently in the Naval Hospital at Bethesda, Md. In his absence his office has received telegrams from certain organizations in the State of North Dakota, expressing their views on S. 1451, the Financial Institutions Act of 1957, now being debated by the Senate.

Senator LANGER's office has transmitted these telegrams to me, and I ask unanimous consent that they be printed at this point in the RECORD for the information of the Congress.

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

HILLSBORO, N. DAK., *March 9, 1957.*
Hon. WILLIAM LANGER,
*Senate Office Building,*
*Washington, D. C.:*

We are opposed to the provisions in S. 1451 providing that the Director of the Bureau of Federal Credit Unions shall have the power to lower the loan limit to less than 10 percent of the assets. We are also opposed to the amendment providing for outside audits of all Federal credit unions over $100,000 assets.

PORTLAND CREDIT UNION.
PORTLAND, N. DAK.

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CARRINGTON, N. DAK., *March 9, 1957.*
Hon. WILLIAM LANGER,
*Washington, D. C.:*

Title 7 in Financial Institutions Act, 1957, provides the Director, Federal Credit Unions the power to lower loan limits and provides for an outside audit of credit unions over $100,000 assets. We urge your opposition to these provisions.

FOSTER COUNTY CO-OP FEDERAL CREDIT UNION.
CARRINGTON, N. DAK.

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FESSENDEN, N. DAK., *March 9, 1957.*
Senator WILLIAM LANGER,
*Senate Office Building,*
*Washington, D. C.:*

We urge opposition to bill, title 7 in Financial Institutions Act of 1957.

FESSENDEN FARMERS UNION CREDIT UNION.
RHYNE RUSCH, *Treasurer.*

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GRAND FORKS, N. DAK., *March 9, 1957.*
Hon. WILLIAM LANGER,
*Senate Office Building,*
*Washington, D. C.:*

We urge defeat of bill No. 7, an amendment to S. 1451, because we believe it is detrimental to credit unions.

GRAND FORKS FARMERS UNION CREDIT UNION.
ERNEST HANSON, *President.*
REYNOLDS, N. DAK.

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REEDER, N. DAK., *March 11, 1957.*
Hon. WILLIAM LANGER,
*Senate Office Building,*
*Washington, D. C.:*

We strongly oppose changes proposed in title 7, Financial Institutions Act of 1957, S. 1451.

ADAMS COUNTY CREDIT UNION.
ELMER SOLSETH, *Secretary.*

VALLEY CITY, N. DAK., *March 11, 1957.*
Hon. WILLIAM LANGER,
*Senate Office Building,*
*Washington, D. C.:*

We urge deletion of provision to lower loan limits on loans and requiring outside audits for credit unions as proposed in Financial Institutions Act of 1957, S. 1451.

We also oppose H. R. 3660, as Commission would undoubtedly consist solely of bankers and therefore urge your support of Patman Resolution No. 85.

VALLEY CITY FARMERS UNION
FEDERAL CREDIT UNION,
ELMER BJORLIE, *Treasurer.*
VALLEY CITY, N. DAK.

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NEWTOWN, N. DAK., *March 11, 1957.*
Hon. WILLIAM LANGER,
*Washington, D. C.:*

We register firm opposition and urge deletion of provisions 1 and 2 of the bill title 7 in Financial Institutions Act of 1957, No. S. 1451.

SANISH FARMERS UNION CREDIT UNION.
K. T. AUVERSON, *President.*

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FLASHER, N. DAK., *March 11, 1957.*
Hon. WILLIAM LANGER,
*Senate Office Building,*
*Washington, D. C.:*

We urge you to oppose both amendments to title 7 in Financial Institutions Act of 1957, S. 1451.

FLASHER COMMUNITY CREDIT UNION.
EDWIN B. TIMPLE.

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MEDINA, N. DAK., *March 11, 1957.*
Hon. WILLIAM LANGER,
*Washington, D. C.:*

We oppose title 7 in Financial Institutions Act of 1957 and urge deletion of its provisions.

MEDINA COMMUNITY CREDIT UNION.

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JAMESTOWN, N. DAK., *March 11, 1957.*
Hon. WILLIAM LANGER,
*Senate Office Building,*
*Washington, D. C.:*

Financial Institutions Act of 1957, S. 1451, would seriously hamper credit unions. Title 7 of this bill rewrites the Federal Credit Union Act. In its present form bill provides that the Director of the Bureau has authority to set the loan limits. This is a right that should be kept by the local credit union directors. Bill also provides that Federal credit unions with assets of $100,000 or more must have annual audit by an independent individual. This would throw a greater load on small credit unions. We are opposed to these two provisions. We are for an amendment to the act that would permit a loan officer to handle certain loans.

JOHN HILLERSON,
*Managing Director, North Dakota Credit Union League.*

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FARGO, N. DAK., *March 16, 1957.*
Hon. WILLIAM LANGER,
*Senate Office Building,*
*Washington, D. C.:*

North Dakota bankers favor passage S. 1451, Robertson bill, including Bush amendment. We urge you support it.

NORTH DAKOTA BANKERS ASSOCIATION,
A. O. MCCLELLAN, *President.*
G. H. HERNETT, *Vice President.*

Mr. MCNAMARA. Mr. President, I have prepared a statement giving my views on the measure now before the Senate, which I ask unanimous consent to have printed at this point in the RECORD.

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

STATEMENT BY SENATOR MCNAMARA

All of us would agree that the measure pending before the Senate is a very important one. The Senate will do well to consider it carefully because the chickens we may hatch today might soon come home to roost some day and we might not like them at all.

The measure before us seems to have received adequate consideration prior to its introduction in the Senate. I have no quarrel with that. I would like to take issue with the seemingly widespread idea that this is a noncontroversial bill.

As the number of amendments proposed today shows, there are many provisions in the bill that people—the people who are most interested in it and affected by it—object to.

My main objection to the bill is this: as an overall "financial institutions" bill, it attempts to deal with organizations that are strikingly different from each other.

This lumping together of banks, government organizations and organizations that are in existence solely for the mutual benefit of their members is in other words nonprofit groups, in my opinion, not the right approach for the Senate to take.

As for myself, I want to make it very clear that savings and loan associations, Federal Credit Unions and even Federal Home Loan Banks are not in the same class as private banks. These organizations are mostly of self-help type, set up along the lines of cooperatives and solely for the benefit of the people who put in their hard-earned dollars.

Therefore I shall vote against the bill.

Mr. JOHNSON of Texas. Mr. President, on behalf of the distinguished minority leader [Mr. KNOWLAND] and myself, I submit a proposed unanimous-consent agreement which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The proposed unanimous-consent agreement will be read.

The legislative clerk read as follows:

UNANIMOUS-CONSENT AGREEMENT

*Ordered,* That, effective upon the adoption of this order, debate on the so-called Anderson-Javits amendment to S. 1451, the Financial Institutions Act of 1957, be limited to 1 hour, to be equally divided and controlled by the mover of such amendment and the majority leader: *Provided,* That, in the event the majority leader is in favor of 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 said amendment shall be received.

Mr. MORSE. Mr. President, reserving the right to object—and I shall not object—I wish to say for the record that in a matter of legislative policy it would be my purpose to object to a unanimous-consent agreement, unless an exceedingly strong case could be made to justify the making of an exception.

In this particular case I do not consider we are dealing with a question of major policy. The major policy is the bill itself, and I would not agree to a unanimous-consent agreement to vote on the bill itself. Here we are dealing with a unanimous-consent agreement on an amendment to the bill. I think it would be reasonable to agree to it, if it were only for the purpose of making possible the application of a sort of rule of germaneness for the next period of time in the Senate, because we will not conclude the debate in a reasonable time unless we follow some kind of rule of germaneness.

Therefore I shall not object to the unanimous-consent request.

Mr. DIRKSEN. Mr. President, this matter relates to the amendment originally offered by the distinguished Senator from Connecticut [Mr. BUSH]. I believe an effort is being made to contrive a compromise which will be acceptable to all concerned. It is believed that an hour equally divided will be ample for the disposition of the amendment.

Therefore, there is no objection, so far as I know.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Is there objection? The Chair hears none, and the unanimous-consent agreement is entered.

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

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, 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.

The Chair recognizes the Senator from New Mexico [Mr. ANDERSON].

Mr. ANDERSON. Mr. President, I modify the amendment which the junior Senator from New York [Mr. JAVITS] and I proposed last night, and which, I believe, is the pending question. I send the modified amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the modified amendment for the information of the Senate.

The LEGISLATIVE CLERK. On page 17, in the first line of section 23 it is proposed to strike out "any stock" and insert in lieu thereof "5 percent or more of the stock."

On page 17, in the ninth line of section 23, after "stock" to insert "held by such record owner."

On page 17, in the 11th line of section 23, to strike out "any such stock" and insert in lieu thereof "5 percent or more of the stock in any national bank."

On page 97, in the first line of subsection (g) of section 23, to strike out "any stock" and insert in lieu thereof "5 percent or more of the stock."

On page 97, in the ninth line of subsection (g) of section 23, after "stock" to insert "held by such record owner."

On page 97, in the 11th line of subsection (g) of section 23, to strike out "any such stock" and insert in lieu thereof "5 percent or more of the stock in any State member bank."

On page 165, in the first line of subsection (b) of section 27, to strike out "any stock" and insert in lieu thereof "5 percent or more of the stock."

On page 166, in the fourth line, after "stock" to insert "held by such record owner."

On page 166, in the sixth and seventh lines, to strike out "any such stock" and insert in lieu thereof "5 percent or more of the stock in any insured nonmember bank."

The PRESIDING OFFICER. Is there objection to considering the amendments as modified, en bloc? The Chair hears none, and they will be considered en bloc.

Mr. ANDERSON. Mr. President, what we now propose is an effort to modify what we attempted to do last night. The point was made by the Senator from Illinois [Mr. DOUGLAS] that there must be disclosures, and we tried to accommodate ourselves to the views of the Senator from Connecticut, who felt that a burden would be imposed if too much disclosure were required.

The Senator from New York had an amendment which he wanted to propose, and he and I have made an effort to meet, so far as was possible, the desires of the Senator from Connecticut [Mr. BUSH]. I was prepared to go along with him, knowing that the Senator from Illinois [Mr. DOUGLAS] would be a conferee, and the conferees can probably do a better job than we can at this time on the floor of the Senate.

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

Mr. ANDERSON. I yield.

Mr. JAVITS. I am pleased that we have reached such a point that the matter can be settled after a little further inquiry into the technicalities.

As the Senator from New Mexico has said, the Senator from Illinois [Mr. DOUGLAS] will himself be a conferee, and will be in an ideal position to determine what is the most practical provision to adopt. Therefore, in the interest of getting the matter settled as we agree it should be settled, I concur in the amendment to be offered by the Senator from Connecticut to the pending amendment.

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

Mr. ANDERSON. I yield.

Mr. BUSH. I send to the desk an amendment which is offered after consultation with the Senator from New Mexico and the Senator from Illinois. It is in the nature of a substitute for the amendment which the Senator from New Mexico has had read at the desk.

The amendment is as follows:

On page 17, strike the sentence beginning on line 2 with the words "Such list" through the words "such stock." on line 5.

On page 17, section 23, line 4, strike the word "bank" and insert in lieu thereof "Comptroller".

On page 17, section 23, line 5, after the word "stock" insert "in excess of 5 per centum of the outstanding shares of the bank".

On page 17, section 23, line 7, strike the word "bank" and insert in lieu thereof "Comptroller".

On page 17, section 23, line 8, insert after "having" insert "such".

On page 17, section 23, line 10, strike the words "such bank" and insert in lieu thereof the words "the Comptroller".

On page 96, section 23 (f), strike the sentence beginning on line 4 with "Such list" through the words "such stock." on line 7.

On page 97, section 23 (g), line 4, strike the word "bank" and insert in lieu thereof "Board".

On page 97, section 23 (g), lines 5 and 6, after the words "such stock" insert "in excess of 5 per centum of the outstanding shares of the bank".

On page 97, section 23 (g), line 7, strike the word "bank" and insert in lieu thereof "Board".

On page 97, section 23 (g), line 8, after "having" insert "such".

On page 97, section 23 (g), line 10, strike the words "such bank" and insert in lieu thereof "the Board".

On page 165, section 27 (a), strike the sentence beginning on line 4 with "Such list" through the words "such stock." on line 7.

On page 165, section 27 (b), line 4, strike the word "bank" and insert in lieu thereof "Board".

On page 166, section 27 (b), line 1, after the words "such stock" insert "in excess of 5 per centum of the outstanding shares of the bank".

On page 166, section 27 (b), line 3, strike the word "bank" and insert in lieu thereof "Board".

On page 166, section 27 (b), line 3, after the word "having" insert "such".

On page 166, section 27 (b), line 6, strike the words "such bank" and insert in lieu thereof "the Board".

Mr. BUSH. Mr. President, the effect of my amendment is to require the record owners of bank stock to report a financial interest of 5 percent or more to the supervising agency in question. It might be the Federal Reserve Board, if a member bank is involved. It might be the FDIC, or it might be the Comptroller of the Currency, if a national bank is involved. The only difference between this amendment and the one offered by the Senator from New Mexico is that in the case of my amendment the report is to be made to the supervising agency, whereas, under the Anderson amendment, the report is to be made to the bank in which the stock is held of record.

Mr. ANDERSON. Mr. President, would the Senator from Connecticut mind if the able Senator from New York and I modified our amendment?

Mr. BUSH. I should be very glad to have that done.

Mr. ANDERSON. Would the Senator from New York be agreeable to that?

Mr. JAVITS. Certainly.

Mr. ANDERSON. Mr. President, I further modify the amendment of the Senator from New York by incorporating the language of the amendment offered by the Senator from Connecticut.

Mr. BUSH. I wish to thank the Senator from New Mexico and the Senator from New York for having worked out the matter satisfactorily to all concerned.

Mr. JOHNSON of Texas. Mr. President, I was going to ask unanimous consent that the order for the yeas and nays on the Bush amendment be rescinded, in view of the fact that we seem to be pretty much in agreement at this time.

The PRESIDING OFFICER. Does the Senator from Connecticut withdraw his original amendment on which the yeas and nays have been ordered?

Mr. BUSH. I shall be glad to withdraw the amendment on which the yeas and nays were originally ordered.

The PRESIDING OFFICER. Is there objection to the Senator withdrawing his amendment? The Chair hears none, and it is so ordered.

The withdrawal of the amendment automatically rescinds the order for the yeas and nays.

Mr. BUSH. That is satisfactory.

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

Mr. ANDERSON. Mr. President, I yield such time as the Senator from Illinois may require.

Mr. DOUGLAS. The Senator from Connecticut has accurately stated the content of his amendment, which I accept.

I should like to say for the RECORD that it retains the principle of disclosure, which I think is extremely important, but limits it to such financial interests as own 5 percent or more of the stock of a given bank. In this way it frees the bank from the administrative difficulties of reporting trust funds and trust estates, and yet, at the same time, preserves the general principle which some of us have been trying to retain.

I should have preferred to have the cutoff percentage fixed at 3 percent, and also to have the reports made to the banks rather than to the supervising agency. But in the interest of harmony and in a general spirit of compromise, which seems to have extended itself over this body, I shall cooperate.

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

Mr. ANDERSON. Mr. President, I yield such time to the Senator from Florida as he may require.

Mr. HOLLAND. I thank the Senator from New Mexico.

Mr. President, I should like to address a question to the distinguished Senator from Connecticut, referring to a portion of a letter I have received from one of the ablest attorneys in Florida, who incidentally, is the president of one of our largest banks. After listing the various sections which are in issue in this particular discussion the letter proceeds as follows:

The objection to the provisions of these sections is that in legal effect they may add to the expense and trouble in effecting the transfer of stock issued to a nominee of the beneficial owner. Stock is customarily placed in the name of a nominee by trustees or agents to avoid the interminable delay and expense involved in determining the authority of the agent or trustee to make the transfer. Practically every trust company or bank exercising trust functions, as well as many brokerage concerns, register the stock of which they are custodian, trustee, or agent in the name of nominees, pursuant to the consent or directions of their principals or the provisions of the trust instrument. Such nominees are now regarded as the owner, and stock transfers are made to and from them as the absolute owners. If by the banking code such nominees are required to disclose that they are not the beneficial owners, the advantages of using nominees are destroyed. I can readily see the desirability of the regulatory agencies knowing where the beneficial

interest in bank stock lies, but I hope that this result may be obtained without destroying the advantage enjoyed by registration of stock in nominees.

The Senator from Connecticut having noted that the writer of this letter makes it very clear that he understands the desirability of the regulatory agencies knowing about transactions and as to who is the actual, equitable, beneficial owner of bank stock, my question is: Does the modified amendment of the Senator from Connecticut, which is now before the Senate, protect the objective which is stated by the writer of the letter, in that the amendment gives to the regulatory agencies the needed information in cases where more than 5 percent of the outstanding capital stock of a bank is being transferred or registered, but does not give such notice or knowledge to the bank itself, thereby requiring the bank to proceed in great detail to ascertain what the authority of the person is and whether authority has been given to the nominee to do everything he proposes to do?

Mr. BUSH. I would answer the Senator's question with some trepidation. The bill which is now under discussion does require the record owner to make disclosure to the supervising agency of any investor's interest in bank stock of five percent or more. I would presume that, with that information in the hands of the supervising agency, it would be a matter of public record. If anyone wanted to ascertain whether there was a 5-percent interest or a number of 5-percent interests in a given bank in Florida or Connecticut, he could go to the Federal Reserve Board, if that were the supervising agency in question, and find out.

So the purpose actually, in part, at least, is to provide for the disclosure of who controls banks and who have large interests in them. It is likely, in my judgment, that the report made to the supervising agency would be considered a matter of public record.

I may say to the Senator from Florida that one of the reasons why I have hoped there would be public hearings on this question is that testimony may be received from gentlemen like the correspondent of the Senator from Florida. We could then ascertain what some of the contingent problems are in connection with this matter.

I believe that if the Senate adopts the amendment now proposed, as I think it should, when the bill reaches the House in all probability the House will have public hearings—and I think they should—where the whole subject will be covered. At that time witnesses, such as the Senator's correspondent, will have an opportunity to be heard, and to make comments in connection with the proposal.

Mr. HOLLAND. The Senator is clear in his mind, however, is he, that as to record holders of stock constituting less than 5 percent of the capital stock of a bank, no knowledge of beneficial ownership is to be given either to the supervising or regulatory agency, or to the bank itself?

Mr. BUSH. The proposal does not affect any record holder of less than 5 percent of the bank stock; it does not require anything of him.

Mr. HOLLAND. Then, as to small blocs of stock, holdings of less than 5 percent, if the bill were passed in the form in which it would be left by the adoption of the present modified amendment, additional difficulties or trouble or detail would not devolve upon the officers of the bank?

Mr. BUSH. The bill would involve no change in the current situation as to holders of less than 5 percent of the stock.

Mr. HOLLAND. When the Senator speaks of 5 percent of the capital stock, does he mean the outstanding capital stock or the authorized capital stock?

Mr. BUSH. I mean the outstanding capital stock of the bank.

Mr. HOLLAND. Is that the meaning with which the Senator offered his amendment?

Mr. BUSH. That is the meaning.

Mr. HOLLAND. If I now understand the Senator's amendment, as modified, it imposes upon State banks which are members of the Federal Reserve System the same condition which he has just described as being applicable to national banks.

Mr. BUSH. That is correct.

Mr. HOLLAND. Or institutions which are covered by the FDIC.

Mr. BUSH. That is correct.

Mr. HOLLAND. Then the effect of the passage of the bill with this amendment in it would be, by indirection, to change and affect the provisions of the bank organization statutes of the various States, as to banks chartered by the several States?

Mr. BUSH. I think so.

Mr. HOLLAND. I thank the distinguished Senator from Connecticut.

Mr. ANDERSON. Mr. President, I yield back the remainder of my time.

Mr. BIBLE. Mr. President, I am prepared to yield back the remainder of the time controlled by me, if no Senator wishes to speak in opposition to the amendment, and I now yield back the time.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from New Mexico [Mr. ANDERSON] for himself and on behalf of the Senator from New York [Mr. JAVITS].

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. DOUGLAS. Mr. President, I call up my amendment designated "3–12–57–A."

The PRESIDING OFFICER. Does the Senator from Illinois wish to have his amendment read in full?

Mr. DOUGLAS. I do not think that is necessary; I ask unanimous consent that it may be printed at this point in the RECORD.

The PRESIDING OFFICER. Without objection, the amendment will be printed in full in the RECORD.

The amendment offered by Mr. DOUGLAS is as follows:

On pages 211 and 212, strike out section 6 in its entirety, and insert in lieu thereof a new section 6, as follows:

"§ 6. Federal savings and loan branches

"An association may retain or establish and operate a branch or branches under the following conditions:

"(a) An association may retain and operate such branch or branches as it may have in operation on the effective date of this paragraph, the establishment and operation of which had been approved by the Board.

"(b) If, after the effective date of this paragraph, a State savings and loan association is converted into or consolidated with a Federal savings and loan association, or if two or more Federal savings and loan associations are consolidated, such converted or consolidated association may, with respect to any of the associations, retain and operate any of their branches which are in lawful operation on the date of such conversion or consolidation.

"(c) An association may, with the approval of the Board, establish and operate new branches within the State in which the home office of such association is situated, if such establishment and operation are (i) at the time expressly authorized to State savings and loan associations or mutual savings banks, or (ii), after June 30, 1957, expressly authorized to State banks or trust companies, by the law of the State in question, or, in the absence of any such law, if such establishment and operation are at the time in conformity with the practice within the State with respect to branches of State savings and loan associations or mutual savings banks or, after June 30, 1957, in conformity with the practice within the State with respect to branches of State banks or trust companies; except that no approval of the State authority having supervision over State savings and loan associations or mutual savings banks or banks and trust companies shall be required. Any such new branches shall be subject to the least onerous restrictions with respect to number and location as may be imposed by the law of the State or the practice therein with respect to branches of State savings and loan associations, mutual savings banks, or State banks and trust companies. No branch of any Federal savings and loan association shall be established outside the State in which its home office is located. The Board shall, before approving or disapproving an application of a Federal savings and loan association to establish and operate a branch, give consideration to the same requirements as are set forth in this act with respect to the granting of charters of Federal savings and loan associations.

"(d) No branch of any Federal savings and loan association shall be established or moved from one location to another without the prior consent and approval of the Board.

"(e) The term 'branch' as used in this section shall be held to include any branch savings and loan association, branch office, branch bank, branch agency, additional office, or any branch place of business located in any State at which shares are issued, sold, withdrawn, repaid, or repurchased, or at which deposits are received, checks paid, or money is lent, or dues or dividends are paid or credited.

"(f) The words 'State savings and loan association' or 'State savings and loan associations', as used in this section, shall be held to include savings and loan associations, building and loan associations, cooperative banks, and homestead associations organized and operated according to the laws of the State in which they are chartered or organized.

"(g) The words 'State banks and trust companies' as used in this section include all banks and trust companies organized under the laws of any State which have among their powers the power to accept thrift deposits and to engage in home financing.

"(h) The term 'State,' as used in this section, includes the several States, the District of Columbia, Guam, Puerto Rico, the Virgin Islands of the United States, and the Territories of Alaska and Hawaii."

Mr. DOUGLAS. Mr. President, on last Thursday I discussed this amendment in some detail. Senators who have read the CONGRESSIONAL RECORD will know what my amendment proposes to do.

The purpose of the amendment is to permit Federal savings and loan associations to have branch privileges in those States which permit commercial banks to have branches.

The bill in its present form, according to the testimony of the Federal Home Loan Bank Board, would prohibit Federal savings and loan associations from having branches in 24 or possibly 25 States.

My amendment would permit Federal savings and loan institutions to have branches in 10 of those States, namely, the 10 States where commercial banks may have branches. Those States are: Alabama, Georgia, Idaho, Michigan, Mississippi, Nevada, New Mexico, North Carolina, South Carolina, and Tennessee. Kentucky has recently changed its law, and it is possible that Kentucky might also be included.

The amendment which I offer was in the bill as originally drafted, and was not disapproved by the so-called advisory committee.

In 1955 the Senate passed a branch savings and loan bill along the lines of my amendment without a single dissenting vote.

It seems to me my amendment is a better provision than the one presently in the bill, because the present language restricts the Federal savings and loan institutions to the same branch privileges which State-chartered savings and loan institutions are given. Since the State savings and loan institutions labor at a disadvantage under State law, in comparison with the commercial banks, I do not think the standard should be the similarity between the Federal savings and loan institutions and the State savings and loan institutions. Instead, the standard should be the similarity between the Federal savings and loan institutions and the commercial banks, which compete with them.

The commercial banks are already in the home financing business; and with the development of suburban areas, it is important that the savings and loan institutions be given the right to establish branches in the suburbs, rather than to compel them to start from the ground up and de novo.

Therefore, I submit that this amendment is highly desirable, in order to get the greatest volume of savings channeled into home building, and in order to give to the mutual institutions, the Federal savings and loan associations, the same rights which the private commercial banks now enjoy.

Mr. JAVITS. Mr. President, will the Senator from Illinois yield for a question?

Mr. DOUGLAS. I am glad to yield.

Mr. JAVITS. I have read the amendment. Am I correct in assuming that it is prospective in its application, so that if any State passes a law allowing commercial banks to have such branches, then, under this amendment, such a law will apply to savings and loan associations, as well?

Mr. DOUGLAS. That is correct. But it would also permit such savings and loan branches where present State laws allow commercial banks to branch.

Mr. President, this is a compromise proposal. I should like to have the principle extended not only to States where commercial banks have branches, but also to States where there are bank-holding companies, or chain or group banks. If that had been done, this privilege would have been extended to 21 more States. However, in the interest of harmony I am willing to confine it to the 10 States or possibly 11 States where the commercial banks are permitted to have branches.

Therefore, this arrangement is one in which the commercial banks give something and the savings and loan institutions give something. But I think the general result will be helpful.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS].

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

The PRESIDING OFFICER. The Clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERTSON. 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. ROBERTSON. Mr. President, there is now before the Senate an amendment to a very carefully considered provision of the pending bill. It is a provision on which the committee has acted in 3 different years and each time in the same way. We thought that branches of Federal savings and loan associations should be treated on the same basis as branches of national banks. Senators all know that national banks can have branches only in accordance with State laws. So in 3 different years the committee has written into bills a provision that the same rule shall be applied to savings and loan associations.

The first year the Senate passed the bill as reported by the committee. Last year the patron of the bill, the distinguished Senator from Delaware [Mr. FREAR] accepted without a vote, the amendment offered by his distinguished colleague from Illinois. The House did not act on the bill. This year it went before the committee again, and, as the junior Senator from Virginia recalls, only the 3 members voted in committee against the provision in the bill.

Mr. President, the junior Senator from Virginia, in the preparation of his tentative bill tried to be very fair to the savings and loan associations. He recognized that there were commercial banks that wanted him to go much further in the bill than he actually did go. The banks complained of inequality in taxation; and, of course, there is inequality. They complained of the more liberal provisions applying to savings and loan associations with respect to the percentage of assets which may be lent. The representatives of the commercial banks showed us an advertisement in a newspaper of a city in Utah. Apparently a firm on one side of the street owned a commercial bank, and on the other side of the street there was a savings and loan association.

In the same newspaper there was an advertisement by a certain bank offering to pay 2 percent. A bank across the street said, "We will pay you 3 percent." The witnesses who appeared before the committee said, "Something should be done for our protection against that kind of competition." They stated further, "The competition for the savings dollar which has arisen in this period of so-called tight money is becoming very embarrassing to us." In this competition the savings dollar has become a very important dollar.

The Senate has previously gone on record. The committee has gone on record on three different occasions. I very much hope that the Senate will stand by the position taken by the full committee. It has been very fair in this bill to the savings and loan associations. It is only in the spirit of fairness that we placed the savings and loan associations under the same type of restrictions as apply to commercial banks.

Mr. DOUGLAS. Mr. President, inasmuch as a number of Senators have entered the Chamber since the time I described this amendment, I think it would be appropriate for me to make a brief statement as to what the amendment would do, and the purposes it would fulfill.

May I remind the Senators that in 1955 we adopted an amendment identical to this one. At that time it was clearly apparent that it was the will of the Senate that the privilege of having branches should be granted to federally chartered savings and loan institutions on the same basis on which commercial banks now possess this privilege.

The bill in its present form without this amendment would outlaw new branches of Federal savings and loan institutions in 24 of the 48 States of the Union.

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

Mr. DOUGLAS. I yield.

Mr. ROBERTSON. Does not the bill provide that no existing branch shall be disturbed?

Mr. DOUGLAS. It shuts off the possibility of future growth.

Mr. ROBERTSON. What I have stated is a fact; is it not?

Mr. DOUGLAS. Yes.

Mr. ROBERTSON. Does not the bill provide that in mergers those associations which have branches may still keep the branches?

Mr. DOUGLAS. I think that is correct.

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

Mr. DOUGLAS. I yield.

Mr. FREAR. Does the bill not also provide that there shall be no prohibition on the initiation of a new Federal savings and loan institution?

Mr. DOUGLAS. That is true; but it prohibits existing Federal savings and loan institutions from having additional branches in 24 States of the Union.

Mr. FREAR. But it would not prohibit such branches in States which permit State savings and loan associations to have branches, would it?

Mr. DOUGLAS. That is correct.

Mr. FREAR. Then why should Federal savings and loan institutions exercise privileges in the States when such privileges are denied to State institutions?

Mr. DOUGLAS. The real comparison is not between Federal savings and loan associations and State savings and loan associations, but between Federal savings and loan associations and commercial banks. Commercial banks are in the home-financing business and competition is desirable.

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

Mr. DOUGLAS. May I be permitted to make a consecutive argument?

Commercial banks are in the home financing business. In some 35 States of the Union they have the right to operate branches. As I have repeatedly said, if the bill in its present form is enacted, the Federal savings and loan institutions will be privileged to have branches in only 25 States. My amendment would permit this privilege to be granted in 10 additional States.

What is the purpose of this amendment? The main purpose is to make it easier for savings and loan institutions to make their services available by means of branches in the suburbs of cities. Those are areas in which there is a great deal of home building, and in which it is difficult to organize a new savings and loan institution from the ground up, but where it would not be too difficult for an existing savings and loan institution, with its home office in another place, to start a branch.

In this connection, I think it is worth while to point out that as members join the branch, they have all the privileges of members in the original home association. Since the savings and loan institutions are predominantly mutual, this means that the late-comers get the same rights and privileges as those who were in on the ground floor.

So this is not really an extension of branch banking. What the amendment would do would be to permit people to utilize existing institutions, in which they are owners as well as depositors, and such institutions would have the same rights as the privately-owned commercial banks now possess.

Since these commercial banks compete with the savings and loans in attracting savings and financing home construction, the amendment would equalize the basis on which they compete in the matter of branches.

It seems to me that this is an extremely fair proposal. It does not go as far as I would have wished. I would have liked to have the Federal savings and loan institutions given the right to have branches in those States where bank holding companies and chain banking exist. But an amendment which I offered some years ago on that point did not receive many votes. Therefore I am waiving that point, and coming to a much more moderate position, namely, that of merely extending the branch banking privilege to Federal savings and loan institutions where commercial banks already have the privilege. The two types of institutions are now competitors in the home financing field; and I do not think the savings and loan institutions should have imposed upon them handicaps which are not imposed on the commercial banks.

Roughly, that is the purpose of the amendment.

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

Mr. DOUGLAS. I yield.

Mr. PASTORE. If the bill were enacted without the amendment proposed by the distinguished Senator from Illinois, could a State authorize a Federal savings and loan company to open a branch?

Mr. DOUGLAS. No. The States would have jurisdiction over State-chartered banks, but no direct powers over Federal institutions.

Mr. PASTORE. The State law would have no application at all to a branch on the part of a Federal savings and loan company.

Mr. DOUGLAS. If the State gave the privilege of establishing branches to a State-chartered savings and loan institution, under the present bill that right would be extended to a Federal institution automatically.

Mr. PASTORE. Therefore, if a State really wanted a branch on the part of a Federal savings and loan company, it could have it.

Mr. DOUGLAS. That is true. The distinguished Senator from Rhode Island——

Mr. PASTORE. I am not criticizing.

Mr. DOUGLAS. I understand. That makes the issue clear.

The distinguished Senator from Rhode Island was once a very able and distinguished Governor of his State. I think he knows that in State capitals commercial banks tend to be more influential than State banks.

Mr. PASTORE. Not in Rhode Island.

Mr. DOUGLAS. Not in Rhode Island when the Senator from Rhode Island was Governor; but in most States, and under most governors that is the situation.

Mr. PASTORE. Not in Rhode Island today.

Mr. DOUGLAS. I think a disciple of the Senator from Rhode Island occupies the Governor's chair today; and the Senator has undoubtedly imbued him with correct principles on most matters.

Mr. PASTORE. Regardless of who sits in the Governor's chair, the junior Senator from Rhode Island still lives in the tradition and spirit of his State.

Mr. DOUGLAS. I point out that the conclusive proof that commercial banks are more influential than State savings and loan associations lies in the fact that there are some 11 States where commercial banks are permitted to have branches, but where State savings and loan institutions are forbidden to have branches.

Mr. PASTORE. I realize that. I merely wished the distinguished Senator from Illinois to know that I am not being critical.

Mr. DOUGLAS. I understand.

Mr. PASTORE. I was merely looking for information.

Mr. DOUGLAS. The Senator, as usual, has made a very good point by putting his finger on one of the essential features. I only wish that all Governors were as good as the Senator from Rhode Island was, and is.

Mr. FREAR. Mr. President, Senate bill 1451 provides that the Federal Home Loan Bank Board may authorize branch privileges for Federal savings and loan associations only in States where branches are permitted for State savings and loan associations and mutual savings banks by State law or custom. This provision is identical to S. 975, as passed by the 83d Congress, and to S. 972, as reported by the Banking and Currency Committee in the 84th Congress.

The amendment proposed by the Senator from Illinois [Mr. DOUGLAS] would permit Federal savings and loan associations to have branches in States where commercial banks have branches, as well as State savings and loan associations and mutual savings banks. The amendment departs from the branch principle applicable to national banks and departs from the theory of this entire bill that banks and savings and loan associations should be, to the greatest extent possible, subject to the same privileges and restrictions.

The National Bank Act permits national banks to have branches only in States where State banks are permitted to have branches. This statute has served as one of the cornerstones of our dual system of banking, which recognizes that State and national banks may both exist where there are equal privileges. The provision in the pending bill similarly places Federal savings and loan associations on a like and equal footing with the State savings and loan associations and mutual savings banks and is designed to promote the dual system of savings and loan associations.

Our committee on three occasions in recent years has affirmed its belief that the question of branch privileges is one that should be determined by the States themselves. The proposed amendment would perpetuate a system of granting branches to federally chartered institutions in complete disregard to the fact that State savings and loan associations are not granted such a privilege. In effect, the Douglas amendment sanctions

unfair competition by Federal savings and loan associations.

The Douglas amendment would ignore the rights of State savings and loan associations and mutual savings banks in 10 States, namely, Alabama, Georgia, Idaho, Michigan, Mississippi, Nevada, New Mexico, North Carolina, South Carolina, and Tennessee.

I am sure the Members of the Senate will not want to go on record as favoring the granting of privileges to federally chartered institutions when such privileges are not extended to their State-chartered competitors. I urge the Members of the Senate to follow the recommendation of our committee and vote against the proposed amendment.

SEVERAL SENATORS. Vote! Vote!

Mr. DOUGLAS. Mr. President, on the pending question I ask for the yeas and nays.

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

The PRESIDING OFFICER. The Secretary will call the roll.

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

| | | |
|---|---|---|
| Aiken | Green | Morton |
| Allott | Hayden | Mundt |
| Anderson | Hennings | Murray |
| Barrett | Hickenlooper | Neuberger |
| Beall | Hill | O'Mahoney |
| Bennett | Holland | Pastore |
| Bible | Hruska | Payne |
| Bricker | Humphrey | Potter |
| Bush | Ives | Purtell |
| Butler | Jackson | Revercomb |
| Carroll | Javits | Robertson |
| Case, N. J. | Johnson, Tex. | Russell |
| Case, S. Dak. | Johnston, S. C. | Saltonstall |
| Chavez | Kefauver | Schoeppel |
| Church | Kennedy | Smathers |
| Clark | Kerr | Smith, Maine |
| Cooper | Kuchel | Smith, N. J. |
| Cotton | Lausche | Sparkman |
| Dirksen | Long | Stennis |
| Douglas | Magnuson | Symington |
| Dworshak | Malone | Talmadge |
| Eastland | Mansfield | Thurmond |
| Ellender | Martin, Iowa | Thye |
| Ervin | Martin, Pa. | Watkins |
| Flanders | McCarthy | Wiley |
| Frear | McClellan | Williams |
| Fulbright | McNamara | Young |
| Goldwater | Monroney | |
| Gore | Morse | |

Mr. MANSFIELD. I announce that the Senator from Texas [Mr. BLAKLEY], the Senator from Virginia [Mr. BYRD], and the Senator from North Carolina [Mr. SCOTT] are absent on official business.

The Senator from West Virginia [Mr. NEELY] is absent because of illness.

Mr. DIRKSEN. I announce that the Senator from Kansas [Mr. CARLSON], and the Senator from Nebraska [Mr. CURTIS] are absent on official business.

The Senator from Indiana [Mr. JENNER] is necessarily absent.

The Senator from California [Mr. KNOWLAND] is absent by leave of the Senate.

The Senator from North Dakota [Mr. LANGER] is absent because of illness.

The Senator from Indiana [Mr. CAPEHART] and the Senator from New Hampshire [Mr. BRIDGES] are detained on official business.

The PRESIDING OFFICER. A quorum is present.

Mr. DOUGLAS. Mr. President, I renew my request for the yeas and nays on this amendment.

The yeas and nays were not ordered.

Mr. DOUGLAS. Mr. President, I again ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second to the request for the yeas and nays?

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute for section 6 offered by the Senator from Illinois for himself and on behalf of the Senator from Oklahoma [Mr. MONRONEY].

Mr. ROBERTSON. Mr. President, the Senate is about to vote on an amendment to a provision in the banking bill on which the Committee on Banking and Currency has acted in 3 successive years. The amendment would relieve Federal savings and loan associations of the restriction with respect to branches which applies to commercial banks. A national bank cannot have branches in a State unless branches are authorized for State banks. The provision in the bill is that a Federal savings and loan association cannot have branches in a State unless branches are authorized for State savings and loan associations. At the present time there is no law whatever pertaining to branches of savings and loan associations which are under the control of the Home Loan Bank Board, and the Board has the power, if it wishes, to charter savings and loan associations in States which prohibit savings and loan associations from having branches.

The provision in the bill was recommended by the Advisory Committee. Hearings were held on it, and it was approved by the Federal agencies and was adopted by an overwhelming majority of our committee.

Three times our committee has taken the same position. Once, 2 years ago, the bill passed the House with the provision just as it is written into the bill now pending.

Last year the Senator from Illinois offered the same amendment he has offered today. At that time the patron of the bill accepted the amendment, but there was no vote on the bill, and the bill passed the Senate with the amendment in it. The bill failed of passage in the House.

Now we are back where we were 2 years ago, and the position is the one which was recommended to us. Therefore the provision, as it is now written, was placed in the bill.

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

Mr. ROBERTSON. I yield.

Mr. DOUGLAS. Is it not true that the amendment now being offered by the Senator from Oklahoma and the Senator from Illinois is the same as the amendment which was agreed to by the Senate 2 years ago?

Mr. ROBERTSON. That is true, with the qualification that the Senate did not vote on it, the amendment was accepted without a vote. There is some little difference between voting and accepting an amendment without a vote.

Mr. DOUGLAS. I think the RECORD will show that on a voice vote the amendment was agreed to. It was not a yea-and-nay vote, but the amendment was accepted on a voice vote. A bill cannot be passed without at least a voice vote.

Mr. ROBERTSON. Technically, then, the Senate approved the amendment in the manner which the junior Senator from Virginia indicated. There was no objection; there was no recorded vote. The patron of the bill, to have the matter disposed of, said he accepted the amendment, and that was all there was to it.

Mr. BUSH. Mr. President, I wish to speak very briefly regarding the amendment offered by the Senator from Illinois. A little more than 2 years ago, in 1954, I offered the same amendment. At that time I was chairman of the subcommittee which held hearings on the subject. I offered the amendment then because it seemed to me that the question of branch privileges for Federal savings and loan associations should be determined by law and not by decision of the Home Loan Bank Board, which is the present situation.

In the bill as it is before the Senate there is a provision which I believe the Senator from Delaware [Mr. FREAR] advocated, to wit, that the branch privileges of the Federal savings and loan associations should be the same as those granted in the States to the State savings and loan associations or to the mutual savings banks within a State.

That would seem to be all right in States where the commercial banks are not competitors for the savings of the people, where they do not have thrift accounts, and where they do not engage in home loan financing. But there are States where the principal competition of both State savings and loan associations and Federal savings and loan associations is the commercial banks themselves, which have thrift gathering departments, savings departments, or whatever they may be called, the commercial banks also engaging in home loan financing in direct competition with State and Federal savings and loan associations.

I have tried to devise some way which would be just and fair to make certain that the commercial banks would be preferred and be given consideration ahead of other institutions in connection with the savings of the people and the investment of such savings; but, for the life of me, I cannot see the justice of it.

So I am in the same position in which I was in prior years, in support of the amendment offered by the distinguished Senator from Illinois [Mr. DOUGLAS]. I think, in fairness, I cannot do anything but approve of it.

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

Mr. BUSH. I yield.

Mr. MONRONEY. I am happy to join with the Senator from Connecticut in supporting the amendment. It seems to me that if the accumulation of mortgage money for home building is to be encouraged, Congress should make it as easy as possible for the people to put their small savings into home-loan establishments.

The pattern of establishing retail areas throughout many suburban districts should cause us to go the limit, I think, in allowing "branching" not merely in

some cities, but particularly in big cities. Small branches could be established, where the money would be available for the mortgage market and for other types of home-building activity.

Mr. BUSH. I acknowledge the cogency of what the Senator from Oklahoma has said, because it particularly reminded me of what I myself said 2 or 3 years ago. It was this:

> It is my desire to see more private and less Government participation in home financing, and certainly mutual thrift organizations have proved to be a most effective method of private home financing.

Therefore, I agree with the Senator from Oklahoma, that this amendment would do much to encourage more private investment of savings, which is what I think should be done.

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

Mr. BUSH. I yield.

Mr. ROBERTSON. I may say to my distinguished colleague that the Senator from Virginia said that the provision which is now in the bill was recommended to us by our advisory committee. The chief counsel reminds me of the fact that what the advisory committee did was to recommend legislation on the subject, but not this specific language.

Of course, the testimony of the Federal Home Loan Bank Board was against taking this authority away from them.

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

Mr. BUSH. I am glad to yield.

Mr. THYE. I have endeavored to acquaint myself with the question which is involved in the amendment. I believe the amendment to be a good one. I was most happy to have the explanation which was so ably given by the distinguished Senator from Connecticut on this question. I am ready to support the amendment.

Mr. BUSH. I thank the Senator from Minnesota.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute for section 6 offered by the Senator from Connecticut [Mr. BUSH] for himself and on behalf of the Senator from Oklahoma [Mr. MONRONEY]. The yeas and nays having been ordered, the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Texas [Mr. BLAKLEY], the Senator from Virginia [Mr. BYRD], and the Senator from North Carolina [Mr. SCOTT] are absent on official business. The Senator from West Virginia [Mr. NEELY] is absent because of illness.

On this vote, the Senator from Texas [Mr. BLAKLEY] is paired with the Senator from West Virginia [Mr. NEELY]. If present and voting, the Senator from Texas would vote "nay" and the Senator from West Virginia would vote "yea."

Mr. DIRKSEN. I announce that the Senator from Kansas [Mr. CARLSON] and the Senator from Nebraska [Mr. CURTIS] are absent on official business.

The Senator from Indiana [Mr. JENNER] is necessarily absent.

The Senator from California [Mr. KNOWLAND] is absent by leave of the Senate.

The Senator from North Dakota [Mr. LANGER] is absent because of illness.

The Senator from Indiana [Mr. CAPEHART] and the Senator from New Hampshire [Mr. BRIDGES] are detained on official business.

If present and voting, the Senator from New Hampshire [Mr. BRIDGES], the Senator from Indiana [Mr. CAPEHART], the Senator from Nebraska [Mr. CURTIS], and the Senator from California [Mr. KNOWLAND] would each vote "nay."

The result was announced—yeas 26, nays 59, not voting 11, as follows:

YEAS—26

| | | |
|---|---|---|
| Aiken | Hill | Murray |
| Bush | Humphrey | Neuberger |
| Carroll | Javits | O'Mahoney |
| Case, N. J. | Kefauver | Purtell |
| Church | Kennedy | Smith, Maine |
| Clark | Mansfield | Sparkman |
| Douglas | McNamara | Thye |
| Fulbright | Monroney | Wiley |
| Gore | Morse | |

NAYS—59

| | | |
|---|---|---|
| Allott | Green | Morton |
| Anderson | Hayden | Mundt |
| Barrett | Hennings | Pastore |
| Beall | Hickenlooper | Payne |
| Bennett | Holland | Potter |
| Bible | Hruska | Revercomb |
| Bricker | Ives | Robertson |
| Butler | Jackson | Russell |
| Case, S. Dak. | Johnson, Tex. | Saltonstall |
| Chavez | Johnston, S. C. | Schoeppel |
| Cooper | Kerr | Smathers |
| Cotton | Kuchel | Smith, N. J. |
| Dirksen | Lausche | Stennis |
| Dworshak | Long | Symington |
| Eastland | Magnuson | Talmadge |
| Ellender | Malone | Thurmond |
| Ervin | Martin, Iowa | Watkins |
| Flanders | Martin, Pa. | Williams |
| Frear | McCarthy | Young |
| Goldwater | McClellan | |

NOT VOTING—11

| | | |
|---|---|---|
| Blakley | Carlson | Langer |
| Bridges | Curtis | Neely |
| Byrd | Jenner | Scott |
| Capehart | Knowland | |

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

## ORDER FOR ADJOURNMENT TO THURSDAY

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until 12 o'clock noon on Thursday next.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Without objection, it is so ordered.

## THE FINANCIAL INSTITUTIONS ACT OF 1957

The Senate resumed the consideration of the bill (S. 1451) to amend and revise the statutes governing financial institutions and credit.

Mr. FULBRIGHT. Mr. President, on behalf of myself, the Senator from Alabama [Mr. SPARKMAN], the Senator from Illinois [Mr. DOUGLAS], the Senator from Oklahoma [Mr. MONRONEY], and the Senator from Pennsylvania [Mr. CLARK], I offer the amendment which is designated 3–12–57—D.

The PRESIDING OFFICER. The amendment will be stated.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the reading of the amendment may be dispensed with and that it may be printed in the RECORD. I discussed it at great length the other day. I have modifications to offer to the amendment.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Arkansas?

There being no objection, the amendment offered by Mr. FULBRIGHT, for himself and other Senators, was ordered to be printed in the RECORD, as follows:

On page 249, after subsection (h) of section 803, insert two new subsections, as follows:

"(i) Section 201 of title 18 of the United States Code is amended—

"(1) by inserting '(a)' immediately preceeding 'Whoever';

"(2) by striking out 'section' in the last sentence and inserting in lieu thereof 'subsection'; and

"(3) by adding at the end thereof a new subsection, as follows:

"'(b) It shall be unlawful for any bank or other institution, in which deposits or accounts are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or for any person who is an employee, officer, or director of such bank or institution, to make any gift, gratuity, or contribution in any form directly or indirectly to any elective or appointive official who exercises supervisory or regulatory powers over such bank or institution, or who has authority to deposit public moneys or trust funds in such bank or institution, or to any person who is a candidate for an office having any of such powers. Any person, corporation, or other institution convicted of violation of this subsection shall be fined not more than three times the amount or value of such gift, gratuity, or contribution.'

"(j) (1) The first paragraph of section 610 of title 18 of the United States Code is amended by inserting after 'or any corporation organized by authority of any law of Congress,' the following: 'or any bank, association, or other institution, in which deposits or accounts are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation,'.

"(2) The second paragraph of such section 610 is amended by inserting after 'corporation' wherever it appears 'or bank, association, or other institution'."

Mr. FULBRIGHT. Mr. President, the first purpose of this amendment is to apply the same political restrictions to State banks insured by the FDIC as those which already apply to all national banks. The amendment would also prohibit federally insured banks and savings and loan associations, or those closely identified with them, from giving money to public officials who supervise them or who deposit publicly controlled moneys.

The amendment differs from the one which appeared in the committee print and which the committee failed to accept. That amendment prohibited contributions or expenditures in connection with any election at which any official who has authority to regulate or supervise, and direct the placement of funds in such bank. This language led some members of the committee to be fearful of general political restrictions on individual bankers. The amendment

I have just offered eliminates this difficulty, and makes it entirely clear that it does not apply to elections generally. The amendment, unlike the amendment proposed in committee, does not apply to contributors just because they are stockholders. It prohibits officers, employees, and directors of federally insured financial institutions from making gifts or contributions only to those who have the power to grant or withhold favors to the institutions.

This amendment was discussed extensively on the floor of the Senate last Thursday. In addition to the new language, I made it as abundantly clear as possible that the amendment would not apply in the case of contributions to committees or candidates who were only remotely related to officials having direct authority over the banks or savings and loans. It would not apply to contributions to political parties for general party purposes. It would not apply to contributions in a campaign for governor, lieutenant governor, the State legislature, the county board, or mayor. It would not apply to any office which does not have direct authority to supervise financial institutions, or to deposit publicly controlled moneys in them.

Still, several Senators expressed concern about the possibility of the phrase "directly or indirectly" being interpreted to mean contributions to political parties that sponsor a candidate for an office with supervisory or depository powers, or contributions to a candidate for governor, because a governor often appoints persons who have such powers. At the suggestion of the Senator from Florida [Mr. SMATHERS], the Senator from Louisiana [Mr. LONG], and the Senator from Connecticut [Mr. BUSH], I am modifying the amendment still further to make doubly certain that it will not result in any general political restrictions, but will apply only to contributions to persons who have the authority to grant or withhold favors from federally insured financial institutions.

Thus, I shall delete the words "directly or indirectly," which qualify the contribution. And I shall insert the word "directly" as a qualifier to the exercise of supervisory and depository powers.

I am offering our amendment with the following change:

On page 2, line 7, strike out "directly or indirectly."

On line 8, after the word "who" insert "directly."

On line 9, after "has" insert "direct."

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

Mr. FULBRIGHT. I yield.

Mr. ROBERTSON. One of our colleagues asked me if the Senator's amendment would apply to Members of the Senate. I said that as originally drafted I thought it possibly would, but I do not know whether it would as it has been modified. I have not heard all the changes which have been made in it.

Mr. FULBRIGHT. It could not possibly apply to a Senator, in my opinion. I do not think the original draft would have done so; but certainly the present proposal would not, because no Senator has any direct authority or supervisory authority over the disposition of public funds.

This is the very point the debate centered around last Thursday, when we were discussing this question. I indicated at that time I would be willing to try to find language which would make it doubly sure that it did not apply to persons remotely related to the functions which are here involved.

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

Mr. FULBRIGHT. I yield.

Mr. HICKENLOOPER. Will the Senator please read the modification again?

Mr. FULBRIGHT. Does the Senator have before him the original printed amendment?

Mr. HICKENLOOPER. Yes.

Mr. FULBRIGHT. On page 2, line 7, after the word "form" strike out "directly or indirectly"; in line 8, after the word "who" insert the word "directly" so as to read "any elective or appointive official who exercises supervisory or regulatory powers" and so forth; in line 9, after the word "has" insert the word "direct", so as to read "who has direct authority to deposit", and so forth.

I think that reaches the point which was made the other day. This amendment would eliminate, for example, governors who appoint bank examiners. It would eliminate the governor or any other official only remotely connected with the transactions. It would apply only to the one who directly exercises the power.

Mr. HICKENLOOPER. However, it would apply to the treasurer of a State, the treasurer of a city, or the treasurer of a county, would it not?

Mr. FULBRIGHT. Yes, if that official is the one who, under the prevailing law, has the authority to deposit the funds.

Mr. HICKENLOOPER. I should think it would apply, if he exercised discretion.

Mr. FULBRIGHT. That is correct. If he had discretionary authority to make the deposits, it would apply to him.

The reason I qualify the amendment is that in various States the officials have different names. In Cook County, Ill., the county treasurer deposits public funds. In addition, the public administrator has authority to deposit wherever he chooses more than $3½ million, interest free, in publicly controlled trust funds. The amendment would apply to such an official.

Mr. HICKENLOOPER. As I see it, it would apply to every State official and every local official who collects fees and is responsible for the custodianship of such fees, unless in the State, the municipality, or the county the law particularly requires that such fees be sequestered in the custody of some other officer, who, in turn, has the right to deposit. However, it would apply to a county clerk, or to a clerk of the district court, who collects substantial amounts of fees and deposits them. It would apply to the auditor of the county. The county attorney collects fees. In many cases they are turned over to the board of supervisors, or to the treasurer of the county, but in many other cases they carry their own accounts, at least to a limited degree. I am merely trying to ascertain to what public officials this provision would apply.

Mr. FULBRIGHT. I think it would apply to every case in which there exists direct authority. Although there might be some incidental effect, the purpose of this amendment is not to purify elections. The purpose is to protect the bank from a shakedown by an unscrupulous person who has the authority to deposit. As a practical matter, the provision would not come into play at all unless a very substantial amount of money were involved. I believe that it would be quite impossible, upon the basis of a deposit of $20, $50, $500, or perhaps even a couple of thousand dollars, to build any demand for a contribution.

In one instance in Illinois the public administrator had $3½ million to deposit. The Cook County treasurer has more than $100 million to deposit. In such cases the discretionary authority to deposit may become a potential source of major pressure upon the banker. Even if the provision should technically apply in the examples which the Senator has cited, I cannot conceive that it would have any application in the case of a county clerk. No banker cares where the county clerk deposits his money, in most counties, unless there may be a few unusual cases.

In the case I mentioned, it so happens that the public administrator of Cook County is not an elected official. Nevertheless, this provision applies to him. He collected contributions for others. The governor who appoints him would not be covered by this provision, however, for the governor does not have the primary authority to deposit. That is why we use the word "directly." He is not directly responsible for the allocation of such deposits.

Does that explanation make the amendment clear?

Mr. HICKENLOOPER. I think it does. I thank the Senator. I was merely trying to test how far the provision would go. I do not believe in treating an individual who is a banker any differently from any other individual. I would want to leave him free to indulge himself in the luxury of being able to contribute modest amounts to political campaigns. I think most candidates would welcome that. I can see no reason for drawing a line. I can understand the Senator's argument as applied to cases in which moneys are directly under the control of the public officer for deposit. I think there is considerable merit in the Senator's argument.

Mr. FULBRIGHT. The committee's investigation of the Illinois Hodge scandal disclosed payments by federally insured banks and savings and loan associations, and by those identified with them, to public officials with power to supervise these institutions or deposit money in them. Our amendment would stop these unethical and unsafe practices without interfering with normal political rights.

Our amendment is not inspired by partisanship. The committee exposed gifts to both Republican and Democratic officials. A former Republican Governor of Illinois who was connected with one of the banks investigated, Dwight Green, recommended restrictions on the political activity of federally insured State banks. And the report to the Illinois budgetary commission, citing evidence developed by our committee, recommended the prohibition of contributions to public officials with power to deposit public funds by banks and bankers.

Our amendment creates no new precedents. It merely applies the same restrictions to federally insured State banks as already apply to national banks, and adds another unsound practice to the list of those already prohibited for persons connected with federally insured financial institutions.

The amendment will protect bankers from shakedowns by unscrupulous public officials.

In order to complete the record, I wish to read an excerpt from the Reports and Recommendations to the Illinois Budgetary Commission, dated September 7, 1956. The document before me is entitled, "Reports and Recommendations to Illinois Budgetary Commission With Respect to Investigation on Behalf of the Commission as to Operations of the Auditor's Office Under Orville E. Hodge." It is signed by Lloyd Morey, auditor of public accounts; Albert E. Jenner, Jr., counsel; and John S. Rendelman, assistant counsel.

I read from pages 73–A and 73–B:

Early in the course of the investigation it appeared that various financial institutions in the State seek deposits of State, county, municipal, or other public funds, or private funds held in custody or control by public officials. Officers having custody or control of the funds have under existing law a broad discretion as to the particular financial institutions in which the funds are to be deposited and the allocation of the funds among those institutions. It appeared that political contributions are sought from financial institutions by candidates for political office, or campaign fund-raising groups or individuals acting on behalf of or interested in the election of the candidates. The solicitations include those on behalf or in the interest of officials having custody of public funds or private funds held in control of public officials. Testimony before the United States Senate Committee on Banking and Currency established that political contributions were made by financial institutions, chiefly through individuals having official position with the institutions; that in some instances the individuals are reimbursed by the institutions; that in some few instances the contribution is made by the institution itself; that there is a practice whereby contributions are made, even though no campaign is in progress; and that in some cases the contributions bear some percentage relation to public funds on deposit.

Those who testified before the Senate committee, with one exception, stated that the contributions were not for the purpose of influencing the exercise by the public official of his discretion with respect to the deposit of public funds or of private trust funds.

Section 78 of the Criminal Code (Ill. Rev. Stat., 1955, ch. 38, par. 78) makes it a crime for anyone to give any money, present, reward, promise, etc., to any elected or appointed official with intent to influence his act, vote, opinion, decision, or judgment on any matter or to cause him to execute any of his official powers with partiality or favor.

The distinction between intent to influence official opinion, decision, or judgment on the one hand and the making of a good faith political campaign contribution on the other is often difficult to draw, and virtually impossible to prove. Criminal statutes are properly given strict construction.

The very least that can be said is that contributions by or identifiable with financial institutions, directly or indirectly, may be subject to misconstruction. Furthermore, they breed public suspicion.

The existing practices and customs especially as they involve financial institutions and public officials having custody of public funds or private funds in trust are disruptive of the public in trust. Inability to distinguish between good and bad faith intent or motive dictates that all contributions or payments of any kind by, through, on behalf of or identifiable with financial institutions, directly or indirectly, to, or for the benefit of a public official, or candidate for an office, having custody or control of public funds or private funds in trust be prohibited.

That is the recommendation of the State commission which studied this subject.

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

Mr. FULBRIGHT. I shall be glad to yield in a moment. First I ask unanimous consent that there be printed in the RECORD at this point, as a part of my remarks, an editorial published in the St. Louis Post-Dispatch of March 16, 1957. This editorial supports our amendment.

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

BANKERS IN POLITICS

One of the primary lessons of the Illinois Hodge scandals was that banking and politics should not mix. In view of that scandal, Senator FULBRIGHT, of Arkansas, is attempting to get the United States Senate to amend an omnibus banking bill.

This bill modernizes the whole Federal banking code. But before it was sent to the floor, the Banking Committee cut out an extremely important provision. This provision would bar political contributions to regulatory officials by bankers in all banks insured by the Federal Deposit Insurance Corporation.

Speaking for Senator DOUGLAS, of Illinois, and three other Democratic colleagues, Senator FULBRIGHT told the Senate that "the Hodge scandal last fall clearly demonstrates" the need for this political restriction on bankers.

Before former Illinois State Auditor Orville Hodge was sent to prison for vast thefts of State funds, it became plain that it was common practice for bankers to make contributions to State officials who had any supervisory control at all over banks. State Treasurer Warren Wright said that at the time he was elected, "Bankers have been scratching my back for 10 years. I then scratched theirs. They helped me and, in turn, if they wanted State funds that I had to deposit, I gave them to them."

Former Gov. Dwight H. Green told the Senate Banking Committee that the Bank of Elmwood Park, of which he is board chairman, got a million dollars in State deposits after Green had worked for the election of Elmer Hoffman as State treasurer. The Post-Dispatch reported that officers of this bank donated $1,000 to fund-raising dinners for several political candidates, including Senator DIRKSEN.

This was also the bank which Hodge, as State auditor, and Green were permitted to organize with unusually low capital after Hodge had ordered its predecessor closed for improper practices.

Gov. William G. Stratton told the Senators that he never received contributions from banks, but conceded that "a very few bankers" may have contributed as individuals. The distinction is important legally since banks cannot make political contributions, but it has no practical effect, as the testimony showed.

In short, the whole Fulbright investigation of the Hodge scandal and its side effects was shot through with testimony about bankers' gifts to State politicians and lucrative State deposits in the banks in return. Yet Governor Stratton was quoted as referring to the Senate investigators as "hillbillies from Arkansas and Alabama telling the people of Illinois how to run their business."

Obviously somebody should have been telling Illinois how to run its State-controlled banking business properly in the past several years. Proper regulations against political favoritism and coercion could have prevented some loss of public money in the Hodge case. Such regulations certainly would have taken the political hand out of the bank's pockets.

Missouri and most other States have been fortunate to avoid anything approximating the Hodge scandal in misuse of State authority over banking or investment of State funds. But the plain fact is that there is no Federal law to protect Missouri or any other State against the vicious system which induces bankers to pay politicians for favors rendered with public money.

The way to put that principle into effect is to bar contributions by officers of federally insured banks—not to all political campaigns, but to campaigns of any official having authority over banks or State funds. This was the purpose of the Fulbright amendment, which should be restored to the banking bill.

Senator FULBRIGHT ought not to have to remind the United States Senate of this. After the Hodge scandal, the Senators should be eager to protect the public against the involvement of banks in politics or of politics in banking.

Mr. FULBRIGHT. I now yield to the Senator from Connecticut.

Mr. BUSH. Mr. President, I believe the Senator has greatly improved his amendment by the changes he read earlier. As I said the other day, most of us, certainly I, are very much in sympathy with the objectives of his amendment, which is to discourage bribery of elected or appointed officials who have dealings with banks.

Therefore, one naturally desires to support an amendment along that line. I should like to ask the Senator whether the amendment in its present form is sufficiently clear on the point that no bank officer or director or employee would be inhibited from making a bona fide political contribution to an established political committee in an election in which the State treasurer may be running for office or the governor may be running for office, as an example. That is the point I should like to have the Senator's opinion on.

Mr. FULBRIGHT. I believe the amendment clearly does not include the kind of situation the Senator has in mind. Of course, that statement must

be qualified in this fashion: If it developed in a particular case that there was clearly an evasion, and that a committee was set up merely as a front for the purpose of evading the law, in order to collect fees for the auditor of the State who controlled the banks of the State, the amendment would apply, and of course that would be a matter of proof.

The only case to which it could apply, as I see it, would be where there was a deliberate scheme to appoint a committee for the purpose of evasion, or where a contribution was made to a political party which turned around and gave it to a specific candidate for an office having supervisory or depository powers.

Mr. BUSH. Would the Senator consider an amendment to his amendment?

Mr. FULBRIGHT. Let me first pursue this point a little further. For example, I am sure it would not apply if a contribution were made to an existing and established recognized committee or party for purposes of supporting a general ticket. It could not apply in such a situation. I can imagine, in order to evade the restriction, someone might create a phony committee in order to evade the prohibition contained in the amendment. However, in the Senator's State or in my State, in the case of an established committee of an acknowledged party, whether it be the Republican or Democratic, it would not apply, as I see it.

Mr. BUSH. In order to make it fully clear, without in any way intending to affect the purpose of the Senator's amendment, would the Senator consider the addition—I have not put it in final form at the moment, but I would like to get the Senator's reaction to it—of suggested language like this:

On line 15, after the word "contribution," to insert the following:

The above shall not apply to bona fide contributions made to local or State political committees authorized under the laws of the State.

Mr. FULBRIGHT. The Senator has in mind established political parties in the State. Is that correct?

Mr. BUSH. That is correct.

Mr. FULBRIGHT. I do not believe it would apply in such instances, but I believe the phraseology suggested is all right. Will the Senator read it again?

Mr. BUSH. I shall read it again:

*Provided,* That the above shall not apply to bona fide contributions made to local or State political committees authorized under the laws of the State.

That would apply to the State central committee of any party, duly established, and it would apply to county committees of any party and to local and town committees of any party, and so on.

Mr. McNAMARA. Will the Senator yield?

Mr. BUSH. I do not have the floor.

Mr. FULBRIGHT. I am a little sorry that this proposal was not presented to me before. I am sorry the Senator did not make the suggestion after we had our discussion the other day, because I have in good faith brought forth the kind of amendment which I thought would satisfy, not only the Senator from Connecticut, but the critics on this side of the aisle who made a point of this particular language when I spoke last week. I am certain it would not apply to contributions made to a bona fide committee, whether it be Republican or Democratic, or of any other party, for that matter, which is established under such a party. The only thing I do not wish to create is the very means by which the restriction can be evaded. In other words, it might be possible under the verbiage proposed by the Senator from Connecticut to create a committee for the purpose of making a direct contribution to the kind of officer we have in mind.

Mr. BUSH. I am thinking only of committees, State or local, authorized by the laws of the State. I do not believe there would be much danger along that line under my amendment.

Mr. FULBRIGHT. Of course I have not had much time to consider the matter, although I am inclined to agree with the Senator.

Mr. BUSH. I have not been thinking of these things either all the time since our colloquy the other day. I apologize for not getting the amendment to the Senator before this. It only occurred to me as the Senator made his own modification of his amendment. However, I believe that we are now dealing with the one remaining important point, as to whether to apply every possible inhibition against bank officials or directors or employees against making general political contributions. I believe that if the Senator from Arkansas would accept my proposal as a modification of his amendment it would eliminate any possible doubt as to what his amendment is supposed to accomplish. I urge him to accept it as a modification, so we will not have to vote on my proposal.

Mr. FULBRIGHT. Let me ask the Senator this question. Very often, in the course of a campaign, committees are created for the benefit of a specific candidate. Would such committees be authorized by State law?

Mr. BUSH. I cannot speak for all the States, but in my State that would not be the case.

Mr. FULBRIGHT. I am not clear on that point. We often see political advertisements which are said to be "paid by the committee for Joe Doakes, candidate for treasurer," for example. Would such a committee qualify under the Senator's proposed modification? That is what I am trying to think about at this point. It would not apply if the contribution were for the general ticket to a State committee. However, where the contribution is for the sole purpose of a particular candidate, then it ought to apply. Otherwise there would be a complete evasion.

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

Mr. FULBRIGHT. I shall be glad to yield, but I think I should first yield to the Senator from Michigan.

Mr. McNAMARA. I should like to ask the Senator if the proposed modification would not actually defeat the very purpose of his amendment. Would it not open the door to subterfuge, by which it would be possible to get control of perhaps the treasurer, who would be charged with the making of deposits in certain areas? It would be possible to appoint a committee to elect the treasurer, and obtain money for that purpose. I should like to vote for the Senator's amendment, but I will not vote for it if he accepts the proposed modification.

Mr. FULBRIGHT. I would not favor it, if it had that effect.

Mr. McNAMARA. I think it would have that effect.

Mr. FULBRIGHT. If the suggested modification would permit contributions to a committee formed to promote the election of such individuals, then it would defeat the whole purpose of the amendment, and I could not accept it. That is the difficulty. I wish to make it clear that I do not intend to inhibit contributions to political parties for their general purposes.

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

Mr. FULBRIGHT. I yield.

Mr. DIRKSEN. I call the Senator's attention to the language in line 11, which is to the effect that no such contribution shall be made to any person who is a candidate for office having supervisory or regulatory power.

In the nature of things, when there is a general election campaign, every county committee, of course, puts all the candidates on some kind of folder, and then it goes forth to seek money with which to conduct the campaign. There may be a State group with half a dozen other candidates, or a State treasurer group.

The question now arises, if a contribution is made to a county committee for the purpose of electing a slate of officers, including an interdicted officer, namely, a treasurer or a comptroller, or anyone who has similar authority, is that, then, a contribution to his election? It at least raises a fine point, and one would normally resolve it by saying it is not.

Mr. FULBRIGHT. I do not think it is. I do not believe that would be a reasonable interpretation. He participates only as one of many in contrast to an election committee which was formed in certain cases to promote the election of a particular candidate.

Mr. DIRKSEN. But the candidate for a supervisory or regulatory office would be the beneficiary of such a contribution, because when it goes to a local county committee, obviously it could not be divided or separated. So it could well be argued that he has been a beneficiary. I think it should be made crystal clear that a humble county treasurer in some small county need not fear the effect of the provision. He should know pretty well what his rights would be under the language proposed.

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

Mr. FULBRIGHT. I yield.

Mr. ROBERTSON. The Senator's original amendment applied even to a stenographer or file clerk or some other minor employee. Is that language contained in this amendment?

Mr. FULBRIGHT. To which words does the Senator refer?

Mr. ROBERTSON. Page 2, line 5, referring to any person "who is an employee, officer, or director of such bank or institution, to make any gift, gratuity, or contribution," and so forth.

If it is the purpose to apply it to banks and not to any other corporations in the United States, why go down to the file clerks and stenographers?

Mr. FULBRIGHT. I do not think that is a major hazard. Actually, our investigation did not include any file clerks or employees of that kind. Is the Senator objecting to the word "employee"?

Mr. ROBERTSON. It seems to me it is unnecessary. The Senator from Arkansas will recall that in the tentative bill there was a stronger provision than the Senator's original amendment or the very much modified amendment we are now considering. No one appeared before the committee in support of it. There was plenty of opposition to it on the part of bankers. Consequently, when the committee went into executive session, the provision was voted out of the bill.

I am constrained to believe that the bankers of the United States are now better informed as to the provisions of the pending bill than they have been with reference to any other similar major legislation which has been before the Congress in many years. They know what is in the bill; they have endorsed the bill as it now stands. Consequently, the Senator from Virginia, as manager of the bill in committee and on the floor, hesitates to write into the bill any new provisions.

As the Senator from Connecticut has said, no one wants to be put into the position of favoring contributions to public officials which would improperly influence their actions. It seems to me that State laws should be able to cover that point, and it also seems to me that unless we understand thoroughly what we are doing, it is a little hazardous to take a technical bill of 250 pages and write new provisions into it on the floor of the Senate. There is a reluctance on my part to go along with any kind of a provision of this character.

Mr. ALLOTT. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. ALLOTT. Mr. President, I should like to explain the point of view which has occurred to me about the matter, and then to ask the Senator's opinion.

A great many States are very similarly organized locally in that they have county treasurers and are governed by a board of county supervisors or a board of county commissioners. I use my own State as an example, because I know the laws of my State were originally patterned after those of the great State of Illinois—which may surprise the distinguished Senator from Illinois who is seated on the other side of the Chamber. Our county treasurer is responsible for all the money coming into his hands which he collects. I agree with the purpose of the Senator from Arkansas. Other small amounts of money come into the hands of other officials. They are not significant sums. For example, a county sheriff collects fees. I am sure that some small amounts of money come into the hands of our county commissioners. They are small sums which have to be passed on to and held in the hands of the county treasurer. The same is true of the county clerk. I am not sure our county superintendents of schools do not receive some such funds.

If that be true, the effect of the amendment as I understand its purport would be to forestall or prevent the support of practically all county officers by any employee, officer, or director of a bank. I thought we should make it crystal clear, because almost every official has, at least to some extent, coming into his hands moneys which it is within his discretion to deposit, as distinguished from deposits which are usually controlled by a comptroller or a treasurer.

What would be the Senator's reaction to that suggestion?

Mr. FULBRIGHT. I certainly did not understand such a situation to prevail in the Illinois case. We went into it very thoroughly. The auditor was the only State official who had direct supervisory control—

Mr. ALLOTT. I was speaking more from a local angle than from a State angle.

Mr. FULBRIGHT. The Senator raises a question. The situation may be different in his State. In my State, the county treasurer is the only one who deposits county funds. Certainly, a county clerk does not. The money which comes into the office of the county clerk is handled by the county treasurer.

Mr. ALLOTT. Nevertheless, county judges collect money, as do justices of the peace and police magistrates.

Mr. FULBRIGHT. Would they not turn it over to the county treasurer? The State treasurer handles all the State funds even though they may be collected by some other authority. He is the responsible person, and I think he is the sole officer who makes the deposits.

Mr. ALLOTT. That is true generally in my State. But, on the other hand, there are clerks appointed by judges of the district court and clerks of county courts who have power to collect money and deposit it. We have police magistrates and justices of the peace who have power to collect money.

Mr. FULBRIGHT. The Senator means that each one has his own individual deposit account?

Mr. ALLOTT. I believe I am correct as to those particular individuals.

Mr. FULBRIGHT. I do not believe that is true in my State. I did not know it was true in any other State.

Mr. ALLOTT. The point I suggest to the Senator is that there are county officials who have money, even though it be of small significance, coming into their hands at some time, and even though it may be passed on to the county treasurer.

What would be the effect of this amendment? Would it not be to forestall or prevent the support of any such county official by any employee, officer, or director of a bank?

Mr. FULBRIGHT. The Senator poses a question which strikes me as falling within the rule of de minimis. I feel certain that the situation he describes is not the case in my State. It seems to me to be an extraordinary way to handle public finances if every officer had individual accounts and collects and disposes of the money which comes into his office.

Mr. ALLOTT. I must correct the Senator's impression of what I said. I did not make that statement, or I did not mean to convey the idea which apparently the Senator gathered from what I said.

The fact is that our county treasurer is a member of the county government, and is charged with the collection of taxes and the handling of most of the county money.

Mr. FULBRIGHT. That is true in my State.

Mr. ALLOTT. However, there are the other funds. A justice of the peace, for example, collects fines and transmits them. A police magistrate collects fines and transmits them to the city council or the city treasurer. A sheriff—and this is true, I am certain, in most Western States, at least—collects fees for the service of summonses and for the arrest and apprehension of criminals and for his mileage. Then he transmits those fees. He may keep them in a fund and transmit them to the treasurer weekly or monthly. But inasmuch as he collects funds, he would come under the provisions of the Senator's amendment. That is the point I am trying to bring out.

I think the amendment, in so far as it touches the people who first handle funds miscellaneously—small amounts, even—would prevent any directors or officers of banks from supporting them as candidates for office.

Mr. FULBRIGHT. I think that technically the Senator may be correct.

Mr. ALLOTT. Would the Senator agree that it would be correct in the case of any of the examples or instances I have just described?

Mr. FULBRIGHT. Yes; if a public official deposits public moneys, I think he would be covered. I do not know of any way of approaching the situation other than by the method proposed. I do not believe a practical problem is presented; I think there may be a technical problem, such as the one the Senator mentions.

In the cases we have examined, there were very limited numbers of people, including well recognized supervisory and depositing authorities, such as State auditors and State treasurers. There were no others whom I mentioned who were similar to those whom the Senator from Colorado has mentioned.

Mr. ALLOTT. I am fully in accord with the Senator's intent. I believe, as related to my own State, that if the amendment pertained only to State treasurers and county treasurers, it would reach 98 percent of the money. But by virtue of the other small amounts which pass through other hands, the Senator has broadened, I am certain,

what was the original intent of the amendment.

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

Mr. FULBRIGHT. I yield.

Mr. BUSH. I think the problem which the Senator's amendment poses is not its objective, but is the subsidiary question which arises as to whether the amendment is meant to stop political contributions or not. That is the problem with which some of us are struggling. We do not want to intimidate bank officials so as to keep them from contributing to political campaigns or to get them into trouble if they do so.

In order to make it doubly clear that the purpose is to exempt bona fide public contributions, I wonder if the Senator from Arkansas would not accept a modification of his amendment. I have changed the wording a little since I read it before, so we can proceed to line 15. After the word "contributions," I would propose to insert this proviso:

*Provided, however,* That the above shall not apply to bona fide contributions made to a political committee organized in compliance with State law.

That is very broad language, but certainly it is a disclaimer of any intent to inhibit a bona fide political contribution by a bank officer, director, or employee.

I urge the Senator to accept that language, because I think it will quiet the fears of many Senators.

Mr. FULBRIGHT. Since the Senator has not found a way to exclude special committees which operate for the benefit of particular persons—and I do not know of any way to do it—I cannot accept the modification. As I understand it now, his proposal would completely nullify the whole amendment. There is no use considering an amendment and then putting into it a provision which would completely nullify the amendment.

I was thinking of an established central committee for the whole party, such as I understand exists in every State; or a committee like the Democratic National Committee or the Republican National Committee. It is true that they may be interested in some officials who have authority to deposit money, but they are well-established committees for general purposes, and I would not wish the amendment to prohibit contributions to them and I do not think it does so.

But to include a committee created under State law for the election of Joe Smith to be State auditor would completely nullify the intent of the committee. So I cannot accept the Senator's proposal.

I do not know of any other way to accomplish the purpose except in the manner I have proposed. I think it is my duty to present it to the Senate. We encountered this situation in a very forceful way. I am certain that the problem with which we were confronted in Illinois exists in other States, or will exist from time to time, and I think what is here proposed is the most direct way to reach it. As I have just read, the Illinois Budgetary Commission recommended something of this kind—not the details, but something like what I have proposed. This is the best I can do. If Senators do not like it, they can reject it. But I do not believe I can accept a modification which would completely nullify the amendment itself.

If the Senator from Connecticut has any language which he thinks could confine the amendment to the few well-recognized general committees, committees of the parties which are interested in the respective parties as a whole, but which are not created for the benefit of one candidate, then I think I could accept the modification. But I do not believe the Senator's proposal would do that.

Mr. BUSH. Let me ask the Senator if the modification I shall now suggest would change his view. I have added a little language at the end. I shall read it in its entirety, so that the Senator may understand the full sense of it. This would be the proviso, instead of the one I read a moment ago:

*Provided, however,* That the above shall not apply to bona fide contributions made to a political committee organized in compliance with State law for the purpose of supporting a general ticket in an election.

I have added the last words, "for the purpose of supporting a general ticket in an election."

Mr. FULBRIGHT. That language appeals to me. In other words, the purpose and effect would apply only to a committee which was organized for the whole slate, the whole ticket, and not merely for an individual candidate.

Mr. BUSH. That would be the effect of this proposal.

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

Mr. FULBRIGHT. I yield to the Senator from Pennsylvania, who is a cosponsor of the amendment.

Mr. CLARK. I was about to suggest to the distinguished Senator from Arkansas that, in my humble judgment, the suggestion of the Senator from Connecticut meets the issue in a way which, at least in my State, would be acceptable, in that if a contribution were made to a political committee whose purpose was to elect an entire slate, the contribution would be of such indirect assistance to the particular candidate who would have the authority to make deposits in a bank, whose name might be on the ballot but who is usually pretty well down the list of those who are running, that from my personal point of view I think the amendment would accomplish the result which we have in mind.

For my part, I hope my distinguished colleague from Arkansas will accept the constructive suggestion made by the Senator from Connecticut.

Mr. FULBRIGHT. I agree with the Senator from Pennsylvania. He has stated the objective which I was trying to reach.

I do not have the exact language. Will the Senator from Connecticut read it again? I may suggest that the proper place for the insertion would be after the period in line 12.

Mr. BUSH. I believe the Senator is correct.

Mr. FULBRIGHT. I wish the Senator would read the language again, and slowly.

Mr. BUSH. After the word "power", in line 12, it is proposed to insert:

*Provided, however,* That the above shall not apply to bona fide contributions made to a political committee organized in compliance with State law for the purpose of supporting a general ticket in an election.

Mr. FULBRIGHT. I think that has the proper qualification which I had in mind.

Mr. BUSH. If the Senator from Arkansas will accept this language as a modification of his amendment, we shall not have to take a vote on the additional language.

Mr. CLARK. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. CLARK. I wonder whether the Senator from Connecticut will be willing to insert in the modification he has proposed the words "primary, general, or special election."

Mr. BUSH. Yes.

Mr. CLARK. In that way we can be certain that the amendment will apply to cases of that type, also.

Mr. BUSH. I shall be glad to incorporate those words, for that is the intent.

Mr. FULBRIGHT. Yes.

Mr. President, I shall be glad to accept the modification suggested by the Senator from Connecticut [Mr. BUSH], as modified, in turn, by the addition to be made at the place the Senator from Pennsylvania [Mr. CLARK] has mentioned.

Mr. President, I ask for a vote on my amendment, as modified.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Arkansas. [Putting the question.]

The amendment, as modified, was agreed to, as follows:

On page 249, after subsection (h) of section 803, insert two new subsections, as follows:

"(i) Section 201 of title 18 of the United States Code is amended—

"(1) by inserting '(a)' immediately preceding 'Whoever';

"(2) by striking out 'section' in the last sentence and inserting in lieu thereof 'subsection'; and

"(3) by adding at the end thereof a new subsection as follows:

"'(b) It shall be unlawful for any bank or other institution, in which deposits or accounts are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or for any person who is an employee, officer, or director of such bank or institution, to make any gift, gratuity, or contribution in any form to any elective or appointive official who directly exercises supervisory or regulatory powers over such bank or institution, or who has direct authority to deposit public moneys or trust funds in such bank or institution, or to any person who is a candidate for an office having any of such powers. Provided, however, that the above shall not apply to bona fide contributions made to a political committee organized in compliance with State law for the purpose of supporting a general ticket in a primary, general, or special election. Any person, corporation, or other institution convicted of violation of this subsection shall be fined not more than

three times the amount or value of such gift, gratuity, or contribution.'

"(j) (1) The first paragraph of section 610 of title 18 of the United States Code is amended by inserting after 'or any corporation organized by authority of any law of Congress,' the following: 'or any bank, association, or other institution, in which deposits or accounts are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation,'.

"(2) The second paragraph of such section 610 is amended by inserting after 'corporation' wherever it appears 'or bank, association, or other institution'."

Mr. PAYNE. Mr. President, I call up my amendments which are identified as "3–18–57–G"; and I ask that they be stated.

The PRESIDING OFFICER. The amendments submitted by the Senator from Maine will be stated.

The LEGISLATIVE CLERK. On page 44, after section 48 (b), it is proposed to insert the following:

"(c) In any case in which the Comptroller deems it necessary, either because of inadequacy of examination or for any other reason arising in the course of supervision of any national bank, he may require at such times as he deems necessary that such national bank have an audit by an independent individual or firm approved by the Comptroller. The expense of any such audit shall be borne by the bank so audited."

On page 100, after section 24 (b), sixth line, to insert the following, redesignating the remaining subsections to conform:

"(c) In any case in which the Board deems it necessary, either because of inadequacy of examination or for any other reason arising in the course of supervision of any State-chartered member bank, the Board may require at such times as it deems necessary that such member bank have an audit by an independent individual or firm approved by the Board. The expense of any such audit shall be borne by the bank so audited."

On page 154, to designate the present paragraph under section 8 as "(a)" and insert the following after that paragraph:

"(b) In any case in which the Board deems it necessary, either because of inadequacy of examination or for any other reason arising in the course of supervision of any insured State nonmember bank, the Board may require at such times as it deems necessary that such bank have an audit by an independent individual or firm approved by the Board. The expense of any such audit shall be borne by the bank so audited."

Mr. PAYNE. Mr. President, I ask unanimous consent that my amendments be considered en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The question is on agreeing en bloc to the amendments proposed by the Senator from Maine.

Mr. PAYNE. Mr. President, I shall be very brief in discussing my amendments.

My amendments do not provide for the insertion of a mandatory audit provision, but they would insert what simply would be a grant of permissive authority to the several Federal agencies. In the event that one of them finds that an examination which has been conducted of a member bank does not, in their judgment, reveal the true condition of the bank's fiscal affairs, the amendments will then permit the head of that agency to insist upon an audit by an independent firm of auditors.

Mr. President, too often in connection with such bank examinations, many persons—in fact, I am sorry to say, even persons in the banking profession—have the opinion that because they happen to receive a report from the examiners, it in effect constitutes an audit of the bank.

I should like to read into the RECORD, so the matter will be clear, the statement which is placed at the bottom of every examination report submitted by the examiners. It is as follows:

. In making this review, it should be kept in mind that an examination is not the same as an audit; and this report should not be considered to be an audit.

An examination which is normally conducted of the banks, for the purpose of determining certain facts measuring the competency of the banks to live up to the standards which have been prescribed, is in no sense an audit, but is merely a compilation of certain financial data which are required by the Federal agencies and by States, for that matter, under their regulatory agencies, to determine whether the banks are meeting certain tests. In so far as being able to reveal, in the normal course of events, any cases of embezzlement or any cases of improper handling or any cases of improper or unintelligible internal audit of the operations carried on by the bank, an examination does not do so. In the normal course of events, an audit will reveal those facts in many, many instances.

So these amendments provide that if the examinations do not reveal the information which the regulatory bodies feel is necessary in order to evaluate, then they can require an audit of the institution, in order that they may have the facts.

Mr. ROBERTSON. Mr. President, will the Senator from Maine yield to me?

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

Mr. ROBERTSON. Since these amendments were not before the committee, I cannot say the committee has accepted them. However, I can say for myself that the principle of the amendments is the same as that which we have applied to the credit unions, namely, that if in the case of a national bank or a member bank or a Federal Deposit Insurance Corporation bank it is felt that there is just cause, judging from the examination, to have an audit, such an audit can be ordered.

I am in charge of the bill, and I am willing to take the amendments to conference.

Mr. PAYNE. I thank the Senator from Virginia.

Mr. BUSH. Mr. President, will the Senator from Maine yield for one question?

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

Mr. BUSH. Who would absorb the expense of making the audit, if one were ordered by the Comptroller?

Mr. PAYNE. If an audit were requested by the Comptroller of the Currency or by any one of the Federal regulatory bodies, and if an audit were deemed necessary, the expense of the audit would be charged against the bank on which the audit was made.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments of the Senator from Maine [Mr. PAYNE].

The amendments were agreed to.

Mr. ALLOTT. Mr. President, I call up my amendments identified as "3–18–57–I," and ask that they be stated.

The PRESIDING OFFICER. The amendments submitted by the Senator from Colorado will be stated.

The LEGISLATIVE CLERK. On page 14, in the sixth line, after the colon, it is proposed to insert the following:

*Provided*, That any association may, to the extent approved by the Comptroller, have authorized and unissued stock required to fulfill any stock option or other arrangement pursuant to section 31 (a) (9) of this act.

On page 22, in the last line of paragraph (7) of section 31 (a), to strike out the word "and."

On page 23, in the third line, to strike out the period and insert in lieu thereof a semicolon and the word "and."

On page 23, after the third line, to insert the following:

"(9) to grant options to purchase, and to issue and sell, shares of its capital stock to its employees or to the employees of any subsidiary corporation, or to a trustee on their behalf, without first offering the same to its shareholders, for such consideration, not less than par value, and upon such terms and conditions as shall be approved by its board of directors and by the holders of two-thirds of its shares entitled to vote with respect thereto, and by the Comptroller. In the absence of actual fraud in the transaction, the judgment of the directors as to the consideration for the issuance of such options and the sufficiency thereof shall be conclusive. The Comptroller shall approve under this section only restricted stock options which qualify under section 421 of the Internal Revenue Code of 1954, and no stock option shall be approved under this section if the option price is less than 85 percent of the fair market value of the shares, or 85 percent of the book value of the shares, as determined by the Comptroller, whichever is greater, determined as of the date the option is exercised."

The PRESIDING OFFICER. Is there objection to the consideration of the amendments en bloc? Without objection, the amendments submitted by the Senator from Colorado will be considered en bloc.

Mr. ALLOTT. Mr. President, these amendments will restore to the bill a provision similar to one it contained at the time when the bill was originally introduced.

The complete gist of the amendments is as follows: They will permit national banks to offer stock option plans to their employees. As I hope to show, such a provision will be of benefit not only to

the banks but also to the country at large.

Under present law national banks are not permitted to establish stock-option programs for their employees. As is well known, the use of stock-option plans for the development, recruitment, and retention of management personnel is widespread in the Nation's industry and commerce, other than banks. The banking industry has for some time faced an acute problem of management development. The efforts of the banking industry to solve this problem have met serious obstacles, resulting in part from its inability to offer incentives as the great bulk of American industry has been and is increasingly offering to present and potential management. Consequently, under the present circumstances, the banking industry is unable to compete with business and industry generally in needed management development.

Personnel development programs are no less essential to the banking industry than to other commerce and industry in the country.

I might say, at this point, to those who are concerned with the welfare of banks, and who have emphasized that banks occupy a unique place in our economy and commerce, that I agree with those statements. I agree that the most stringent standards, and only the most stringent, should be applied to banks, where people go to deposit their money, in trust.

If the banking industry is to grow and prosper along with the rest of commerce and industry, it must, in this respect, be placed in a reasonably competitive position with such other commerce and industry.

The proposed amendment specifically requires the approval of the Comptroller of the Currency as to any and all provisions of any proposed stock-option program. No such stock-option program could be established by a national bank, under this amendment, without the full approval of the Comptroller of the Currency. The amendment also provides that no stock option shall be approved by the Comptroller of the Currency if the option price is less than 85 percent of the fair market value of the shares, or 85 percent of book value of the shares, as determined by the Comptroller of the Currency, whichever is greater. It would also require approval of any proposed stock-option plan by a two-thirds majority of the voting shares of the bank. In the aforesaid and in other respects, these provisions are very restrictive, and are intended to be restrictive, in order to prevent any possible abuse.

It is important that authority for the adoption of such plans by national banks should be carefully safeguarded, for the additional reason that such a provision in the National Bank Act would likely serve as a model for amendments to the laws of the various States, in order to authorize stock-option programs for State banks. Thus, the provisions contained in the proposed amendment are far more restrictive and stringent than the provisions of State laws authorizing the establishment of stock-option plans by business corporations generally, other than banks.

As thus appropriately restricted for use in the case of banks, a stock-option program would help to solve the problem of recruitment and development of management personnel by banks, and at the same time pose no risk to the banking industry, or its depositors, shareholders, or borrowers.

Mr. President, I do not have the original report before me, but I have had copied from the Report of the Advisory Committee for the Study of Federal Statutes Governing Financial Institutions and Credit to the Committee on Banking and Currency of the United States Senate, at page 14 of that report, paragraph 45 (E), entitled "Employee Stock Options." The advisory committee had this to say:

There is no present statutory authority by which national banks are permitted to establish stock option programs for their employees. That such stock option programs have successfully served the purpose for which they were established is demonstrated by the continuing and broadening use of such programs throughout the country. Today such programs are generally recognized as a major solution to the problem of developing, acquiring, and maintaining high grade personnel in business and industry.

Thus the committee recommends that the Congress study the problem to the end that appropriate action be taken to authorize national banks to establish employee stock option programs.

I am in receipt of numerous letters and telegrams from bankers in my own State, urging, upon the general grounds of the statement I have just made, the adoption of a plan, stringent and restrictive, with respect to stock option purchase plans.

I ask unanimous consent of the Senate that communications, approximating 10 in number, from banking personnel in my own State may be made a part of the RECORD, and printed at this point.

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

DENVER, COLO., *March 14, 1957.*

Senator GORDON ALLOTT,
*Senate Office Building,*
*Washington, D. C.:*

I am a director of a national bank. I urge your support in restoring stock option provision of Senate bill 1451.

F. P. OGDEN.

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DENVER, COLO., *March 14, 1957.*

Senator GORDON ALLOTT,
*Senate Office Building,*
*Washington, D. C.:*

Understand that Senate bill 1451 is now under consideration by the Senate. Strongly urge that that provision in the committee print bill which authorized stock option plans by national banks for their employees be restored to bill now before the Senate and that bill then be passed as so amended. This stock option provision is of vital importance to banks throughout the country in attracting and holding top flight personnel. Will personally appreciate anything you can do to see that the bill including the stock-option provisions for national banks is passed.

Regards,

GEORGE B. BERGER, Jr.

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DENVER, COLO., *March 14, 1957.*

Hon. GORDON L. ALLOTT,
*United States Senate,*
*Senate Office Building,*
*Washington, D. C.:*

My board associates and I are most anxious that you give serious consideration to restore to Senate bill 1451 the provision authorizing national banks to be able to use stock options to attract and hold qualified management. Surely the banking industry is as important as any other industry to our economy. We must be in a position to compete for highly qualified personnel.

ROGER D. KNIGHT, Jr.,
*President, United States National Bank.*

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DENVER, COLO., *March 14, 1957.*

Senator GORDON ALLOTT,
*United States Senate Office Building,*
*Washington, D. C.:*

As a member of the board of the United States National Bank, I urge you to restore to S. 1451, now under consideration by the Senate, that provision which authorized stock-option plans by national banks for their employees and pass the bill as so amended. We are particularly interested in this provision authorizing stock options in that it would be a serious loss for all banks which considered such authority necessary to attract and hold executive personnel.

J. CHURCHILL OWEN,
*Holme, Roberts, More, & Owen,*
*Attorneys at Law.*

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DENVER, COLO., *March 14, 1957.*

Hon. GORDON ALLOTT,
*United States Senate Office Building,*
*Washington, D. C.:*

Re Senate bill 1451, financial-institutions bill, now under consideration by the Senate: Our company has found stock-option plans extremely effective in attracting and keeping key personnel. Similar plans could be effective for banks as well as industries. Hope you will restore to Senate bill 1451 the provision in the committee print bill which authorized stock-option plans by national banks for their employees and pass the bill with the amendment.

RICHARD H. OLSON,
*General Manager, Sundstrand.*

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PUEBLO, COLO., *March 15, 1957.*

Hon. GORDON ALLOTT,
*United States Senate,*
*Washington, D. C.:*

Understand Senate Bill 1451, now under consideration by the Senate, has deleted provision which authorizes stock option plans by national banks. This provision of vital importance for the future of national banking and we urge your continued support for the option being included in the bill.

Thank you.

R. B. BAILEY,
*President, the First National Bank of Pueblo, Colo.*

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DENVER, COLO., *March 14, 1957.*

Hon. GORDON ALLOTT,
*Senate Office Building,*
*Washington, D. C.:*

Have just learned section 31 (a) (9) of title 1, in original draft of S. 1451, authorizing national banks to establish stock option plans was deleted. This would give national banks authority that State banks now have. We think this is only fair and would appreciate your help in restoring this provision.

Kindest regards,

HENRY A. KUGELER,
*Chairman of the Board, Denver National Bank.*

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DENVER, COLO., *March 14, 1957.*

Hon. GORDON L. ALLOTT,
*United States Senate,*
*Senate Office Building,*
*Washington, D. C.:*

We are very anxious that you give serious consideration to restoring to Senate bill 1451 the provision authorizing national banks to be able to use stock options to attract and hold qualified management. Surely we

should be in a position to compete for highly qualified personnel.

WALTER WOODS,
*President, Guaranty Bank and Trust Co., Denver, Colo.*

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DENVER, COLO., *March 14, 1957.*
Senator GORDON ALLOTT,
*United States Senate Office Building, Washington, D. C.:*

As director of United States National Bank of Denver, I urge that provision authorizing stock option plans by national banks for their employees be restored to Senate bill 1451 now under consideration by Senate, and that bill so amended be passed. Feel that deletion of stock option plan would be serious loss to all banks in attracting and holding key personnel.

BROWN W. CANNON,
*United States National Bank, Denver, Colo.*

Mr. ALLOTT. Mr. President, in conclusion on this matter, it seems to me what we are trying to do, and what I believe the committee has tried to do so very, very well, is to codify and rewrite the laws of the United States with respect to banking and savings institutions and credit unions. I do not believe that anyone can approach this matter with a more serious desire than the Senator from Colorado has to see that the people whose deposits are in banks are protected to the full extent of the law. At the very least, I should like to see the amendment which has been offered, taken to the conference committee and reconsidered there. The amendment makes it mandatory that any plan offering stock at less than par to stockholders be approved by the Comptroller of the Currency before it is made effective, and that in no instance shall the stock be sold or optioned at less than 85 percent, and then only after approval of the Comptroller, and in no instance at less than 85 percent of the book or market value, whichever is greater. Such a provision would amply protect persons who have deposits in the banks, and would also protect those who own stocks in banking institutions.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments of the Senator from Colorado [Mr. ALLOTT].

Mr. DOUGLAS. Mr. President, I had hoped the chairman of the subcommittee would speak in opposition to the amendment. Since he has not done so, I think perhaps he will forgive me if I make a statement about why the amendment proposed by the Senator from Colorado was rejected by the committee. The committee considered the proposal and rejected it. It rejected it because it smelled too much of the 1920's.

I think a distinction can be drawn between officials of corporations and officials of banks. Officials of banks have a trust relationship to the depositors, and they are supposed to be affected with a public interest. While I certainly am not attacking the profit system, I think it is true that it is possible for bank officials to be so concentrated upon immediate profits and upon the immediate value of the stock that they may make injudicious loans, resulting in speculation.

I should like to see more and more bank officials receive decent salaries, but remain trust officials, and in that sense without the lure of speculative profits on the stock which they own.

I think I can read the temper of this body from the vote which was taken some time ago. I do not expect my voice to prevail. However, before the measure passed I felt an obligation to state my point of view, and to state that this was apparently the opinion of the committee which considered the proposal and rejected it. While I certainly have no right to appeal to this body to uphold the committee, since I am only a member of the committee and in no sense an official of the committee, and while I do not make any appeal upon that ground, I will say to those of my colleagues to whom the slogan, "stand behind the committee" is a strong one, that it ought to apply in this case as well as in certain other cases.

Mr. ROBERTSON. Mr. President, my distinguished colleague from Illinois places the acting chairman in a rather embarrassing position, for this reason: Our advisory committee recommended this provision. In drafting the tentative bill, I placed it in the tentative bill, in even stronger language than has been suggested by the Senator from Colorado [Mr. ALLOTT] in his amendment.

When the Comptroller testified, he approved it, subject to modification, and that modification has been included in the amendment which is now before the Senate.

When the question was considered in executive session, the membership of the committee seemed to be very much opposed to the provision, because members of the committee felt that it would be the subject of abuse. The members of the committee were so much opposed to the provision that the acting chairman did not press it. In fact, the acting chairman cannot remember whether there was even a recorded vote or not. The provision was dropped.

However, the acting chairman is placed in an embarrassing position, because, personally, he thought it was a good idea to provide an incentive to banks to get better men, and to hold the good men they did get. This provision is in line with a practice which has long been prevalent in many corporations. For that reason the acting chairman did not oppose the amendment. On the contrary, he was not in a position to say that he would accept it, or even take it to conference. He merely sat quietly while it was being presented, and allowed his distinguished colleague from Illinois to answer the argument.

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments offered by the Senator from Colorado [Mr. ALLOTT]. [Putting the question.] The Chair is in doubt, and will call for a division.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BIBLE. Mr. President, I suggest that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MONRONEY in the chair). Without objection it is so ordered. The question is on agreeing en bloc to the amendments offered by the Senator from Colorado [Mr. ALLOTT]. When the quorum call was ordered, a division had been requested. A division will now be taken.

On a division, the amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. DOUGLAS. Mr. President, I call up my amendment identified as 3–12–57—B.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 18, in the third and fourth lines of subsection (c) of section 26, it is proposed to strike out ", if the articles of association so provide."

Mr. DOUGLAS. Mr. President, this amendment deals with the question of cumulative voting in national banks. By the revision of the National Bank Act in 1933, cumulative voting was provided and made mandatory for national banks so far as the election of boards of directors was concerned. Cumulative voting means that a significant minority which wishes to have special representation can concentrate its votes so that it will elect its proportionate share of a board of directors.

In other words, if a third of the stockholders want to have separate representation, and so accumulate their votes, they will elect a third of the board of directors.

The committee, in the draft which it has prepared, really knocks out the provision and provides that cumulative voting will exist only if the majority stockholders wish to grant it.

Since a majority is seldom tolerant of a minority, and generally does not wish to be scrutinized by a minority, the effect will be that cumulative voting will be knocked out of the provisions governing national banks.

Let us be clear from the very beginning that cumulative voting does not mean that a minority can control a bank. It merely means that a substantial minority which so desires will be represented on the board of directors of a bank.

No evidence was introduced by anyone pointing to any specific case of abuse with respect to the cumulative voting provisions with regard to national banks. The Comptroller of the Currency said he knew of such cases, but refused to state what they were.

On the other hand, Mr. J. L. Robertson, who is now a Governor of the Federal Reserve Bank, and formerly was the first Deputy Comptroller of the Currency, and who probably knows more about national banks than anyone else in the country, said, as quoted at page 862 of the testimony:

I have seen a great number of these cases and I have never seen a case where there was real abuse of this. I have heard allegations of it, and maybe it is true, but I have also seen a number of cases where one who

was not desired did get on the board of directors, and did make that board of directors consider problems which they should have considered, and as a result the bank was benefited by it.

We have also had testimony from Mr. Laurance H. Armour, Jr., vice president of the La Salle National Bank of Chicago, who endorses the principle of cumulative voting for boards of bank directors. His statement was placed in the RECORD last Thursday. The principle was also endorsed by Mr. Fred Walker, director of the First National Bank of Arlington, Va.; and by Mr. Maurice S. Brody, director of the Denver National Bank.

The principle of cumulative voting tends to be opposed by most bank managers, because many of them are afraid that under cumulative voting there will be minority representation and there will be controversy over bank policies and practices.

To my mind, one of the difficulties with banks and with business institutions generally is the fact that all too often we have "yes men" cultivated among the officials and directors of the bank, the board of directors blindly following the management, and the management not being affected by criticism and by opposition.

Cumulative voting would permit minorities which are dissatisfied to subject the decisions of management to review and to criticism. In general I believe it would be an extremely healthy situation.

We have such a provision for cumulative voting in my State of Illinois, not only for members of the State legislature, but also for corporations which are chartered in the State.

It has, on the whole, worked out very well.

In the case of the Montgomery Ward proxy fight a short time ago the final result was, I think, very beneficial. New management was introduced as a compromise, and the new management adopted a more vigorous policy of expansion and one which also permitted some of the accumulated earnings to go to the stockholders. The general result was, I think, that the company is now in a much sounder condition than it was when the old management went unchallenged.

I know there is a general tendency for management to resent criticism, but frequently one's critics are one's best friends, because they point out defects in actions which would otherwise pass unnoticed.

We should also realize that there is an even stronger case for cumulative voting in the case of banks than there is in the case of other corporations, because the rules of the SEC do not apply to banks. As was explained in the debate on another amendment, since no bank stock is listed on any of the exchanges, the SEC rules do not apply to banks, and, therefore, the protection which is given to minority stockholders in the soliciting of proxies under the SEC rules is not given in the case of banks.

This furnishes, therefore, a good reason why in the election of boards of directors of banks the minority stockholders should be given certain rights which they do not have in the case of industrial corporations.

I wish to make it perfectly clear, however, that I believe in the principle of cumulative voting for industrial corporations as well as other corporations. I believe in the capitalistic system, but I believe in a democratic capitalistic system and a competitive capitalistic system.

I think one of the weaknesses in our present corporation setup is the fact that minorities are not granted adequate representation and do not have an adequate chance to be heard.

We all remember some 25 years ago when Mr. Gilbert startled a corporation meeting by raising a question about the bonuses which officers were receiving in the midst of a depression. Mr. Gilbert was treated with great rudeness by most of the managers and officials, but he was persistent and in the course of time it has become, I think, recognized by almost everyone that he performed a very valuable function.

In similar fashion the retention of cumulative voting for national banks would permit a more democratic handling of the affairs of banks.

Again, Mr. President, I wish to be cautious in what I now say. Yesterday I paid sincere tribute to the general level of integrity of bank officials. I wish to do so again today. Bank officials handle money. The temptations must be great. I think it is very much to their credit that on the whole the record of bankers has been as good as it has been.

Nevertheless, we must face the fact that there have been a large number of embezzlements, and frequently the embezzling has been done by leading officials of banks. That is particularly true in certain districts in the United States. A year or two ago I would look at the newspapers from week to week, and almost every week I would find a new embezzlement in this particular area running north and south somewhere near the Ohio River. Only recently there was a case in New York where the president of a bank made loans of $1,000,000 to one concern without authorization.

He was for a time regarded as a benefactor because he was helping a local industry. I have a clipping on my desk, however, which states that he has since been indicted on the ground that he received a kickback from the company.

So, Mr. President, it would have been a good thing in that case, and in other cases not so far from the Allegheny and Ohio Rivers, if there had been watchdogs to check on what was going on. It would have been a good thing for the depositors, the stockholders, and the bank management, because with representation of that kind by an articulate minority there would have been available criticism and scrutiny.

Mr. President, I have no illusions about the temper of the Senate this afternoon on this measure. But I do want to make a record and I do hope that the principle of cumulative voting in national banks will be retained in the law.

Mr. ROBERTSON. Mr. President, the pending bill provides that cumulative voting in the election of national bank directors shall be permissive rather than mandatory. This amendment would continue the mandatory provision. It would strike out the section of the bill which makes it permissive. This section is identical to S. 256, as passed by the Senate in the last Congress, and reported favorably by the House Banking and Currency Committee. As a matter of fact, the bill received a majority of the votes in the House under a suspension of the rules, but it failed to receive a two-thirds majority; and that is the only reason why it is not the law of the land today. The proposed Douglas amendment would make cumulative voting mandatory.

From the time the National Bank Act was enacted in 1864 until 1933, there was no requirement for cumulative voting. It was added by the Banking Act of 1933. The 1933 amendment was adopted not because of any general demand on the part of minority stockholders but on the request of one man. The late A. P. Giannini, who headed Transamerica Corp., had a minority interest in the National City Bank of New York and wanted a place on the bank's board to further his plans for nationwide expansion. After cumulative voting was added to the law, Mr. Giannini succeeded in becoming a member of the National City's board.

In that connection, it should be noted that cumulative voting was not discussed in the hearings in 1933, and there appeared to be no interest in the matter by other bankers. Since that time, many bankers have learned from bitter experience the disadvantages of cumulative voting, and for that reason, the American Bankers Association, the Independent Bankers Association, many State bankers associations, and numerous individual bankers have endorsed the provisions in the pending bill.

Cumulative voting of shares is designed to permit minority representation on the board of directors. However, regardless of whether cumulative voting may be considered desirable in the election of corporate directors generally, the same reasoning does not apply with equal logic to national banks. In order to protect the interest of the depositors, the public, and the stockholders, national banks are subject to supervision and regulation by the Comptroller of the Currency. The issuance of stock, the payment of dividends, the investment of funds, the granting of loans, and all other banking functions are subject to scrutiny by the Comptroller and his examiners. Furthermore, an officer or director is subject to removal for engaging in unsafe or unsound practices or for violating any provision of the National Bank Act. Certainly, the shareholders of the average corporation are not provided with such safeguards. Obviously, the authority of the Comptroller to stop bad banking practices far exceeds the power of any minority shareholder.

Another fundamental distinction between national banks and corporations generally is that the directors of national

banks are not only representatives of the bank's stockholders but are also trustees of the persons whose funds are on deposit in the institution. In order to merit the confidence and trust of the depositors, the directors must be men of character and integrity, who are held in the highest esteem by the community. Proxy fights, the election of undesirable directors, and the resulting friction among directors tend to destroy the confidence of the depositors and the community in a bank. When the reputation of a bank is destroyed, the bank itself will not long survive.

It should also be pointed out that the mandatory cumulative voting authority has been rarely used in national bank elections, but when it has been exercised, the bank concerned has not benefited. In the hearings before our committee during the past 4 years, we have never been given an example of where cumulative voting has proven beneficial to a bank. As the Comptroller of the Currency stated at our hearings last November:

> It has been our experience that cumulative voting * * * is not a beneficial influence in the affairs of national banks.

Cases have been cited where a man used this device to elect his young son-in-law as a director solely for the purpose of enhancing his prestige in the community. We have found other cases where board membership was used to obtain confidential information for use in outside business deals or for use in rival institutions in which the minority directors hold an interest. Minority directors have also been forced on boards in order to promote larger dividend payments or to encourage sale or merger of a bank.

Thus, to sum up, cumulative voting has not been used to benefit banks, but rather has had a definite detrimental effect. It is no wonder that the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the various organizations of bankers to whom I have referred—the American Bankers Association, the Reserve Bankers Association, and many individual bankers' associations—are all opposed to mandatory cumulative voting as provided in the proposed amendment. I therefore urge Senators to vote against the Douglas amendment as they did in the last Congress.

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

Mr. ROBERTSON. I yield.

Mr. LAUSCHE. Do I correctly understand that until 1933 there was no provision in the Federal laws to allow cumulative voting by stockholders?

Mr. ROBERTSON. That is correct. The original Banking Act was a war act of 1864. From that date up until 1933 there was no provision in the Federal laws for cumulative voting.

Mr. LAUSCHE. It is my belief that in 1933, as a consequence of the closing of many banks, it was deemed advisable to give minorities the ability to assert themselves, and thus take the majority directors, who had got into ruts, outside of that situation. For that reason, in 1933, for the purpose of remedying a bad condition, a requirement was included in the Federal law providing that the minority shall be given a voice through the strength acquired by the cumulation of votes.

Mr. ROBERTSON. My friend from Ohio has mentioned a fine theory, but it was not supported by the facts presented by the witnesses who appeared before our committee.

The facts were as related by a man who was in close touch with the fight all the way through, and who knew the facts.

The fact was that Mr. Giannini wanted to get on the board of the National City Bank. He got Senator McAdoo, who was a member of the Committee on Banking and Currency, and a great friend of my predecessor, the late Senator Glass, to slip this provision into the bill in 1933. No hearings were held on it; there was no interest shown in it. It was all a Giannini proposal to get on a bank board in New York where he was not wanted, and where they made it so unpleasant for him that he did not stay. He went back to California and decided to be the king of banking on the west coast, and to let the evil men of Wall Street continue in charge of New York.

It is a nice theory that because banks were failing it was necessary to bring in some new blood to control the evil majority, but the facts are simply to the contrary.

Mr. LAUSCHE. It still is a fact, however, that it was after the debacle through which the Nation passed in 1932 that the United States Congress determined it was necessary, for the health of the banks, to give minorities the right to assert themselves, and thus to awaken the directors, who had got into ruts, to a realization of what was good for the banks.

Mr. ROBERTSON. The Senator from Virginia would call that a coincidence, and not a fact.

Mr. CLARK. Mr. President, since I am a cosponsor of the amendment, along with the distinguished Senator from Illinois [Mr. DOUGLAS], I should like to state very briefly for the RECORD the reasons why, with deep regret, I find myself unable to agree with the distinguished junior Senator from Virginia, who has just spoken so ably in opposition to the amendment.

The best qualified witness who appeared before our committee when this matter was under discussion, in my judgment, was Governor Robertson, of the Federal Reserve Bank, a man alert, keen, and well educated in all banking problems. He stated without qualification that, in his judgment, cumulative voting was beneficial in the banking business. That statement had considerable weight with me, as does the fact that this provision has been in the law from 1933 to 1957. In my experience in the Philadelphia area, I think it has worked in a beneficial manner.

One of the great difficulties with which we are confronted in this country is the concentration of financial power in a relatively few hands. That is going on increasingly all the time. To be sure, cumulative voting in national banks will not stop such a practice, but it is a factor, a straw in the wind, which will at least tend to put those in charge of banking institutions on guard to protect adequately their minority stockholders and the interests of the banks as a whole.

We are all aware of Lord Acton's comment:

> Power tends to corrupt; absolute power corrupts absolutely.

The very able and industrious bankers in my community, charged as they are with the duty of operating great financial institutions, are, in my judgment, put well on their mettle, for they know that a vigilant stock minority in their bank can obtain representation on the board of directors and hold the majority to account for their activities and ask them searching questions, just as the minority in this Chamber is constantly asking questions of those of us in the majority, and just as the minority in the House of Representatives and in every State legislature is constantly asking questions of the majority, to keep them on their toes.

I wonder what would happen to the processes of government if in legislative bodies, which are the equivalent of boards of directors in banking institutions, there was never a minority to make a motion, to have the motion seconded, and to have it adopted, so as to have the facts hammered out on the anvil of discussion.

This is a relatively unimportant matter; but the fact is that the removal from the law of this provision, which has been in the law for 24 years, is, in my judgment, a straw in the wind to indicate the constantly increasing concentration of financial power in the United States. This, in my opinion, is one of the greatest threats to our capitalistic, free-enterprise system and the American way of life.

It was for that reason that I was happy to join with the distinguished Senator from Illinois in sponsoring the amendment, which I trust, although not too hopefully, will be agreed to.

Mr. LAUSCHE. Mr. President, I wish to express support of the amendment offered by the Senator from Illinois. I think the Senate should give recognition to the fact that in periods of prosperity there is always a danger of returning to the evils which came to light at a time preceding the period when bankers everywhere were considered to be financial wizards.

Twenty-four years have elapsed since the closing of the banks. When the banks were closed, it became evident in many instances that despotism frequently led to practices which weakened the financial structure of the institutions. When those weaknesses came to light, many persons in authority wondered how it came to pass that practices had been countenanced which retrospection indicated should not have been permitted to exist.

In 1933, based upon a look into the past, it was decided that cumulative voting should be required in the banks.

Twenty-three years have passed, and again the financial wizards are beginning to appear everywhere.

In 1933, the Cleveland newspapers published, practically every week, the pictures of some men who were labeled financial geniuses. Their conduct was followed seemingly with obedience and respect everywhere. But when the period of prosperity came to an end, it became manifest that they were mere human beings burdened with the same fallibilities as the ordinary person. I was with them; I know what was done.

Twenty-three years have elapsed, and now there is a desire to return to the identical evils which existed back in 1932. I think those evils are beginning to appear in the practices of the financial institutions.

So, Mr. President, some say today, "The good that we learned out of the bitter experiences of 1932, we shall forget." There seems to be a willingness to aver that we shall ascribe to these human beings an infallibility, and shall rely upon them without criticism, but with abject obeisance to what they do, and that we shall feel content that those financial institutions will be maintained soundly.

I subscribe fully to the view of the Senator from Illinois that criticisms by way of minority suggestions lead to strength and goodness in the operation of the banks.

Why should there not be minority representation? Certainly some persons can point out that certain evils sometimes come into existence. But, Mr. President, on the whole, in my opinion, nothing but ultimate good can come both to banking institutions and to other corporations by having minority representation on the boards.

I was the director of a bank, having been given the assignment after its doors were closed. That bank's doors were closed because the men in charge, without minority opposition, were able to do what their whims dictated. The things they perpetrated would never have come to pass if a minority had been asserting itself in regard to what was right and what was wrong.

Based upon these reasons, I give my support to the amendment of the Senator from Illinois; and it is my sincere hope that his amendment will be adopted not only for the good of the banks, but also for the good of the depositors who have their money in the banks.

I venture to state that if we do not have cumulative voting, there will come a time when the same thing that happened in 1932 will recur; and then this august body will again pass a law giving to the stockholders the right of cumulative voting.

## ADJOURNMENT TO THURSDAY

Mr. BIBLE. Mr. President, if no other Senator who is on the floor desires to be recognized at this time, then, Mr. President, pursuant to the order previously entered by unanimous consent, I move that the Senate adjourn.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.) the Senate adjourned, the adjournment being, under the order previously entered, to Thursday, March 21, 1957, at 12 o'clock meridian.

## NOMINATIONS

Executive nominations received by the Senate March 19, 1957:

DIPLOMATIC AND FOREIGN SERVICE

Philip Young, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of the Netherlands.

UNITED STATES CIRCUIT JUDGE

Leonard Page Moore, of New York, to be United States circuit judge for the second circuit, vice Jerome N. Frank, deceased.

## CONFIRMATIONS

Executive nominations confirmed by the Senate March 19, 1957:

THE SUPREME COURT

William Joseph Brennan, Jr., of New Jersey, to be an Associate Justice of the Supreme Court of the United States.

Charles E. Whittaker, of Missouri, to be an Associate Justice of the Supreme Court of the United States.

DEPARTMENT OF JUSTICE

W. Wilson White, of Pennsylvania, to be an Assistant Attorney General.

UNITED STATES ATTORNEY

M. Hepburn Many, of Louisiana, to be United States attorney for the eastern district of Louisiana for a term of 4 years.

UNITED STATES MARSHAL

Donald C. Moseley, of Louisiana, to be United States marshal for the western district of Louisiana for a term of 4 years.

# HOUSE OF REPRESENTATIVES

## TUESDAY, MARCH 19, 1957

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, may we begin this new day with a clearer vision of the divinely appointed life which we must live together and which each must live alone.

Grant that we may commit unto Thee, for counsel and control all our concerns and interests, our deliberations and decisions, our aspirations and desires.

Inspire us to enter upon our daily tasks with a feeling of their sanctity and with the assurance of Thy wisdom to guide us and Thy strength to sustain us.

May we surrender ourselves completely to the guidance of Thy spirit and find in it our joy and peace.

In Christ's name we offer our prayer. Amen.

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

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McBride, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1482. An act to amend certain provisions of the Columbia Basin Project Act, and for other purposes.

## INTERSTATE CONFIDENCE GAMES

Mr. KARSTEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and include a letter.

Mr. SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. KARSTEN. Mr. Speaker, I am today introducing legislation in the House of Representatives, amending title 18 of the United States Code which will extend Federal jurisdiction to interstate confidence game operators.

The legislation, by the addition of new language to the code, would provide punishment for persons who transport or receive after transportation in interstate commerce any goods, money, and so forth, of the value of $1,000 or more, knowing the same to have been obtained by means of false or fraudulent pretenses, representations, or promises, or any scheme or artifice to defraud. Under the existing statute, the value of the money or property taken must exceed $5,000 before the law becomes operative.

The proposed change does not apply to the ordinary run-of-the-mill theft which can be coped with adequately at the State level and where the amount involved is less than $5,000, but it is directed at interstate organized crime.

According to recent estimates, over $5 million a year is taken from the public by professional swindling operations and confidence games. To escape existing Federal criminal statutes, the operators of these schemes intentionally keep the amount of the larceny just below $5,000 and, of course, they also avoid the use of the mails.

In St. Louis last year almost $19,000 was taken from the unsuspecting public by professional swindlers. The pattern appears to be nationwide and it is the opinion of the police departments of our major cities that the operators of these schemes move from State to State. I should like to bring to the attention of the House the following letter from the chief of police of the city of St. Louis which is similar to letters I have received from other police departments over the country in reference to this legislation:

DEPARTMENT OF POLICE,
*St. Louis, Mo., February 23, 1957.*

Hon. FRANK M. KARSTEN,
*Representative, First District, Missouri, Congress of the United States, Washington, D. C.*

DEAR CONGRESSMAN KARSTEN: Many thanks for your letter of February 15, 1957, and the copy of a bill you are considering introducing in the House.

I believe it is a very good bill and would help us as well as all police departments throughout the country.

I am enclosing, for your information, copies of several reports made to us by victims of the confidence game commonly called