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.

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 Anti-Trust 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.

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 and referred:

REPORT ON THE OPERATIONS

A letter from the Administrator, Federal Facilities Corporation, Washington, D.C., transmitting, pursuant to law, a report of the Corporation on its 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 20 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 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 MEMORIALS

A letter from the Marshal, United States Supreme Court, transmitting a draft of proposed legislation to provide for the procurement of a portrait 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 Beamount 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 85 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 means which will not be answered by rescission of the statutory gold reserve law, and to the preparedness and stimulate the mining industry in the United States in the production of the critical metals, minerals, and materials, including antimony, asbestos, beryllium, chrome, cobalt, columbium-tantalum, fluor spar, 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 be memorialized to effect a long-range national domestic minerals program; and be it further resolved,

"Resolved. That certified copies of this resolution be transmitted by the secretary of state to the President of the United States, to the United States President pro tempore, to the Speaker of the House of Representatives, and to the Senators and Representatives from this Commonwealth;

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 63 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,

"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.

"Sec. 1. That the Legislative Assembly of the State of Oregon resolve that the present taxation on property of a different kind and extent that the costs of transportation should be kept at the lowest possible level;

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

"Whereas it is the opinion of the Legislative Assembly of the State of Oregon that the best interest of the country and particularly of the Western states is served if no one is differentially taxed against the present transportation taxes, would be served by a repeal of these 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. That copies of this memorial be sent by the secretary of state to the President of the United States and to all members of the Oregon congressional delegation.

Adopted by house February 15, 1957.

EDITH BYNON LOWE, Clerk.

"Pat Dooley, "Speaker of House."

"Adopted by senate March 7, 1957.

BOYD R. OVERHULSE, "President of Senate."

"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 except for the fair 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 serving a vital role in equal 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 unduly 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 the other adjacent states; 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 promoting and developing its vacation and tourist trade and in a manner to prevent unbridled manipulation of credit and inflationary practices; and

"Whereas the Districts of Nevada, California, Maine, New Hampshire, and Vermont (jointly), have a very large interest in preserving the eastern market as an open market in which the agricultural and forest products of those States are able to compete freely with the products of other countries; and

"Whereas the States of Nevada, California, Maine, New Hampshire, and Vermont (jointly), have a very large interest in preserving the eastern market as an open market in which the agricultural and forest products of those States are able to compete freely with the products of other countries; 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 transportation is in no sense a luxury but is a vital necessity and there is, therefore, a sound reason for distinguishing between the transportation taxes and other excise taxes that are imposed upon luxury items;

"Whereas it is the opinion of the Legislative Assembly of the State of Oregon that the best interest of the country and particularly of the Western states is served if no one is differentially taxed against the present transportation taxes, would be served by a repeal of these 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. That copies of this memorial be sent by the secretary of state to the President of the United States and to all members of the Oregon congressional delegation.

Adopted by house February 15, 1957.

EDITH BYNON LOWE, "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 Territory of Alaska; to the Committee on Interstate and Foreign Commerce:

"House Joint Memorial 5

A joint memorial of the Senate and 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; to the Honorable Commissioner of Internal Revenue of the United States, relating to increasing personal income tax credit exemption to $600 to $700; 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 Senate and the Speaker of the House of Representatives of the Federal Congress; to each member of the Senate and the House of Representatives 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, Assistant Chief Clerk of the House.

A joint resolution of the legislature of the State of Montana; 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 State of Alaska, in 23d session assembled, respectfully urges the President and the House of Representatives to enact legislation of the type proposed in H. R. 2132 by Mr. Baring.

Whereas the gold-mining industry in Alaska is of vital importance to the economy 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 that the passage of which would help alleviate the above-mentioned depressing conditions; and

Whereas there are pending in the Senate a bill, the purpose of which is to authorize Federal matching funds in an amount of 50 percent, and an additional amount equal to one-half of such State's total area of public lands not exceeding 75 percent of the total construction cost; and

Whereas Alaska is the only jurisdiction subject to the limitation imposed by the Federal Government; Now therefore

Resolved, that this memorial is submitted to the House of Representatives, the Senate, and the United States Congress, with the request that the same be referred to the Committee on Appropriations to have the same considered in the House and the Senate.

Passed by the house March 1, 1957.

RICHARD J. CREVEL, Speaker of the House.

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 of the United States; Hon. Warren G. Magnuson, United States Senator; Hon. Richard Nunnberg, 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 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 an Alaskan airport construction for period beginning July 1, 1956, and ending June 30, 1959; and

Whereas the Federal aid program recognizes that the airport program should be given to those States which have the greatest number of airports with the greatest population; and

Whereas $65,500 is the maximum amount that can be spent on any one airfield; and

Whereas it authorizes Federal matching funds in an amount of 50 percent, and an additional amount equal to one-half of such State's area of public lands not exceeding 75 percent of the total construction cost; and

Whereas Alaska is the only jurisdiction subject to the limitation imposed by the Federal Government; Now therefore

Resolved, that this memorial is submitted to the House of Representatives, the Senate, and the United States Congress, with the request that the same be referred to the Committee on Appropriations to have the same considered in the House and the Senate.

Passed by the house March 1, 1957.

RICHARD J. CREVEL, Speaker of the House.
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, 1957, marks the 50th 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, privileges, advantages and immunities of citizens of the United States, and the 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 protections as the Constitution of the United States: Now, therefore, be it "Resolved by the Senate of the Territory of Alaska, in regular 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 on the same terms and conditions that should Alaska's quest for statehood be realized by March 30, 1957, that this day now known as 'Liberation 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 Republic Women, directing to be allocated to a balanced budget; to the Committee on Appropriations.

A letter from Mrs. Linley 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 Hungarimng Council of Detroit, Mich., signed by Frederick A. V. Hetty, vice chairman, and Frank A. Pasakas, executive secretary, relating to the treatment of Hungarian immigrants by the Communists, and the deportation of certain other Hungarians; to the Committee on Judiciary.

The petition of George Williams, of Baltimore, Md., praying for the enactment of the bill (S. 1086) 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 similar salary increases and personnel management relations for postal employees; to the Committee on Post Office and Civil Service.

TIGHT MONEY POLICY—MEMORIAL OF SENATE OF IDAHO

Mr. CHURCH. Mr. President, the Legislature of the State of Idaho this year has enhanced, both in the Senate, and bipartisan body. The State senate is organized by the Democrats and the State house of representatives is organized by the Republicans. By the way of this I think it is highly significant that I have received a memorial from the State legislature condemning the tight-money poli-
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 the Snake 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 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.

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 extending 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. This development, developing rapidly, 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.

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 joint resolution 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 Wilson, Cook, and Corbett, and Representatives Annaia, 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 printed in the Record.

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 to, and, together with the letter of transmittal and resolution were or- dered to be printed in the Record, as follows:

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

Senator HUMPHREY, United States Senator, Washington, D. C.

DEAR HUMPHREY: 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 0.

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

Yours very truly,

OCEAN ENSENET
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 have proved to be the 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 as farming as their life's work; Now, therefore, be it

Resolved by the house of representatives that we favor legislation to accomplish the following:

1. Providing mandatory price supports to assure full parity prices and income to producers of the principal farm commodities, using whatever methods may be most practical, such as loan and purchase programs, production controls, and acreage reserve programs, plus removal measures, promotion of exports, or a combination of these measures. As far as possible, farm support programs should be placed on a self-sustaining and 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 program; by requiring the soil bank as a condition to eligibility for price support and that a re-planting be made of the soil bank area; by making individual farm acreage allotments to determine the eligibility of such farm for price supports and participation in the soil-bank program.

3. Providing for greatly expanded research programs to study agricultural marketing and price programs, and to anticipate new uses and new markets for farm products.

4. 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 programs are not in support measure, authority should be provided for use of production payments or for incentive programs to encourage the marketing of farm products, to determine the size of reserve funds which should be maintained in the national interest.

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

6. Providing for a meaningful establishment 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 compensation 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 the market price is below the proper level; and, be it further

Resolved, That the administration of farm programs at the county and community level for the re-election of the local producer in every way by legislative and administrative policy, specifically, safeguarding the right of fair representation, electing, removing, and to assure these committees undoubted 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 the joint resolution endorsing S. 996, my bill to provide for a 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

PRESERVATION OF PATENT OFFICE BUILDING—RESOLUTIONS

Mr. HUMPHREY. Mr. President, I have in my possession two resolutions, one endorsing S. 996, my bill to provide for a historical Patent Office Building and to provide for its use by the Smithsonian Institute to house historical collections of American art.
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. Under the unanimous consent of the House bill, H. R. 4023, introduced by Hon. Hubert H. Humphrey of Minnesota, and in the Senate bill H. R. 4052, introduced by Hon. Frank Thompson of New Jersey, to preserve the historic Old Patent Office Building (now occupied by the Civil Service Commission) and to provide for the Smithsonian Institution to house historic collections of American Art."

Mr. Thompson hopes that the said bills may have your approval and your committee's recommendation for their passage, thus enabling this building, a milestone in the development of our history, to preserve the patents it harbored for so many years and an outstanding example of our early 18th 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.

WASHINGTON-METROPOLITAN CHAPTER OF THE AMERICAN INSTITUTE OF ARCHITECTS, INC.

WASHINGTON, D. C.

My DEAR SENATOR HENNINGS: Pursuant to the purposes for which it was introduced, namely, "the collection, preservation, and diffusion of knowledge respecting the history, biography, geography, and topography of the District of Columbia," our society has voted 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. 4052, introduced by Hon. Frank Thompson, of New Jersey, to preserve the historic Old Patent Office Building (now occupied by the Civil Service Commission) and to provide for 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 building, a milestone in the development of our history, to preserve the patents it harbored for so many years and an outstanding example of our early 18th 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,

THOMAS C. HENNINGS, Chairman, Senate Committee on Rules and Administration, Senate Office Building, Washington, D. C.

Mr. HUMPHREY. Mr. President, I present a resolution adopted by the City Council of Virginia, Minn., regarding distribution 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:

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 an appropriate 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 have failed 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.

Sincerely yours,

J. G. MILEY, Jr., City Clerk.

ARTHUR J. STOCK, President of the City Council.

Presented to the mayor March 13, 1957.

RETURNED by the mayor March 16, 1957.

APPROVED March 18, 1957.

JOHN VUKELICH, Mayor.

RESOLUTIONS OF ORGANIZATIONS IN MINNESOTA

Mr. HUMPHREY. Mr. President, I have just received four resolutions from Local No. 1028, CIO, Duluth Steelworkers of America, Duluth, Minn., favoring increased postal clerks and carriers.

Another from Local 3028, United States Steelworkers of America, Duluth, Minn., favors increased wage 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 present a resolution of the Duluth, Minn., AFL-CIO central body concerning the issue of outdoor advertising and billboards along the highways to be built under the Federal Aid Highway Act.

Resolved, That the Duluth, Minn., AFL-CIO, central body, hereby requests the consideration and action of the United States Congress, in accordance with the provisions of the Federal Aid Highway Act, for an adequate and appropriate restraint on the placing and maintaining of billboards and outdoor advertising along the highways of said Duluth, Minn., and the State of Minnesota, for the purpose of protecting the citizens of Duluth and other parts of the State of Minnesota, from the objectionable and detrimental effects of such advertising along our highways, together with the application of such billboards and advertising to the public's welfare as laws may exist or be enacted in the State of Minnesota and in the United States, which may be determined to be in the public's welfare.

Sincerely yours,

HENRY WALKE, 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: 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 WALKE, Clerk.

To the Committee on Finance:

UNION 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: 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 postal 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. SEARS, Manager.

To the Committee on Post Office and Civil Service:

CHAMBER OF COMMERCE,
Le Sueur, Minn., March 14, 1957.

HON. HUBERT H. HUMPHREY,
Clay County, Minn., March 14, 1957.

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. and the years of 1953, 1954, and 1955; we shipped only 61 percent of our capacity in wire and 47 percent of our capacity in nails and 49 percent of our capacity in barbed wire. This means that in 1953, 1954, and 1955 we shipped 39 percent of wire, 23 percent of nails, and 49 percent of barbed wire than we did in 1952.

Certain types of wire are being shipped into the United States at $25 to $28 a ton.
There being no objection, the letter and resolution were ordered to be printed in the RECORD, as follows:

THE UNITED CHRISTIAN YOUTH MOVEMENT, NATIONAL UNION OF CHURCHES OF CHRIST IN THE UNITED STATES OF AMERICA, New York, D.C., 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 limitations of the 30-day period for the nominations 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 Fairness and Johnstone reports. We urge your support of those principles of the Johnstone report calling for an expanded program of foreign economic aid, with particular reference to the underdeveloped nations of the world.

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

Sincerely,

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

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

Clay Little, secretary, Clever, Mo.

Commission Chairman

Charles Christian: Dave Young, 2378 Logan, Camp Hill, Pa.

Christian witness: Gladlen Schrock, box 290, Manchester College, North Manchester, Ind.

Christian outreach: Florence Fray, 602 North Webster Avenue, Springfield, O. W.

Christian citizenship: Milton Patton, room 1045, Baker Hall, Ohio State University, Columbus, 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 L. 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 19, 1957

Consistent with our historic Christian concern for the establishment of closer fellowship among peoples of all lands and cultures, the United Christian Youth Movement has frequently recorded its support for an increased program of foreign 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 making foreign-aid decisions.

1. In an interdependent world, our well-being, economically as well as politically, would be guaranteed without injuring 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 independence of the recipients. Programs of foreign economic aid or technical assistance must be seen as goals 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 nullify their purpose.

4. Therefore, such programs should be administered through an agency independent of either the 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 agreements, 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 a duplication of efforts in the non-military budgets, it would seem our Government, and indeed all governments, have a close and present interest in the freedom and prosperity of all peoples of the world. To think of them as a matter of enlightened self-interest, but out of a deep sense of stewardship and concern for the well-being of people everywhere.

BILLS INTRODUCED

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

By Mr. Goldwater:

S. 158. A bill for the relief of Delfina Lopes; to the Committee on the Judiciary.

By Mr. Butler:

S. 1637. A bill for the relief of Wilfred T. Watterson; to the Committee on the Judiciary.

By Mr. Johnstone of South Carolina (for himself and Mr. Dickens): S. 1639. A bill to provide for the suspension of the right to trial by a jury of the peaceable possession of real 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.

By Mr. THURMOND (for himself and Mr. JOHNSTON of South Carolina):
S. 1642. A bill for the relief of Claude E. Cottrell; to the Committee on the Judiciary.

By Mr. BUSH:
S. 1641. A bill for the relief of Yong Jea Lee (Mina Kuhn); to the Committee on the Judiciary.

By Mr. THURMOND:
S. 1643. A bill for the relief of Natale Gabriele; to the Committee on Finance.

By Mr. SALTONSTALL (by request):
S. 1644. A bill for the relief of Na tale Gabriele; to the Committee on the Judiciary.

By Mr. BIBBLE:
S. 1645. 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. 1646. A bill to authorize the Secretary of the Interior to grant easements in certain lands to the city of Las Vegas, Nev., for certain purposes; to the Committee on Interior and Insular Affairs.

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

ASKS TAX BREAK FOR TEACHERS

(Read by Mr. Sibilia)

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

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 indifferent Chicago teacher, Mrs. Ada HAMMOND, Democratic Representative O'HARA, Democrat, of Illinois:

"Teachers are bitter over businessmen being able to enter tax cutaways in the Stock Club and deduct the fun."

"I can't be deduced."

At the same time, she said, "we sit in stuffy lecture halls absorbing Plato, psychology, and human dynamics 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.

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

"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 is 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,
To the Senate of the United States:
Mr. President, the Subcommittee on Social Security amendment, to members of the Minnesota delegation.

S. 600, as amended, 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 $500,000,000 in certain vested assets 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 48, the Alaska statehood bill, on March 1957

CONESSIONAL RECORD—SENATE 3911
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 the predicate to war.

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 so that they can maintain their independence and integrity.

There is no doubt in the mind of any one 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 Israel's Foreign Minister which reflects the confidence of the United States in 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 to it."

6. The United States memorandum to Israel dated February 11 that "the future of the Gaza Strip is to be worked out through the Security Council, and that a United Nations force to help maintain quiet during and after the withdrawal of Israeli forces from the Gaza Strip; that "the United Nations force shall be charged with the control of Israeli and civilian control of Israel * * * in the first instance would be exclusively by the United Nations emergency force," and his report of March 14 that as far as leftist arrangements are made, the United Nations emergency force has assumed responsibility for civil affairs in the Gaza Strip."

7. President Eisenhow's statement of February 20 that "the United States would be glad to urge and support any participation by the United Nations, with the approval of Egypt, in the administration of the Gaza Strip * * * to assure that the strip "could not longer be used as a source of armed infiltration and reprisals"; and that "we should not assume that * * * Egypt will prevent Israel from any further illegal activities in 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 United Nations."

8. President Eisenhower's letter to Premier Ben-Gurion on February 14 that "Israel had no cause to regret" its withdrawal, and that "there should be an united effort by all the nations of the Middle East to make the area more stable, more tranquil, and more conducive to the general welfare than those which exist today."

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.

CONGRESSIONAL RECORD — SENATE

March 19

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

Mr. HUMPHREY. Mr. President, some days ago I submitted, for publication 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 at the United Nations. This 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 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 for many years. That feeling 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.


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 editorial says: "If there was a New Deal program, it was the criticism of United States policy on Hungary in the United Nations. It also makes fundamental mistakes about the nature of the United Nations that it assumes "futile," "hours and days of meetings," and "starting omission of facts."" The statement criticizes the United Nations for handling the Hungarian situation, as it did with other countries, and suggests that the United Nations observers were not effective in dealing with a given situation. The editorial says: "The statement, "Lodge was not prepared to do anything," further ignores continuous efforts by the Assembly, delegations, resolutions, and elections.---an effort by the United Nations in the United Nations which has been made permanent in the hands of individuals, by organized labor, and by Hungarian groups. We prepared everything that could be prepared. Plans were practically ever been brought up on this subject which the United States did not prepare for. Between October 27 and December 12 the United Nations observers functioned in Hungary. In the same period I made 25 speeches and statements on Hungary."

The editorial says: "The assembly 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 address the United Nations General Assembly as a platform. Miss Kethly was given every possible facility. Her speedy admission to the United States was due to the successive failure of many United Nations delegations. Moreover, the United States took a leading part in creating the problems of Hungary, which did receive testimony from Miss Kethly and from many other important nations and groups. It was expected by Hungary that an Assembly would be created for the Hungarian situation—and its work is still continuing.

The editorial says: The New York Times has made it clear that the United Nations Assembly 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 have immediately have ceased to be observers and the valuable services which they rendered (and are rendering) to the everyday people of Hungary would have completely weighty with heavy and many members of the Assembly.

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

The record is not a sorry one. The record is a good one. Although it did not succeed in bringing any Serb-Greek troops, the United Nations has made things for the people of Hungary which no single country could have done. The steps which the United Nations have taken have played a useful part in preserving the life of the people of Budapest, in helping 170,000 Hungarian refugees to find new homes; in per

1. The editorial says: "Had the United Nations, with United States leadership, been able to do something, we would have acted 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 requests. The next day the United States, who, like us, were sitting the sparse reports coming in from Budapest and weighing the possibilities of United Nations action and the results which might flow from it.

2. The editorial says: "The United Nations Assembly 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 have immediately ceased to be observers and the valuable services which they rendered (and are rendering) to the everyday people of Hungary would have completely weighty with heavy and many members of the Assembly.

3. The editorial says: "The Assembly 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 address the United Nations General Assembly as a platform.

4. The editorial says: "The New York Times has made it clear that the United Nations Assembly could have been made United Nations observers."

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7. The editorial says: "The record is not a sorry one. The record is a good one. Although it did not succeed in bringing any Serb-Greek troops, the United Nations has made things for the people of Hungary which no single country could have done. The steps which the United Nations have taken have played a useful part in preserving the life of the people of Budapest, in helping 170,000 Hungarian refugees to find new homes; in per

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14. The editorial says: "The Assembly 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 address the United Nations General Assembly as a platform.

15. The editorial says: "The Assembly 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 address the United Nations General Assembly as a platform.

16. The editorial says: "The Assembly 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 address the United Nations General Assembly as a platform.
The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, two of the three amendments on 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 democratic decision.

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. In an 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 have added an article to the text of my Amherst speech. 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 B, following the text of my Amherst speech.

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

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.

[Exhibit C]

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 as easy as it seems. You, and I, and almost everyone else in the country these past few weeks have been preoccupied with the oil crisis in the Middle East, and the public uncertainties, Congressional-Executive tensions, and the tremendous amount of action and legislation 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 of the aspects 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 are in the fourth and fifth 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, there had been significant Senate opposition to President Eisenhower's original advocacy of one-sided pressure against Israel was, most-obscured by attack on the President's administration's policies toward a more constructive and balanced approach. On the other hand, a gradual recognition 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 last an endorsement of the beginning of a new approach, rather than a blank-check vote for largely negative and unimaginative policies.

I finally realized the meaning of the declaration regarding the original version poorly designed and inadequately explained, instead of the resolution as it originally passed the House of Representatives. That I was finally able to support the Senate continued misgivings, was due solely to the fact that important improvements were made in the resolution by several amendments added to it.

As the sponsor in the Foreign Relations 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 earlier, handily a sensibility, we strengthened our ties with the United Nations by calling upon the President to continue his facilities and military staff abroad. In instances of the United Nations emergency and force in the Middle East, I was pleased to note that every Senate Democrat voted for this appropriate amendment to strengthen 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 assistance has made it either for aggressive purposes. With these three major amendments contained in the resolution, plus other important minor amendments, 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 on the Senate has been useful. It has given us the first occasion in years for a full discussion of all the possible responsibilities of American policy in the Middle East. The debate has shaken us out of our lethargy. I believe we have arrived at the realization of the numerous responsibilities which are already ours in the Middle East, as in so many other areas of the world. In the belief that the debate on the Eisenhower doctrine has been helpful and constructive.

But both the policymakers and the people of the United States must turn their attention to the basic issues which still confront us in the Middle East: cessation of Egyptian 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 been told having seen the Senate and as a delegate to the General Assembly of the United Nations. In the latter role I must of necessity, 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 intended to speak out in my role as a Senator and a private citizen—as I intend to do tonight—when I feel that a subject is of such importance that it merits the concerned, and perhaps some helplessness in my Senate colleagues. By the same token, I shall speak out in support of the administration's policies, if I feel that they are most effective in support helpful to America. Let me be frank about it. As far as I am concerned, one of the chief causes of the petty 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 are not just a matter of big guns or any other proposed real world leadership for the cause of peace, but only if we are told the truth about our policies of expedition and reliance on an alternating diet of tranquillizers 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 foreign relations of the United States. The evidence of foreign policy because I am convinced on the one hand that our Middle Eastern "policy" is inconsistent and deficient, and on the other that the way in which our leaders have used the United Nations in this connection has been detrimental to the United States. We have all seen and to mind specifically the inconsistent attitudes of two of our most noteworthy spokesmen on foreign policy, the President and the Secretary of State, and their 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. This is not to say that to be a fact of life, up to now at least, that world responsibilities have never been an issue of partisan difference. It has taken place in the past, but not this one. As far as I know, the United Nations has never been a subject of heat or controversy within the Democratic Party.

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. This is not to say that to be a fact of life, up to now at least, that world responsibilities have never been an issue of partisan difference. It has taken place in the past, but not this one. As far as I know, the United Nations has never been a subject of heat or controversy within the Democratic Party.

I 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 of United States Senator Lodge, former President Eisenhower and Senator Knowland. I am more uncomfortable about the views of the latter than I am about those of the former, for it is certain that it is not comfortable about both. Here is why.

We are all thoroughly familiar with the rates and political personalities of the Eisenhower administration. President Eisenhower has personally made in special TV broadcasts, press conferences, and State Department statements, the most considerable possibilities that it is our national policy to rely upon the United Nations. The Secretary of State has repeatedly heard that praise-worthy. I welcome it. But I also submit that all embracing reliance seems to be that often in the past, the United States Government has no policy itself. Passive reliance, especially in such
As Senator Mike Mansfield said recently: "It is a policy which would sink the United Nations and frustrate the constructive, detailed support which I find service leadership is not enough. For these reasons, I have decided to fight to the United Nations today that was not said against the early Republic. How could you have a gov-
erment of the people, by the people and for the people if the people had no voice? Was there a double standard? The agricultural States were afraid of the more efficient, modernized and competitive trade. Some wanted protection. The smaller States were afraid that the larger States would have more influence in the House of Representatives than in their own domes. If they would bear a disproportionate share of the cost of the Federal Government?

Of course, we recognize the difficulties that many of these nations are without the United Nations as a bulwark, as a bulwark. If they could not govern themselves, then social, economic, and scientific aspects as well. It is this element of con-
stuctive, detailed support which I find missing. I urge the President and from the majority leader.

Let me turn now to some of the criticisms which frequently deride the logic of logic choppers and literal-minded men. Here at the General Assembly are 80 na-
tions, from the most powerful to the most powerless, from the most developed to the most underdeveloped. All claim an equal sovereignty. Each pursues, or tries to pursue, an indepen-
dent policy. Each judges its own best national interest. Each entertains its own private and public opinion about the char-
acteristics of a more perfect world.

The delegates themselves represent his-
torical, economic, and cultural differences that most logical men could easily despair over the possibility of solving. The Arab members of the United Nations pay much of the cost of its operation; others pay very little. There are both the dollars and to say about the United Nations, that if we think about the interests of their own blocs, with the overwhelming power of the United Nations. Lately, it has become more and more obvious that the law of nations seems to get away with more than those that respect the charters.

And yet, my friends, 170 years ago our United Nations. But I will say that the United Nations represents the early stages of the evolution of mankind to international law and order. So a massacre on the march of peace, for is that not the essence of the American foreign policy. I am neither'a compromise of other peoples' policies, and other peoples' leaders. So I would say to you, while we often welcome the President's words, we do not always know what they mean. Lip-
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acteristics of a more perfect world.
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 of the General Assembly's negotiates at the U. N., the collective impact of world opinion produced a resolution which is not dissimilar to the position of the Council or the Algerian position completely, may promote a real solution.

This way will be that the debate in the General Assembly has saved what remains of the French Empire. The French may now go to the Assembly with their Algeria as part of a bold program for all French possessions. I understand that the French Government was pleased with the mildness of the Algiers resolution. Whether 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 in interferring 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 the U. N.'s contribution budget. This is undeniable. But, as far as the one-third cost is concerned, this is less than the United States might have paid and the United States were actually assessed dues according to its ability to pay. We would like to 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, 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 Organization expressed a double standard of morality force not only diminishes the double standard, but is our very best hope of removing it from the world.

It is true that the United Nations has secured results in the Middle East in the tangible form of securing the withdrawal of the aggressors from the area and the recent 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 seen.

The strong have often escaped penalty, but they have not escaped censure. Certainly there was censure about the 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 more than adopt plous resolutions. What these people overlook is that these resolutions express the collective conscience of mankind. Even the mighty Soviet Union is not wholly immune from this. The U. N.'s resolutions must hold the members of the United Nations 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. In the Senate, the Hungarian 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, the fact is known, blocs exist, 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, clamorous 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 and political maneuvering when we feel strongly about something. The fact that the members of the United Nations themselves have refused, in the case of the U. N.'s resolutions, to go to the General Assembly to consider Soviet fakery, double standards of politics. The Soviet Union is to pooh-pooh the United Nations for decisions that are passed. Indeed, Senate and the General Assembly have a lot in common: blocs, unequal representation, clamorous personalities, odd alliances, even lots of politics. This 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.
though only a declaration and not a treaty, is now becoming a source of law. Its principles are being incorporated in new constitutions. But de facto, as it is termed, it is being applied by domestic courts as a standard of human rights.

In the United Nations has demonstrated that a multilateral approach to help the underprivileged peoples of the world help themselves is the only practical, peaceful, and constructive approach as to many of the bilateralist methods of medical, technical, and economic assistance which we have also used. Millions of children and adults have benefited 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 UNESCO, UNICEF, 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 the root source of a problem and establish a permanent army of nations.

It seems to me that this opportunity is not lost for the United Nations to establish a permanent force growing out of the sovereign equality of States and the necessity to allocate costs by capacity to pay. The establishment of a permanent, well-armed, well-equipped, and permanently manned force for peace, is an asset to the world. While seeking to improve 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 unite America, France, West Germany, and to moderate mutual suspicions and fears. A general policy of defense without provocation, and conciliation and compromise through the Assembly, will be more effective.

The most important guide to policy is patience. Some factors are undoubtedly on our side. The so-called East Blocs, which are principles of the Charter and also of American foreign policy, are demands of human beings and, through the United Nations and in the sovereign equality of States, the system of bloc voting has greatly reduced its control over events.

Fortunately, the world has not been divided into a battle between the United Nations and the A.A. meetings, or the United Nations and the A.A. meetings; the United Nations and the world's people in ways most meaningful to them.

SUNFED (the Special United Nations Fund for Economic Development), a Middle East Commission, a Mediterranean Development Authority, a new International Waterways Commission to help avoid jurisdictional disputes, are signs of the Suez. Here in the area of the U.N. specialized agencies lie some of the most fruitful, constructive, lasting possibilities for positive advance.

The present General Assembly to which I now address you is acting on its capacity to do important things. Today it has a fleet of 40 vessels clearing the Suez Canal. It has the first real international armed forces as military resistance and withdrawal 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 the capacity of the Suez, repeatedly. I repeat them again: SUNFED, the Special United Nations Fund for Economic Development, a Middle East Commission, a Mediterranean Development Authority, a new International Waterways Commission to help avoid jurisdictional disputes, are signs of the Suez. Here in the area of the U.N. specialized agencies lie some of the most fruitful, constructive, lasting possibilities for positive advance.

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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 determination to consolidate its geographical positions. An influential member of the Asian-African group, Japan does not challenge the assumption—the permanence of the nation-state's driving role in world politics—he does, however, reach a conclusion that the only prospect in international affairs is more of the same. It may well be that, in such a case, it will be the return to a concert of the great powers impossible; the necessary solidarity and fluidity of power are both gone. And yet, the dominant role left to 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 potentially leading to world society, 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 super power autonomy and special positions among the various units whose decisions and connected policies form the pattern of world politics reveals to be blocked.

The third place, the two sets of factors previously mentioned have produced a fundamental change in the politics of the international system. The powers of the 19th century used limited means for limited objectives. The relations between these powers could easily be described in terms of, or at least in mechanistic terms—balancing process, equilibrium, etc. The superpowers of today have transnational objectives, or at least transnational sets of factors which determine their operations. The relationship between the superpowers cannot be described in terms of conflict and aggression, nor can it be described in terms of competition for markets and raw materials. It can be described as a concert of independent powers, and the superpowers as a safeguard of their own freedom of action against friendly or hostile antagonists.

In the fourth place, the smaller nations have indeed continued. The organization has contributed immeasurably to an internationalization of all problems, and to a kind of equalization of diplomatic standards and practices among all nations. The organization is still very far from being a world community, and its operations are based on the principle of equality and the myth of sovereignty. But the psychological effect of this development has been rebellion and seeking refuge in a conception made for, and reminiscent of, a pre-modern 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 among all nations. The organization is still very far from being a world community, and its operations are based on the principle of equality and the myth of sovereignty. But the psychological effect of this development has been rebellion and seeking refuge in a conception made for, and reminiscent of, a pre-modern age: the concept of national sovereignty and independence.

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in which they usually try to indulge simultaneously, as well as between two attitudes toward both the nation-state and the U. N. The one, they fear represents the lower levels of world politics. On the one hand, the smaller states try to protect themselves, collectives of resistance to superpowers. Individually, they would be the victims of the great conflict; together, they have the potential to restrain the superpowers and of gaining a number of advantages in return. Some seek such a common escape in a broad alliance with the United States, the Soviet Union or China, in a neutral belt. But in either case, thus protected against the "nationalistic universalists." 10 They are overlapping the traditional nationalism quietly. The smaller nations live in two ages at the same time. As for the new states, towards 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 neutrals in Europe have echoed and expressed sometimes in impressive theoretical arguments. These nations, at the same time, lock on the U. N. with great enthusiasm as an instrument for the advancement of the smaller nations (in number and in power), and a mechanism for restraining the superpowers. On colonial and separate spheres 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 have 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-state and cooperation with the nation-state, the degree to which the more unmitigated forms of power politics are being used by nations; it leads to the presentation of world politics as the only alternative to a world of militarized, anti-egalitarian, indeed carnivorous nation-states, not at all similar to the one in which many people think of the nation-state. It oversimplifies the reasons for the rise of antifear forces which are not engendered only by the clash of sovereigns and nationalisms; 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 modern world is certainly more advanced in the model of the world community—which may explain why it is so easy to jump from the first to the second. 11

In the second place, the analysis of foreign policy and its strategy and purpose is also insufficient. The concept of national power is no guide in a century of interplay between superpowers armed with nuclear weapons, if it does not include the strength of ideological appeals. Even if it does, it fails to explain the differences between the attitudes of the long-ago European powers of limited conflicts and relative stability, and in revolutionary periods. 12

The explanation for this reasoning on the basis of internal or even international precedents appears very limited. Those who deplore the consequences of growing bitterness on the part of the nation-state on the thinking of the citizens, are sometimes the first to use examples drawn from the development of constitutionalism. 13 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 Europe is tempted to assume too readily that there are two completely separate spheres of world politics today: the conflict sphere, behind the Iron Curtain, and the relations with the rest of the world, where all the decisions are basically by the United Nations. The Soviets have realized that, in the non-Soviet world, all is tension and conflict, and the alignment is used both as buffers against the cold war and did not dampen minor antagonisms. 14

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 nation-states. The political policies would therefore be distinguishable from their internal problems. Their usual antagonisms would be by-passed at least to some degree by 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. 15 There was nothing revolutionary about it; historically, it was a reaction to the days of trying to revive conditions whose disappearance had brought about two world wars. Both nationalisms and colonialism were declared "wasteful" and "imperialist," each of limited conflicts and relative stability, and in revolutionary periods. 16

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16 That this view was neither outdated nor its premises wrong, is proved in 1954, London, Stevens & Sons, pp. 4-8.

16 See Raymond Aron, Limits of Idealism as a Basis for Policy, in Yearbook of International Relations, 1954 (vol. 16, No. 1), p. 205.


25 This tendency is criticized by H. J. Morgenthau, cited above, and Moos, cited above, p. 377.


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 the war came to an end, it became clear that international liberation, it is not astonishing to see the very nation which advocates a clear-cut definition of the boundary between internal and international liberation, it is not astonishing to see the very nation which advocates a clear-cut definition of the boundary between internal and international liberation was left out of the organization's reach. 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 accept or by demanding measures. The small states, therefore, will have to carry out; the balance between proclamation and performance is a delicate one, and too many differences can lead to 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. 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 states that it cannot get over the assertions of competence and declarations of policy accepted by those of its members whose aims are hostile to one another. The members of the majorities point out that sovereignty means little in an era when international institutions or international concern, the outvoted members can always argue that the majorities' policies lead not to greater integration of the world, but to the same increase in the number of sovereign units eager to shield their own activities behind Article 2, paragraph 7. The issues of aggression, in an era where war and aggression do indeed involve the very existence of nations, the birth of some, the death of others through violence; it has emancipated the weaker 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 not created new forces, they should at least have been used to produce even worse consequences than those which the U. N. proclaims. The two tests—rather negative ones, one may fear—of effectiveness or recommendation should meet are, first, a test of responsibility—will it increase, decrease, or leave the existing level of tension with which it is supposed to deal? If it will not contribute to decreasing tensions, it should not be given the go-ahead, except if immediate efforts are bound to produce even worse consequences than the intervention. This test is particularly necessary in colonial affairs. Secondly, a test of efficiency: Is the measure advocated, sought 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 U. N. go beyond the stage of the nation-state. A case can be made—and has been often made—against excessive and unpractical discussion, such as abolishing "rigid legal norms" and institutions. II. It is often said that the process of integrating nations must be left to the free interplay of political, economic, and cultural forces. Undoubtedly, no organization can be effective if there are no such favorable forces; it cannot produce results beyond the stage of the nation-state. A network of legal obligations and institutions can consolidate the common interests among states, and work as the indispensable catalyst of an emergent community; otherwise, there would be no op-

26 See George Kennan, Realities of American Foreign Policy, cited above, p. 42.
27 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 allegiance issues usually belong to the state, is that this form of political organization affords them protection, security, justice, gratification, and service. But it does so only by transferring loyalty to another set of institutions which will probably, if not necessarily, prove unfaithful to the states. For economic reasons, in the long run, there is a danger that the individual may be induced to transfer loyalty to something else. Recognition of the insufficiency of the nation as framework of social organization can only come when the National state has reached a large measure of self-government. Consequent.ly, in areas where no nation-state has yet been established, there is reason to believe that a federation is probably ruled out in the early stages. Except perhaps in the limited European area where disillusionment with the nation-state is more general (but does it?), one cannot expect, even under the stress created by necessities of defense or economic development, a kind of wholesale transfer of powers which political federation requires. Suicide, so to speak, is not a choice. For it is obvious that both the national and federative level of government must be preserved. Political power cannot be expected to be abandoned first. Nor is it even clear that national 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 stage and becomes 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 inciting political debate is not the solution. A federation strong enough to survive the strains of birth and youth might succeed. It is not easy to get toward centralization, observed in all federations, could lead to such a result. A December 1957 statement by the Council of Europe is no gain if it is compensated by an increase in their respective power. Thus, the only practical way to reach the aim—decentralization of administration—seems to be the establishment of functional institutions based on transnational interests. In order for them to be effective, these agencies would have to be geographically limited. Or, if in certain cases a regional limitation makes little sense economically, 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 agencies. The political stance, or faced the same problem at home or in their colonies. The nation-state would thus become one common political body. Before it would be possible to come to the state a kind of negative power to destroy the net; nevertheless, they would have to be developed in such a way that they would not be able to be effective, these agencies would have to be on the stage of a federation. Where disillusionment with the nation-state has reached a large measure of self-government. Conversely, in areas where no nation-state has yet been established, there is reason to believe that a federation is probably ruled out in the early stages. Except perhaps in the limited European area where disillusionment with the nation-state is more general (but does it?), one cannot expect, even under the stress created by necessities of defense or economic development, a kind of wholesale transfer of powers which political federation requires. Suicide, so to speak, is not a choice. 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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 cooperation they had neglected; nor can the United States afford to abandon the U.N. In favor of pure bilateralism. Each side of the superpowers is, in a way, caught in the preserved. By promoting diplomatic inter­course among all nations, they allow the more underdeveloped ones to use their participation as both a compensation for and

24 The contrast between the Cold War and the failure of the Simla Conference, where the initiative was left to the local leaders, is a case in point. See William Hender- son, The Development of Regionalism in Southeast Asia, International Organization, IX, pp. 463–476.


26 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-help, if preferred, is, in a way, in­herent in the West. Supranational integration, 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,” in the light of a system of aid which would then become as politically suspect as western offers have sometimes become. The example of the United Nations shows the way.

27 Thus, the precedents show a need for caution and realism. Many serious objec­tions must be contemplated. One of the most obvious ones is, again, the cold war. How will it be possible even for a U.N. agency to convince the new uncommitted nations to recognize 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 cri­pping effect Soviet policy could have; but this is not a reason to give up trying, and the U.N. may be the only agency which would like to force the West into. Fur­thermore the atoms-for-peace case shows how the Western dispensation of 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 threats, as in the atomic case, in which see the advantages of such common enterprises will join at great cost to Soviet purposes.

28 A second obstacle can be called the vicious circle. The new institutions cannot be relevant as long as the consent of, and, espe­cially in case of J. V. C., the European states is not rival NATO’s and justifies Lincoln Gor­don’s question whether similar results could be achieved, on the basis of supranationality (“Myth and Reality in European Integration,” Yale Review, Sep­tember 1955 (vol. 43, No. 1), pp. 60–103).
of the suggested institutions. Will not the basic political antagonisms between states prevail? Will not, in substance, the fear that the members might have of each other's ambitions or power prevent any joint undertaking? Or will not the members' greatest needs for increased skills, or whose economic development will appear to be the most necessary for the whole area despite potential advantages impose gradually its domination over the other members under the cloak of supranationalism? Here, again, one must recognize that the risk does exist and that such fears may either play a deterrent role among the institutions with crippling provisions for balancing power, or that indeed we may 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 these institutions, but definitely not for inaction.

The last objections bear upon the effects such a situation. Will they be negative? They are superfluous. If they are established, might be expected to produce. On the one hand, it is suggested that the desire to avoid the outcome to which we have referred will not take place because the various states will still act as between the individuals and the supranational body. Another might free the individual from geographical significance, but their psychological effects will be preserved, and the states will have lost not only the little they will gain in a big transfer of loyalty to the new institutions. On the other hand, one might say that even if such an arrangement were to keep their subjects' full allegiance, the transfer of loyalty to the new institutions would not alter the little that separate the nations and threaten world peace—the cold war, the colonial revolution; since they usually leave this role to traditional instruments, the chance that 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. The 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 more much than that of an amiable gentleman, it would still be a mark bigger than many challengers seem to suggest. They usually leave this role to the traditional diplomacy. International organization as a frustrated or subverted diplomacy is a means that method can, within its limits, help the nations to transcend the limits of the nation-state.

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 observation:

"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 the most tragic hour. Take that away and we have destroyed something without which we can no longer live as a free people."

The hour gets late. The moment has arrived for us to consider the matter. 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 in which he has lived and the things like this have 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 creeping into this country under the guise of civil rights, 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 and loudly warned by those who know. In our complacency we have winked at these warnings, and scoffed at the ideal of America losing her freedom. The hour gets late. Shadows grow more somber. The distant rumble of storms to come is heard, and we shall be wise if we note these things and will get up ways and means to preserve for our children the 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 community, and I have personally talked with 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 our veterans' program—the VA mortgage, which 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 4 1/2 percent to 5 percent. However, I should like to see the fact that mortgage money on VA loans at 4 1/2 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 5 1/2 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 FHA and VA loans, and 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 competition between FHA and VA loans, which was not the case in the past. A 4 percent discount would yield a return approximately the equivalent of one-half percent interest rate.

The basic problem appears to be failure of the market to accept a VA mortgage. 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 our long-term savings, to meet a housing emergency involving millions of our veterans. This can be done, first, by enactment of action that competition is inevitable. The discount practice is still questionable to those for the building of new ships yielding a 4 percent rate, being 25 percent of the National Service Life Insurance Fund. The company will insure first mortgages on new construction.

Accordingly I urge upon my colleagues realistically meeting this emergency by the enactment of the VA-guaranteed home-loan mortgage lending. This can be done, first, by enactment of the Johnson bill of which I am a co-sponsor which will provide $1,200,000,000—$1 billion 250 million—of additional money for direct loans at the 4 1/2-percent rate, being 25 percent of the National Service Life Insurance Fund. 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 the effect of the FHA on 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 $3 billion. We [of the VA-guaranteed mortgage] 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 and stop the trend which could be disastrous. As the money market has grown tight in the past, so it can be loosened. Mr. President, I ask that the chart 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 write mortgage insurance for less than half what FHA charges. FHA collects a straight 5 percent per year on declining mortgage balances (and has piled up $313 million section 203 reserves in 21 years of doing so). The Milwaukee firm will offer 4 percent for the first year, but only 5 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 1 1/2 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, it surfaced as a accepted. Board chairman Max H. Karl, who is a member of the Milwaukee law firm of Frank, Hagedorn, & Ceder, is new to the business, but New York, which has a law against private mortgage guaranty firms. Mortgage Guaranty has an authorized capitalization of $600,000. 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., bureacratic) control. Items:

1. Loans must be no interest limits.
2. Credit reports will be formed out-to rating firms acceptable to the insurer.
3. A master insurance policy will eliminate size of the company to sign individual mortgage notes.
4. If the mortgage on a property is foreclosed or mortgage is canceled, the company can cancel 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

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1 7 percent down on 1st $9,000.
2 No activity.
3 A few loans at par for public relations effect.

Only market FNMA.

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 Senate consented to the request.

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 LUNCHEONS

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 lack of self-government? I think that the chairman of both the District of Columbia Committee and the Senate Committee on Agriculture, the latter committee having developed the food 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 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're reached, ma'am." 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 47th and 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 or food distribution for 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. Corn ing. 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 piles 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 find from Barney to get his lunch.

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

The major cities, from suburbs, either in or around the counties, are the few where they know the worth of a school lunch program in elementary schools even for the very young 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 the welfare services to the District's less fortunate children.

The exploded the school administrative theory that elementary school children don't need lunch programs because the schools can send the kids 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."

"THERE ARE PEOPLE WHO CAN'T 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 hunger" in Washington.

This stems from the fact that some mothers establish wholesome relationships with men to help buy the family groceries. When a new baby arrives 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.

Back on the board of trustees 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 sell the surplus 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. Sice 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 run a food distribution program whose breadwinner is able-bodied 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 Miss Lesser in her School Superintendent Corn ing, "is not and should not be" a problem for private charities.

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

BERRY. 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 only proper that the subcommittee of the Committee on the District of Columbia, to which that bill is referred, should have the first hearing on it. I shall look forward to visiting the subcommittee hearings.

Mr. HUMPHREY. That would be agreeable to me.

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 has told that agency that they had lost $5 million as a result of their sales practices, 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. President. 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. HUMPHREY. That would be agreeable to me.

By Graves' estimate, Lane County would have received approximately $750,000 more in the past 3 years from O. & C. timber sales received $1,315,480, and in 1955 $1,815,480.

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.

The following is the press release of the Department of the Interior to 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 State College of Forestry at Syracuse.

The Graves report on comparative marketing prices in the timber-rich O. and C. lands was released today by the Land Management of the Department of the Interior. It refutes published statements to the effect that the sales procedures for O. and C. timber might have netted Federal Government, BLM Director Edward Wozoley 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, Ore.

The regulations governing the 12 marketing areas require that O. and C. timber must be manufactured in the immediate area of its origin.


The tables show limited competition for O. and C. timber during the study period were $19.02, $29.56, and $36.60 with an overall average exceeding $20 per thousand board-feet. For other Federal timber in the same general area the annual averages were $11.78, $18.88, and $32.56 with a general average of about $20 per thousand board-feet. The study period covered fiscal years 1954, 1955, and 1956. And Senator Mortimer said 3 years covering approximately the same period for other Federal agencies.

Wozoley said that more access roads have been built, more roads have been developed, higher salaries paid, more advice has been sought from local advisory boards, and more cooperation given county organizations since 1953 than has been true during any other administration.

It is 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 March 1956.

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**

**"PAPA KNOWS BEST" ATTITUDE DISPLAYED BY BLM IN HANDLING MARKETING OF O. AND C. TIMBER**

(From the Medford Mail Tribune of February 28, 1957)

Washington.—The Bureau of Land Management, in handling marketing of Oregon and California revested lands, has adopted a "papa knows best" attitude in keeping 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 activities.

The Graves report is critical of Blm's long-standing policy of imposing marketing restrictions on marketing areas for bid on western Oregon's and California's forests. The report was held in confidence by Bureau officials in order 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 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 agencies." 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.

The Bureau of Land Management makes several recommendations for BLM sales, as follows:

1. The Bureau of Land Management sells timber at a price of $9 per thousand board feet more than the Forest Service prices because they are higher.
2. The Bureau of Land Management prices for the sale of public timber are based on appraisal methods and all the other factors involved in the sale of public timber.
3. And, it skirts completely the question of competition.
4. With the same figures used by the BLM it is possible to show that there is greater competition for national forest timber.
5. BLM timber in western Oregon in 1956 was appraised at an average of $39.81. It was purchased for an average of $38.69—an increase of 46 percent over the appraisal.
6. National forest timber was appraised at an average which was increased for BLM by $3.82, which was increased further by $20,000 to make the total increase $20,000.
7. In view of these economic facts 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 the report in order to raise the tabular form of which it concluded that BLM sale prices were about $9 per thousand board foot more than actual average sale prices for national forests.

Mr. MOSSB, Mr. President, the report's story was a direct 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 REPORTS facts**

I do not wish to burden the record with the full list of grievous errors. I refer instead to the official statement of the Department of the Interior which is a defense of the consultant of the Bureau of Land Management, but I do want to discuss a few points in that report.

The Department has 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 distort 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 analysis of the whole question of O. and C. timber and the economics of the existing system of marketing areas, 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 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 agencies."

Graves was hired by the Department of the Interior 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 is estimated at 1 million board-feet is appraised for $200,000 and sells for this price, it...
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 scalped. If 200,000 board feet are more than the estimate, 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 said that most 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 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 the road users. This 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 SHOULD ADOPT LIST OF TAXES ON TIMBER

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 jam, there is another fellow over there." 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 ADOPT LIST OF TAXES ON TIMBER

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 content is not equal, 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 taxpayer. 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 ADOPT LIST OF TAXES ON TIMBER

The Department of the Interior should proceed up 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 this Government takes. 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 the covering up of 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 alibing 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 information 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 return 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 State of Missouri. He 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 this 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 part of that State. He comes from modest 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. I have held 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 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 party who has better qualifications than he for the judiciary. He is 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.

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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.

IMPORfANCE OF PROMPT ASSISTANCE TO SMALL BUSINESS

Mr. SPARKMAN. Mr. President, on January 17, 1956, 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 tax advantage which was 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. Subsequently to January 17, nine members of this body joined me as cosponsors of the measure. My cosponsors are Mr. HILL, Mr. Humphrey, Mr. Keefauver, Mr. Neuberger, Mr. Kennedy, Mr. Morse, Mr.
The support of these Senators is especially of them as being particularly knowledgeable in the problems of business and aware of the need for early and practical solutions, thus furthering the need 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, that sponsors and I will be able to count upon a great majority of this body to join us in supporting this bill.

By way of introduction, 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 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 a business man, for example, purchased an asset, as is 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, whereas under the old method a businessman could charge off only $500 a year in depreciation, taking 100 years for the full $5,000, whereas under the old method he could charge off only $500 a year in depreciation, taking the special declining balance method authorized by S. 351. 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 selling price of $2,000, and that it has a cost of $500, whereas under the old method he could charge off only $500 a year in depreciation, taking the special declining balance method authorized by S. 351, he would 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, $2,000 minus $1,000.

The one great difficulty with section 167, however, was that it permitted the use of these accelerated depreciation schedules only on new equipment. Specifically applied only to capital assets acquired new and used for the first time after 1933. Thus, section 167 is not of any help to the hundreds of small-business men who need 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 machinery 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 show room, and 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 why section 351 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 this second-hand item. Allowing him to depreciate it rapidly may enable him to repair 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 these accelerated 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 but wants accelerated deduction. 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 this 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 joint committee on Small Business made a recommendation along the lines of S. 351 last August. The major difference between S. 351 and the 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 just given.

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 estimates of S. 351 would bring about a reduction in fiscal 1958 in the neighborhood of $25 million. This would be on the assumption that all purchases would elect the new methods, which would be a very safe assumption. If 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 might result 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, "induce the expansion and enlargement of business 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 equipment purchased; whereas it cannot retain a cent of any profits which it is able to justify. Thus, the accelerated depreci-
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.

It is clear to be that a companion election should be granted to certain small corporations to be taxed as partnerships. This election has certain obvious benefits, chief among them being tax savings, for business entities which can qualify for the election.

S. 349 would also have the effect of avoiding the threat that continues to hang over all corporations by virtue of section 1361 of the 1954 Code relating to surplus accumulations. It was my hope that the new code section, clarifying and eliminating that problem once and for all, would provide 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 Small 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 obliterated through hypnosis, becomes the willing servant of this 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

Business recommended the adoption of a measure such as S. 349 in its report last August, and that the President endorsed the amendment. I would therefore hope that, in spite of Secretary Humphrey's recently expressed opposition to any tax relief for small business that would re­

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 corporate 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 entitled by the bill to an even greater 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.

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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
The analogy, however, is suggested dramatically in the title of an article which appeared in the Denver Post of March 19. 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 administration's dramatic change in administration power policy is an attempt at hypnosis. 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's "drastic modification" of its Hells Canyon stand brought about in no small measure by election reverses 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 the reclassified power plants on stretches of rivers which Democratic administrations had reserved for Federal development—flood control, enhancement of recreation and wildlife, and navigation—represents a pattern of Federal development-flood control, navigation, recreation, and other multipurpose development.

The elections of 1956, added to Mr. Seaton's 1954 defeat of Cordell Hull, have now caused a new skirmish 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, a Democrat. In Idaho, a young, unknown Democratic champion of Federal Hells Canyon development, was elected over the same personal opposition from President Eisenhower to swamp another partnership to build the Hells Canyon dam.

Mr. Seaton, in a highly unusual action, appealed the decision, then withdrew the appeal, claiming the administration's "new look" in the administration's channeling 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 much more convincing.

As the article from the Denver Post editorial section, entitled "The Big Dam War Rages on the Snake." 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 lineup 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 multi-deep chasm on the remote Idaho-Oregon border that the Eisenhower partnership policy of resource development first came into clear focus—a policy that was highly controversial in itself, and, some say, politically repudiated by the stunning Democratic sweep of the Pacific Northwest in 1954 and 1956.

But Hells Canyon is even more than a battleground of public and private power zealous, more than an interesting exercise in natural-resource philosophy, more than a political rallying cry.

As Senator Richard L. Neuberger, of Oregon, pointed out in his recent appearance before the Federal Power Commission, "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."
Then the FPC did an even stranger thing. It modified Idaho Power plans, allowed 10 years for construction notwithstanding that the prior 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 instigated steps toward comprehensive river development, and the Federal Power Act requires the FPC to approve the plan best suited to the public convenience and necessity of the area. But the FPC decision was upheld by the United States court of appeals.

In February 1956 the Idaho Power application, an organization known as the National Hells Canyon Association was formed. Members of the United States Senate have called for a hearing on the project. Despite the fact that the Idaho Power application, an organization known as the National Hells Canyon Association was formed. Members of the United States Senate have called for a hearing on the project.

The whole concept of comprehensive river development is at stake, the association says, and confusion has enveloped the powers and duties of the FPC, the Bureau of Reclamation, and the Interior Department has no objection to the Pacific Northwest Power Co. license.

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 sparked two bugaboos raised against the high dam: the contention that there isn't enough water in the Snake River to fill the reservoir, and the fear that upriver water rights would be jeopardized.

The FPC decision, according to the association, sets a precedent which may affect the economy and future of every river resources development project in the Nation. Further, it argues, the FPC clearly neglected comprehensive basin development, assigning the responsibility to the Interior, who handles power matters, to the Army engineers' study which found 4 million acre-feet and the private development in the Hells Canyon area.

Seaton's letter was so important because the whole concept of the comprehensive river development is at stake, the association says, and confusion has enveloped the powers and duties of the FPC, the Bureau of Reclamation, and the Interior Department has no objection to the Pacific Northwest Power Co. license.

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CONGRESSIONAL RECORD -- SENATE

March 19

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, Service Interior officials are es­crowing to show plain signs of contradiction and un­clearness in its own mind toward the develop­ment of the Columbia River.

This, then, brings us back to the Pacific Northwest and Hells Canyon—and the ques­tion of what to do with it from here.

Apparently, the public power supporters of a high Federal multipurpose dam on the Snake River are as divided and confused as the administration about the very need for it.

They insist a big dam is imperative—to produce badly needed power in maximum economy, to control floods, to provide irrigation, to generate for 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.

Moses is the big gun in the battle for a high Hells Canyon Dam. But even some of his closest supporters publicly concede it would never pass Congress, if only because Congress would refuse to vote $300 million, the FPC had asked Co. for the $20 million it has already in­vested there by rushing into construction

And it can be recalled that the Muscle Shoals development in the Tennessee Valley--where Congress voted $300 million, after 240 authorization bills were defeated.

Still, the chances of passing a high Hells Canyon Dam bill, whatever the future must be regarded as remote at best.

That leaves Pleasant Valley as a next likely site.

Church of Idaho thinks a high dam there is perhaps the most practical answer to the problem of Snake River development. Senator Church suggests a high Federal dam or a partnership on any Snake River development, while we reach 500 miles into Canada to develop the upper Columbia system.

Reason for the moratorium on the Snake, Nunnamaker explains, is to allow more time to study still another high dam site—Nes­Perce, farther downstream below the junc­tion of the Snake and the Salmon Rivers. A high dam at Nes 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 spawning grounds, and would flood out the Pleasant Valley dam site.

Nunnamaker thinks the fish and wildlife services has been doing fine on the salmon problem in a few more years. Just as Grand Coulee blocked off the spawning grounds on the upper Columbia, so would Nes Perce envelope the Salmon River because as yet there is no way the adult fish can be lifted over the 700-foot dam or the fingerslings passed downstream.

Church and Nunnamaker 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 then is, what would Congress do, if anything—and would it?

Meanwhile, the Hells Canyon Association sticks stubbornly with high dams at Hells Canyon and Nes Perce, and lower dams at Pleasant Valley before the FPC.

High dams at Hells Canyon and Nes Perce, the association argues, would provide 4 times more flood-control storage alone than Idaho Power's 3 lower Hells Canyon Dams and P. G. & E.'s high Pleasant Valley.

In power production, the 2 high dams would do, if anything—and would, Mus­toreau and Nunnamaker argue, end the salmon problem once and for all.

The question then is, what would Congress do, if anything—and would it?
apology for a tragic failure to insist on orderly, comprehensive development of the Columbia Basin."

"Anything less than a high dam at Hells Canyon means that high dams at Nez Perce will meet with opposition from the people of the Northwest, no matter how cleverly it is package and presented to us," Mr. Marr told the FPC.

On the other hand, Neumann recognizes that there is no need for a low-cost power to stimulate the growing economy of Oregon. Aluminum plants have been cut back one-third by the power shortage, and new industries are not coming in.

Neumann traces the Oregon decline back to the 1952 elections. At that time, Oregon's power shortage was ranked the number one national level. Now it stands 10 below it. He fixes the total economic loss at $340 million, and calls the situation alarming.

Unemployment, Neumann 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, Neumann recognizes that there has been no agreement between the United States and Canada on financing, property settlement, or power development over 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. As a result, it named Len Jordan, former Idaho Governor, to head the Administration directly because it named Len Jordan, former Idaho Governor, to head the Administration directly to the International Commission conducting the negotiations. Jordan has been chargé d'affaires for power developments in Canada, at Mica Creek and Libby dam sites, Neumann recognizes that there has been no agreement between the United States and Canada on financing, property settlement, or power development over downstream generation in this country, or power exchanges.

Neumann often has been accused of being an open and avowed foe of public power and industries are no longer coming in.

"And the same old shell game," Neumann says. "And the people of the Northwest lose two ways: We lose Hells Canyon, and we lose all other new starts, too, despite our efforts and determination." Neumann says an attempt will be made in Congress to stop what he calls "tax-broadening, economy-killing procurement.

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

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

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

ISRAELI VICTIMS OF DOUBLECROSS

(By Drew Pearson)

If you know the 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.

One 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 N. N. vote problem.

"If there ever was a time when the United States needs the good offices of France it's now," Dulles said.

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 was 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 ironclad. 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 ECKSTEIN, the other 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 diplomacy out of the Near East dilemma.

Dulles gave 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 withdrawal of the Giza 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 and agreed to by 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 assumpions, United States Ambassador Lodge should speak to describe the assumptions as "reasonable."

DULLES IN REVERSE

When Lodge spoke, however, he changed the assumptions "reasonable," as 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 at all.

Undoubtedly the Cabinet would have reversed its foreign minister's decision in Washington if Dulles had 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. McCordie, resigned.

The PRESIDING OFFICER (Mr. TALMAGE 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.

Judge Brennan is one of the pre-eminent 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.

Judge 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 won 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, his 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 Judge 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 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 his distinguished colleagues in the bench, 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 proposed 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 about on the basis of the proceedings of the Judiciary Committee which have been made public. 

Mr. 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 character and the nature of the attacks, as well as an underlying contempt for the Congress of the United States.

I believe that on this point, 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 do not have any high hopes of being successful in opposition to Justice Brennan's nomination. I have great doubt that the left-wing—and I emphasize left-wing—Democrats and the so-called modern Republicans, just what that means I don't know, but the modern Republicans will 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 tremulously 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 them.

Senator O'MAHONEY. May I ask the Senator a question or two, Mr. Chairman?

Mr. McCARTHY. The Chairman.

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. I don't want to answer it. 

Senator O'MAHONEY. The documents which you have in your hand are mere typewritten papers. I want you to identify them. What are they? Then, of course, they ought to be made a part of the record.
Mr. McCARTHY. I want to question him about some of the things 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

Senator HENNINOS. What city or town?

Senator McCARTHY. At Boston.

Senator BUTLER. What year?

Senator McCARTHY. 1954.

The CHAIRMAN. Do we want him to have order. If we can't, the spectacles will have to leave the room.

Senator McCARTHY. Senator O'MAHONEY, you have answered the question now. You were fencing around, apparently not understanding the question.

The CHAIRMAN. Do you have the documents to submit them?

The CHAIRMAN. We are not to discuss the general debate. I think, Senator, for feeling and for feeling, for feeling. Senator McCARTHY, I think, Senator, for feeling and for feeling, for feeling.

The CHAIRMAN. 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, Senator, for feeling and for feeling, for feeling.

The CHAIRMAN. We are not to discuss the general debate. I think, Senator, for feeling and for feeling, for feeling.

The CHAIRMAN. 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. 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 very generous introduction. It was as if I had been invited to a banquet, and as often as this evening, I thought how wrong Samuel Johnson was. It was he, you will remember, who said that the Irish are a fair people; they never speak well of 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' Rosicrucian cognates witness the avid search, smugly we must confess, and yet with an inner if unexpressed pride, for we secretly wish the day to come when every American will have made the Irish his ancestors. We are always so pleased to see the great flood of Irish into this country, but it is obvious that the Irish love of individual liberty has naturally flowered in this America where the promise of 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 of our willingness to 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 we willingly acknowledge that the Irish probably more deeply emotionally attached to America than any other national group possibly the least.
Wolfe Tone did not give up. He returned to Ireland with the intention of trying again. Upon the French to try again with some help from the Dutch. This time another huge fleet was assembled. The enemy, the French, 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 30,000 which early in June were deployed on Vinegar Hill, a name curiously reminiscent of some battle-field of our own Civil War. It was near Enniscorthy. To it Cornwallis brought his Royal forces of regulars and militia who completely surrounded the hill. Discipline and artillery alone 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. "As the Irish struck, and suddenly following, Wolfe Tone with the third French fleet drew near. The enemy, of course, were forewarned and Ready. They fell upon the fleet in a terror, and Donegal and in a fierce 6-hour engagement completely destroyed it.

Society Officers, such as could be committed by 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 the duty of us all to find out what the Founding Fathers chose that moment to write into our organic law that the state should tolerate all religions. Freedom was the promise. The truth shall make you free. Freedom was the promise. Freedom was the promise. Freedom was the promise. Freedom was the promise. Freedom was the promise.

Wolfe Tone's capture was, of course, the thought and the historians' right who say it is the duty of us all to find out what the Founding Fathers chose that moment to write into our organic law that the state should tolerate all religions. Freedom was the promise. Freedom was the promise. Freedom was the promise. Freedom was the promise. Freedom was the promise.
me feel very much at home in this gathering of my neighbors of Monmouth County.

The Rotary ideal of service with its objectives of high ethical standards and relationships with each other and the advancement of international understanding, good will, and peace, is a cause of the utmost significance in this troubled day. Faith in our God, in ourselves, in our fellow man are the foundations of the Rotary spirit—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 ring the bell of war is a truth, I believe, which we cannot overlook.

"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 were not actively resisted by the forces of freedom and justice, of tyranny and oppression from which this America provided escape and asylum not for our forefathers alone but for all peoples whose children wear with us the label 'American.'

"None questions now the portentous fact, startling and profound, of the fundamental difference between our Government and that of our enemy and that America is afforded by the Constitution a subject of civil society. It must be considered as a subject of civil society he must be considered as a subject of the Government of every nation that becomes a member of any particular society must do it with a saving of its allegiance to the Universal Sovereign."

"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 religious activities, 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 landscape."

"And become first and Rotarians, too, we are against the massive threat of the forces that seek to destroy us. Organizing our God-shield society is making a determined drive for supremacy by conquest and infiltration. Conquest by arms we can deal with, but infiltration of our political system is a problem we must meet."

"Our imaginations build pictures of the size and shape, and the picture I draw is not the picture you draw of it. But a patriot, I think, must doubt the fear of this thing is neither true nor flattering. Americans of all races and creeds have clapped the labels of hate and fear on each other. Whatever of treasure, or time, of effort required to defeat him, we will provide, and boldly. But we cannot doubt our strengthened resolve to conserve, without the sacrifice of any, all of the guarantees 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 the Constitution can elude us by setting up the barrier of the fifth amendment. Our gorse rises in frustrated anger. The fear of perjury, the enemy plan can refuse to confirm or deny our suspicions when asked the question, 'Are you a Communist? By answer 'Yes,' 'No,' or 'I disbelieve in committing perjury,' I may incriminate me and under the fifth amendment I cannot be compelled to incriminate myself or deny the truth of which I know. Was it not of this why, then, should a civilized people abide a situation so highly advantageous to the guilty, providing a hiding place for crime and hazarding our national defense by order from the sight of the criminal loose on the streets laughing at the prosecutor?"

"Logically why should not a person charged with crime be obliged to give what explanation he can of the affair? Why should a person 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 fear to recognize the privilege as a mere tardy remnant of ancient generations, serviceable, indeed necessary, for them, but unnecessary in the light of modern needs. It is not new. Even Shakespeare had his doubts. In Hamlet the King soliloquizes: 'In the corrupted currents of this world, the privilege aims to accomplish,' we come to the teeth and forehead of our faults, to the more modern safeguards amply sufficient to close is not new. Even Shakespeare had his doubts. In Hamlet the King soliloquizes: 'In the corrupted currents of this world, the privilege aims to accomplish,' we come to the conclusion that it is not abolition of the closure is not new. Even Shakespeare had his doubts. In Hamlet the King soliloquizes: 'In the corrupted currents of this world, the privilege aims to accomplish,' we come to the...
and so on down the street until at last he would have lighted more or less: but could tell the way he went by the lamps he had lighted.

"Go on, my friends, with you and me. As we go through life, may we be found lighting the lamps of truth and justice and righteousness before you, and so that as they pass and we move from the scene of action, our own children and their children after them, though we went by the lamps we lighted along life's pathway."

Mr. 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 it is a conspiracy designed to overthrow the Government of this country, and I am merely asking you the very serious question of whether you agree with me.

I don'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 I don't desire to comment on pending matters taken in given cases before us. The Supreme Court has held that it is a conspiracy to overthrow the Government of this country.

Senator McCarthy. Will you repeat that?

Mr. Brennan. I said 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 have nothing to say 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 those cases that the congressional definition does not fit the particular circumstances presented by the cases.

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 I have contended about any appropriate to aiding 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 prejudiced by 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 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 an officer of the United States Government, I 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 prejudiced by any cases by answering that question.

Mr. Brennan. Mr. Brennan, from Wisconsin will yield?

Senator McCarthy. 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 I am a sitting Justice of the Supreme Court.

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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 I am a sitting Justice of the Supreme Court.
States and the congressional committee has ascertained that it is locked up with international communism, yet the domestic party might conclude they are just national Communists, would that influence your thinking?

Mr. BRENAN. Nothing would influence my thought except trying to get across is that I do have an obligation not to discuss any issues that are touched upon in cases before the Senate. Senator JENNBER, 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 JENNBER. Delete the word "international" from the word "communism," what would be your answer?

Mr. BRENAN. 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 JENNBER. Had you finished?

Senator HENNINGS. I am trying to clarify the answer you gave.

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 the committee that adopted the rule which Senator the Chairman referred to, 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 a question of that legislation as applied in particular to make certain that nothing I say touches anything?

Mr. BRENAN. That is the answer is "Yes." I'm not trying to make up my mind and for that of others who may be so disposed to accept part of your explanation. The law of conspiracy as applied in the United States, 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 not think I am in such a case matters depending upon the facts in the instant case; are they not?

Senator HENNINGS. That is exactly the point.

Mr. BRENAN. That is exactly the point.

Senator HENNINGS. Is that what you are trying to get at?

Mr. BRENAN. That is what I am. I have not done it well.

Senator HENNINGS. I thought perhaps you were.

Senator JENNBER. My question, Mr. Chairman, may I proceed.

Senator McCARTHY, you may proceed.

Senator McCARTHY. Let's see if we finally have the final answer, 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.

Senator BRENAN. 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 I don't save all of his speeches—at least I don't.

Senator BRENAN. May I suggest, Senator, not to interrupt you.—

Senator McCARTHY. Certainly.

Mr. BRENAN. There was only one more which I delivered on this subject and that is 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?

Senator BRENAN. 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 committees and bad committee or are all committees that investigate communism bad?

Mr. BRENAN. Senator, I am sorry you read them that way. Certainly they read that way, we were not intended, that was not what I intended to say.

If I may suggest what I had in mind, it was the fact that I was not concerned simply 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 persons in this land and that people become more interested in how the job is done than that the job is done, we have a symptom of communism that would 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 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 read committees in that context, think, at all. I know you said earlier that I characterized congressional committees investigating Salem witch hunts. I don't think I made reference to committees.

Senator McCARTHY. You did, sir. Would you like to have me quote the speech in which you do refer to committees.

Here we are. Do you have your speech given at Boston on the 17th of March 1954, if you look at the—get the entire sentence, "The enemy"—and you were making a grand speech against congressional investigating committees, and the enemy deglames himself if he thinks he detects some practices in the congressional scene reminiscent of the Salem witch hunts, any signs that our law was a failure, or of dis­crediting our hard-won concept of justice and fair play.

Senator McCARTHY. Could you answer that, Mr. Justice?

Senator BRENAN. I shall, Senator.

Senator McCARTHY. Have you seen any indication?

Senator WILKEY. 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. BRENAN. I couldn't say that of any congressional investigating committees. 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 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, 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 investigating committees were embarked on Salem witch hunts.

The CHAIRMAN. Mr. Justice, I would like to ask you a question there. Senator McCAR­thy placed in the record the 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 which I addressed them on was: "against self-incrimination—and what I said was:"

"The current widespread interest in the privilege of self-incrimination would suggest that it is too late to propose a modification of its legislation before congressional investigating committees, particularly those committees inquiring into alleged subversion in Government. Distrust of the fifth amendment was with ourselves must compel the acknowledge that our resentment toward those who invoked its protection led us into a concomitant of such inquiries. Frankness in the admission of some of the very abuses which the Court to meet this very great threat which con­cluded, and I was not speaking as of the court. He said he was a member of the court. 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 licting this terrible thing.

The Chairman. What I want to know is: was there any 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 one investigation of which I am aware that investigation was being made. It was just a general ob­servations, as I think the answer to me at least."

Senator McCarty. That would be Mr. Brennan? The Chairman. Proceed, Senator McCarty.
Senator McCarty. In your speech at Fort Monmouth?
Mr. Brennan. I never made a speech at Fort Monmouth.
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 an­ually have a—it is not quite a convention but a meeting in which representatives of all the Rotary Clubs from the county met and I was asked to address them on the subject of the privilege against self-incrimina­tion which is what that is about.
Senator McCarty. Mr. Brennan, that is entitled, and I didn't give it the title, you did your­self, Rotary Club, February 23, 1955.
Mr. Brennan. That's what it is. It is not Fort Monmouth.
Senator McCarty. I understand you made a speech which bore the title, and you referred to Fort Monmouth.
Mr. Brennan. 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 abroad. What was I was getting at. You have been making those speeches against communism have made some fine high­level illustrations, a little artists' impression."

Senator McCarty. Could I correct you?
Mr. Brennan. EXactly.
Senator McCarty. Could I correct you?
Senator McCarty. I knew the justice would want to be corrected if I may. He said he was a member of the court. The Chairman. He said he was not speaking as a member of the court.
Senator McCarty. 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 licting this terrible thing.

Senator McCarty. Mr. Brennan, at that time you were speaking in Monmouth, we were conducting an investigation there.
Senator McCarty. I am not speaking of the terrorism against communism. I was speaking of the perversion of the communism and, frankly, if there was any investig­ation going on at Fort Monmouth at that time, I don't know.
Senator McCarty. 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 McCarty. 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 com­munist; that it what I was talking about.
Senator McCarty. Were you approving that terror?
Senator McCarty. You were condemning this terror?
Mr. Brennan. Yes.
Senator McCarty. You thought there should not be a terror of communism?
Mr. Brennan. I pray God we get rid of it quickly.
Senator McCarty. At the time, you were telling your audience there should not be a terror of communism. You cannot tell me that right now.
Senator McCarty. Perhaps we don't say the same thing. I was saying communism was the terror that was abroad. It was communism that would turn the clock back to the days of tyranny.
Senator Brennings. You speak of terror in the French revolutionary sense of terror.
Mr. Brennan. Exactly.
Senator McCarty. 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 high­sounding speeches along that line—while you have been making those speeches against communism generally, can you tell us where you stand with the investigating committees 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. The reason I felt, unless we 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 McCarty. We will get back to your speech, sir, and I am 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 thirty minutes, I recall the question I asked you.

The question is, Have you ever approved an investigation of the Communist Commit­tees, either by the Internal Security Committee, the House committee, the investigating com­mittee, any other committee?
Mr. Brennan. I made no decision in either of these speeches. I don't recall I have had any other occasions where 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 McCarty, Mr. Justice, you say what you would have said. What did you think about the barbarism of investigating committees?
Mr. Brennan. What I think I actually said.
Senator McCarty. 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 com­munist, and you referred to the barbarism of investigating committees.

I would like to know where we had been barbaric in exposing communism.
Senator McCarty. May I read exactly what I said?
Senator McCarty. 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?
Mr. Brennan. I had read before—
"Frankness with ourselves must compel the acknowledgment that it is too late to propose a modification of its legislation before those who invoked its protection led us into a toleration of some of the very abuses which brought on modern dress, it is true—not the rack and the screw, but the happenings at secret hearings released to the press, the shouted epithet at the hap­less and helpless witness who had cried protest at this perversion of the legislative inquiry. He was thrust in the mold of a sympathizer with and protector of those who pleaded the fifth amendment."

Senator McCarty. Could I be rude and interrupt you there? You talked about the epithets hurled at hapless and helpless witness. Could you give us one example of such epithets?
Mr. Brennan. No; these, Senator, were honest illustrations, a little artists' license, if you please, of what I was getting at. I 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 was as bad or almost as bad as the actual­ity—that witnesses in some of these instances were not treated as I am presently treated, for example.

Senator McCarty. Could you name—
The Chairman. Wait just a minute. Did you complete your point?
Mr. Brennan. These are merely illustra­tive. I can't name any specific instances for you, Senator; no.
Sen. McCARTHY. While you were talking about the epithets that are being hurled as jeers and vilification, were you talking about Communist investigations, you did not have in mind any single individual.

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 discussed.

I know I had the impression and I think many others did that there were witnesses at the time who were not present, 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 bad in its ultimate result as is the actuality.

Sen. JENNINGS. May I interrupt? Did you ever hear any of the epithets that were hurled at the committee members?

Mr. BRENNAN. No, sir.

Sen. JENNINGS. Some of those were pretty bad, too.

Mr. BRENNAN. I can well imagine.

Sen. McCARTHY. You were a Justice of the New Jersey court?

Mr. BRENNAN. Yes; I was at that time.

Sen. McCARTHY. People were entitled to think that if you were a Justice of the Supreme Court of the State of New Jersey, you would be basing it on fact. Do I understand now that when you talked about epithets being hurled at you, 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.

Sen. McCARTHY. Now, you talked about the barbarism of committees.

Mr. BRENNAN. May I get to that?

Sen. McCARTHY. Yes, if you would. I would like to know where the committees have been barbaric?

Mr. BRENNAN (reading): "Some committees are constituted 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 create confusion and anxiety among the people, to spread discord and unrest among us."

Sen. McCARTHY. From what page are you reading?

Mr. BRENNAN. I am not sure we have the same page.

Sen. McCARTHY. We need not have that. What were the hopeful signs that we were getting sick of the excesses?

Mr. BRENNAN. I am not sure.

Sen. McCARTHY. You are giving a good opening there.

Mr. BRENNAN. I know there were suggested procedures, one is to have hearings, and what you call transparent procedures. I don’t mean related particularly to the names that were involved in this inquiry but to committee procedures, generally.

I remember that there was something else that, whether they actually became effective or not, there were many of them and hearings were held by the Committee on Rules if the Chair will bear with me.

Sen. McCARTHY. Let’s get down to that. I know you have in mind the nomination of a Supreme Court Justice. He talks about the barbaric procedures. I would like to have you a copy of the rules under which this has been done and I think it is absolutely identical, I believe, to the rules under which the other investigating committees acted.

Is there in that or is there anything barbaric that you know of by any other committee?

And, Mr. Brennan, is there 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.

Sen. McCARTHY. I do. I read it. I have been reading in every left wing paper, the same type of gobbles-dy-gog 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 barbarism and conduct a guerilla warfare against investigating committees and you talked about barbaric procedures. I wonder if there is, in which you would improve us, the investigation?

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 release of names and epithets and so forth, toleration of that "bar­barism," that is what I was talking about. I think they are synonymous.

Sen. McCARTHY. 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’MARA, Senator JENNINGS, Senator McCARTHY 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, Mr. Selz, 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 objects. 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 1955—were 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 capture the matter. As appears on page 17 of the hearings, the Senator from Wisconsin [Mr. McCarrthy] asked the following question, and received the following reply:

Sen. McCARTHY. I would like to ask Mr. Brennan a few questions if I may. Mr. Brennan, with your authority, I 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 a yea-and-nay vote. I will ask you a question: Do you approve of congressional investigations and exposure of the Communists?

Mr. BRENNAN. Not only do I approve, Senator, but personally I cannot think of a more constructive function of the Congress than the investigative 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. 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 in 1954. 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. JENNINGS] 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 to answer his questions, no evasive or equivocal answers, 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, in his opening statement, 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 objections 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 am sure.

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 the case in an effort to get it 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 attendance of the minority, whose nomination the Senate is about to confirm, I am sure.

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 question be considered at this time. The PRESIDING OFFICER. Without objection, it is so ordered.

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 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 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 paragraphs of this morning's New York Times Washington column, under the heading "Israelis 'Victims of Doublecross'."

There being no objection, the article and column were ordered to be printed in the Record at this point.

[From the Washington Post and Times Herald of March 19, 1957]

ISRAELIS "CAN'T AGREE" TO RETURN TO GAZA BY REPELLENT EGYPT—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 of the United Nations' 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 as the time Israeli troops were withdrawn from Egypt. And there were different versions of what transpired at an hour-and-a-half meeting held today 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 comments made by 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 report of Egypt to Gaza and the question of the U. N.'s responsibilities there. The statement went on to stress the gravity with which Israel viewed the situation, and which Israel considers "contrary to the assumptions and expectations expressed by her and her government to the United Nations".

In describing the U. N. and subsequently and, finally, the Israeli position at the meeting that Israel shipping may be blocked in the gulf and in the Suez Canal, and that Egypt may maintain a state of belligerency toward Israel.
FORCE FEARED

Some American officials feel Israel may use force to drive the Egyptian administration out of Gaza, arguing that Egyptian raids on Israel over the past few weeks have renewed. Others feel the chief Israeli aim may be to create world sympathy for its right to use force under the U. N. Charter and to give the G Galilee a chance to halt future raids from Gaza and to keep open the Gulf of Aqaba.

If 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 Assem-

The next paragraph, devoted to Dulles’ remarks, did not directly refer to any of Mrs. Meir’s points. Instead it said the Secretary “refirmed” that American policy could be understood as having been “influence in seeking peace and tranquillity.” Then he said the United States stands “determined that the hopes and expectations it had expressed with regard to the situation which should prevail” as to the U. N. responsibility in the Gaza Strip, the United States feels that the solution to the problem could long remain in power if it permitted the Egyptian Army to reenter.

As each day goes by, I see more and more 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 representations 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. His words 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 responsible for the Senate budget committee, I am 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. His words did not mean what the Israelis thought it meant, that he did not endorse all of Mrs. Meir’s assumptions.

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 U. N. army would not go back into the Gaza Strip, Israel might base its withdrawal on a series of assumptions which growing influence 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 U. S. Ambassador Lodge thought it could long remain in power if it permitted the Egyptian Army to reenter.

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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 our Government has obtained commitments from the Arab countries before we passed the resolution.

It is rather interesting now to read newspaper reports which have appeared in many large 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 Administration 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
Mr. CLARK. Mr. President, the Subcommittee on Housing of the Committee on Banking and Currency, 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 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 Administration are continued.

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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 reducing the urban renewal program. The proposed cutback in Federal aid to local slum clearance projects is all the more objectionable in view of the fact that it is being touted as an economy measure. In point of fact, if the program is not to be abandoned altogether, it would 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.

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The present concern is with the precarious balance of Federal Income and spending next year, not with the long-run prospect.

Mr. TALMADGE. Mr. President, I am asking 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 unions.

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,
Senator from North Dakota,
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 shall also oppose the amendment providing for outside audits of all Federal credit unions over $100,000 assets.

PORTLAND, N. DAK.
HON. WILLIAM LANGER,
Senator from North Dakota,
Senate Office Building,
Washington, D. C.: Title 7 in Financial Institutions Act, 1957, provides that the Director, Federal Credit Unions shall have the power to lower loan limits and provides for 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.
HON. WILLIAM LANGER,
Senator from North Dakota,
Senate Office Building,

FESSENDEN FARMERS UNION CREDIT UNION,
RHYNE ROBSC, Treasurer.
GRAND FORK, N. DAK., March 9, 1957.
HON. WILLIAM LANGER,
Senator from North Dakota,
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 FORK FARMERS UNION CREDIT UNION,
ERNEST HANSD, President.
REYNOLDS, N. DAK.
GRAND FORK, N. DAK., March 9, 1957.
HON. WILLIAM LANGER,
Senator from North Dakota,
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.

REEDER, N. DAK., March 11, 1957.
HON. WILLIAM LANGER,
Senator from North Dakota,
Senate Office Building,
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 us is an 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 attention 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 non-controversial bill. As the number of amendments proposed today show, 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 non-profit groups, in my opinion, not the right approach for the Senate to take. As for title 7, I believe it very clear that savings and loan associations, Federal Credit Unions and even Federal Home Loan Banks should be treated 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 are primarily the holders of 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 Sec. 1451, the last amendment to Sec. 1451, the last amendment of the Senate, be limited to 1 hour, to be equally divided and controlled by the mover of such amendment and the minority leader. 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 can 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 best I could ask. I would object 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 germiness 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 germiness.

Therefore I shall object to the unanimous-consent request.

Mr. DIREKSEN. Mr. President, this matter pertains 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 disposal of the amendment.

Therefore, there is no objection, so far as I know.

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. 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 given the consideration which I believe it merits.

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, after "stock," to insert "held by such record owner."

On page 166, in the sixth, and seventh lines, to strike out "any stock" and insert in lieu thereof "5 percent or more of the stock." The amendment, as modified, en bloc? The objection to considering the amendment is that we are modifying in page 165, section 27 (b), 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 percent of the outstanding shares of the banks."

On page 97, section 23 (g), line 7, strike the word "bank" and insert in lieu thereof "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 percent of the outstanding shares of the banks."

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.

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 urge that 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 for having worked out the matter satisfactorily to all concerned.

Mr. JOHNSON of Texas. Mr. President, I regret the 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 ordered.

The PRESIDING OFFICER. Is there objection to the Senator withdrawing his amendment? The Chair hears none, and it is so ordered.

The yeas and nays of the amendment automatically rescinds the order for the yeas and nays.

Mr. BUSH. That is satisfactory.

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

Mr. ANDERSON. Mr. President, I yield such time as the Senator from Florida may require.

Mr. ANDERSON. Mr. President, I yield such time to the Senator from New Mexico yield.

Mr. ANDERSON. Mr. President, I yield such time to the Senator from Florida as he may require.

Mr. BUSH. I thank the Senator from Florida.

Mr. President, I should like to address a question to the distinguished Senator from Florida, referring to a portion of a letter I have received from one of the largest banks in the state of Florida as he may require.

Mr. BUSH. I should like to refer to the recent opinion of the Florida Supreme Court as the absolute owners. The Judge of the Bankruptcy Court, 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.

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Mr. ANDERSON. Mr. President, I yield such time to the Senator from Florida as he may require.

Mr. BUSH. I thank the Senator from Florida.

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 largest banks in the state of Florida as he may require.

Mr. ANDERSON. Mr. President, I yield such time to the Senator from Florida as he may require.

Mr. BUSH. I thank the Senator from Florida.

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Mr. BUSH. I thank the Senator from Florida.

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Mr. BUSH. I thank the Senator from Florida.

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 largest banks in the state of Florida as he may require.

Mr. ANDERSON. Mr. President, I yield such time to the Senator from Florida as he may require.

Mr. BUSH. I thank the Senator from Florida.
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 blocks of stock of less than 5 percent, if the bill was 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 devoted to 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 an amendment designated "3–12–57–A-1."

The PRESIDING OFFICER. The words 'State savings and loan association' or 'State savings and loan associations', as used in this section, shall be held to include any branch savings and loan association, branch office, national bank, building and loan association, or any branch place of business located in any State at which shares are issued, sold, withdrawn, repossessed, or at which deposits are received, checks paid, or money is lent, or dues or dividends are paid or credited.

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:

"(a) An association may retain or establish and operate a branch or branches under the following conditions:

"(1) 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 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 Federal Reserve Board, establish and operate new branches within the State in which the home office of such association is situated, with respect to branches of State savings and loan associations or mutual savings banks, and any new branches of the Federal Reserve System which have been approved by the Secretary of the Treasury to operate in the State in which the home office of such association is situated, and such branch or branches shall be established and operate under the laws and regulations of the State in which such association's home office is located, and shall, 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 under the Federal Reserve Act 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 savings and loan associations or mutual savings 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 laws of the State or the practice therein 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 savings and loan associations or mutual savings banks and trust companies, or the practice of the State authority having supervision over State savings and loan associations or mutual savings 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 laws of the State or the practice therein 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 savings and loan associations or mutual savings banks and trust companies, or the practice of the State authority having supervision over State savings and loan associations or mutual savings banks and trust companies, or the practice of the State authority having supervision over State savings and loan associations or mutual savings banks and trust companies, or the practice of the State authority having supervision over State savings and loan associations or mutual savings banks and trust companies, or the practice of the State authority having supervision over State savings and loan associations or mutual savings banks and trust companies, or the practice of the State authority having supervision over State savings and loan associations or mutual savings banks and trust companies, or the practice of the State authority having supervision over State savings and loan associations or mutual savings banks and trust companies.

"(d) No branch of any Federal savings and loan associations 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 defined as used in the Federal Savings and Loan Act in any interpretation for the purpose of this section, it shall include any branch of a State savings and loan association, branch office, national bank, building and loan association, or any branch place of business located in any State at which shares are issued, sold, withdrawn, repossessed, 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 any branch savings and loan association, branch office, national bank, building and loan association, or any branch place of business located in any State at which shares are issued, sold, withdrawn, repossessed, or at which deposits are received, checks paid, or money is lent, or dues or dividends are paid or credited.

"(g) The words 'State savings and loan association' or 'State savings and loan associations', as used in this section, shall be held to include any branch savings and loan association, branch office, national bank, building and loan association, or any branch place of business located in any State at which shares are issued, sold, withdrawn, repossessed, or at which deposits are received, checks paid, or money is lent, or dues or dividends are paid or credited.
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 associations 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 original 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 the commercial banks and 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 Federal savings and loan business; and with the development of suburban areas, it is important that the savings and loan institutions be given the right to establish branch privileges in those areas 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 and loaned 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. President, 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 full extent not only to States where commercial banks have branches, but also to States where there are bank­holding 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 rule will be fair.

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 which was enacted into law 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. FENWICK] 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 that section of 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 in the bill. 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 had opened 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 to protect 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 em­phasized to the point that 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, that it has 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 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 why the Senate would do, and the purposes it would fulfill.

May I remind the Senators that in 1955 we debated an amendment to this one. At that time it was claimed by the sponsor 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 branches.

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 permitted Federal 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 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 23 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 suburban areas. These areas are 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 is not 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 privilege. 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 go 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; but in most States, and under most governors that is the situation.

Mr. PASTORE. Not in Rhode Island.

Mr. DOUGLAS. Not in Rhode Island where the distinguished 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 not permitted to have branches. That is one reason, 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 associations are forbidden to have branches.

Mr. PASTORE. I realize that.

Mr. DOUGLAS. I merely wished the distinguished Senator from Illinois to know that I am not being critical.

Mr. PASTORE. 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 commercial banks are permitted to have branches. This provision is identical to S. 975, as passed by the 83rd 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 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, Minnesota, 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, and the following Senators answered to their names:

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. DIRENSEN. I announce that the Senator from Kansas [Mr. CARSON], and the Senator from Nebraska [Mr. CURTIS] are absent on official business.

The Senator from Indiana [Mr. JENKINS] is absent because of illness.

The Senator from California [Mr. KNOWLAND] is absent by leave of the Senate.

The Senator from North Dakota [Mr. LAHNER] is absent because of illness.

The Senator from Indiana [Mr. CAPEHART] and the Senator from New Hampshire [Mr. BAGES] 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 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.

Mr. DOUGLAS. Mr. President, I think the Record will show that on a voice vote the amendment was accepted by a yeas-and-nay vote, but the amendment was accepted on a voice vote. A bill cannot be passed without at least 5 voice votes.

Mr. ROBERTSON. Technically, then, the Senate approved the amendment in the manner which the junior Senator from Virginia indicated. There was no voice vote; there was not a roll call. 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 the course of the debate on the amendment to the Home Loan Bank Board 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 restrictions with respect to branches which applies to commercial banks. A national bank cannot have branches in a State unless branches are authorized by State law. 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 in States that prohibit savings and loan associations from granting in home loan financing. 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 without 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 accepted by a yeas-and-nay vote, but the amendment was accepted on a voice vote. A bill cannot be passed without at least 5 voice votes.
some cities, but particularly in big cities. Small branches could be established, where the money would be available for the purchase of raw materials 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 Mr. Neely 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 I am against purely mutual thrift organizations which 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 by one of our advisory committees. 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 has endeavored to acquaint himself 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 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 Virginia (Mr. Scott). If present and voting, the Senator from Texas would vote "nay" and the Senator from West Virginia would vote "yea."

Mr. DIREKSEN. I announce that the Senator from Kansas (Mr.求) 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. Brown) 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**

Alton
Bush
Carroll
Case, N. J.
Church
Clark
Douglas
Fulbright
Gore

**NAYS—59**

Allott
Anderson
Barrett
Beall
Bennett
Bible
Bricker
Butler
Case, S. Dak.
Chase
Cooper
Cotton
Dinken
Dowshak
Eastland
Ellender
Ervin
Flanders
Frear
Goldwater

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 and that -I may inquire of the Senate for a ruling on the amendment.

The PRESIDING OFFICER. Is there objection to the unanimous consent request of the Senator from Kansas?

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 949, at end of section 603, insert two new subsections, as follows:

(1) Section 201 of title 18 of the United States Code is amended—

"(1) (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,' which already apply to all national banks. The amendment would also prohibit federally insured banks and savings and loan associations, or other institutions, or any person, corporation, or other institution convicted of violation of this subsection be fined not more than three times the amount or value of such gift, gratuity, or contribution,

"(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 other institutions, or any person, corporation, or other institution convicted of 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 been convicted of federal regulatory powers over such bank or institution, or who has authority to deposit public money in any bank, association, or other institution, or any person, corporation, or other institution convicted of violation of this subsection be fined not more than three times the amount or value of such gift, gratuity, or contribution.
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 contributions because they are stockholders. It prohibits officers, employees, and directors of federally insured financial institutions from making contributions 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 members of the legislature, the county board, or mayor. It would not apply to any office which does not have direct authority over the banks or savings and loans. It would not apply to any office which does not have direct authority to grant or withhold favors from persons remotely related to the functions which are here involved.

Mr. HICKENLOOPER. Will the Senator please read the modification again? Mr. FULBRIGHT. Does the Senate have before him the original printed amendment?

Mr. HICKENLOOPER. Yes. Mr. FULBRIGHT. On page 2, line 7, after the word "form" strike out "directly" and insert it. On line 8, after the word "who" insert the word "directly" so as to read "any elective or appointive official who exercises supervisory or regulatory authority in the power or under the authority of a county, would it not? Mr. FULBRIGHT. If so as to read "who has direct authority to deposit", and so forth.

If 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 treasury, as long as they have the power 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 $3 1/2 million, interest free, in publicly controlled trust funds. The amendment would apply to such officials.

Mr. HICKENLOOPER. As I see it, it would apply to every State official and every local official who collects fees and who is responsible for the disbursement of such fees, unless in the State, the municipality, or the county the law particularly requires that such fees be segregated in the custody of some other official. The governor 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 say that if 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 an inside man involved, 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, $800, or perhaps even a couple of thousand dollars, to build any demand for a contribution.

In one instance in Illinois the public administrator had a practice of making deposits. 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 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 depositing 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 does not directly exercise 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 inducement 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 that has a 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: 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:

"Senator FULBRIGHT, of Arkansas, is Senator of Illinois who was connected with one of the public funds or private trust funds. The existence of the movement of gifts or contributions from financial institutions by candidates for public office, as well as from individuals having official position with the institutions; that in some instances the individuals are reimbursed by the institution itself; that there is a practice whereby contributions are made, even though prohibited in the law, in such a way that in some instances the contributions bear some percentage relation to public funds on deposit with the bank.

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.

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."
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 evading the law, in order to collect fees, and of course the amendment would apply, and of course the amendment would apply, and of course

Mr. BUSH. Would the Senator consider an amendment to his amendment?

Mr. FULLBRIGHT. 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 mean, in order to evade the restriction, someone might create a phony committee in order to evade the prohibition. It could not apply in such a case.

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 suggestion that has been put forward?" It would be a matter of proof, 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. FULLBRIGHT. The Senator has in mind established political parties in the State. Is that correct?

Mr. BUSH. That is correct.

Mr. FULLBRIGHT. I do not believe it would apply if it were put 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:

That above shall not apply to bona fide contributions made to local or State political committees authorized under the laws of the State.

Mr. McNAMARA. Will the Senator yield?

Mr. BUSH. I do not have the floor.

Mr. FULLBRIGHT. 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 other 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 provision with the proposal that 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 the purpose of evading the law, in order to collect fees, and of course the amendment would apply, and of course the amendment would apply.

Mr. BUSH. I am thinking of only committees, State or local, authorized by the laws of the State. I do not believe it would apply to a committee from the 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. I see it.

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 mean, in order to evade the restriction, someone might create a phony committee in order to evade the prohibition. It could not apply in such a case.

Mr. FULLBRIGHT. I have not been thinking of these things either all the time since our colloquy the other day. I apologize for not referring to 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 any possible prohibitions against bank officials or directors or employees against making general political contributions. I believe that if the Senator from Arkansas were to 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. FULLBRIGHT. Let me ask the Senator this question. Very often, in the course of a general campaign, for example, in the case of a State committee of any party and to local and town committees of any party, and so on.

Mr. McNAMARA. Will the Senator yield?

Mr. BUSH. 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 the one operating it, and that in certain areas? It would be possible to appoint a committee to elect the treasurer, and obtain money for that purpose. Would the Senator yield to the Senator from Michigan, but I will not yield to him if it he accepts the proposed modification.

Mr. FULLBRIGHT. I would not favor it, if it had that effect.

Mr. McNAMARA. I think it would have that effect.

Mr. FULLBRIGHT. 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. FULLBRIGHT. 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 a county 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 candidates, 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 appears to me that a fine line might be drawn. I would normally resolve it by saying it is not.

Mr. FULLBRIGHT. I do not think it is. I do not believe that would be a reasonable interpretation. He participates only one of making a campaign, an election committee which was formed in certain cases to promote the election of a particular candidate.

Mr. McNAMARA. 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 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 Kansas yield?

Mr. FULLBRIGHT. I yield.

Mr. ROBERTSON. The Senator's original amendment applied even to a stenographer or file clerk or some other minor employee of a State office which contained in this amendment?

Mr. FULLBRIGHT. 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, it applies to banks and to not 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 objection to the word "employee"?

Mr. ROBERTSON. It seems to me it is unnecessary. The Senator from Arkansas will recall that in the tentative form of the 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 the bill. A member of council or the city treasurer. Consequently, when the committee went into executive session, the provision was voted out of the bill.

I am constrained to believe that the bank officials 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, should hesitate 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 having control of amounts to public officials which would improperly influence their actions. It seems to me that State laws should be able to cover 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, should hesitate to write into the bill any new provisions.

Senators may ask me to go along with any kind of a provenance. The Senator from Virginia, as manager of the bill in committee and on the floor, should hesitate to write into the bill any new provisions. The Senator from Virginia, as manager of the bill in committee and on the floor, should hesitate to write into the bill any new provisions.

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 hands of the county clerk is handled by the county treasurer. Mr. ALLOTT. Mr. President, will the county treasurer handle 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 only person who makes the deposits.

Mr. ROBERTSON. 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. The point I suggest to the Senator is that there are county officials who have money, even though it be in excess of $500. The money does not. The money which comes into the hands of the various officials, even though it may be passed on to the county treasurer.

What would be the effect of this amendment? It would forestall or prevent the support of any such county official by any employee, officer, or director of a bank?
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 from Arkansas 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 we were confronted. 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 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 which operates 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 amendment. There is no use considering an amendment and then putting into it a provision which would completely nullify the amendment.

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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. 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 propose to the Senate the amendment which I 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 for some 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.

If the Senator from Connecticut has any language which he thinks could con­fine the amendment to the few well­recognized 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 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. I urge the other, but 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 oppose any 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 the same words which are inserted?

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 a primary, general, or special election.

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. BUSH. Mr. President, 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, 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 863, insert two new subsections, as follows:

“(1) Section 201 of title 18 of the United States Code is amended—

“(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 State auditor of the State, or other person 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 the Committee on Government Operations of the Senate' the following: 'or any corporation organized by authority of any law of Congress relating to the regulation of any financial institution or any other institution, in which deposits or accounts are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.'

"(k) 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:

"(e) 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 time as he deems necessary that the State corporation 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 banking 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. I believe the best way to 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 the Board would find that an examination which has been conducted of a member bank does not, in 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 accepted 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 that the distinguished junior Senator from Maine and the Senator from Colorado will be considered, the amendments which are identified as "3-18-57-1," 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 stock 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." Page 23, in the third line, to strike out the word "option" in line the word 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 a display of the transaction, the judgment of the directors as to the consideration for the issuance of such options shall not be conclusive. The Comptroller shall approve under this section only restricted stock options which qualify under section 421 of the Internal Revenue Code, and any such 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 Mr. BUS.

Mr. President. 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, by the Board of Governors of the Federal Reserve System, then 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 "3-18-57-1," and ask that they be stated.

The PRESIDING OFFICER. The amendments submitted by the Senator from Colorado will be stated.

Mr. President, I yield the floor.
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.

Personal development programs are no less essential to the banking industry than to the commerce and industry in the country. I might say, at this point, to those who are concerned with the welfare of banks, and with the welfare of the American industry, 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 my position that the 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 will 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, or of 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, a letter to the Senate 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 recruiting, developing, and retaining high grade personnel in business and industry.

Thus the committee recommends that the provisions of the committee report be amended 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:

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.

P. F. ODEN

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 this provision in the committee print bill which authorized stock option plans by national banks 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. BERGES, JR.

DENVER, COLO., March 14, 1957.

Hon. GORDON L. ALLOTT, United States Senator, Senate Office Building, Washington, D. C.: My board associates and I are most anxious that you give serious consideration to restoring to Senate bill 1451 the provisions authorizing national banks 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.

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 would 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.

DENVER, COLO., March 14, 1957.

Hon. GORDON ALLOTT, United States Senate Office Building, Washington, D. C.: Under Senate bill 1451, financial-institutions bill, now under consideration by the Senate, our company has found stock-option plans extremely effective in attracting and retaining key personnel. Similar plans could be effective for banks as well as industries. I hope you will restore to Senate bill 1451 the provision in the committee print bill which authorized stock-option plans by national banks to employees and pass the bill with the amendment.

RICHARD H. OLSON, General Manager, Sundstrand.

PUEBLA, COLO., March 15, 1957.

Hon. GORDON ALLOTT, United States Senate, Washington, D. C.: Under Senate Bill 1451, now under consideration by the Senate, has deleted provision which authorized stock-option plans by national banks. This provision of vital importance to the future of national banking and we urge your continued support for the option being included in the bill.

Thank you.


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 use stock-option plans was deleted. This would give national banks authority that State banks now have. We think this plan is fair and would appreciate your help in restoring this provision.

Kindest regards,

WASHINGTON A. KUZELER, Chairman of the Board, Denver National Bank.

DENVER, COLO., March 14, 1957.

Hon. GORDON L. ALLOTT, United States Senator, Senate Office Building, Washington, D. C.: We are very anxious that you give serious consideration to restoring to Senate bill 1451 the provisions 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.

DENVER, COLO., March 14, 1957.

Senator GOOD. ALLOTT. 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 the
amended plan 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 conclu-
sion 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 re-
write the United States laws with respect to banking and savings institu-
tions 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 of-
fered here by the Senator from Colorado have to see that the amendment makes it mandatory that any plan offering stock at less than par to stock-
holders 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 mar-
ket value, whichever is greater. Such a provision would amply protect persons who have deposits in the banks, and would be a great help to 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 subcommit-
tee 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 amend-
ment 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 1930’s.

I think a distinction can be drawn be-
tween legislation of corporations and offices 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 offi-
cials to be so concentrated upon im-
mediate profits and upon the immediate value of the stock that they may make injudicious loans, resulting in specula-
tion. 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 the committee was right in the rejection of this body of 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 position very clearly, and I will state that this was apparently the opinion of the committee which considered the pro-
posal and rejected it. While I certainly have no right to appeal to this body to uphold the opinion of the committee, in my capacity as 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. DOUGLAS. Mr. President, my distinguished colleague from Illinois places the acting chairman in a rather embarrassing position, for this reason: Our advisory committee recommended that the provision be included in the Senate 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. We have already 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 mem-
bers 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 chair-
man did not press it. In fact, the acting chairman cannot remember whether there was any debate on 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 for national 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 con-
trary, he was not in a position to say that he would accept it, or even take it to conference. He merely sat quietly and listened while the distinguished colleague from Illinois answered the argument.

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments offered by the Senator from Colorado [Mr. ALLOTT]. [Put 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. MONSROE in the chair). Without ob-
jection 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 re-
quen
d. A division will now be taken.

On a division, the amendment was agreed to.

The PRESIDING OFFICER. The bill is open to other amendments.

Mr. DOUGLAS. Mr. President, I call up my amendment identified as 2-12-57-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 National Bank Act in 1933, cumulative voting was provided and made mandatory for national banks so far as the election of boards of di-
rectors was concerned. Cumulative vot-
ing is of great benefit to the minority which wishes to have special representa-
tion 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 stock-
holders want to have separate repre-
sentation, 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 pro-
vision and provides that cumulative vot-
ing will exist only if the majority stock-
holders wish it to exist.

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 begin-
ing that cumulative voting does not mean that a minority can control a bank. It merely means that a substantial mi-
nority which so desires will be repre-
sented 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. Robert-
son, who is now a Governor of the Fed-
eral Reserve Bank, and formerly was the
Deputy Comptroller of the Cur-
rency, and who probably knows more
about national banks than anyone else in the country, said, as quoted at page 8 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 allega-
tions 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 industrial corporations as well as other corporations. I believe in the capitalistic system, but I believe in a democratic capitalistic system and a competitive capitalist system.

I think one of the weaknesses in our present corporation setup is the fact that minorities are not granted adequate representation. I think that there should be an adequate chance to be heard.

We all remember some 25 years ago when Mr. Gilbert startled a corporation 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 persisted. A year or two after that time 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 saying today, 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 have no doubt that they know 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 embrazzlements, and frequently the embezazzlement 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 embezazzlement in this particular area running north and south somewhere along the Ohio rivers. In the City of New York 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 this sort of thing 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 plea to the 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 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, but on the request 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 was treated like a minority stockholder.

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 bankers. Since then 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 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 into the board 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. If we provide for this 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 that the makeup of the board of directors, who had got into a rut, outside of that situation. For that reason, in 1933, for the purpose of remedying a bad condition, a requirement was included in the law providing that the minority shall be given a voice through the strength acquired by the cumulative voting 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 the board of a bank 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 on the bank board in New York where he was wanted, 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 some new blood to the control of the evil majority, but the facts are simply to the contrary.

Mr. LAUSCHE. It still is a fact, however, that in 1932, when the depression 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 a rut, to a realization of what was good for the banks.

Mr. ROBERTSON. The Senator from Virginia calls 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, I wonder what would happen to the money now to control the evil majority, but the facts are simply to the contrary.

Mr. LAUSCHE. Mr. President, since I am a cosponsor of the amendment, along with the distinguished Senator from Illinois, I wish to join with the distinguished 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 of the Federal law providing that the voting was beneficial in the banking business. That statement had considerable weight with me, as does the fact that the amendment was 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 this amendment was intended to deal 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 toward breaking the concentration of power, and 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.

When I am 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, will give tremendous judgment, but put on their mettle, for to 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 American Bankers Association is doing, and 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 referred to a committee to have the facts hammered out on the anvil of discussion.

This is a relatively unimportant matter; but the fact is that the removal of 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 call your attention to a statement made by the distinguished Senator from Illinois. I think the Senator 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 which had been countenanced which retrospectively indicated should not have been permitted to continue.

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 failings 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, and shall allow upon them without criticism, but with abject obedience to what they do, and that we shall feel content that those financial institutions will be maintained sound.

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 have occurred. 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 it was 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.

If 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 the House on 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, 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 Mary, of Louisiana, to be United States attorney for the eastern district of Louisiana for a term of 4 years.

UNITED STATES MARSHAL
Donald C. Mosesly, of Louisiana, to be United States marshal for the eastern 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 for the good of the banks, not only for the good of the banks, but also for the good of the depositors who have their money in the banks.

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. McCrady, 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 CONFERENCE 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 crimes committed in the transport or receive after transportation in interstate commerce any goods, money, and so forth, of the value of $1,000 or more in 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 where it can be copied 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 value of the goods or property taken 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, and so forth, of the value of the amount involved.

In my office 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:

UNITED STATES MARSHAL FOR THE WESTERN DISTRICT OF MISSOURI
W. Wilson White, of Pennsylvania, to be an Assistant Attorney General.

UNITED STATES ATTORNEY
M. Hepburn Mary, of Louisiana, to be United States attorney for the eastern district of Louisiana for a term of 4 years.

UNITED STATES MARSHAL
Donald C. Mosesly, of Louisiana, to be United States marshal for the eastern district of Louisiana for a term of 4 years.

UNITED STATES SECRETARY OF STATE
E. Whittaker, of Missouri, to be United States marshal for the western district of Missouri at Washington, D. C.

HON. JAMES 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 to 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