Rear Adm. Frederick N. Kivette, United States Navy.

Rear Adm. William C. Cooper, United States Navy.

INTERNATIONAL COOPERATION ADMINISTRATION

William H. G. FitzGerald, of Connecticut, to be Deputy Director for Management of the International Cooperation Administration, in the Department of State.

WITHDRAWAL

Executive nomination withdrawn from the Senate June 27 (legislative day of June 24), 1958:

POSTMASTER

Leo W. McDonough to be postmaster at Kellogg, in the State of Minnesota.

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 27, 1958

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

II Timothy 2: 7: *The Lord give thee understanding in all things.*

Almighty God, Thou art always near unto us with Thy heartwarming and encouraging presence when our days are filled with strain and stress.

May we go forth into the hours of this new day with eager and earnest minds, strongly fortified in faith.

Give us the grace and strength which redeems us from weakness and weariness and recharges us with renewed hope.

Take away the mists from our eyes and all malice from our hearts as we strive to gain for ourselves and mankind the vision and the blessings of the more abundant life.

Hear us in Christ's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1985. An act to authorize the preparation of plans and specifications for the construction of a building for a National Air Museum for the Smithsonian Institution, and all other work incidental thereto;

S. 3975. An act to provide for the construction of a fireproof annex building for use of the Government Printing Office, and for other purposes; and

S. 4009. An act to amend the act authorizing the Washoe reclamation project, Nevada and California, in order to increase the amount authorized to be appropriated for such project.

PHYSICAL RESEARCH PROGRAM IN THE FIELD OF ATOMIC ENERGY

Mr. HAYS of Ohio. Mr. Speaker, by direction of the Committee on House Administration, I call up the resolution (H. Con. Res. 325) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That the Joint Committee on Atomic Energy be authorized to have printed for its use 10,000 copies of the public hearings on physical research program as it relates to the field of atomic energy, held by the Subcommittee on Research and Development during the 85th Congress, 2d session; and be it further

Resolved, That the Joint Committee be authorized to have printed 10,000 copies of the report on the above hearings; and be it further

Resolved, That the Joint Committee be authorized to have printed 2,000 copies of the index of the above hearings.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. LECOMPTE. Reserving the right to object, Mr. Speaker, will the gentleman from Ohio tell the House the occasion for this resolution?

Mr. HAYS of Ohio. This resolution is submitted by Mr. PRICE from the Joint Committee on Atomic Energy who asked to have printed this study on the physical research program as it relates to atomic energy. This study is one that it is thought will be very helpful to scholars and researchers in universities. There is considerable demand for the study.

Mr. LECOMPTE. It appears that the Joint Committee wanted this done badly and it was voted out unanimously. Is that correct?

Mr. HAYS of Ohio. That is correct.

Mr. LECOMPTE. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CHARLES MARION RUSSELL MEMORIAL

Mr. HAYS of Ohio. Mr. Speaker, by direction of the Committee on House Administration, I call up the resolution (S. Con. Res. 82) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That the proceedings at the presentation, dedication, and acceptance of the statue of Charles Marion Russell, to be presented by the State of Montana in the rotunda of the Capitol, together with appropriate illustrations and other pertinent matter, shall be printed as a Senate document. The copy for such Senate document shall be prepared under the supervision of the Joint Committee on Printing.

SEC. 2. There shall be printed 3,000 additional copies of such Senate document, which shall be bound in such style as the Joint Committee on Printing shall direct, and of which 100 copies shall be for the use of the Senate and 1,200 copies shall be for the use of the Members of the Senate from the State of Montana, and 500 copies shall be for the use of the House of Representatives and 1,200 copies shall be for the use of the Members of the House of Representatives from the State of Montana.

The SPEAKER. Is there objection?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ADDITIONAL COPIES OF HEARINGS ENTITLED "CIVIL RIGHTS, 1957"

Mr. HAYS of Ohio. Mr. Speaker, by direction of the Committee on House Administration, I call up the resolution (S. Con. Res. 87) to print additional copies of the hearings entitled "Civil Rights, 1957" for the use of the Committee on the Judiciary, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, by the Senate (the House of Representatives concurring), That there be printed for the use of the Committee on the Judiciary 2,000 additional copies of the hearings of its Subcommittee on Constitutional Rights entitled "Civil Rights, 1957," held during the 85th Congress, 1st session.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION TO DISTRICT OF COLUMBIA COMMITTEE TO SIT DURING SESSION OF THE HOUSE TODAY

Mr. McMILLAN. Mr. Speaker, I ask unanimous consent that the Committee on the District of Columbia may sit during general debate in the House this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

TAX RATE EXTENSION ACT OF 1958

Mr. MILLS. Mr. Speaker, I call up the conference report on the bill (H. R. 12695) to provide a 1-year extension of the existing corporate normal-rate tax and of certain excise-tax rates, and ask unanimous consent that the statement of the managers on the part of the House may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. NO. 2025)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12695) to provide a one-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 4. Repeal of taxes on transportation of property.

"(a) Repeal: Effective as provided in subsection (c), part II (relating to tax on transportation of property) and part III (relating to tax on transportation of oil by pipeline) of subchapter C of chapter 33 of the Internal Revenue Code of 1954 are hereby repealed.

"(b) Technical amendments: Effective as provided in subsection (c):

"(1) The table of subchapters for chapter 33 of the Internal Revenue Code of 1954 is amended by striking out

"'Subchapter C. Transportation.'

and inserting in lieu thereof

"'Subchapter C. Transportation of persons.'

"(2) Subchapter C of chapter 33 of such Code is amended by striking out the table of parts for such subchapter and the heading of part I of such subchapter, and by striking out the heading of the subchapter and inserting in lieu thereof the following:

"'Subchapter C—Transportation of Persons.'

"(3) Section 4292 of such Code (relating to State and local governmental exemption) is amended to read as follows:

"'SEC. 4292. State and local governmental exemption.

"'Under regulations prescribed by the Secretary or his delegate, no tax shall be imposed under section 4251 or 4261 upon any payment received for services or facilities furnished to the Government of any State, Territory of the United States, or any political subdivision of the foregoing or the District of Columbia.'

"(4) Section 6415 of such Code (relating to credits or refunds to persons who collected certain taxes) is amended by striking out '4271,' each place it appears therein.

"(5) Section 6416 (a) of such Code (relating to credits or refunds of certain taxes on sales and services) is amended by striking out 'or 4281'.

"(6) Section 6416 (f) of such Code (relating to credit on returns) is amended by striking out 'or section 4281', and by striking out 'by such chapter or section' and inserting in lieu thereof 'by such chapter'.

"(7) Section 7012 of such Code (cross references) is amended by striking out subsection (i) and by redesignating subsection (j) as subsection (i).

"(8) Section 7272 (b) of such Code (relating to penalty for failure to register) is amended by striking out '4273,'.

"(c) Effective Dates.—

"(1) Except as provided in paragraph (2), the repeals and amendments made by subsections (a) and (b) shall apply only with respect to amounts paid on or after August 1, 1958.

"(2) In the case of transportation with respect to which the second sentence of section 4281 of the Internal Revenue Code of 1954 applies, the repeals and amendments made by subsections (a) and (b) shall apply only if the transportation begins on or after August 1, 1958."

And the Senate agree to the same.

That the title of the bill be amended to read as follows: "An Act to provide a one-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and to provide for the repeal of the taxes on the transportation of property."

W. D. MILLS,
AIME J. FORAND,
CECIL R. KING,
DANIEL A. REED,
RICHARD M. SIMPSON,
Managers on the Part of the House.

HARRY F. BYRD,
ROBERT KERR,
G. A. SMATHERS,
EDWARD MARTIN,
JOHN J. WILLIAMS,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12695) to provide a one-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment to the text of the bill added a new section providing for the repeal of the taxes on the transportation of property (including coal and oil by pipeline) and on the transportation of persons. Under the amendment, the repeal would be effective with respect to amounts paid on or after the first day of the first month which begins more than 10 days after the date of the enactment of the bill for, or in connection with, transportation which begins on or after such first day.

Under the conference agreement, the taxes on the transportation of property (including coal and oil by pipeline) are repealed, in general, effective with respect to amounts paid on or after August 1, 1958. Under the conference agreement, the existing tax on the transportation of persons is retained without change.

The Senate amendment to the title of the bill conformed the title to the Senate amendment to the text of the bill. Under the conference agreement the title of the bill is amended to read as follows: "An act to provide a one-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and to provide for the repeal of the taxes on the transportation of property."

W. D. MILLS,
AIME J. FORAND,
CECIL R. KING,
DANIEL A. REED,
RICHARD M. SIMPSON,
Managers on the Part of the House.

Mr. MILLS. Mr. Speaker, the matter before the House at the moment is the conference report on the bill (H. R. 12695) which passed the House recently, providing for the extension of certain expiring excise-tax rates and the present 30-percent corporate normal-tax rate.

You will recall when the bill was considered by the House it did not contain any provision for the reduction of any of the taxes presently levied. The matter reached the other body where an amendment was adopted in two parts, the first part of which provided for the repeal of the Federal excise taxes on the transportation of property, coal, and oil by pipeline. The second part provided for the repeal of the transportation tax on persons.

The conference report that we bring back to you is unanimous, signed by all the House conferees, and provides for the repeal of the excise tax on the transportation of property, which is 3 percent, the transportation tax on the shipment of coal, which is 4 cents per short ton and the transportation of oil by pipeline which is 4½ percent.

The other body agreed to recede from its position with respect to part of its amendment, namely, that eliminating the 10-percent tax on the transportation of persons. As we entered this conference we were advised that the loss of revenue entailed in the amendment as passed by the Senate would be $710 million in a full year. The conference report that we bring to you in addition to providing for revenues in the amount of about $2½ billion through the extension of expiring tax rates involves a loss in revenue of some $485 million in the course of a full year attributable to the repeal of the taxes on the transportation of property.

I doubt that there is justification, Mr. Speaker, for us to take much time in a discussion of the conference report because it has been rather widely advertised as to what the conference committee did. We opposed the reduction of revenues at this time through a tax reduction. I still feel it is inadvisable to reduce revenues at this point for the reasons which I gave in presenting the matter to the House at the time we considered the bill initially.

It is quite evident to me that in the course of this fiscal year and the one coming up beginning on July 1 this Government will operate in the red by at least $15 billion. Whatever tax reduction voted will therefore cause an addition in whole or in part to the public debt that is already in excess of $275 billion. I want to impress upon the membership of the House that before this session of the Congress adjourns it will be necessary for us to further increase the debt ceiling if the Secretary of the Treasury is to pay the bills that will be presented to the Treasury for collection before we get back here in January 1959.

We agreed to the reduction involved in repeal of the taxes on the transportation of property in conference because of the insistence on the part of the conferees from the Senate that they could not pass this bill through the Senate, in their opinion, without some concession being made by the House with respect to the tax on the transportation of property. They agreed to recede, as I say, on the tax on the transportation of persons. I was not willing to accept the full amendment, and they were willing to give on that part of it.

Now, I am sure there are some who are agitated because we would not accept the elimination of the transportation tax on persons. I know there are many who have wired to Members of the House that it would be advisable for the House to take off the transportation tax on persons at this time. I cannot put that tax in the same category as the tax on transportation of property. I said in the statement I made to you in connection with this matter when it was before the House initially that I did admit that the transportation tax on property is in a category by itself. Everybody pays the cost of that tax in some way, because it goes directly into the cost of the transportation of everything that we use, including food and medicine. So, if we can justify a loss of revenue at this time for any purpose, I think it would be in connection with the tax on the transportation of property.

But, let me ask you whether or not we would be justified in eliminating the tax on transportation of persons when 85 or 86 percent of all transportation of persons is through privately operated vehicles and not through commercial vehicles, and when we could not in the course of this action take the tax off of the local telephone service which is paid by millions of people if they do nothing more than call their next door neighbor. Now, to me that is the most discriminatory

tax that we have left in the field of excises, and it is far more justified in elimination, in my opinion, than is the passenger tax on transportation of persons.

Thus, I was satisfied when the Members of the other body said that they would recede from their amendment on the transportation tax on passengers.

The result of the conference action does have certain benefits, because if this conference report is adopted the most onerous of all the Federal excise taxes will be repealed. The Federal tax on the transportation of property is the least defensible of all the existing excise taxes. Its burdens are borne by every man, woman, and child in the United States. It follows every transaction from the beginning to the end—from raw material sources to the consumer. It is the only Federal excise tax which is imposed upon the necessities of life—upon food and medicine—even upon shelter in that all building materials shipped in the United States are subject to its provisions. While all excise taxes are objectionable in that they have the effect of altering methods of production and doing business, the Federal excise tax on the transportation of property is the worst offender in this respect. Because it does not apply to transportation which is not for hire, it encourages those concerns which have the capital to do so to buy their own transportation facilities. In doing so it directs business away from the common carriers of the United States, and at the same time places the small-business man who is not in a position to acquire his own facilities at a competitive disadvantage as compared to businesses strong enough to do so. As a consequence, public carriers have great difficulty in maintaining adequate service and to the extent to which they operate under decreasing cost conditions, their rates must tend to rise to offset the lower volume of business. In addition, the tax on the transportation of property tends to alter the location of industry in an artificial way. The tax falls heavier on long hauls than on short hauls, and, to the extent that freight tariffs tend to be discriminatory on a geographical basis, the discrimination is exaggerated by the imposition of the tax.

If conditions in the United States were different today, I am sure that every Member of this House knows that the Committee on Ways and Means would have long since reported a bill to repeal the Federal excise tax on the transportation of property. Regretably the fiscal position of the Treasury did not permit us to do so. The deficits which today threaten have deprived the Members of the House of an opportunity of voting on the repeal of this tax independently. This I regret, and I am sure that I am joined by every member of the Committee on Ways and Means in expressing such regret. However, confronted as we are with the fact of the Senate action, I urge adoption of the conference report.

Before closing I would like to explain that the repeal of the tax on the transportation of property and coal will be effective with respect to amounts paid for such transportation on or after August 1, 1958. In the case of transportation of oil by pipeline, under the second sentence of section 4281, the repeal will be effective only with respect to transportation which begins on or after August 1, 1958. This difference arises from the fact that a tax on the transportation of oil by pipeline is imposed whether or not such transportation is for hire or whether it is undertaken by a person who owns his own facilities.

So, I hope, Mr. Speaker, that the House will agree to the conference report, which, as I said, is unanimously brought to the House by the House conferees.

Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. REED].

Mr. REED. Mr. Speaker, I rise in support of the conference report on H. R. 12695. I regret the fact that it is necessary to provide for the extension of those Korean-war rate taxes that will be extended for an additional year under the provisions of the bill. On the other hand, I know the membership of the House will be grateful for the opportunity to vote for the repeal of what in my judgment is the most unsound tax existing in our Federal tax structure—I refer to the Federal excise taxes applicable to transportation of property.

There is only a limited time for debate on this conference report and so in order to give opportunity to the many others who wish to speak on this matter I will make my remarks very brief.

With respect to amounts paid on and after August 1, 1958, for the transportation of property, including coal and oil by pipeline, the existing property transportation taxes will no longer be applicable. It was my hope that the conferees would also agree to the repeal of the 10-percent tax on transportation of persons. Many of the arguments that can be made in behalf of repealing the property taxes can also in my judgment be presented with equal persuasion in behalf of the repeal of the tax on transportation of persons. Despite the fact that the conference report does not provide for the repeal of the 10-percent tax on transportation of persons, I will still support the approval of the conference report on the ground that it is a very significant step in the right direction.

The conference committee was informed that the full year revenue effect of repealing the property transportation taxes would be approximately $485 million. It is my view that the revenue loss will be less than this amount because of the beneficial effect the repeal of these taxes will have on the economy generally and upon small business and agriculture in particular.

I know that the membership of the House has been impressed with the arguments weighing in favor of repealing the transportation taxes and will welcome this opportunity to vote in favor of this conference report. I would have preferred that this repeal provision originate in the House of Representatives. In this connection I would like to give deserved credit to my able and esteemed Republican committee colleague, the gentleman from Wisconsin [Mr. BYRNES], for the outstanding presentation and work he has done in executive sessions of the Committee on Ways and Means meetings on small-business legislation to have included in that bill provisions repealing the taxes on transportation of property. He has worked effectively and diligently to this end so that the House may have an opportunity to work its will on this subject and so that this tax which has a particularly severe impact on small business could be removed from our tax structure. I would also like to commend by particular reference my fellow Republican conferee on H. R. 12695, the gentleman from Pennsylvania [Mr. SIMPSON], for the very able and effective contribution he made to the compromise solution developed in conference. I know that he too wishes we had been successful in retaining in the bill the repeal of the tax on transportation of persons. In general, I would commend the many other Members of the House who have worked to bring about the repeal of the taxes that are being repealed today.

I will close by urging the adoption of this conference report.

Mr. MILLS. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SIMPSON].

Mr. SIMPSON of Pennsylvania. Mr. Speaker, I urge my colleagues in the House to support the conference report on H. R. 12695. It represents a departure from the practice which has been forced on the Congress of continually increasing taxes, or of letting the existing onerous tax burden remain as it is in disregard of whether the tax burden is one which produces difficulty with respect to our economy. I recognize that in view of the heavy expenditures of government the revenues of government must remain high.

I maintain, and I am sure most Members of Congress agree, that there are some areas of our economy in which the tax burden is so great that among other consequences the revenues which the Government receives are less than would be received if by sound tax adjustment we would change some of the existing tax burdens. The wise adjustment of the taxes would lead to an impetus and stimulation of business.

I suggest that the result of this conference report will with respect to the transportation of freight, with respect to that portion of the burden of the transportation of freight which rests upon every individual citizen of the country, provide a significant benefit and at the same time will cost the Treasury less in revenue loss than is presently estimated.

The taxes which we have recommended be repealed are taxes upon the transportation of freight by any and all means. They constitute a tax which is imposed not once upon an article at the time an article originally enters the stream of commerce; it is imposed upon the article and those items which go to the manufacture of that item every time one of those articles or its components are moved. It becomes a tax upon a tax. It pyramids. It is a drag upon and a deterrent to business. It is a tax which perhaps should not have been imposed

in the first place. The tax on the transportation of persons should have been included in this conference report. I wish it had been repealed, too. But this compromise agreement deserves the support of the House because it relieves from the burden of the tax those who ship freight regardless of the means by which it is transported.

It is no suggestion of objection to the lifting of these taxes to observe that there are many other items which likewise should have the tax burden imposed on them changed or shifted. I recognize, as I am sure each Member of the House does, that there are many other areas in which by wise tax adjustment we ameliorate the burden of tax and thereby increase the economic activity within that field with the result that the Federal Treasury would get more money.

In urging my colleagues in the House of Representatives to support this conference report, I would be remiss if I were not to commend to my colleagues the outstanding contribution made to the conference result by the distinguished ranking Republican House Member of the conference, the gentleman from New York [Mr. REED]. It was my privilege to serve with him as a conferee and to assist his energetic and vigorous efforts to have the compromise solution contain the maximum possible repeal of the transportation taxes. I am sure everyone recognizes from Mr. REED's consistent record that he is not given to the advocacy of unsound fiscal action. No other man has served in this House with a greater record of fiscal responsibility and more diligent work in behalf of balanced budgets than has Mr. REED. But as a wise student of Federal tax policy Mr. REED has long recognized that an unsound tax is not a good revenue producer for the Federal Government and is a bad deterrent to the dynamic growth of our economy. Mr. REED is also a man with a deep and sincere interest in the welfare and vitality of our small business community. Because of these convictions in which all of us can concur, Mr. REED provided the leadership in the conference that resulted in the agreement as it is presented to us today.

I urge that this conference report be accepted; that a recognition be paid to the realization that in this one field we have made a beginning wherein, by reducing taxes, we are creating an environment which should bring about increased revenue by leading to a pickup in the moving of the freight in this country. This will help all those who transport the freight, yes, but it will also help the taxpaying people by reducing the cost of the things which they buy.

Mr. BAKER. Mr. Speaker, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield to the distinguished gentleman from Tennessee who has worked so effectively to bring about the repeal of these transportation taxes.

Mr. BAKER. I am verry happy that this bill repeals the 3-percent transportation tax on property, and the 4-cents-per-ton transportation tax on coal. This action will be very helpful to our Nation's economy. I hope we can soon repeal the transportation tax on persons.

Mr. MILLS. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Speaker, the only reason I have taken this time is that I do not want this matter to pass as if there is unanimity. I appreciate that the conferees were presented with the practicality of a situation, and I confess that if I had been acting in the capacity of a conferee, which imposes certain peculiar duties and responsibilities to the membership of the House on the part of a Member, I probably would have gone along with this decision. But I do believe it is important to register a negative point of view, particularly as a member of the Ways and Means Committee. I am opposed to this conference report for the reason that I do not believe it is proper for the other body to place a rider that is not germane onto a tax bill. Constitutionally, tax bills must originate in the House. Some time this House, I believe, even though it may require sitting for many, many months, is going to have to insist on its constitutional position. The failure to do so leaves its membership unable to fulfill the functions the Constitution contemplated. The basic theory of having tax bills come to the floor of the House under a closed rule, which theory I reluctantly agree to, is completely vitiated by allowing the Members of the other body, operating under the open rule, to place on subject matter ungermane to the tax bill the House has originated in the bill. The present case is a classic case. The transportation tax was not one of the taxes which was due to expire June 30 and, therefore, was not one of the taxes extended in the tax bill the other body had under consideration.

Another reason I am opposed to this particular conference report is that, although I agree that the tax on transportation of freight is probably, in my judgment, at any rate, the most uneconomic of taxes and should be repealed, there are so many other areas that cry for relief it is difficult to select one over the other. I was quite active in proposing and supporting an amendment to the small-business tax bill to repeal the tax on transportation of freight. I felt confident that this was germane to a tax bill to assist small business, inasmuch as the transportation of freight tax peculiarly hits small business more heavily than big business. Big business could avoid the tax simply by operating its own fleet of trucks. I think the Ways and Means Committee would have reported out this feature in the bill, and so we would have attained the results we seek in a proper and orderly fashion. I particularly see no excuse whatsoever for the removal of the tax on transportation of coal and oil by pipeline. Pipelines are not in any poor economic situation that has been called to the attention of the Ways and Means Committee. In my judgment, this should not be in this bill because pipelines apparently do not have the problems that the committee knows exists in the field of transportation by truck and rail. Certainly, if these problems exist, the Ways and Means Committee should examine into the matter before we legislate on it. Mr. Speaker, for those reasons I shall vote against the conference report.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may extend their own remarks at this point in the RECORD on the conference report.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. ULLMAN. Mr. Speaker, I am very pleased to support the conference report which is now before the House for consideration. I believe that the provision repealing the 3-percent transportation tax on property is a real step forward. It marks the end of a tax which has been maintained long after the reason for its adoption has vanished.

Since the end of World War II, this tax has effectively stymied much-needed expansion and modernization of our transportation facilities. In particular, it has had an adverse effect on the railroads and certainly has contributed significantly to the problems currently besetting this mode of transportation.

As a westerner, I welcome an opportunity to vote for the removal of this tax. Probably more than any other section of the country, the West has suffered the adverse effects of this discriminatory excise. As Oregon producers are separated by vast distances from many of the Nation's principal markets, they must bear the burden of high freight rates in order to compete with more favorably situated growers and producers. To this geographic handicap, however, the Government has added yet another burden, for the 3-percent excise tax has resulted in a pyramiding of high freight costs. Its repeal will mean much to agricultural producers and lumber industry in the District I represent.

My only regret is that the conference report on this legislation does not contain a provision for the removal of the 10-percent tax on the transportation of passengers. It is indeed paradoxical that we should continue a tax designed to discourage travel when we are seeking means of revitalizing and expanding our economy. Travel has a great role to play in realizing this goal and I can conceive of few better ways to encourage it than to repeal this 10-percent excise. Consequently, I am hopeful that in the near future this tax will also be repealed.

Mr. NIMTZ. Mr. Speaker, as I stated on the floor of the House on March 17, when a number of my colleagues and I took the floor to protest the extension of the excise tax on automobiles, their parts and accessories, and I was asked by the gentleman from Virginia [Mr. POFF] about my views on the excise tax on transportation, I stated I favored the elimination of such tax. It is my belief today that the tax on both passenger travel and freight should be eliminated, and I regret that the other body has receded from its original position concerning this matter and the repeal of the tax on passenger travel has been eliminated from this report.

Mr. Speaker, I believe all of us can sense the feeling of the House here today that this report is going to be adopted. Although I favor the repeal of the tax on freight, I must join a minority of my colleagues and vote "No" upon this conference report.

I shall vote "No" as a protest to the extension of the excise tax on automobiles, their parts and accessories. On several occasions, particularly on March 17 and June 5, I participated in the debate here on the floor concerning this most discriminatory tax.

The original reason for the enactment of the excise tax on automobiles, their parts and accessories, is now the very reason why it should be repealed.

This conference report here today includes the extension of this discriminatory tax on automobiles, their parts and accessories. It is my belief that the automobile industry would benefit considerably by the repeal of this tax. This is not just an Indiana and Michigan problem. It affects the economy of the entire country. The automobile production lines need to start moving again so that men might go back to work. The elimination of the excise tax on automobiles, their parts and accessories, would help reduce the price of automobiles and the public again would begin purchasing automobiles in quantities as in the past. A number of the automobile manufacturers have stated they will pass on the saving that would result from the elimination of this tax to the purchaser. In my own District the president of the Studebaker-Packard Corp. wired me last March, when we were discussing this matter on the floor, as follows:

SOUTH BEND, IND., *March 17, 1958.*
Congressman F. JAY NIMTZ,
House Office Building,
Washington, D. C.:

Downward revision or elimination of the excise tax upon automobiles enacted during a wartime emergency should increase the sale of cars and have a stimulating effect on the economy of the whole Nation. One out of every seven jobs in the Nation is dependent upon the automotive industry. The business that creates these jobs has slowed today. The effect is apparent.

Studebaker-Packard will pass on to its dealers any reduction in auto excise taxes so they in turn may pass it on to the customer; thus, the general public can promptly benefit and the constructive effects be felt swiftly by the entire country. This important action should be taken without delay and should be made retroactive on all unsold new car inventories so that while legislation is pending potential retail buyers will be assured they will not be penalized by buying now. As a resident of South Bend you are aware of what elimination of this tax would mean to our neighbors and friends.

HAROLD E. CHURCHILL.

Mr. Speaker, although this conference report is most attractive, because it eliminates the 3-percent tax on freight, I cannot vote for it because the conference report includes the extension of this discriminatory excise tax on automobiles, their parts and accessories.

Mr. ROBISON of New York. Mr. Speaker, I, for one, have been growing increasingly disturbed over the prospect for a Federal deficit of from $2 billion to $3 billion in the current fiscal year ending June 30, and the much more disturbing prospect for a possible $10 billion deficit in fiscal 1959. Certainly this means that all of us in this body must be constantly vigilant to avoid any legislative action that would add to the inflationary dangers inherent in this situation.

That is why, along with the majority of the House, I recently voted for an extension of the existing corporate normal-tax rate and certain other excise-tax rates. I did so reluctantly, knowing full well that the American taxpayer longs for and deserves tax relief, but it seemed to me that such relief cannot be given by any simple tax cuts across the board in these days of increased defense spending and deficit financing, but rather through a complete overhaul of our entire Federal tax structure with a view toward weeding out the many existing inequities, and the long-range view of restoring the incentive motive to the individual wage earner and businessman.

It is my understanding that the repeal of the 3-percent excise tax on freight transportation, the 4-cents-a-ton tax on hauling coal and the 4½-percent tax on transportation of oil by pipelines will cost the Treasury about $485 million a year, and presumably add several hundred millions to our anticipated deficit for 1959.

But, if this action will have the effect of giving some desperately needed aid and relief to our railroading industry by giving them a better chance of keeping freight business and making them better able to compete with other private carriers, the benefit will be well worth the cost.

In a brief statement at the opening of yesterday's session, I indicated to the House the tremendous importance of the railroading industry to my Congressional District, both as a taxpayer and an employer, not to mention the value of the services it renders to my constituents and to the various business and industrial interests in the District. There is no need to reiterate the figures I stated yesterday, but surely I am convinced, as I believe the great majority of us are, that this tax repeal is one step we must take to save the railroads from bankruptcy or governmental operation.

Mr. NEAL. Mr. Speaker, I will support the conference report.

Realizing that the liberal tone of this session of Congress in new money appropriations will result in a considerable deficit and a consequent increase in the national debt, loss of revenue following repeal of excise tax on transportation will mean very little in the overall credit position of the United States Treasury.

On the other hand, relief from this tax will set a long-awaited trend toward relieving the public of nusiance taxes which add considerably to the consumer cost of most commodities in common use. I believe it would be greatly in the public interest if all transportation taxes were repealed.

Repeal of this tax will afford the hard-pressed coal industry a measure of relief in areas where the delivered prices of their product are in direct competition with residual fuel oil and other liquid fuels.

It is my opinion that if the Congress would adopt a no-deficit policy and will hold appropriations to anticipated income the general economy of the Nation would so improve as to make the imposition of excise taxes unnecessary.

Mr. DIXON. Mr. Speaker, I commend the conference committee for recommending the repeal of taxes on the transportation of property, including coal and oil by pipeline, to become effective August 2, 1958. Personally, however, I wish that the existing tax had been removed from the transportation of persons as well.

These excise taxes were imposed largely for the purpose of relieving our overburdened transportation system from a load it could not carry. Now just the opposite situation has arisen—there is not ample load to be carried due to restrictions and taxes which have tended to make the railroads noncompetitive. As a result seven railroads testified they will go out of business this year unless they get help and thousands of deserving railroad employees are out of work.

These taxes not only place the railroads in a poor bargaining position but contribute materially to the rigidity of prices and the rising cost of living. The conference report is another refreshing step toward reduction in the cost of living and in the interest of the consuming public. I hope, therefore, that we will adopt it.

Mr. BYRD. Mr. Speaker, the House, on June 5, considered, under a closed rule permitting no amendments, H. R. 12695, the bill to extend for 1 year corporate and excise taxes at their present rates. The Senate, in considering this bill on June 19, voted for an amendment to repeal the 3-percent tax on freight transportation and the 10-percent tax on transportation of passengers.

The conferees of the two Houses have met and agreed to a repeal of the freight tax, including the movement of coal and oil by pipeline, but have recommended against repeal of the tax on passenger transportation.

Mr. Speaker, I hope that the House will accept this repeal of the freight tax. The tax was imposed during time of war to limit the use of our transportation facilities. Today, a decade later, the cause of the tax has been removed, but our people are still burdened with a tax which has a cumulative and repressive effect.

It is an established fact that the railroad industry is in such deep troubles that drastic steps are needed to restore vitality to this once-strong servant of the Nation if it is to survive and continue to serve our needs.

Repeal of the tax is important to another industry in my State—the coal industry, which, like the railroads, has come upon exceedingly hard times. Removal of the 4-cents-per-ton tax, and the general 3-percent tax, should have a very helpful and encouraging effect on the expanded shipments of coal.

But this tax is felt not only by the transportation and coal industries, but by every citizen in the land. It is a tax imposed upon our entire economy because it is applied to every item subject

to freight transportation—and what item is not?—in raw-material stages, from producer to distributor, to retailer. It applies to all basic items—steel, lumber, coal, concrete. It is a tax imposed on everything people use. The repeal of this tax will benefit our entire economy at a time when there exists a great need.

Repeal of the freight tax will benefit not only the railroads and truckers. It will benefit all small business, which has been placed at a great disadvantage by this tax as compared with big business, which has resorted to purchasing its own motor vehicles for shipping its goods.

Mr. Speaker, I urge the adoption of the conference report as a means of improving the economic welfare of all our citizens.

Mr. BROWN of Missouri. Mr. Speaker, this conference report is one of mixed blessings. It repeals one tax that should be repealed, but extends some others that should not be extended.

When the House considered this proposition earlier, I objected to an extension of these Korean wartime emergency excise taxes on automobiles, and other items. I thought then and I think now that they are bad taxes. But the House saw otherwise and voted to extend them all.

Now, on the second time around, the situation is only slightly better; but it is at least slightly improved. The transportation excise tax is repealed. To vote down the report is to vote against the repeal of this tax, and, unfortunately, a conference report cannot be amended. So, I shall vote to accept this conference report regretfully. A half loaf is better than none. It is obvious that it is the only thing we are going to get, and, at least, it repeals one excise tax.

Mr. MORANO. Mr. Speaker, my colleague from the First District of Connecticut, the distinguished Representative MAY is unavoidably absent. If he were present I am authorized to say that he would join with me in support of this conference report.

Mr. THOMSON of Wyoming. Mr. Speaker, I am very pleased that the conferees have recommended elimination of the excise taxes on transportation of property. I urge the adoption of the conference report. In so doing, I in no way minimize the importance of repealing the tax on transportation of persons. I am disappointed that such is not included in the conference report. The tax on transportation of persons should be repealed for the very same reasons as the tax on the transportation of property.

On May 13, 1957, I introduced H. R. 7470 to do this, at the same time that I introduced bills to eliminate the taxes on transportation of property. I sincerely hope and request that the Ways and Means Committee give its immediate and favorable attention to this legislation. The tax on transportation of persons is unfair and discriminatory. It has been properly characterized as a see America last tax. I sincerely urge that immediate attention be given to its repeal.

Mr. CUNNINGHAM of Nebraska. Mr. Speaker, I strongly favor the adoption of the conference report and express my thanks and appreciation to the conferees. I know that the members of the Committee on Ways and Means have a very difficult job and that they cannot always bring about the tax reduction bills which many of us desire.

The present conference report will repeal the vicious 3-percent tax on transportation. This tax should never have been enacted, in my opinion, and now that it is to be repealed we have cause to rejoice. I do not believe the removal of this tax will reduce the money now rolling into the Treasury. On the contrary I believe the removal of this tax will greatly stimulate business and in so doing will increase the Treasury Department's income.

I had been hopeful that the 10-percent tax on persons would also be removed and I am sorry that this could not be done in the bill now before us. I also feel that if the passenger tax were also eliminated it, too, would add to the Treasury's total income because the removal of this tax would greatly stimulate travel and thus increase earnings and additional jobs.

As the Representative of the fourth largest railroad center in the Nation I can assure you that the conference report which abolishes the 3-percent transportation tax will be very welcome to the people I represent. They join me in saying, "Thank you."

Mr. MACK of Illinois. Mr. Speaker, the report of the House-Senate conference committee is quite encouraging, since I advocated the repeal of the 3 percent transportation tax during the debate on the excise tax extension legislation. At that time I said that it was ridiculous for us to permit a continuation of this unfair tax which has been a burden to the railroad industry and at the same time to propose a billion-dollar subsidy for the railroad industry in the form of a Government-guaranteed loan.

I also want to congratulate the conferees for their keen judgment which they exercised in the elimination of the tax of 4 cents a ton on coal. This has been a tremendous burden on the sick coal industry and has encouraged the use of other forms of energy. I hope that this will serve as an incentive to many of our industrial plants to consume larger quantities of coal. This will greatly assist in restoring jobs for many of our miners in the coal-producing areas of the United States.

Mr. Speaker, while I concur with the action taken by the conferees, I feel it is extremely regrettable that additional tax relief was not granted in this area. It seems to me that we should eliminate or substantially reduce the 10 percent tax on passenger travel, telephone service, and new automobiles.

I have consistently favored the reduction of these taxes, as I felt that they were unjust and unfair. This reduction would substantially aid in curtailing the present recession. I have never, and do not now support any sweeping tax-reduction program, since it does not seem practicable in light of the Nation's budgetary requirements. However, I know of no other area where a tax elimination or reduction could accomplish so much across-the-board relief and at the same time least disturb the Government's revenue flow.

When a family purchases a new car they pay approximately $200 in Federal excise taxes. If this tax were eliminated, the family would have $200 more to spend for other consumer items. If a family buys $200 worth of public transportation they pay a tax of $20. If the 10-percent tax on transportation were eliminated this $20 could be spent for other items such as lawn furniture or clothing, and would thus help in moving goods from the manufacturers' and merchants' shelves.

While I am in full support of this conference report, I hope that the Ways and Means Committee will take action at a future time to give additional excise tax relief. It would be a swift and direct way to strike at the recession, and this relief would be felt by all of our citizens throughout the entire country.

On this basis, I urge that the automobile tax be reduced or eliminated and that the 10 percent passenger transportation tax be completely removed.

Mr. CHAMBERLAIN. Mr. Speaker, I wish to take this occasion to comment with respect to my vote on the adoption of the report of the conferees now before us.

My opposition is a sincere one. The relief it provides is not enough. In my opinion, not only should this bill provide for the elimination of the excise tax on passenger travel as passed by the Senate, but, as I have stated here in the House, so many times before, we should be providing tax relief for our depressed automotive industry, which is so vitally related to the welfare of our national economy. For these reasons, my vote is in protest to further extension of the automobile excises and I wish to make it very, very clear that it should not be construed in any way as a vote favorable to the reduction of the alcohol, tobacco, or corporate taxes.

Mr. GROSS. Mr. Speaker, I reluctantly support the conference report on the bill H. R. 12695 for the reason that I feel the transportation tax on persons should have been repealed along with the taxes on the transportation of property.

There are also several war-levied excise taxes on nonluxury products and services that ought to be repealed.

Mr. Speaker, I hope the public understands that we are here dealing with a conference report which, under the rules of the House, is not subject to amendments by which there would be the opportunity to repeal other similar taxes.

I will vote for the conference report only because repeal of the transportation tax on property is completely justified, and hope that the Ways and Means Committee will give the earliest possible consideration to repeal of other so-called emergency taxes.

Mr. VANIK. Mr. Speaker, it is my intention to vote against this conference report because it unnecessarily eliminates the 4 percent tax on the interstate and transportation of oil through pipelines. The ostensible purpose of this legislation is to strengthen and improve the plight of American railroads which

are suffering from a hardening of the arteries because of the tremendous diversion of freight traffic to the highways and the pipeline systems. Since the conference report eliminates the tax on competitive forms of transportation any temporary advantage for the railroad transportation system is lost. This temporary advantage was vitally needed to give the railroad systems of America the opportunity to modernize facilities to meet bitter competition from other forms of transport.

In view of the fact that the pipelines are one of the biggest threats to the rail transportation system, it is difficult for me to understand railroad enthusiasm for a tax cut which increases the competitive advantage of the pipelines. While the conference report eliminated a 3-percent tax on interstate freight shipments, it also eliminated a 4-percent tax on pipeline oil movement. This legislation should certainly accelerate the trend toward wider use of pipelines and conveyer belts for interstate movement of freight.

As a matter of fact, oil has done very well in this session of Congress. In addition to the repeal of the 4 percent oil transportation tax, this Congress a few weeks ago passed out a reciprocal trade agreements bill which included special protections for the privileged heavy oil industry. The final vote on the bill indicates that a king's ransom was unnecessarily paid. The oil amendment added language to the reciprocal trade bill which would direct the President to impose import restrictions when the importation of oil from abroad would affect the investment, exploration and development necessary to insure growth of the domestic oil industry. This looks to me like a mandate against all oil imports. The real effect of the oil amendment in the Reciprocal Trade Agreements Act is to guarantee high prices of oil to the consumer. One State under the guise of conservation is able to regulate the production of under 50 percent of the domestic oil supply and thereby exercise a dominating effect on domestic oil production—and if the importation of oil can be curtailed or discouraged in a way to maintain price levels desirable to the oil industry, the American consumer is caught in a price squeeze unprecedented in modern times.

The end is not in sight in this good year for oil. The gas bill has been reported out of the Interstate and Foreign Commerce Committee and can be set for action on very short notice at a propitious time.

Even more dangerous is H. R. 3, the 1 paragraph, 81-word Dracula which threatens to do a snow job on the whole body of Federal law. It would affect the enforcement of the great body of Federal law relating to the Interstate Commerce Commission, the Federal Power Commission, the Pure Food and Drug Act, railroad-safety legislation and heaven knows what else. As a matter of fact, H. R. 3 would scuttle the Natural Gas Act which was designed to protect the consumer from exploitation. This bill has the capacity of washing out consumer protections in various phases of Federal law. Insofar as it would play havoc with the Natural Gas Act and the Interstate Commerce Commission controls, the adoption of H. R. 3 would make 1958 a banner year for oil.

With respect to the conference report on this excise tax bill, I will be interested to see if any part of these tax cuts find their way to the consumer. It is my opinion that the transportation industry will very quickly move in with higher rate schedules which will absorb the excise-tax reductions before the consumer knows what has happened. The tax loss to the Government will be equivalent to the increased income revenues of the transportation industry. My fears are that not one penny of the tax saving will reach the consumer in the form of reduced prices for commodities, oil, or petroleum products. I seriously doubt that the reduction in these taxes will create a single new job or contribute in any appreciable way to the recovery of our economy.

The reduction in the cabaret tax did not create a single new job—nor did it result in a lower price or a larger glass. The tax reduction on theater admissions did not reopen a single theater. As a matter of fact, theater admissions promptly absorbed the taxes and they now charge higher prices for more frequent cinema bloopers. My fear is that this type of tax reduction which the Government can ill-afford results in no real stimulation of business—nor does it reduce prices to the consumer. It merely diverts needed tax revenues from the Federal Treasury.

Mr. MILLS. Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee [Mr. BASS].

Mr. BASS of Tennessee. Mr. Speaker, I would like to state I am for the conference report although I was disappointed that the tax on the transportation of persons was not repealed. I am very much in favor of the repeal of the tax on the transportation of property.

Mr. MILLS. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia [Mr. POFF].

Mr. POFF. Mr. Speaker, the conference report is a compromise and insofar as it goes, I support the compromise entirely. Had the conference report included a repeal of the passenger tax as well as the freight tax, I would have supported it with more enthusiasm.

Mr. Speaker, both the 3 percent excise tax on the transportation of freight and the 10 percent excise tax on the transportation of passengers should be repealed before Congress adjourns.

It has been said that the Federal Treasury cannot afford the loss of revenue estimated at some $700 million. This figure I assume is based on the budget forecast for fiscal year 1959 which anticipates a revenue yield of $717 million. I challenge the accuracy of the $700 million revenue loss estimate, and in support of my challenge I want to make 3 separate points:

First. Repeal of these taxes would restore the economic competitive advantage historically enjoyed by the common carrier over the private carrier which inevitably would result in increased earnings for the common carriers, on which earnings the 52 percent corporate income tax rate would apply. No accurate estimate is possible, but obviously this would amount to a substantial offset against estimated revenue loss.

Second. Shippers who are required to bear the burden of transportation excise taxes are authorized to treat them as deductions in the computation of their annual income-tax liability. Most major business shippers are incorporated and fall within the 52 percent corporate income tax bracket. Accordingly, the $700 million revenue loss estimate, which fails to offset the income tax revenue loss, is artificially high. By reason of these two factors, I believe it is fair to say that the total revenue loss by reason of the repeal of transportation excise taxes would not be more than 50 percent of the $700 million estimate.

Third. The repeal of these taxes would stimulate economic activity and expand taxable earnings in the transportation industry and in all related industries, resulting ultimately in a revenue increase for the Government. This is not naked theoretical speculation. History establishes it as a proven fact. With only one exception, every tax cut in America's history has resulted in a revenue increase within a period of 2 fiscal years. The same is true of the tax-cut history of Canada. In Western Berlin, $93 million in corporation taxes were collected in 1954. Following a 20 percent tax cut, Revenue rose to $106 million in 1955. In 1954, Austria's total tax revenue was $729 million; the next year, following a tax cut, revenue increased to $791 million and after a second tax reduction in 1955, the 1957 tax yield was $996 million. In Berlin it might reasonably be argued that American foreign aid stimulated the economy and helped produce the revenue increase. Not so in Austria.

Mr. Speaker, the wartime transportation crisis used to justify the imposition of these excise taxes has expired. The transportation industry no longer is faced with the problem of having more business than it can handle. Its problem today is the converse. The pyramid of taxes which the shippers must surmount has driven the shipper to the more expensive private carrier, and the problem of the common carriers today is that they do not have enough business to operate economically, exploit their natural competitive advantage, avoid obsolescence or improve their equipment, facilities, and operating efficiency.

At this critical time in our Nation's transportation history, the policy of government should not be one of strangulation but one of stimulation. Nothing strangles the spirit and muscle of free enterprise more than uneconomic, unproductive taxation. The people of this country realize that fact. Not alone the employers and employees of the transportation industry, but wholesalers, retailers, large- and small-business men and consumers (who eventually and inescapably bear the burden of all taxation) are aroused over this issue, and make no mistake about it, they consider the repeal of transportation excise taxes an important weapon in the fight against

the recession and will hold accountable the Congress of the United States which alone has the power to put that weapon to use.

The conference report is in the nature of a compromise. It fails to repeal the 10 percent tax on passengers. This failure I consider a gross defect. In the railroad industry alone, the Interstate Commerce Commission estimates the passenger service operating deficit at $700 million a year. However, the conference report does repeal the 3 percent tax on freight and the 4 percent tax on coal and makes certain other tax concessions which will help relieve the burden of America's distressed transportation industry. Accordingly, I will support this compromise with the hope that the wartime passenger tax can be repealed later this year or next.

Mr. MILLS. Mr. Speaker, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Speaker, I want to commend the conference committee for its diligence in reaching a compromise on the repeal of wartime excise taxes on the transportation of persons and property.

The compromise of a difficult tax situation reflect the honesty, sincerity, and best judgment of the Senate and House conferees, who are entitled to the commendation of both branches of Congress. While it was not possible to secure agreement on outright repeal of all the taxes levied on the transportation of persons and property, the repeal of the 3-percent tax on freight should prove a boon to the transportation industry and the economy of the Nation. It will prove especially helpful to the railroad industry, which employs thousands of my constituents in central Pennsylvania, the majority of them having been furloughed for months because of the decrease in railroad revenues.

Mr. Speaker, when the 85th Congress convened, January 3, 1957, I introduced H. R. 972, designed to repeal taxes imposed on the transportation of persons and property.

As I stated frequently during the past 18 months, the excise taxes on the transportation of persons and property should have been repealed at the close of World War II because they were intended to be levied only as an emergency measure in wartime.

While it is true that in 1954, 9 years after the war, the excise tax on travel was reduced to the present rate of 10 percent, no action was taken on reducing the taxes on freight, including coal and oil.

It has long been recognized that the passenger and freight taxes imposed as a means of discouraging nonessential travel and shipping served a useful purpose during wartime, such taxes have no place in our peacetime economy. They have not only discouraged the use of public carriers, but, at the same time, caused widespread harm to users, carriers, and the Nation as a whole.

It is a significant fact that the tax on travel adds some $215 million annually to the cost of transportation, with the burden falling heavily on those least able to afford it. This is evident when you consider the 3 out of every 10 families in the United States who do not have private means of transportation and, therefore, must depend upon transportation services subject to the tax.

This highly discriminatory travel tax does not apply to foreign travel. The result is American citizens traveling within the borders of their own country, whether by bus, rail, or plane, are discriminated against not only in favor of those who travel by private means but also in favor of those who travel abroad.

Mr. Speaker, the tax on freight including oil adds another $487 million annually to the cost of transportation, and again the burden falls on thousands of small-business firms which rely on public transportation. In addition, regulated common carriers are victims of the tax because it does not apply to private trucks and private barges. The result is that in 11 years since the end of World War II regulated carriers as a group have steadily lost ground to the private carriers not subject to the tax. In short, the taxes on transportation, especially the tax on freight, are harmful to the Nation's economy because they are inflationary to a degree far exceeding that which is indicated by the tax rate. This is true because the freight tax is imposed on each step from production or manufacture to marketing, thereby pyramiding the cost to the ultimate consumer of every product requiring transportation.

Mr. Speaker, the revenue received from the wartime excise taxes on the transportation of persons and property is far outweighed by the adverse effect they have on users of transportation, on our essential public carriers, and on our commerce and defense.

It has been my urgent plea since the 80th Congress that excise taxes stifle business and should be modified or repealed. Therefore, it is gratifying to know that the conference committee on H. R. 12695 recognized the situation to the extent that it has recommended repeal of the 3-percent excise tax on transportation of property. While the excise tax on travel remains unchanged, the repeal of the tax on freight will have a very beneficial effect on the transportation industry in general.

My Congressional District in Pennsylvania has, for its size, one of the largest railroad populations in the Nation. Thousands of my constituents depend upon the ailing railroad industry as the chief source of employment. With the repeal of the 3-percent excise tax on freight, the economic bloodstream of the railroads will be given a much-needed blood transfusion which will be aided further by the approval of Congress of pending legislation designed to alleviate the financial condition of the railroads of the Nation. In other words, approval of the conference report on the Tax Rate Extension Act of 1958 will prove helpful to the transportation industry and especially to the Nation's railroads. While the action taken in repealing the excise tax on the transportation of property is only half way to the goal of repealing excise taxes on the transportation of persons and property, it is a step in the right direction and a welcome compromise of a thorny legislative and economic problem.

Therefore, it is my sincere hope that the conference report on H. R. 12695 will be approved.

Mr. MILLS. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. COLLIER].

Mr. COLLIER. Mr. Speaker, on the theory that a half loaf is better than none, I join with many Members of this House in support of the conference report on this bill.

At the same time, we may well be asking ourselves today whether this legislation is adequate—whether freight comes before people in the consideration of this legislation. The question is posed because yesterday the Senate-House committee agreed to the amendment which repeals the 3-percent Federal tax on the transportation of freight. Yet, at the same time, the Senate proposal to repeal the 10-percent tax on airline, train, and bus passenger tickets was rejected.

Let there be no mistake. I certainly have no quarrel with the repeal of the tax on freight. It is proper that this long-outmoded wartime tax be removed. But what is distressing is that failing to remove the equally outmoded tax on travel amounts to ignoring those who use public transportation.

Let us examine the facts: The Federal travel tax is a direct tax upon the people. Last year there were approximately 500 million transportation tickets purchased in this country—each assessed with a 10-percent tax. This resulted in a total tax of approximately $220 million. At the risk of being repetitious, I reiterate, this tax was imposed to discourage use of public transportation during World War II; not by any means was it designed to raise revenue. Yet it has been permitted to continue through the years for the latter purpose rather than for the purpose of its original enactment.

The Senate Commerce Committee, the Interstate Commerce Commission, and the Civil Aeronautics Board have urged the repeal of this wartime excise tax. These bodies recognize that the tax is discriminatory as well as regressive. It is detrimental to all our common carriers. It is regressive and discriminatory because it applies only to those who use public forms of transportation and thus falls disproportionately hard on the 3 out of 10 families who are financially unable to provide their own means of transportation. It is illogical and uneconomic because it applies only to domestic travelers and thus diverts millions of dollars annually to foreign countries and to foreign carriers to the prejudice of domestic carriers and the domestic travel industry.

Finally, the repeal of the 10 percent tax on people and passenger travel would directly increase the purchasing power of the public by this 10 percent. The increase in purchasing of over $200 million would be a significant countermeasure against inflation. In fact, no matter how you look at it, the removal of the travel tax would benefit the entire country. It is not too late to correct this condition by removing the 10 percent transportation tax on people. I regret that it is not in the bill before us

today and I hope that this long overdue action on the part of this Congress will be taken with dispatch.

Mr. MILLS. Mr. Speaker, I yield such time as he may desire to the gentleman from Virginia [Mr. GARY].

Mr. GARY. Mr. Speaker, I want to associate myself with the views just expressed by the gentleman from Illinois [Mr. COLLIER]. I agree thoroughly that this 3-percent tax on freight should be repealed, but I think we should take off the tax on passenger fares as well as the freight tax.

Mr. MILLS. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Speaker, I want to compliment the conferees for arriving at what I think is a most necessary and also very justifiable compromise on this matter.

I have long felt that the tax on the transportation of property was not only an unjustifiable and inequitable tax but it was made bad also by the very fact that it was a tax that could be avoided. It can be avoided by the big shippers but not by the small shippers. We have heard a lot of talk about this being a tax for the benefit of the railroads or trucklines or transportation facilities. It should be made clear that this is really a tax benefit to the general public, because it is the shippers and eventually the consumers and not the carriers who pay this tax. The end result of this tax is an increase in the cost of all commodities to the ultimate consumer. It pyramids from the mine to the retail store and from the farm to the market. This tax has been applied to practically everything anyone buys. It has been applied not just once but many times. If there is any tax that should be eliminated, it is the tax on the transportation of property.

I am extremely pleased to see that action of the conference committee.

Mr. BECKER. I would like to join with the gentleman from Wisconsin and say that I agree with him wholeheartedly in what he has said. I hope this legislation is enacted.

Mr. MILLS. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. O'KONSKI].

Mr. O'KONSKI. Mr. Speaker, this is the untenable position in which this Congress finds itself. A millionaire traveling first class in a high-priced stateroom on a luxury liner going to a foreign country does not have to pay any transportation tax. At the same time, a poor mother who is traveling to visit her sick son in an Army camp, carrying her own luggage and taking a sandwich with her to keep from starving and traveling in a Greyhound bus, still has to pay a 10-percent transportation tax. I sometimes wonder if Congress knows what it is doing. If Congress can afford to eliminate the 10-percent travel tax for millionaires traveling to some foreign country, certainly it should eliminate the 10-percent transportation tax for its own people traveling within our borders.

Mr. WEAVER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. WEAVER. Mr. Speaker, I want to join with many of my colleagues who are supporting the conference report. I am pleased that the conferees saw fit to repeal the transportation tax on property. I regret that they did not take similar action in regard to the transportation tax on passengers. Certainly, the House should approve this conference report by an overwhelming margin, and I intend to vote for it.

Mr. Speaker, all of our citizens are paying exorbitant taxes. From the standpoint of fairness, they are entitled to relief, not of a temporary nature, but permanent relief which could be made possible through less spending in Government. If the repeal of this one tax item today will in any way help us to sit up and take notice and cut down our spending in some other area to make up for whatever revenue loss there is here, then I wholeheartedly subscribe to that policy. I do not feel that this Congress should try to balance the budget or reduce our national debt by perpetuating an unrealistic and an unreasonable tax rate on the American taxpayer. Furthermore, other than what is necessary for our national security and the sound operation of our Government, let us not make temporary tax items permanent by year-to-year extensions. I am in favor of balancing the budget and reducing our debt by cutting out wasteful and unnecessary spending in Government. Let us not just preach economy, let us practice it and pass it on to every American citizen.

Mr. MILLS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and on a division (demanded by Mr. MCGREGOR) there were—ayes 120, noes 5.

Mr. McGREGOR. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 366, nays 9, not voting 54, as follows:

[Roll No. 109]

YEAS—366

Abernethy	Bailey	Boggs
Adair	Baker	Boland
Addonizio	Baldwin	Bolling
Albert	Barden	Bolton
Alexander	Barrett	Bosch
Alger	Bass, Tenn.	Bow
Allen, Calif.	Bates	Boykin
Allen, Ill.	Baumhart	Bray
Andersen, H. Carl	Beamer	Breeding
	Becker	Brooks, La.
Andrews	Beckworth	Brooks, Tex.
Arends	Belcher	Broomfield
Ashley	Bennett, Fla.	Brown, Ga.
Ashmore	Bennett, Mich.	Brown, Mo.
Aspinall	Berry	Brown, Ohio
Auchincloss	Betts	Brownson
Avery	Blatnik	Budge
Ayres	Blitch	Burleson
Bush	Heselton	Perkins
Byrd	Hess	Pfost
Byrne, Ill.	Hiestand	Philbin
Byrne, Pa.	Hill	Pilcher
Byrnes, Wis.	Hoeven	Pillion
Canfield	Hoffman	Poage
Cannon	Holifield	Poff
Carnahan	Holland	Polk
Carrigg	Holmes	Porter
Cederberg	Holt	Price
Celler	Holtzman	Prouty
Chelf	Horan	Quie
Chenoweth	Hosmer	Rabaut
Chiperfield	Huddleston	Rains
Christopher	Hull	Ray
Church	Hyde	Reed
Clark	Ikard	Rees, Kans.
Clevenger	Jackson	Reuss
Coad	Jarman	Rhodes, Ariz.
Coffin	Jennings	Rhodes, Pa.
Collier	Jensen	Riley
Colmer	Johansen	Rivers
Cooley	Johnson	Roberts
Corbett	Jonas	Robison, N. Y.
Coudert	Jones, Ala.	Robsion, Ky.
Cramer	Jones, Mo.	Rodino
Cretella	Judd	Rogers, Fla.
Cunningham, Iowa	Karsten	Rogers, Mass.
	Kean	Rogers, Tex.
Cunningham, Nebr.	Kearns	Rooney
	Keating	Rutherford
Curtin	Kee	Sadlak
Curtis, Mass.	Kelly, N. Y.	Santangelo
Dague	Kilburn	Saund
Davis, Tenn.	Kilday	Saylor
Dawson, Ill.	Kilgore	Schenck
Dawson, Utah	King	Scherer
Delaney	Kirwan	Schwengel
Dennison	Kitchin	Scott, N. C.
Dent	Kluczynski	Scott, Pa.
Denton	Knox	Scrivner
Derounian	Knutson	Scudder
Devereux	Krueger	Seely-Brown
Diggs	Lafore	Selden
Dingell	Laird	Sheehan
Dixon	Landrum	Sheppard
Dollinger	Lane	Sieminski
Donohue	LeCompte	Sikes
Dooley	Lennon	Siler
Dorn, N. Y.	Lesinski	Simpson, Ill.
Dorn, S. C.	Libonati	Simpson, Pa.
Dowdy	Lipscomb	Sisk
Doyle	McCarthy	Smith, Calif.
Durham	McCormack	Smith, Kans.
Dwyer	McCulloch	Smith, Miss.
Elliott	McDonough	Smith, Va.
Everett	McFall	Spence
Evins	McGovern	Springer
Fallon	McGregor	Staggers
Farbstein	McIntosh	Stauffer
Fascell	McMillan	Sullivan
Feighan	McVey	Taber
Fenton	Macdonald	Taylor
Fisher	Machrowicz	Teague, Calif.
Flood	Mack, Ill.	Teller
Flynt	Mack, Wash.	Tewes
Fogarty	Madden	Thomas
Forand	Magnuson	Thompson, La.
Ford	Mahon	Thompson, N. J.
Forrester	Mailliard	Thompson, Tex.
Fountain	Marshall	Thomson, Wyo.
Frazier	Martin	Tollefson
Frelinghuysen	Matthews	Tuck
Friedel	Meader	Udall
Fulton	Merrow	Ullman
Garmatz	Metcalf	Utt
Gary	Michel	Van Pelt
Gathings	Miller, Calif.	Van Zandt
Gavin	Miller, Md.	Vinson
George	Miller, Nebr.	Vorys
Gordon	Mills	Vursell
Granahan	Minshall	Walter
Grant	Mitchell	Watts
Gray	Morano	Weaver
Green, Oreg.	Morgan	Westland
Green, Pa.	Morrison	Wharton
Griffin	Moss	Whitener
Griffiths	Mumma	Whitten
Gross	Murray	Widnall
Gubser	Natcher	Wier
Hagen	Neal	Wigglesworth
Haley	Nicholson	Williams, Miss.
Halleck	Nix	Willis
Harden	Norblad	Wilson, Calif.
Hardy	O'Brien, Ill.	Wilson, Ind.
Harris	O'Brien, N. Y.	Winstead
Harrison, Nebr.	O'Hara, Ill.	Withrow
Harrison, Va.	O'Hara, Minn.	Wolverton
Harvey	O'Konski	Wright
Haskell	O'Neill	Yates
Hays, Ark.	Osmers	Young
Hays, Ohio	Ostertag	Younger
Healey	Passman	Zablocki
Hemphill	Patman	Zelenko
Henderson	Patterson	
Herlong	Pelly	

NAYS—9

Baring	Chamberlain	Nimtz
Bonner	Curtis, Mo.	Powell
Boyle	Multer	Vanik

NOT VOTING—54

Abbitt	Hale	Preston
Anderson, Mont.	Hébert	Radwan
Anfuso	Hillings	Reece, Tenn.
Bass, N. H.	James	Riehlman
Bentley	Jenkins	Robeson, Va.
Broyhill	Kearney	Rogers, Colo.
Buckley	Keogh	Roosevelt
Burdick	Lankford	St. George
Davis, Ga.	Latham	Shelley
Dellay	Loser	Shuford
Dies	McIntire	Steed
Eberharter	Mason	Talle
Edmondson	May	Teague, Tex.
Engle	Miller, N. Y.	Thornberry
Fino	Montoya	Trimble
Glenn	Moore	Wainwright
Gregory	Morris	Williams, N. Y.
Gwinn	Moulder	
	Norrell	

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Bentley.
Mr. Norrell with Mr. Burdick.
Mr. Preston with Mr. Mason.
Mr. Dellay with Mr. Bass of New Hampshire.
Mr. Buckley with Mr. Talle.
Mr. Abbitt with Mr. Broyhill.
Mr. Lankford with Mr. Gwinn.
Mr. Thornberry with Mr. James.
Mr. Trimble with Mr. Kearney.
Mr. Anderson of Montana with Mr. Latham.
Mr. Loser with Mr. McIntire.
Mr. Morris with Mr. May.
Mr. Moulder with Mr. Miller of New York.
Mr. Montoya with Mr. Dawson of Utah.
Mr. Shelley with Mr. Fino.
Mr. Anfuso with Mr. Wainwright.
Mr. Keogh with Mr. Glenn.
Mr. Edmondson with Mr. Hale.
Mr. Engle with Mrs. St. George.
Mr. Robeson of Virginia with Mr. Moore.
Mr. Steed with Mr. Radwan.
Mr. Rogers of Colorado with Mr. Jenkins.
Mr. Teague of Texas with Mr. Reece of Tennessee.
Mr. Davis of Georgia with Mr. Riehlman.
Mr. Dies with Mr. Williams of New York.

Mr. GRIFFIN changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

MUTUAL SECURITY APPROPRIATION BILL

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a privileged report on the mutual security appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. TABER reserved all points of order on the bill.

MUTUAL SECURITY ACT OF 1958

Mr. MORGAN. Mr. Speaker, I call up the conference report on the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. NO. 2038)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Mutual Security Act of 1958.'

"SEC. 2. The first section of the Mutual Security Act of 1954, as amended, is amended by adding at the end thereof the following: 'This Act is divided into chapters and titles, according to the following table of contents:

"'TABLE OF CONTENTS

"'Chapter I—Military Assistance.
"'Chapter II—Economic Assistance.
"'Title I—Defense Support.
"'Title II—Development Loan Fund.
"'Title III—Technical Cooperation.
"'Title IV—Special Assistance and Other Programs.
"'Chapter III—Contingency Fund.
"'Chapter IV—General and Administrative Provisions.'

"CHAPTER I—MILITARY ASSISTANCE

"Military assistance

"SEC. 101. Subsection (a) of section 103 of the Mutual Security Act of 1954, as amended which relates to military assistance, is amended by striking out '1958' and '$1,600,000,000' and inserting in lieu thereof '1959' and '$1,605 000,000', respectively.

"Procurement programs relating to military assistance

"SEC. 102. Paragraph (1) of subsection (b) of section 105 of the Mutual Security Act of 1954, as amended, which relates to conditions applicable to military assistance, as amended by inserting immediately before the period at the end thereof the following: ', including coordinated production and procurement programs participated in by the members of the North Atlantic Treaty Organization to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area.'

"Policy on military assistance to American Republics

"SEC. 103. Paragraph (4) of subsection (b) of section 105 of the Mutual Security Act of 1954, as amended, which relates to military assistance to American Republics, is amended by adding the following sentences at the end thereof: 'The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not normally be the basis for military assistance programs to American Republics.'

"CHAPTER II—ECONOMIC ASSISTANCE

"Defense support

"SEC. 201. Subsection (b) of section 131 of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out '1958' and '$750,000,000' and inserting in lieu thereof '1959' and '$810,000,000', respectively.

"Utilization of funds in special accounts

"SEC. 202. Paragraph (iii) of subsection (b) of section 142 of the Mutual Security Act of 1954, as amended, which relates to utilization of funds in Special Accounts, is amended by inserting immediately before the period at the end thereof the following: ': *Provided*, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States: *Provided further*, That such utilization of such excess amounts in all Special Accounts shall not exceed the equivalent of $4,000,000.'

"Development Loan Fund

"SEC. 203. Title II of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

"(a) Amend section 202, which relates to general authority, as follows:

"(1) Strike out subsection (a) and substitute the following:

"'(a) To carry out the purposes of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the "Development Loan Fund" (hereinafter referred to in this title as the "Fund") which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate.'

"(2) In subsection (b), strike out all preceding 'is hereby' in the first sentence and substitute 'The Fund'; strike out 'he' in the first sentence and substitute 'it'; strike out 'and (3)' in the first sentence and substitute '(3)'; insert before the period at the end of the first sentence ', and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved'; strike out 'from' in the second sentence and substitute 'by'; insert after the third sentence 'The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund.'; and strike out the last two sentences and substitute the following new sentence: 'The President's semiannual reports to the Congress on operations under this Act, as provided for in section 534 of this Act, shall include detailed information on the implementation of this title.'

"(b) Amend section 204, which relates to fiscal provisions, as follows:

"(1) In subsection (b), substitute 'Fund' for 'President' in the first sentence and strike out 'against the Fund' in that sentence; change 'authorized' to 'made available' in the second sentence; and insert 'assets of the' before 'Fund' in the third sentence.

"(2) Strike out subsection (c) and substitute the following:

"'(c) The Fund shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to the applica-

ble provisions of the Government Corporation Control Act, as amended.'

"(c) Amend section 205, which relates to powers and authorities, as follows:

"(1) Insert 'management,' before 'powers' in the heading of the section.

"(2) Strike out subsections (a) and (b) and substitute the following new subsections:

"'(a) The management of the Fund shall be vested in a Board of Directors (hereinafter referred to in this title as the "Board") consisting of the Under Secretary of State for Economic Affairs, who shall be Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the authorities, powers, and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

"'(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of $20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of $19,000 a year, and three other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of $18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director, or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law.'

"(3) In subsection (c):

"(i) Strike out all in the first sentence preceding ': enter into' and substitute 'The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may';

"(ii) Strike out 'may be deemed' in the first clause of the first sentence and substitute 'it may deem';

"(iii) Strike out 'under this title' in the fourth clause of the first sentence and substitute 'of the Fund';

"(iv) Strike out 'the Manager of' in the fifth clause, both times it appears in the seventh clause, and in the last clause of the first sentence;

"(v) Insert after the seventh clause of the first sentence, following 'collection;', the following: 'adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the continental United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government;';

"(vi) Strike out all following 'operation' in the last clause of the first sentence and substitute ', or in carrying out any function.'

"(vii) Insert the following new sentence after the first sentence of the subsection: 'Nothing herein shall be construed to exempt the Fund or its operations from the application of sections 507 (b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U. S. C. 316), or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress.'

"(4) Insert the following new subsections:

"'(d) The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay or compensation, to the civil service retirement and disability fund, a sum as provided by section 4 (a) of the Civil Service Retirement Act, as amended (5 U. S. C. 2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to the employees of the Fund covered by that Act, the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in said section 4 (a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

"'(e) The assets of the Development Loan Fund on the date of enactment of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202 (a) of this Act. In addition, records, personnel, and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957, and the date of enactment of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202 (a) of this Act. A person serving as Manager of the Development Loan Fund as of the date of enactment of the Mutual Security Act of 1958 shall not, by reason of the enactment of that Act, require reappointment in order to serve in the office of Managing Director provided for in section 205 (b) of this Act.'

"Technical cooperation

"SEC. 204. Title III of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

"(a) In section 304, which relates to authorization, strike out '$151,900,000' and insert in lieu thereof '$150,000,000 for use beginning in the fiscal year 1959.'

"(b) Amend section 306, which relates to multilateral technical cooperation, as follows:

"(1) Insert 'and related program' after 'cooperation' in the heading of the section; insert 'and this Act' after 'title' in the first sentence; and insert 'and related' after 'cooperation' in the first sentence.

"(2) In subsection (a), which relates to contributions to the United Nations Expanded Program of Technical Assistance, strike out '$15,500,000 for the fiscal year 1958' and substitute '$20,000,000 for the fiscal year 1959'; insert 'and such related fund as may hereafter be established' after 'Assistance'; and in the proviso change 'to this program' to 'for such purpose' and after the word 'contributed' the first time it appears, strike the remainder of the subsection and insert 'for such purpose and for succeeding calendar years not to exceed 40 per centum of the total amount contributed for such purpose for each such year.'

"(3) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out '1958' and substitute '1959'.

"Special assistance and other programs

"SEC. 205. Title IV of the chapter designated by paragraph (2) of section 501 of this Act as chapter II of the Mutual Security Act of 1954, as amended, which relates to special assistance and other programs, is further amended as follows:

"(a) In subsection (a) of section 400, which relates to special assistance, strike out '1958' and '$250,000,000' in the first sentence and insert in lieu thereof '1959' and '$202,500,000', respectively; and strike out all following 'stability' in the first sentence and all of the last sentence and insert a period.

"(b) In section 402, which relates to earmarking of funds, strike out '1958' in the first sentence and substitute '1959'.

"(c) Repeal sections 403 and 404, which relate, respectively, to special assistance in joint control areas and responsibilities in Germany, and substitute the following new section:

"'SEC. 403. Responsibilities in Germany: The President is hereby authorized to use during the fiscal year 1959 not to exceed $8,200,000 of the funds made available pursuant to section 400 (a) of this Act in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin. In carrying out this section, the President may also use currency which has been or may be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account, including that part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) which, upon approval by the President, shall be

deposited in the GARIOA Special Account under the terms of article V of that agreement. The President may use the funds available for the purposes of this section on such terms and conditions as he may specify, and without regard to any provision of law which he determines must be disregarded.'

"(d) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

"(1) In subsection (c), strike out all following 'fiscal year' and substitute '1959 not to exceed $1,200,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate.'

"(2) In subsection (d), strike out '1958' and '$5,500,000' and substitute '1959' and '$8,600,000', respectively.

"(e) In section 406, which relates to children's welfare, strike out '1958' and substitute '1959.'

"(f) In section 407, which relates to Palestine refugees in the Near East, amend the first sentence to read as follows: 'There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed $25,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: *Provided,* That of the funds appropriated pursuant to this section fifteen per centum shall be available only for repatriation or resettlement of such refugees.'

"(g) In section 409 (c), which relates to ocean freight charges, strike out '1958' and '$2,200,000' and substitute '1959' and '$2,100,000', respectively.

"(h) In section 410, which relates to Control Act expenses, strike out '1958' in the first sentence and substitute '1959.'

"(i) Amend section 411, which relates to administrative and other expenses, as follows:

"(1) In subsection (b) strike out '1958' and '$32,750,000' and substitute '1958' and '$33,000,000,' respectively; and insert 'and title II of chapter II' immediately before the close of the first parentheses;

"(2) In subsection (c), insert 'functions of the Department under this Act or for' before 'normal.'

"(j) Amend section 413, which relates to encouragement of free enterprise and private participation, as follows:

"(1) In section 413 (b) (4), which relates to encouragement of free enterprise and private participation, strike out 'the agency primarily' and substitute 'an agency'; insert immediately before the semicolon at the end of subparagraph (E) the following proviso: ': *Provided,* That in the event the fee to be charged for a type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced'; and insert after 'Director of the International Cooperation Administration' both times it appears in subparagraph (F) 'or such other officer as the President may designate.'

"(2) Insert the following new subsection:

"'(c) Under the direction of the President, the Departments of State and Commerce and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international trade, foreign investment, and business operations in foreign countries, shall conduct a study of the ways and means in which the role of the private sector of the national economy can be more effectively utilized and protected in carrying out the purposes of this Act so as to promote the foreign policy of the United States, to stabilize and to expand its economy and to prevent adverse effects, with special reference to areas of substantial labor surplus. Such study shall include specific recommendations for such legislative and administrative action as may be necessary to expand the role of private enterprise in advancing the foreign policy objectives of the United States.'

"(k) At the end of section 414 (b), which relates to munitions control, add the following: 'Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance program of the United States, whether or not advanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.'

"(l) In section 419 (a), which relates to atoms for peace, strike out '1958' and '$7,000,000' in the second sentence and substitute '1959' and '$5,500,000,' respectfully.

"(m) In section 420, which relates to malaria eradication, insert after the word 'authorized' in the second sentence 'to use funds made available under this Act (other than chapter I and title II of chapter III', insert immediately before the period at the end of the second sentence the following proviso: ', *Provided,* That this section shall not affect the authority of the Development Loan Fund to make loans for such purpose, so long as such loans are made in accordance with the provisions of title II of chapter II', and strike out the last sentence.

"CHAPTER III—CONTINGENCY FUND

"President's special authority and contingency fund

"SEC. 301. The section of the Mutual Security Act of 1954, as amended, redesignated by paragraph (12) (B) of section 501 of this Act as section 451 of chapter III of the Mutual Security Act of 1954, as amended, which relates to the President's special authority, is amended as follows:

"(a) Insert 'and contingency fund' after 'authority' in the heading of this section.

"(b) Subsection (a) is amended as follows:

"(1) In the first sentence, insert 'for use' after 'made available'; strike out 'such use by section 400 (a) of this Act' and substitute 'use under this subsection by subsection (b) of this section'; strike out 'pursuant to authorizations contained in' and substitute 'for use under'; and

"(2) In the second and last sentence strike out 'section' both times it appears and substitute 'subsection.'

"(c) Redesignate subsection (b) as subsection (c), and insert the following new subsection (b):

"'(b) There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed $155,000,000 for assistance authorized by this Act, other than by title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. $100,000,000 of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section.'

"(d) In the last sentence of subsection (c), insert 'subsection (a) of' after 'under.'

"CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

"General provisions

"SEC. 401. The chapter designated by paragraph (16) of section 501 of this Act as chapter IV of the Mutual Security Act of 1954, as amended, which relates to general and administrative provisions, is further amended as follows:

"(a) Section 502, which relates to use of foreign currencies by committees of the Congress, is amended by striking out the proviso in subsection (b) and inserting the following: *'Provided,* That each member or employee of any such committee shall make, to the chairman of such committee in accordance with regulations prescribed by such committee, an itemized report showing the amounts and dollar equivalent values of each such foreign currency expended, together with the purposes of the expenditure, including lodging, meals, transportation, and other purposes. Within the first sixty days that Congress is in session in each calendar year, the chairman of each such committee shall consolidate the reports of each member and employee of the committee and forward said consolidated report, showing the total itemized expenditures of the committee and each subcommittee thereof during the preceding calendar year, to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate). Each such report submitted by each committee shall be published in the CONGRESSIONAL RECORD within ten legislative days after receipt by the Committee on House Administration of the House or the Committee on Appropriations of the Senate.'

"(b) Section 509, which relates to shipping on United States vessels, is amended by adding the following new sentence at the end thereof: 'Sales of fresh fruit and the products thereof under this Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress, and section 901 (b) of the Merchant Marine Act, 1936, as amended).'

"(c) Section 510, which relates to purchase of commodities, is amended by striking out 'title II or' in the first sentence.

"(d) Add the following new sections immediately after section 515:

"'SEC. 516. Prohibition against debt retirement: None of the funds made available under this Act nor any of the counterpart funds generated as a result of assistance under this Act or any other Act shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: *Provided,* That to the extent that funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142 (b) of this Act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this Act.

"'SEC. 517. Completion of plans and cost estimates: After June 30, 1958, no agreement or grant which constitutes an obligation of the United States in excess of $100,000 under section 1311 of the Supplemental Appropriation Act, 1955, shall be made for any assistance authorized under title I or III (except section 306) of chapter II, or section 400 (a)—

"'(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States of providing such assistance, have been completed; and

"'(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed within one year from the date the agreement or grant is made.

This section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans."

"(e) Amend section 527, which relates to the employment of personnel, by adding the following new subsection, such amendment to take effect nine months after the date of enactment of this Act:

"'(e) Notwithstanding the provisions of title 10, United States Code, section 712, or any other law containing similar authority, officers and employees of the United States performing functions under this Act shall not accept from any foreign nation any compensation or other benefits. Arrangements may be made by the President with such nations for reimbursement to the United States or other sharing of the cost of performing such functions.'

"(f) Section 537, which relates to provisions on uses of funds, is amended as follows: in subsection (a) (1), strike out 'for the fiscal year 1958'; in subsection (c), strike out 'Not to exceed $18,000,000' and substitute 'Notwithstanding the provisions of section 406 (a) of Public Law 85-241, not to exceed $26,000,000', and add the following new clause before the period: ', and not to exceed $2,750,000 of funds made available for assistance in other countries under this Act may be used (in addition to funds available for such use under other authorities in this Act) for construction or acquisition of such facilities for such purposes elsewhere'; and add the following new subsection:

"'(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, a detailed explanation of the method by which the proposed programs for each country have been arrived at shall be submitted, including all significant factors considered in arriving at such proposed programs.'

"(g) Amend section 543 (d), which relates to saving provisions, by striking out 'Act of 1956 or the Mutual Security Act of 1957' and substituting 'Act of 1956, 1957, or 1958' in the first sentence and by inserting the following new sentence after the second sentence: 'Until June 30, 1958, funds used for the purposes of this Act shall be so used in accordance with the provisions of this Act as in effect prior to the date of enactment of the Mutual Security Act of 1958.'

"(h) Amend section 544, which relates to amendments to other laws, by striking out subsections (b) and (c) (which deletions shall not be deemed to affect amendments contained in such subsections to Acts other than the Mutual Security Act of 1954, as amended).

"(i) Amend section 545, which relates to definitions, as follows:

"(1) In subsection (j), insert 'the Development Loan Fund and' after 'refer to' and strike out 'title II.'

"(2) In subsection (k), insert 'the Board of Directors of the Development Loan Fund and' after 'refer to' and strike out 'title II.'

"CHAPTER V—REORGANIZATION OF MUTUAL SECURITY ACT OF 1954; AMENDMENTS; AND WESTERN HEMISPHERE COOPERATION

"Reorganization of Mutual Security Act of 1954

"SEC. 501. The Mutual Security Act of 1954, as amended, is further amended as follows:

"(1) Strike out the heading of title I and of chapter I of such title, and immediately before section 101, insert the following:

"'CHAPTER I—MILITARY ASSISTANCE'

"(2) Immediately above section 131, strike out the chapter heading and insert in lieu thereof the following:

"'CHAPTER II—ECONOMIC ASSISTANCE

"'*Title I—Defense support*'

"(3) In section 131 (a), strike out 'chapter 1 of this title' and insert in lieu thereof 'chapter I.'

"(4) In section 131 (d), immediately after 'title', insert 'or chapter I.'

"(5) Immediately above section 141, strike out the chapter heading.

"(6) In section 141, immediately after 'title' both times it appears insert 'or chapter I.'

"(7) (A) In section 142 (a), strike out 'chapter 1 of this title' each place it appears and insert 'chapter I.'

"(B) In such section 142 (a), strike out 'under this title' and 'purposes of this title' each place they appear and insert 'under chapter I or under this title', and 'purposes of chapter I or of this title,' respectively.

"(8) Section 142 (b) is amended by striking out 'chapter 3 of title I of this Act' and inserting in lieu thereof 'this title.'

"(9) Section 144 is amended by inserting immediately after 'under this title' the following: 'or chapter I.'

"(10) Section 202 (b) is amended by striking out '401 (a)' and inserting in lieu thereof '451 (a).'

"(11) Amend the heading of title IV to read as follows:

"'*Title IV—Special assistance and other programs.*'

"(12) (A) Immediately after section 420, insert the following new chapter heading:

"'CHAPTER III—CONTINGENCY FUND'

"(B) Section 401 is redesignated as section 451 of chapter III.

"(13) Section 405 (d) is amended by striking out '401' and inserting in lieu thereof '451.'

"(14) Section 410 is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(15) Section 411 (b) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(16) Immediately above section 501, strike out the heading of title V and of chapter 1 of that title and insert the following:

"'CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS'

"(17) Section 503 is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(18) (A) Section 504 (a) is amended by striking out 'titles II, III, and IV, and chapter 3 of title I,' and inserting in lieu thereof 'chapter II.'

"(B) Section 504 (c) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(19) (A) The first sentence of section 510 is amended by striking out 'chapter 3 of title I' and inserting in lieu thereof 'title I of chapter II.'

"(B) The third sentence of section 510 is amended by striking out 'title II or chapter 3 of title I' and inserting in lieu thereof 'title I or II of chapter II.'

"(20) Section 511 (a) is amended by striking out 'title I' and inserting in lieu thereof 'chapter I or title I of chapter II.'

"(21) Section 511 (c) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(22) Section 513 is amended by striking out '401' and inserting in lieu thereof '451.'

"(23) Immediately above section 521, strike out the chapter heading.

"(24) In section 521 (b), insert 'of chapter II' immediately after 'title III.'

"(25) In section 521 (c), strike out 'chapter 3 of title I' and insert in lieu thereof 'title I of chapter II.'

"(26) Sections 522 (c) and 522 (d) are each amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(27) Section 523 (c) (2) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(28) Section 524 is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(29) The portion of section 537 (a) which precedes paragraph (1) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(30) Immediately above section 541, strike out the chapter heading.

"(31) Section 545 (c) is amended by striking out 'chapter 1 of title I' and inserting in lieu thereof 'chapter I.'

"(32) Section 545 (h) is amended by striking out 'chapter 1 of title I' each place it appears and inserting in lieu thereof 'chapter I.'

"(33) Sections 545 (j) and 545 (k) are each amended by striking out 'chapter 3 of', and by inserting 'chapter II or under chapter III' immediately after 'title IV.'

"(34) Section 549 is amended by inserting 'of chapter II' immediately after 'title III.'

"Amendments to other laws

"SEC. 502. (a) The Defense Base Act, as amended (42 U. S. C. 1651), is further amended as follows:

"(1) In subsection (a) of the first section, insert the following new subparagraph after subparagraph (4):

"'(5) under a contract approved and financed by the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States, under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof), and not otherwise within the coverage of this section, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (A) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in work under such contract the payment of compensation and other benefits under the provisions of this Act, and (B) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract.'

"(2) In subsection (e) of such section, strike '(3) or (4)' in the last sentence and substitute therefor '(3), (4), or (5).'

"(3) In subsection (f) of such section, insert 'or in any work under subparagraph (5) subsection (a) of this section' between 'this section' and 'shall not apply.'

"(b) In the first section of the Act of June 28, 1935, as amended (49 Stat. 425), strike out '$30,000' and insert '$33,000,' and strike out '$15,000' the first time it appears and insert '$18,000.'

"(c) In section 101 of the Government Corporation Control Act, as amended (31 U. S. C. 846), insert 'Development Loan Fund;' before 'Institute of Inter-American Affairs.'

"(d) In section 2 of the Act of July 11, 1956 (70 Stat. 523), strike out all beginning with 'An' down through 'Conference and' and substitute 'There is authorized to be appropriated annually, for the annual contribution of the United States toward the maintenance of the North Atlantic Treaty Organization Parliamentary Conference, such sum as may be agreed upon by the United States Group and approved by such Conference, but in no event to exceed for any year an amount equal to 25 per centum of the total annual contributions made for that year by all members of the North Atlantic Treaty Organization toward the maintenance of such Conference, and.'

"(e) Section 5 of the Act of July 30, 1946 (22 U. S. C. 287q), is amended by the addition of the following sentences at the end thereof: 'The National Commission is further authorized to receive and accept services and gifts or bequests of money or materials to carry out any of the educational, scientific, or cultural purposes of the National Commission as set forth in this Act and in the constitution of the Organization. Any money so received shall be held by the Secretary of State and shall be subject to disbursement through the disbursement facilities of the Treasury Department as the terms of the gift or bequest may require and shall remain available for expenditure by grant or otherwise until expended: *Provided*, That no such gift or bequest may be accepted or disbursed if the terms thereof are inconsistent with the purposes of the National Commission as set forth in this Act and in the constitution of the Organization. In no event shall the National Commission accept gifts or bequests in excess of $200,000 in the aggregate in any one year. Gifts or bequests provided for herein shall, for the purposes of Federal income, estate, and gift taxes, be deemed to be a gift to or for the United States. The National Commission and Secretary of State shall submit to Congress annual reports of receipts and expenditures of funds and bequests received and disbursed pursuant to the provisions of this section.'

"(f) The portion of subsection (a) of section 2 of the joint resolution of June 30, 1948, as amended (22 U. S. C. 272a (a)), which precedes ', as apportioned' is amended to read as follows: '(a) such sums as may be necessary for the payment by the United States of its share of the expenses of the Organization, but not to exceed 25 per centum of such expenses.'

"(g) Section 101 (a) of the War Hazards Compensation Act, as amended (42 U. S. C. 1701), is further amended by inserting the following new subparagraph after subparagraph (3): 'or (4) to any person who is an employee specified in section 1 (a) (5) of the Defense Base Act, as amended, if no compensation is payable with respect to such injury or death under such Act, or to any person engaged under a contract for his personal services outside the United States approved and financed by the United States under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof): *Provided*, That in cases where the United States is not a formal party to contracts approved and financed under the Mutual Security Act of 1954, as amended, the Secretary, upon the recommendation of the head of any department or agency of the United States, may, in the exercise of his discretion, waive the application of the provisions of this subparagraph with respect to any such contracts, subcontracts, or subordinate contracts, work location under such contracts, subcontracts, or subordinate contracts, or classification of employees.'

"(h) Section 571 (c) of the Foreign Service Act of 1946, as amended, is amended by deleting the words 'in the Department' wherever they appear therein and by adding at the end thereof the following new sentences: 'Any Foreign Service officer who resigned from the Service, or retired in accordance with section 636 of this Act on or after November 14, 1957, but prior to the enactment of this sentence, for the purpose of accepting an immediate appointment to such a position, shall be considered as having been assigned to such other position under authority of this section as amended. Appropriate adjustment at the election of the officer may be made with respect to special contributions deposited immediately prior to resignation or retirement by any such officer under title VIII of this Act on salaries in excess of $13,500.'

"(i) Section 1011 of the United States Information and Educational Exchange Act of 1948, as amended, is further amended by adding the following new subsection at the end thereof:

"'(h) (1) There is authorized to be appropriated annually an amount to restore in whole or in part any realized impairment to the capital used in carrying on the authority to make informational media guaranties, as provided in subsection (c), through the end of the last completed fiscal year.

"'(2) Such impairment shall consist of the amount by which the losses incurred and interest accrued on notes exceed the revenue earned and any previous appropriations made for the restoration of impairment. Losses shall include the dollar losses on foreign currencies sold, and the dollar cost of foreign currencies which (a) the Secretary of the Treasury, after consultation with the Director, has determined to be unavailable for, or in excess of, requirements of the United States, or (b) have been transferred to other accounts without reimbursement to the special account.

"'(3) Dollars appropriated pursuant to this section shall be applied to the payment of interest and in satisfaction of notes issued or assumed hereunder, and to the extent of such application to the principal of the notes, the Director is authorized to issue notes to the Secretary of the Treasury which will bear interest at a rate to be determined by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the guaranties. The currencies determined to be unavailable for, or in excess of, requirements of the United States as provided above shall be transferred to the Secretary of the Treasury to be held until disposed of, and any dollar proceeds realized from such disposition shall be deposited in miscellaneous receipts.'

"(j) The Act of May 26, 1949, as amended (5 U. S. C. 151a–151c), relating to the organization of the Department of State, is amended as follows:

"(1) In the first section, strike out 'three' and insert 'two.'

"(2) In section 2, designate the present language as '(a)' and add the following new subsection:

"'(b) There is hereby established in the Department of State the Office of Under Secretary of State for Economic Affairs, which shall be filled by appointment by the President, by and with the advice and consent of the Senate. The Under Secretary of State for Economic Affairs shall receive compensation at the rate of $22,000 per year and shall perform such duties as may be prescribed by the Secretary of State. The President may initially fill the position of Under Secretary of State for Economic Affairs by appointing, without further advice and consent of the Senate, the officer who, on the date of the enactment of this subsection, held the position of Deputy Under Secretary of State for Economic Affairs. Any provision of law vesting authority in the "Deputy Under Secretary of State for Economic Affairs" or any other reference with respect thereto, is hereby amended to vest such authority in the Under Secretary of State for Economic Affairs.'

"(k) Section 712 (b) of title 10 of the United States Code is amended to read as follows, such amendment to take effect nine months after the date of enactment of this Act:

"'(b) Subject to the prior approval of the Secretary of the military department concerned, a member detailed under this section may accept any office from the country to which he is detailed. He is entitled to credit for all service while so detailed, as if serving with the armed forces of the United States. Arrangements may be made by the President, with countries to which such members are detailed to perform functions under this section, for reimbursement to the United States or other sharing of the cost of performing such functions.'

"(l) Section 104 of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, Eighty-third Congress; 7 U. S. C. 1704), as amended, is further amended by adding after paragraph (j) the following new paragraph:

"'(k) To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor.'

"(m) The Act of June 14, 1948, as amended (22 U. S. C. 290) authorizing participation in the World Health Organization, is amended by adding the following new section 6:

"'SEC. 6. The Congress of the United States, recognizing that the diseases of mankind, because of their widespread prevalence, debilitating effects, and heavy toll in human life, constitute a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities, and to improve their living conditions, declares it to be the policy of the United States to continue and strengthen mutual efforts among the nations for research against diseases such as heart disease and cancer. In furtherance of this policy, the Congress invites the World Health Organization to initiate studies looking toward the strengthening of research and related programs against these and other diseases common to mankind or unique to individual regions of the globe.'

"COOPERATION IN WESTERN HEMISPHERE

"SEC. 503. It is the sense of the Congress that, in view of the friendly relationships and mutual interests which exist between the United States and the other nations of the Western Hemisphere, the President should, pursuant to the provisions of the Mutual Security Act of 1954, as amended, and other applicable legislation, seek to strengthen cooperation in the Western Hemisphere to the maximum extent by encouraging joint programs of technical and economic development."

And the Senate agree to the same

THOMAS E. MORGAN,
A. S. J. CARNAHAN,
CLEMENT J. ZABLOCKI,
JOHN M. VORYS,
WALTER H. JUDD,
Managers on the Part of the House.

THEODORE FRANCIS GREEN,
J. W. FULBRIGHT,
JOHN J. SPARKMAN,
HUBERT H. HUMPHREY,
MIKE MANSFIELD,
ALEXANDER WILEY,
H. ALEXANDER SMITH,
BOURKE B. HICKENLOOPER,
WILLIAM F. KNOWLAND,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amend-

ment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

The committee of conference agreed upon an authorization of $3,031,400,000, a reduction of $266,500,000 from the executive branch authorization request.

The House bill authorized an appropriation of $2,958,900,000. The Senate amendment authorized an appropriation of $3,103,900,000 exclusive of the limitation of $2.4 billion on military assistance and defense support contained in section 13 of the amendment. When the ceiling in section 13 of the Senate amendment was applied, the difference between the 2 Houses was $110 million. On the basis of the individual authorizations and without regard to this ceiling, the difference between the 2 Houses was $145 million.

The amount authorized by the committee of conference for military assistance was $1,605 million and $810 million for defense support. The sum of these two authorizations equaled the sum as they passed the House, although military assistance was reduced $35 million and defense support was increased $35 million. The Senate also receded from section 13 of its amendment which placed an overall ceiling of $2.4 billion on the total authorization for military assistance and defense support and also authorized a Presidential transfer of not more than $235 million between these 2 items.

The committee of conference agreed to $202.5 million for special assistance, a reduction of $9.5 million from the Senate figure. The Senate approved amount for the contingency fund was reduced from $200 million to $155 million. The Senate accepted the House figure of $33 million for ICA administrative expenses. The net result of these adjustments was to divide equally the difference of $145 million between the two Houses. Thus the Senate figure was reduced by $72.5 million and the House figure increased by an identical amount.

Mutual security program for fiscal year 1959

[In thousands]

	Administration authorization request	House amounts	Senate amendment	Difference between House and Senate	Committee of conference
Sec. 103 (a). Military assistance	$1,800,000	[1]$1,640,000	$1,600,000	−$40,000	$1,605,000
Sec. 131 (b). Defense support	835,000	775,000	835,000	+60,000	810,000
Sec. 203. Development Loan Fund					
Sec. 304. Bilateral technical cooperation	142,000	150,000	150,000		150,000
Sec. 306 (a). United Nations technical assistance programs	20,000	20,000	20,000		20,000
Sec. 306 (b). OAS technical cooperation	1,500	1,500	1,500		1,500
Sec. 400 (a). Special assistance	212,000	185,000	212,000	+27,000	202,500
Sec. 405 (a). Intergovernmental Committee for European Migration					
Sec. 405 (c). U. N. High Commissioner for Refugees	1,200	1,200	1,200		1,200
Sec. 405 (d). Escapees	8,600	8,600	8,600		8,600
Sec. 406. U. N. Children's Fund	11,000	11,000	11,000		11,000
Sec. 407. Palestine refugees	25,000	25,000	25,000		25,000
Sec. 408. NATO civilian expenses					
Sec. 409 (c). Ocean freight	2,100	2,100	2,100		2,100
Sec. 410. Control Act expenses	1,000	1,000	1,000		1,000
Sec. 411 (b). ICA administrative expenses	33,000	33,000	31,000	−2,000	33,000
Sec. 411 (c). State administrative expenses					
Sec. 419 (a). Atoms for Peace	5,500	5,500	5,500		5,500
Sec. 451 (b).[2] Contingency fund	200,000	100,000	200,000	+100,000	155,000
Total	3,297,900	2,958,900	3,103,900	+145,000	3,031,400

[1] Although the Senate amendment included $1.6 billion for military assistance and $835 million for defense support, a total of $2,435 million, section 13 of the amendment limited the total authorization of these 2 items to $2.4 billion. This section also authorized the Presidential transfer of $235 million between military assistance and defense support in order to allow the President to apportion the reduction set by the ceiling.

[2] Formerly sec. 401 (b).

REORGANIZATION OF THE ACT (SEC. 501)

The House bill changed the title headings of the Mutual Security Act in order to place military assistance in a separate chapter and defense support under the economic chapter. These changes were intended to make clear that defense support although necessary for military needs was nevertheless economic assistance. Special assistance and the contingency fund were put into a new chapter because it was believed that each could include both military and economic assistance. The Senate amendment contained no similar provision.

The committee of conference accepted the House reorganization of the Mutual Security Act with an amendment. The amended version removes special assistance from the same chapter as the contingency fund and puts the former into the chapter headed "Economic Assistance." This latter change conforms to the executive branch definition that special assistance is now regarded as economic assistance necessary to achieve political, economic, or other objectives in countries where no assistance is provided in support of significant military forces, or in situations where the assistance cannot be appropriately rendered as technical assistance or from the Development Loan Fund. The contingency fund, unlike special assistance, may be used for both military and nonmilitary assistance.

AID TO INDIA

The Senate amendment added subsection (d) to section 2 of the Mutual Security Act, stating the sense of the Congress that it is in the interest of the United States to join with other nations in providing support to assist India to complete its current program for economic development.

The House bill contained no provision on this subject.

It was the view of the House conferees that since the concepts embodied in the India amendment were expressed in various sections of the Mutual Security Act it was unnecessary to make specific reference to a particular country in relation to policies already expressed in law in general terms.

MILITARY ASSISTANCE TO LATIN AMERICA (SEC. 103)

The Senate version contained an amendment to section 105 (b) (4) requiring the President to review findings made under that section annually and to make a determination each year as to whether military assistance is necessary. Furthermore, it laid down the policy that internal security requirements should not normally be the basis for military assistance in Latin America.

The House bill contained no similar amendment.

Under the existing section 105 (b) (4) military assistance may be furnished to Latin American nations only in accordance with defense plans found by the President to require those nations to participate in missions important to the defense of the hemisphere.

Since the amendment is in conformity with existing section 105 (b) (4) and reflects the policy expressed in that section, the managers on the part of the House agreed to the retention of the Senate language. In their opinion the amendment does not represent a change in policy except with respect to requiring an annual review by the President. Recent events tend to indicate the necessity for a restatement of the United States policy that military assistance to Latin America shall be furnished for internal security requirements only under extraordinary circumstances.

USE OF SURPLUS COUNTERPART FUNDS (SEC. 202)

The Senate version added two provisos to section 142 (b) (iii). The first proviso permitted a recipient nation to utilize those counterpart funds which are excess to United States requirements and exceed the requirements for purposes for which new funds authorized by the Mutual Security Act would be available for other purposes. Such uses would have to be agreed to by the United States and be consistent with United States foreign policy. The second proviso required that any proposed utilization of such excess amounts should be reported to the 4 appropriate congressional committees, and that such utilization should not be effective until 60 days after such reporting.

The House bill contained no provision on this subject.

The Senate amendment was proposed specifically to make it possible for the Austrian Government to make a loan to the Austrian Hilfsfond for use in compensating former Austrian nationals who were persecuted under the Nazi regime and are now residing outside Austria. The executive branch had previously determined that such use of Austrian counterpart was not permitted. Present law authorizes the use of counterpart (aside from that counterpart earmarked for United States requirements) only to carry out purposes for which new funds authorized by the Mutual Security Act would themselves be available. Since compensation to victims of Nazi persecution was not a purpose for which new funds authorized by the Mutual Security Act would be available, additional legislation was regarded necessary to permit the use of Austrian counterpart for this purpose.

The managers on the part of the House recognized the desirability of the proposed use of excess counterpart funds for this purpose. They regarded the granting of such broad authority over the use of excess counterpart as contained in the Senate amendment to be undesirable. They therefore accepted compromise language limiting the utilization of excess counterpart to the equivalent of $4 million, the amount estimated to be expended in carrying out the program for Austria. Proposals for further utilization of excess counterpart will require approval by the Congress.

ASSISTANCE TO YUGOSLAVIA

The House bill contained an amendment to section 143 with reference to assistance to Yugoslavia prohibiting the furnishing of any assistance to Yugoslavia after 90 days unless the President had determined that (1) there has been no change in the fundamental policies on which aid to Yugoslavia is based; (2) Yugoslavia is not participating in policies or programs for the Communist conquest of the world; and (3) it is in the interest of national security to continue aid. The President would have been required to keep Congress continually informed of determinations under this section and of assistance to Yugoslavia. The Senate version contained no amendment to section 143.

Section 143 of the present law is substantially similar to the House provision. Section 143 requires the President to assure himself continually that (1) Yugoslavia continues to maintain its independence; (2) Yugoslavia is not participating in policies or programs for the Communist conquest of the world; and (3) the furnishing of assistance is in the national security interest. Under this provision the President must keep the Congress informed of assistance to Yugoslavia.

The committee of conference decided that, in view of recent developments in Yugoslavia, it was undesirable to make any change in this section at this time.

STATE DEPARTMENT ORGANIZATION (SEC. 502 (J))

The Senate amendment provided for the creation of an Under Secretary of State for Economic Affairs in the Department of State and for the abolition of the Deputy Under Secretary of State for Economic Affairs.

The House bill contained no similar provision.

The committee of conference accepted the Senate language.

Although the activities of ICA are under the authority of the Department of State, the Director of ICA presently outranks the Deputy Under Secretary of State for Economic Affairs. The effect of the Senate provision is to upgrade the position of the principal economic officer in the Department of State so that he will be senior to the Director of ICA. The new position will give further emphasis to congressional insistence that the mutual security program is an integral part of United States foreign policy and, as such, is under the immediate direction of the Department of State.

The Senate language also provides that the present Deputy Under Secretary of State for Economic Affairs, Hon. C. Douglas Dillon, may be appointed to the new office without further advice and consent of the Senate.

The Under Secretary of State will continue to serve as principal assistant to the Secretary of State for all aspects of the conduct of United States foreign relations. The Under Secretary of State for Economic Affairs is scheduled to receive a salary of $22,000 per annum, while that of the Under Secretary of State is fixed at $22,500. This difference in salary is intended to indicate clearly the subordinate position of the Under Secretary of State for Economic Affairs.

The Senate amendment also includes language that has the effect of changing the composition of the Board of Directors of the Development Loan Fund so that the new officer will replace the Deputy Under Secretary of State for Economic Affairs—a position that is abolished by the Senate amendment.

CONTRIBUTION TO UNITED NATIONS TECHNICAL ASSISTANCE PROGRAMS (SEC. 204 (B))

The House bill amended the proviso of section 306 (a) so as to provide that for the calendar year 1959 and thereafter the United States contribution to United Nations technical assistance and related programs may be as much as but not to exceed 40 percent of the total amount contributed for that purpose in any given year.

The Senate amendment contained no provision on this subject, and left unchanged the present scale of United States contributions, which provides for 38 percent in fiscal year 1959 and 33⅓ percent in fiscal year 1960 and thereafter.

The committee of conference accepted the House language except for certain revisions intended to clarify the meaning of the House bill.

The managers on the part of the House were in agreement with the Senate conferees that it is desirable that other nations increase their contributions to the multilateral technical cooperation and related programs and that the United States should in due course reduce its percentage contribution.

CONTINUATION OF INTERNATIONAL DEVELOPMENT ADVISORY BOARD (IDAB)

The House bill contained a provision repealing section 308, relating to the International Development Advisory Board, but the Senate version did not repeal that section. The International Development Advisory Board, which by statute is composed of 13 members, has the duty of advising the President and the Director of the International Cooperation Administration on policy matters relating to technical cooperation, the Development Loan Fund, and the encouragement of private enterprise under the mutual security program.

The committee of conference agreed to the retention of section 308 providing authority for the continuation of the Board. Although there have been no Board members since last September, the executive branch made a strong plea that the Board is necessary. The primary reasons for the delay in the reactivation of the IDAB were: (1) the resignation of the then Director of ICA last fall and the appointment of a new Director, and (2) the desire to await action of the Congress on certain proposals which would influence substantially the functions of the Board, particularly if the Development Loan Fund were incorporated.

The managers on the part of the House are firmly of the opinion that representatives of science should be included on the Board. It would also appear to be appropriate for the International Development Advisory Board to utilize advisory groups representing business, labor, agriculture, public health, science, and education.

PALESTINE REFUGEES (SEC. 205 (F))

The House bill authorized an appropriation of $25 million for fiscal year 1959 for the United States contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. The Senate amendment authorized an identical sum, but included a proviso that $5 million of the funds appropriated for this purpose shall be used only for repatriation or resettlement of such refugees.

If the entire $25 million were appropriated, the $5 million earmarked for repatriation or resettlement would be 20 percent. Should the appropriation be less, however, the $5 million would constitute a larger percentage of the available money. The conferees substituted a figure of 15 percent of the appropriated amount in lieu of the flat sum of $5 million for repatriation or resettlement.

The committee of conference agreed with the philosophy contained in the Senate proviso; namely, that the governments of the Near East take more vigorous steps to effect a solution of the refugee problem. It was recognized, however, that the critical situation in that area only makes more difficult the relocation of the refugees. Relief and rehabilitation are not only a continuing demand but are prerequisites to the success of any repatriation or resettlement program. The committee of conference is not satisfied that officials of the governments in the Middle East and officials of the United States Government have exhausted their ingenuity or fully utilized their opportunities to begin a reasonable settlement of this troublesome problem.

OFFSHORE PROCUREMENT, PROTECTION OF THE UNITED STATES ECONOMY, AND STUDY OF THE ROLE OF PRIVATE ENTERPRISE (SEC. 205 (J) (2))

The House bill contained a provision entitled "Protection of the United States Economy," which would have required an annual review of operations under the program by a committee composed of the Secretaries of State, Treasury, Commerce, Labor, and Agriculture. The purpose of the study would have been to determine whether such operations had adversely affected the economy of the United States, with special reference to areas of substantial labor surplus. Recommendations were called for.

The Senate amendment contained a section amending section 510 of the act, which would have prohibited offshore procurement of commodities except that up to 50 percent of the funds appropriated might be used for procurement overseas if the President determined that the procurement did not result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, outweighing the economic advantages to, and the national interests of, the United States of less costly procurement abroad.

The Senate version also contained a provision for a review by the Departments of State and Commerce, and other agencies of the Government, of the ways and means by which the role of the private sector of the economy could be more effectively utilized in the foreign policy efforts of the United States. Private enterprise would have been called upon to cooperate in the study. Recommendations would have been required from the reviewing group.

Some members of the committee of conference were strongly opposed to changes in the provisions before them. The following considerations influenced the judgment of the majority of the conferees: (1) The matters covered by the above provisions are closely interrelated; (2) over 50 percent of ICA financed procurement already takes place in the United States; and (3) the various reviews called for would be overlapping. Therefore a majority of the Senate and House members of the committee of conference agreed to eliminate the above three provisions and to substitute a new provision calling for a study, under the direction of the President, by certain Government agencies of the relation of the program to American private enterprise and the American economy, to make recommendations to prevent any possible adverse effects, with special reference to areas of substantial labor surplus, and to further the role of American private enterprise in promoting our foreign policy. The committee of conference emphasizes that the new provision envisages a study of the possible adverse effects upon the United States economy arising from operations under the mutual security program. It is contemplated that this study will be financed from the regular appropriations available to each agency participating.

MUNITIONS CONTROL (SEC. 206 (K))

The House bill contained a provision prohibiting the return to the United States, other than for the Armed Forces of the United States and its allies, of military arms or ammunition furnished to foreign governments by the United States under any foreign assistance programs of the United States.

The Senate version limited the items prohibited for import to military firearms, rather than arms or ammunition, manufactured in the United States and furnished to foreign governments under any foreign aid program. The Senate version further stipulated that it was to apply only to items imported for sale and regardless of whether the arms in question had been advanced in value in a foreign country. It also provided that the prohibition should not extend to firearms which had been so substantially altered as to become in effect articles of foreign manufacture.

The committee of conference adopted a compromise which prohibits the return to the United States for sale in the United States of any military firearms or ammunition of United States manufacture and furnished to foreign governments by the United

States under the Mutual Security Act or any other foreign assistance program of the United States. The prohibition is not to apply to military firearms or ammunition imported into the United States for the Armed Forces of the United States or its allies, and shall not apply to firearms that have been so substantially altered as to become in effect articles of foreign manufacture. The foreign aid programs of the United States covered under this provision would include, among others, the lend-lease program, the Greek-Turkish assistance program, the mutual defense assistance program, and the mutual security program. The phrase "military firearms" was accepted because, if the words "military arms" had been used, there was a possibility that such items as armored vehicles, spare parts for armored vehicles, and other similar items might have been included in the prohibition.

MALARIA ERADICATION (SEC. 205 (M))

The committee of conference accepted the House language, as rephrased, to make clear that the Development Loan Fund may, in accordance with the provisions of title II of chapter II, furnish assistance designed to aid the efforts of other peoples to eradicate malaria.

CONGRESSIONAL TRAVEL ACCOUNTING (SEC. 401 (A))

The House bill amended section 502 (b) to provide that local currency used by any congressional committee be charged against any amounts made available to such committee from the appropriate contingent funds, and that the use of such currency be subject to all the reporting and other requirements which apply to the expenditure of amounts made available from such contingent fund.

The Senate amendment amended section 502 (b) to require that each member or employee of any congressional committee make to the chairman of his committee an itemized listing of expenditures of foreign currency and that each committee submit a consolidated report showing the total itemized expenditures of the committee and of each member or employee thereof during the preceding calendar year to the House Administration Committee or the Senate Appropriations Committee. This report was required to be published in the CONGRESSIONAL RECORD.

The information available to the managers on the part of the House indicated that the provision contained in the House bill would require substantial modification and reorganization of the accounting procedures of the House of Representatives which would not be necessary in order to attain the objectives of an itemized accounting of foreign travel expenditures by individuals and of a public reporting of such expenditures. The House conferees, therefore, accepted the simpler language of the Senate amendment, since it appeared to attain the desired objectives. The committee of conference agreed, however, to eliminate from the Senate provision the requirement that the total itemized expenditures of each committee member or employee should be reported and published in the CONGRESSIONAL RECORD. Instead, language was accepted requiring that each member or employee of any congressional committee must report to the chairman of his committee an itemized listing of expenditures of foreign currency. The total itemized expenditures of each committee and subcommittee during each calendar year is to be reported to the Committee on House Administration or the Committee on Appropriations of the Senate and published in the CONGRESSIONAL RECORD. The provision takes effect on the date of enactment of the bill.

The committee of conference believes that foreign travel by Members of Congress should be encouraged and recognizes that the use of foreign currency funds derived from operations under the mutual security and agriculture trade development and assistance programs for this purpose in most instances makes such travel possible without cost to the United States taxpayer. Certain foreign currencies made available under these programs will not be usable in the foreseeable future by the United States for any other purpose.

The committee of conference was in agreement that congressional travel expenses should be fully accounted for and controlled and that the entire matter should be subject to further study not only by the Committees on Foreign Relations and Foreign Affairs, but by other interested committees of the Senate and the House. Such further study should include consideration of the accounting and control of congressional travel expenditures under authority other than that contained in the Mutual Security Act.

COMPLETION OF PLANS AND COST ESTIMATES (SEC. 401 (D))

The House bill added a new section 517 which prohibited the obligation of defense support, bilateral technical cooperation, and special assistance funds for projects requiring substantive technical or financial planning until necessary engineering, financial, and other plans had been completed and a reasonably firm estimate obtained of the cost to the United States of providing such assistance, and until a determination had been made that any necessary legislative action by the recipient country might reasonably be anticipated to be completed within 1 year. The new section also provided that funds obligated for assistance subject to the conditions of the section could only be used for the purpose for which originally obligated and would otherwise revert to the Treasury.

The committee of conference accepted the House provision with two modifications. The first limits the application of this section to obligations in excess of $100,000. The second eliminates the requirement that funds obligated under the conditions established by this section could be used only for their original purpose and, if not used, would revert to the Treasury. With this modification, such funds could be reused for other purposes as authorized by the Mutual Security Act.

In accepting these modifications, the managers on the part of the House recognized that the application of the provisions of this section to small transactions might seriously impede the operation of the program. They also were impressed with the contention that the language contained in the House bill would prevent the deobligation and reuse of funds where unforeseen changes in the political or the international situation might make abandonment of a project for which funds had been obligated desirable.

ACCEPTANCE OF BENEFITS FROM FOREIGN NATIONS AND DUAL COMPENSATION IN LATIN AMERICA (SEC. 401 (E) AND SEC. 502 (K))

The Senate amendment contained two provisions relating to the detail of personnel to foreign governments. The first amendment prohibited any person performing functions under the Mutual Security Act from accepting any compensation or other benefits from a foreign nation. It further provided that cost-sharing arrangements could be made by the President with the nations to which personnel are detailed. The second provision amended section 712 of title 10 of the United States Code so that persons detailed under that section could not accept offices, compensation, or emoluments from the foreign government concerned. The House bill contained no similar provisions.

Under section 712 of title 10 of the United States Code the President is presently authorized to detail members of the armed services to certain Latin American Republics and to any other nation during time of war. Under that section, subject to the prior approval of the Secretary of the military department concerned, an officer so detailed may receive compensation or emoluments and may accept any office from the foreign government.

The House receded and accepted the Senate provision prohibiting any person who performs functions under the Mutual Security Act from receiving any compensation from any foreign government. The House receded with an amendment to the second provision, amending section 712 of title 10 of the United States Code. The House agreed to the Senate prohibition against a military officer detailed under the provisions of title 10, United States Code, section 712, accepting compensation or emoluments but with a compromise permitting such officers to continue to be authorized, subject to the prior approval of the Secretary of the department concerned, to accept offices from the foreign government to which detailed.

The committee of conference agreed that it is in the best interest of the United States to prohibit any employee or officer performing functions under the Mutual Security Act or any military officer detailed under title 10, United States Code, section 712, from receiving compensation directly from a foreign government. To allow such individuals to receive compensation raises the possibility of a conflict of interest or even of divided loyalties. The committee of conference, however, considered it unnecessary to prohibit an officer detailed under title 10, United States Code, section 712, from accepting an office from a foreign government. There may be instances where it is in the interest of the United States for a United States officer to accept an office from a foreign government. On such occasions, however, he would be paid by the United States. For example, there have been instances where a United States officer has been designated as commandant of a foreign military academy with a simulated rank in the foreign army. There may be other situations where a United States officer could serve in a dual capacity.

Provision is made for cost-sharing arrangements with the foreign government under the Mutual Security Act and title 10, United States Code, section 712. In order to facilitate such arrangements, the prohibition is not to be effective for 9 months following enactment of this act.

COMPUTATION OF LEVELS OF AID (SEC. 401 (F))

The House bill contained a provision to require the President to submit a report to the Congress before January 10 each year, detailing defense support and special assistance to be furnished for the next fiscal year. The provision also required that such report contain a clear and detailed explanation of the method used in reaching the proposed levels of aid for each country, and a listing of all significant factors considered in determining each level of aid, the reason for the inclusion of each factor and the monetary value assigned to each, together with an explanation of the manner in which these factors are reconciled to yield a specific dollar figure which constitutes each level of aid.

This provision was adopted on the floor after a very short discussion and without time for thorough analysis. The acting chairman of the committee, however, being sympathetic to the objective of the amendment, supported it. It later developed that the amendment included a drafting error which made the provision apply to the contingency fund instead of special assistance.

The Senate, after study and analysis, did not include this provision in the Senate amendment to the bill.

The Senate conferees took the position that the requirement for assigning dollar figures to all significant "factors" was based on a misconception that an exact monetary

measure could be applied to many of the complex "factors" involved, such as the value of an airfield, or the value of the steadfastness of a little country bordering the Soviet bloc. The Senate conferees also took the position that the House provision literally required a public report to Congress and therefore an apparent public commitment by the United States for "levels of aid" for given countries before the Congress had acted and before negotiations with the countries involved had been completed.

The Senate conferees were unwilling to accept the January 10 date requirement on the ground that it was not necessary, that it would conflict seriously with the regular budget process, and that to substitute a later date would serve no useful purpose.

Although the Senate conferees refused to accept the original House language, the committee of conference agreed on the objectives sought to be accomplished. The conferees were keenly aware that although the executive branch annual presentation in support of renewal of the Mutual Security Act has improved, particularly as a result of prodding by the legislative committees during recent years, the presentation is still subject to further improvement.

The committee of conference, therefore, adopted a revision of the House provision which will result in the presentation of data which should facilitate the uncovering of administrative shortcomings and defects where and if they exist. The January 10 date requirement is eliminated and the requirement that a monetary value be assigned to each factor considered in determining levels of aid to each country has been deleted. The substitute language preserves the substance of the House provision. As modified and redrafted it will require the executive branch during the annual presentation to the Congress of authorizations and appropriations under the Mutual Security Act to furnish a detailed explanation of the method by which the proposed programs for each country have been arrived at. The compromise version also requires that the annual presentation include detailed explanations of all significant factors considered in arriving at such proposed programs, thus requiring an explanation and justification of each amount.

MILITARY MATERIEL PRICING FORMULA

Although the Senate receded with respect to its amendment to section 545 (h) of the Mutual Security Act, relating to the valuation of equipment under the military assistance program, the House conferees agreed that the committees of the House and Senate should request a report from the executive branch prior to January 1, 1959, concerning the implementation of section 545 (h). Prior to 1956, non-excess-stock items were sold by the military services to the military assistance program at a cost representing the replacement value of a similar but more modern item. In that year section 545 (h) was amended to provide that such sales should be at the same price obtaining for similar transactions between the United States military services or, if there are no such transactions, then at the gross cost for the item concerned, reduced to take into consideration age and condition.

The executive branch has been slow in implementing this provision. All directives have not as yet been issued. One reason for this, of course, is that appropriations were requested in prior years on the basis of anticipated receipts, and an immediate reduction in receipts from the military assistance program would have substantially reduced the funds available to the military services.

The report from the executive branch should give a detailed accounting of operations under the 1956 pricing formula and should contain a comparison of prices charged under the prior formula with those charged under the existing formula.

PROHIBITION AGAINST UNJUSTIFIED PUBLIC WORKS

The House bill contained a provision that prohibited the use of mutual security funds for any flood control, river and harbor or water development project in a foreign country that did not meet the benefit-cost standards and economic feasibility requirements established for similar projects in the United States. The Senate amendment contained no provision on this subject.

The House receded from its position. The committee of conference endorsed the principles contained in the House language but recognized the difficulties involved in their mandatory application to projects carried out in the less developed countries.

INTERNATIONAL LABOR ORGANIZATION (ILO) CONTRIBUTION (SEC. 502 (F))

Section 2 (a) of the joint resolution of June 30, 1948, as amended, authorizes payment by the United States of its share of the expenses of the International Labor Organization (a specialized agency of the United Nations) as apportioned by the Organization in accordance with its constitution. The United States contribution has been limited to $1,750,000 per annum, although the apportionment as determined by the ILO for the United States in recent years has been 25 percent of the ILO budget. As a consequence, the United States is in arrears in its payments. The House bill amended existing law so as to authorize an annual contribution of not to exceed 25 percent. The Senate bill contained a similar amendment but also a limitation of $2 million per annum. The conferees were informed that the budget already approved for calendar year 1959 by the ILO governing body amounts to approximately $8.4 million. Therefore, the United States assessment as apportioned under the ILO constitution would be approximately $2.1 million, and the $2 million ceiling would cause the United States to continue to be in arrears. Under these circumstances and since the ceiling on our contribution to the World Health Organization is also expressed as a percentage, the committee of conference accepted the House version.

FOREIGN SERVICE ACT AMENDMENT (SEC. 502 (H))

The Senate amendment included an amendment to the Foreign Service Act of 1946, as amended. The House bill contained no such provision. The committee of conference accepted the amendment included in the Senate version.

Section 571 (c) of the Foreign Service Act permits a Foreign Service officer to accept a position in the Department of State to which he is appointed by the President and is confirmed by the Senate without any loss of his Foreign Service status. Under this section, for example, a Foreign Service officer may be appointed an Assistant Secretary of State. The act makes no provision for a Foreign Service officer to accept a position elsewhere in the Government unless he resigns or retires from the Foreign Service.

The newly appointed Director of the United States Information Agency, Hon. George V. Allen, a Foreign Service officer with nearly 30 years' experience, had to retire from the Foreign Service to accept his new post. The Senate amendment broadens the single exception in the Foreign Service Act to permit a Foreign Service officer to retain his status within the Foreign Service when he is appointed by the President to any position requiring Senate confirmation. The Senate amendment also contains language that makes the change retroactive in order that Mr. Allen may be considered as if he had not retired from the Foreign Service to accept the position of Director of USIA.

INFORMATIONAL MEDIA GUARANTY (SEC. 502 (I))

The Senate amendment contained language that amended section 1011 of the United States Information and Educational Exchange Act of 1948. The House bill did not contain such a provision, although the House Committee on Foreign Affairs had held hearings on this subject and was contemplating action on it this session. The House conferees therefore receded and concurred in the Senate amendment.

The Senate amendment makes possible the continued financing of the Informational Media Guaranty (IMG) program through replenishment of its capital fund. The capital fund which consists of an authority to borrow from the Treasury up to $28 million is nearly depleted.

The purpose of the program is to encourage the sale of American books, periodicals, films and other informational material in countries where dollars are lacking by guaranteeing to the American distributor the convertibility of local currency sales proceeds into dollars. The program is undertaken only after conclusion of an agreement with the participating country. At the present time the program operates in 11 countries.

Under the program the American exporter sells informational materials to a foreign importer for foreign currency which is exchanged for dollars by the United States Information Agency (USIA), the administrator of the program. Most of the foreign currencies thus acquired are sold by the Treasury Department to other Government agencies for appropriated dollars. These dollars, in turn, are credited to the IMG revolving fund and become available to back the issuance of additional guaranty contracts. The additional dollar funds required to operate the program, over and above the dollars obtained from the sale of these foreign currencies, are borrowed from the Treasury Department against notes assumed by the Director of the United States Information Agency, pursuant to the authority of the Mutual Security Act of 1956.

The Senate amendment authorizes appropriations to restore USIA's borrowing authority for purposes of the IMG program to the extent that it has been impaired by program operations. Impairment to the capital fund arises from three causes: (1) Some foreign currencies acquired under the program must be sold at a lower rate of exchange than the rate at which they were purchased from American exporters; (2) in some countries local currency has accumulated in amounts in excess of United States Government needs so that they cannot in the reasonably immediate future be sold to United States Government agencies for dollars; and (3) in a few countries the United States has been obliged to agree to conditions which place certain restrictions on the types of United States Government activities which can be financed with these currencies.

Since the beginning of the program in 1948 through June 1957, $13 million of the $28 million capital fund has been used to convert local currencies into dollars. An additional $9.6 million is committed to back outstanding guaranties, leaving $5.4 million available for new contracts as of July 1, 1957. This authority is insufficient to finance the program through fiscal year 1959 unless the capital fund is replenished by appropriation.

The executive branch estimates that IMG contracts will be issued for about $13 million for each of the next 2 fiscal years. To finance the issuance of some $26 million in guaranties the capital fund will require replenishment of approximately $8 million. It is important that the program be financed beyond a 1-year period in order that United States exporters can make their plans.

The amount of the appropriation request is limited to the amount necessary to restore the realized impairment to the capital fund. Impairment is defined to include the

amount of realized exchange losses plus the dollar cost of unsalable foreign currencies. The appropriated funds will be turned over to the Secretary of the Treasury to retire outstanding indebtedness, thus permitting USIA to make IMG borrowings in an equivalent amount within the present ceiling after payment of interest charges due.

Through the annual replenishment of the IMG capital fund by appropriation, Congress will retain control over the extent of the program. At the same time the revolving feature will provide assurance of continuity to American exporters participating in the program.

The IMG program is an important adjunct to the work of USIA. It makes available in countries that lack dollars a great variety of informational materials privately produced in the United States. The small loss suffered by the Government is more than compensated for by the greater circulation of important materials in countries that otherwise would not have access to them.

USE OF PUBLIC LAW 480 CURRENCY FOR SCIENCE (SEC. 502 (L))

The Senate amendment amended section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480), by adding a provision authorizing the use of Public Law 480 currencies for scientific activities. Under the provision, Public Law 480 currencies could be used to collect, collate, translate, abstract, and disseminate scientific and technological information. They could also be used to conduct and support scientific activities overseas, including programs of scientific cooperation between the United States and other countries. Such cooperative projects and programs would include coordinated research against disease. The House bill contained no similar provision.

The managers on the part of the House receded and accepted the Senate provision with an amendment to make clear that no foreign currencies can be used for this purpose unless specific appropriations are made therefor.

Recent events have demonstrated the need for increased emphasis on scientific activities. There is an urgent need for translations and abstracts of scientific articles and books, both in the United States and abroad. This section will help meet that need. Furthermore, this provision will assist the United States, through cooperative activities, to secure the benefits of increased scientific activity and research abroad. It will help in eliminating diseases common to all mankind and those which are common to particular regions.

WORLD HEALTH ORGANIZATION RESEARCH (SEC. 502 (M))

The Senate amendment amended the act of June 14, 1948, as amended, concerning United States participation in the World Health Organization, by adding a new section 6, declaring it to be the policy of the United States to continue and to strengthen mutual efforts among nations for research against diseases, such as heart disease and cancer, and inviting the World Health Organization to initiate studies for the strengthening of research and related programs against such diseases.

The House bill did not contain a provision on this subject.

The managers on the part of the House accepted the Senate amendment. There did not appear to be any basis for disagreement with the objectives of this provision. It involves only matters of direction and of emphasis of existing operations, and it does not call for any additional expense.

The committee of conference recognized the advantages to be derived if in these and other health programs the Executive by appropriate regulation take fullest advantage of the psychological value of the American origin of effective medicines.

JOINT ASSISTANCE PROGRAMS IN WESTERN HEMISPHERE (SEC. 503)

The Senate amendment contained a provision expressing the sense of Congress that the President should, pursuant to the provisions of the Mutual Security Act and other applicable legislation, seek to strengthen cooperation in the Western Hemisphere to the maximum extent by encouraging joint programs of technical and economic development. The House bill contained no language on this subject.

The committee of conference accepted the Senate language as indicative of continued congressional encouragement to the executive branch to explore every means available in carrrying out the objectives expressed in the Senate language.

THOMAS E. MORGAN,
A. S. J. CARNAHAN,
CLEMENT J. ZABLOCKI,
JOHN M. VORYS,
WALTER H. JUDD,
Managers on the Part of the House.

Mr. MORGAN. Mr. Speaker, the committee of conference on H. R. 12181 has reported substitute language for both the House bill and the Senate amendment which I believe merits the full support and approval of both the House and the Senate.

The House bill authorized $2,958,900,000. Exclusive of a $2.4 billion limitation on military assistance and defense support, the Senate bill was $145 million higher, authorizing $3,103,900,000. The conference committee version authorizes $3,031,400,000. This is $72.5 million higher than the House and lower than the original Senate figure by the same amount. In compromising the authorization figures the Senate receded on its limitation relating to military assistance and defense support and the following changes were made in the figures authorized in the House version: Military assistance was cut $35 million, defense support was increased $35 million, special assistance was increased $17,500,000, the contingency fund was increased $55 million, and administrative expenses were restored by $2 million to the original House figure.

The Senate version followed the conventional form of the Mutual Security Act. The House bill rearranaged title headings in order to place military assistance and defense support under separate chapters. This was to make clear that defense support is actually economic assistance, although necessary for military needs. The House structure of the bill was accepted by the Senate with a modification to clarify the category of special assistance.

The Senate version required an annual review by the President of military assistance to Latin America and provided that internal security requirements should not normally be the basis for military assistance to Latin America. The House conferees accepted the Senate language as recent events indicate the need for a restatement of policy that military assistance to Latin America be furnished for internal security requirements only under extraordinary circumstances.

The House conferees also agreed to a compromise on a Senate change making it possible for the Austrian Government to use excess counterpart funds which are not available for United States use in compensating former Austrian nationals who were persecuted under the Nazi regime and are now residing outside Austria. The compromise limits the utilization of excess counterpart to the equivalent of $4 million and further utilization will require Congressional approval.

The Senate version contained no provision similar to the House language prohibiting assistance to Yugoslavia unless certain requirements are met. Section 143 of the present law is substantially similar to the House provision. The committee of conference decided that in view of recent developments in Yugoslavia, it would be undesirable to make any change at this time.

The House conferees also accepted language creating the post of Under Secretary of State for Economic Affairs in the Department of State and the abolition of the Deputy Under Secretary of State for Economic Affairs. The House conferees also agreed to a Senate amendment which makes it possible for the newly appointed Director of the United States Information Agency, a foreign service officer of nearly 30 years' experience, to retain his status within the foreign service.

The House conferees also agreed to a Senate amendment which makes possible the continued financing of the informational media guaranty program through replenishment of its capital fund. Although the House bill did not contain such a provision, the Committee on Foreign Affairs has held hearings on this subject and was planning action during this session.

The House bill contained a provision abolishing the International Development Advisory Board. The Senate version, which was accepted by the House conferees, left the Board in existence. The Board has had no members since last September, but it was learned that primary reasons for the delay in its reactivation were the resignation of the ICA Director last fall and the appointment of a new Director, as well as the desire to await action of the Congress on certain proposals which would influence substantially the functions of the Board. The statement of the managers emphasizes the advisability of having the Advisory Board utilize advisory groups representing business, labor, agriculture, public health, science, and education.

Both the House and Senate versions contained provisions to provide for and tighten reporting and other requirements which apply to the expenditure of foreign currencies for official travel by Members of Congress and employees of the House and Senate. The committee of conference adopted a compromise version which requires each Member or employee to any Congressional committee to report to the chairman of his committee an itemized listing of expenditures of foreign currency. The total itemized expenditures of each committee and subcommittee during each calendar year is to be reported to the

Committee on House Administration or the Committee on Appropriations of the Senate and published in the CONGRESSIONAL RECORD. This provision will take effect on the date of enactment of the bill.

The Senate amendment contained no language similar to the House provision that for the calendar year 1959 and thereafter the United States contribution to the United Nations technical assistance and related programs may be as much as but not to exceed 40 percent of the total amount contributed for that purpose in any year. The committee of conference accepted the House language with clarifying amendments.

The House bill authorized $25 million for the United States 1950 contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. The Senate authorized an identical sum, but included a proviso that $5 million be used only for rehabilitation or resettlement of such refugees. If the entire $25 million were appropriated, the $5 million earmarked for repatriation or resettlement would be 20 percent. Should the appropriation be less, however, the $5 million would constitute a larger percentage of the available money. The conferees substituted a figure of 15 percent of the appropriated amount in lieu of the flat sum of $5 million for repatriation or resettlement. We have spelled out in the statement of the managers that the committee of conference is not satisfied that officials of the governments in the Middle East and officials of the United States Government have exhausted their ingenuity or fully utilized their opportunities to begin a reasonable settlement of this troublesome problem.

The House bill contained a provision on "protection of the United States economy." This would have required an annual review of operations under the program to determine whether such operations had adversely affected the economy of the United States, with special reference to areas of substantial labor surplus. The Senate amendment contained a section which would have prohibited offshore procurement of commodities except that up to 50 percent of the funds appropriated might be used for procurement overseas if the President determined that the procurement did not result in adverse effects upon the economy of the United States. The Senate version also contained a provision for a review of the ways and means by which the role of the private sector of the economy could be more effectively utilized in the foreign-policy efforts of the United States. These three provisions were modified by the committee of conference by substituting a new provision calling for a study, under the direction of the President, by certain Government agencies of the relation of the program to American private enterprise and the American economy, to make recommendations to prevent any possible adverse effects, with special reference to areas of substantial labor surplus, and to further the role of American private enterprise in promoting our foreign policy. The committee of conference was of the opinion that inasmuch as over 50 percent of ICA financed procurement already takes place in the United States that provision would not be necessary, and it was not retained in the final version.

As passed by the House, H. R. 12181 contained a provision prohibiting the return to the United States of military arms or ammunition furnished to foreign governments by the United States under any foreign-assistance programs of the United States. The Senate version did not include ammunition. Compromise language was adopted which includes ammunition. The conference report spells out that the prohibition is not to apply to military firearms or ammunition imported for the Armed Forces of the United States or its allies, and shall not apply to firearms that have been so substantially altered as to become in effect articles of foreign manufacture.

The committee of conference accepted House language concerning malaria eradication with a modification to clarify that the Development Loan Fund may furnish assistance designed to augment the efforts of other peoples to eradicate malaria.

The Senate bill contained two provisions accepted by the House conferees relating to the detail of United States personnel to foreign governments. These related principally to cost-sharing arrangements and a prohibition that such persons must not receive compensation from any foreign government.

The Senate receded with respect to its amendment which related to the valuation of equipment under the military assistance program, but the House conferees agreed that the committees of the House and Senate should request a report from the executive branch prior to January 1, 1959, concerning the implementation of section 545 (h) of the Mutual Security Act.

The Senate accepted, in modified form, the House provision which makes it possible for the United States to contribute its apportioned share as a member of the International Labor Organization. At present, the United States is in arrears because of an authorization ceiling in existing law. The accepted House version will authorize an annual contribution of not to exceed 25 percent of the organization's expenses.

The Senate bill contained a provision authorizing the use of counterpart currencies to collect, collate, translate, abstract and disseminate scientific and technological information. The Senate bill also contained a proviso that it will be the policy of the United States to continue and strengthen mutual efforts among nations for research against diseases such as heart disease and cancer, and inviting the World Health Organization to initiate studies for the strengthening of research and related programs against such diseases. The House conferees agreed to these provisions.

The Senate version contained a provision expressing the sense of Congress that the President should seek to strengthen cooperation in the Western Hemisphere by encouraging joint programs of technical and economic development. The House conferees accepted the Senate language because it is indicative of continued Congressional encouragement to the Executive to explore every means available in carrying out such objectives.

The House bill contained a carefully drafted provision relating to completion of plans and cost estimates which was designed to tighten the administrative procedures of the International Cooperation Administration. The committee of conference accepted the House provision with two modifications. The first limits the application of the section to obligations in excess of $100,000, and the second eliminates the requirement that funds obligated under the conditions established by this section could be used only for their original purpose and, if not used, would revert to the Treasury. In accepting these modifications, the managers on the part of the House were impressed by the claim that application of the provisions of this section to small transactions might seriously impede the operation of the program. They were also impressed with the contention that the language contained in the House bill would prevent the deobligation and reuse of funds where unforeseen changes in the political or international situation might not make desirable the abandonment of a project for which funds had been obligated. The acceptance of these modifications still leaves the provision a strong means of correcting certain administrative defects which have been brought to the attention of the committee and which are still the subject of review by the committee.

The House bill contained a provision on computation of levels of aid which required the President to submit a report to the Congress before January 10 each year detailing defense support and special assistance to be furnished for the next fiscal year. This provision also required that such report contain a clear and detailed explanation of the method used in reaching the proposed levels of aid for each country and a listing of all significant factors considered in determining each level of aid, the reason for the inclusion of each factor, and the monetary value assigned to each, together with an explanation of the manner in which these factors are reconciled to yield a specific dollar figure which constitutes each level of aid.

The Senate amendment contained no provision on this subject.

The Committee on Foreign Affairs had not had an opportunity to study this provision before its adoption by the House. Although the committee accepted this language as a floor amendment because of its sympathy and agreement with its objectives, further study in the committee of conference indicated improvements were reflected in the compromise language accepted by the conferees. The committee of conference was impressed by the contention that requiring submission of part of the mutual-security program before January 10 of each year would conflict with the regular budget process. Further study also indicated that the House language, as originally drafted, would involve to an impracticable extent an

exact measure in dollars for each of the complex factors involved in assessing security interests of the United States and the Free World. The compromise version retains the spirit of the House amendment and the conferees expect it will prove a significant factor in improving the executive presentation next year of the justification for renewal of the Mutual Security Act.

Mr. ADAIR. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. ADAIR. I would like to ask the gentleman from Pennsylvania if the authorization for funds for the International Labor Organization remained as it was when the bill passed the House?

Mr. MORGAN. Yes.

Mr. ADAIR. That money is still in the bill? That authorization is still in the bill; is that correct?

Mr. MORGAN. The money is still in the bill.

Mr. ADAIR. Is there a dollar limitation on that?

Mr. MORGAN. No; there is a percentage figure of 25 percent.

Mr. ADAIR. Can the gentleman tell us about how much that is likely to amount to each year?

Mr. MORGAN. For 1959, it will be $2,100,000.

Mr. ADAIR. It is my recollection that heretofore that authorization had not been in this bill.

Mr. MORGAN. No; the authorization had not been in the bill. There has been a limitation of $1,750,000.

Mr. ADAIR. This will represent a greater dollar expenditure than has heretofore been made for that purpose?

Mr. MORGAN. The other body put a limitation of $2 million in the bill. The House had the percentage figure in the bill. The conferees adopted the House language because there would be a shortage in the budget for 1959 of $100,000 under the limitation of $2 million in the Senate version.

Mr. ADAIR. That is for the fiscal year 1959?

Mr. MORGAN. It is for the calendar year 1959.

Mr. SMITH of California. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. SMITH of California. In connection with the language on page 23 of the report regarding the munitions control section, 205 (k), it is my understanding that the conferees gave consideration to placing a cutoff date in the bill which, I believe, was at the request of the Department of State, this cutoff date to be May 14, 1947, the date that the Greek-Turkish assistance program started; is that correct and will the gentleman explain it?

Mr. MORGAN. The Department of State requested the date, May 22, 1947, which was the date of enactment of the act providing assistance to Greece and Turkey. We gave consideration to it but determined that it would be subject to a point of order because the date was not included in either version of the bill.

Mr. SMITH of California. But that date was requested by the Department of State?

Mr. MORGAN. The date was suggested by the executive branch of the Government, that is, the effective date of the Greek-Turkish assistance program.

Mr. SMITH of California. But, you did give consideration to that date of May 14, 1947, and had it not been subject to a point of order that undoubtedly would have been the date placed therein, and the committee so felt?

Mr. MORGAN. The gentleman is correct, although the date suggested was May 22, 1947.

Mr. MORANO. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. MORANO. As I understand it then, there is not a cutoff date in the conference report; is that correct?

Mr. MORGAN. No. Therefore, it includes lend-lease.

Mr. PASSMAN. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. PASSMAN. May I ask the distinguished chairman of the committee if in conference you separated the military assistance from the defense support or whether you continued it as one item?

Mr. MORGAN. No; we separated it under the House version.

Mr. PASSMAN. I thank the distinguished gentleman, and I want to commend the House for its wisdom in recognizing that there is a distinction between defense support and military aid.

Mr. BROOKS of Louisiana. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. BROOKS of Louisiana. Will there be an opportunity to get a vote on a military contract as distinguished from a nonmilitary, or will you have to take both together?

Mr. MORGAN. You will have to take both, but I can assure the gentleman that by next year the committee will have a study made on this subject of separating the military from the economic aspects of the program.

Mr. BROOKS of Louisiana. I want to tell the gentleman that in my judgment he is moving in the correct direction and I hope a separate vote can be obtained on the military aid from the economic aid vote.

Mr. MORGAN. I thank the gentleman.

Mr. DAWSON of Utah. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Utah.

Mr. DAWSON of Utah. The House passed an amendment, which I had the honor of sponsoring, in regard to the expenditure of counterpart funds, which would require the House to report in the same manner that they report regular standing committee funds. I understand the Senate adopted a similar amendment which went a little further and required the publication in the CONGRESSIONAL RECORD of the itemized expenditures in these funds. What was the effect of the compromise reached by the conferees?

Mr. MORGAN. We felt that the amendment offered by the other body was much simpler. It required that an itemized statement be filed by each member or employee of any committee, with the chairman of the committee. The chairman of the committee in turn was required to file a consolidated statement of all expenditures of any overseas mission, and this has to be published in the CONGRESSIONAL RECORD.

Mr. DAWSON of Utah. The bulk statement is the total overall expenditure report by the parent committee to the House Committee on Administration?

Mr. MORGAN. That is right.

Mr. DAWSON of Utah. So there would be no opportunity to go to the House Committee on Administration and learn anything as far as the individual expenditures are concerned?

Mr. MORGAN. You have to learn that from the chairman of the full committee.

Mr. DAWSON of Utah. Could the chairman tell whether it is possible to get that information from the chairman of the full committee?

Mr. MORGAN. That would be up to the chairman of each committee. He will have discretion as to whether he will furnish the information. There is no restriction prohibiting him from revealing the information.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. VORYS. On this matter of reporting the counterpart funds, the conferees felt there should be no requirement for publication of the report of counterpart funds by individual members unless there was a similar requirement put on the report of the dollar funds spent by the members. They also felt that until all members of all committees of Congress had exactly the same rules applied to them they should go no further than to require the publication of the use of counterpart funds, as provided in the conference agreement as the conferees were limited to dealing with counterpart funds.

Mr. DAWSON of Utah. Mr. Speaker, will the gentleman yield further?

Mr. MORGAN. I yield.

Mr. DAWSON of Utah. In reply to the statement of the gentleman from Ohio [Mr. VORYS], I agree we should have a disclosure of the expenditure of all these funds, not only of counterpart funds but also committee funds. As I understand it, there are only two committees; the Appropriations Committee, which has a method of using department funds for their investigations; and perhaps the Armed Forces Committee, which uses a similar method. We should approach that as we come to it, but it is my opinion that both bodies, the Senate and the House, have expressed themselves in regard to this matter that they want these funds made available to see what the expenditures have been. My hope is that we have not circumvented the intent of the two bodies, so that no one can have access to the funds. I hope the chairman will use his best efforts to see that the reports are made available.

Mr. MORGAN. I will be very glad to see that consolidated reports of itemized expenditures are made available.

Mr. SCHERER. Mr. Speaker, will the gentleman yield for a question with reference to the International Labor Organization?

Mr. MORGAN. I yield.

Mr. SCHERER. Am I correct in my understanding that the language approved by the conferees with reference to our contribution to the ILO states that the United States will contribute 25 percent of whatever budget the ILO calls for?

Mr. MORGAN. That is right.

Mr. SCHERER. There would be no dollar limitation?

Mr. MORGAN. This is just an authorization and as such is a limitation in itself; the money would have to be appropriated.

Mr. SCHERER. But under the conference committee language we agree to pay 25 percent of whatever budget the ILO sets up.

Mr. MORGAN. We do not agree to anything; we merely are limited to 25 percent of the ILO budget.

Mr. SCHERER. We would have to make that contribution despite the fact that we are but 1 of the 79 members of that Organization. Is that correct?

Mr. MORGAN. Of course, the Appropriations Committee has control over the amount appropriated.

Mr. SCHERER. I understand that, but under the language in the authorization we would be giving a blank check to the extent of 25 percent of whatever budget the ILO, this international organization, would provide. Is that correct?

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. VORYS. That is incorrect.

Mr. SCHERER. Why is that incorrect?

Mr. VORYS. This is an authorization to contribute up to 25 percent. The Appropriations Committee will determine each year the amount to be appropriated, and the Congress will vote on that; so Congress is giving no one a blank check. Congress is going to vote on every dime provided.

Mr. SCHERER. I understand that, but if the Congress makes an authorization, then are we not necessarily bound to approve at least 25 percent of whatever budget is fixed by the Organization?

Mr. VORYS. There are provisions in the Mutual Security Act setting forth that authorizations are not to be construed as commitments in any case.

Mr. SCHERER. Let me ask, then, without reference to appropriations, am I not correct in stating that under the language proposed in this conference report we are authorizing payment of up to 25 percent of whatever budget is fixed by this International Labor Organization?

Mr. VORYS. As I said to the gentleman before, that is incorrect.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. GROSS. I want to ask the gentleman from Ohio [Mr. VORYS] if he can cite any instance where we have made this sort of deal, that we would provide 25 percent of the funds, or any given percentage that we got by with anything less?

Mr. VORYS. There have been a number of instances where we have been in arrears, where we have not appropriated the full amount that was set. That was the case I think with the United Nations assessment in the year when I was a delegate to the Assembly. Due to the fact that there is a difference betwen the fiscal years of the U. N. and our own, arrearages have happened a number of times. I am unable to specify the exact amounts.

Mr. BUDGE. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Idaho.

Mr. BUDGE. Originally section 502 of the bill contained a provision for the use of counterpart funds for a number of reasons without the necessity of the appropriation. Can the gentleman inform me whether the conferees have changed that provision as the bill came back from conference?

Mr. MORGAN. Yes; we have.

Mr. BUDGE. If the gentleman will yield further, I am rather curious in the light of the colloquy which just proceeded this. In that instance the conferees saw fit to include language specifically calling for an appropriation. However, with the International Labor Organization apparently just the opposite approach was used. I wish the gentleman from Ohio would clarify that for me.

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. VORYS. In both instances there is only an authorization, but in each instance there must be an appropriation before any money as available.

Mr. BUDGE. Mr. Speaker, will the gentleman yield further?

Mr. MORGAN. I yield.

Mr. BUDGE. That is rather anomalous, for in one instance the conferees spelled it out in the language; in the other they did not.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. VORYS. In the case of Public Law 480 funds, there is no percentage or other overall limitation on the authorization contained in the new paragraph. Whatever Public Law 480 foreign funds accumulate may be spent for the purpose provided in section 502 if the Appropriations Committee in this bill brings it to the Congress in the form of an appropriation and Congress passes the bill. In the case of the ILO contribution, there is a percentage limitation on the amount that the Appropriations Committee can bring in, but in that case also there will have to be an item in an appropriation bill passed by the Congress before any money is paid.

Mr. LIPSCOMB. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from California.

Mr. LIPSCOMB. Would the gentleman mind explaining why the conferees have agreed to continue the International Development Advisory Board which has been inactive for at least the past 10 months?

Mr. MORGAN. As the gentleman well knows, this provision was stricken from the House bill. The executive branch made a strong plea in the other body to retain this provision claiming that the reason why it was not functioning was because the IDA director was changed last fall and a new Administrator was appointed. Changes were also contemplated in the International Development Fund organization. They feel that this body is needed to offer advice and counsel.

Mr. LIPSCOMB. Did the executive branch give any indication of what this Board was going to do if it were reinstated other than what is reported in the conference report?

Mr. MORGAN. Well, of course, the Senate insisted on this provision. The House conferees stayed with the House version. The Senate conferees insisted that the original language be restored.

Mr. LIPSCOMB. I certainly hope that the House Foreign Affairs Committee will follow the activities of the Board and sees that it will function and produce if they are to be reinstated so we will not continue to throw money down the drain.

Mr. MORGAN. I can assure the gentleman from California that will be done.

Mr. LIPSCOMB. I thank the gentleman.

Mr. MORGAN. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Speaker, I take this time to pursue the subject raised by the gentleman from California [Mr. LIPSCOMB] with respect to the International Development Advisory Board. Is this the Board that was headed by Eric Johnston?

Mr. MORGAN. Yes.

Mr. GROSS. And one Schmeisser, two of the chief hucksters for the foreign aid bill and the Trade Agreements Act?

Mr. MORGAN. I think he was an employee of the Board.

Mr. GROSS. Does the gentleman have any idea, since the other body put this back in the bill, as to who is going to be the administrator? Is Eric Johnston going back as Chairman of this International Development and Advisory Board, and is this individual Schmeisser going back to continue the propaganda job they have been doing on the American people?

Mr. MORGAN. That depends on the executive branch of the Government. I cannot answer the question.

Mr. GROSS. It is to be reestablished?

Mr. MORGAN. It is to be reestablished this year.

Mr. GROSS. Despite the fact that since last September they have not turned a wheel?

Mr. MORGAN. Yes.

Mr. GROSS. Despite the fact that the Congress has appropriated thousands of dollars to the International Development Advisory Board, there is not a Member of the House who can point to any

achievement on the part of this outfit through the years.

Let me ask the gentleman another question. I notice the other body upgraded a Deputy Under Secretary in the State Department to an Under Secretary; is that correct? Just what happened there?

Mr. MORGAN. They abolished a secretaryship for economic affairs and upgraded him to an Under Secretary.

Mr. GROSS. Why?

Mr. MORGAN. It seems that the ICA Director outranked the Deputy Secretary of State for Economic Affairs.

Mr. GROSS. When the gentleman says "outranked" him, you mean he outranked him in pay?

Mr. MORGAN. Yes; in salary, slightly.

Mr. GROSS. So this bill upgrades a Deputy Under Secretary in order to keep up with the Jonses; is that correct?

Mr. MORGAN. Well, I do not know whether it is keeping up with the Joneses. I think the new Deputy Under Secretary of Economic Affairs is pretty well able to keep up with the Joneses himself.

Mr. GROSS. I would say to the gentleman that he certainly is when, with the greatest of ease, he can come in and get this kind of a promotion solely on the grounds that he needs a little more rank and pay.

Mr. MORGAN. Mr. Speaker, I yield 8 minutes to the gentleman from Virginia [Mr. HARDY].

Mr. HARDY. Mr. Speaker, I find myself in a role that I do not relish. It is not easy to come into the well and take issue with a conference report brought in by the distinguished gentleman from Pennsylvania, Dr. MORGAN, and my other able colleagues who are members of the conference committee. I am especially grateful to Dr. MORGAN for giving me this time. I told him of my disappointment with the results of the conference and my feeling that the report should be recommitted. By yielding me this time he has demonstrated again his fairness and his recognition that good legislation is the result of weighing different points of view, openly expressed and discussed objectively.

I have no illusions about the difficulty of my position. This will be my only chance to speak, and I shall have no opportunity to point out defects in the arguments of my colleagues who oppose my position.

House conferees are expected to seek agreement as nearly as possible in conformity with the House bill. I understand that they did press for the language of my amendment, but I feel so strongly about the changes recommended in the conference report, and about the need for information by Congress, that I think the report should be sent back to conference. I recognize the competence and ability of Chairman MORGAN and the 4 other members of his conference team, but they were at a disadvantage by the sheer weight of the 9 Senators on the other side, against the 5 House members. I hope that in any subsequent conference the House conferees may be more nearly equal in number to the number representing the Senate.

In the bill, as passed by the House, was an amendment I offered to require ICA to provide information supporting its requests for funds for defense support and special assistance. The purpose of my amendment was to provide the Congress with information as to how the amount requested was arrived at—the reasons for this amount instead of some other. The amendment was emasculated in conference. As passed by the House it would require ICA to explain the basis upon which they had determined the dollar amounts for defense support and special assistance in individual country programs.

My amendment was accepted by the committee when the bill was under consideration here. The gentleman from Pennsylvania, Dr. MORGAN, said:

> The committee has examined the gentleman's amendment very thoroughly. I think it is a good amendment and the committee will accept it.

And the gentleman from Minnesota, Dr. JUDD, spoke highly of it, adding that, even if the reports required by the amendment should necessitate additional employees in ICA, the proposal was meritorious.

But the conferees knocked that language out and accepted some meaningless words submitted by the executive branch.

Why was my proposal opposed by the executive branch? Well, did anyone here ever see people at the other end of Pennsylvania Avenue willing to give back to the Congress any of the latitude we have sometimes delegated to them? And what was the executive branch's position? They had two principal objections. First, the date was too early—January 10 of each year. It would interfere with the budget process. Now, actually the date is not important and the House conferees knew this. They could have changed it to coincide with the budget submission without impairing the effectiveness of the amendment.

Now, the second objection of the executive branch is very revealing. Let me read it to you:

> The amendment requires that the presentation give the method and factors involved in determining a level of aid and that such factors be reconciled to yield a specific dollar figure constituting a level of aid. This requirement is based upon the untenable proposition that an exact measure in dollars can be given to the value of each of the complex factors involved in assessing the security interests of the United States and the Free World.

Now this misses the point entirely and ICA ought to know it. I have never suggested that we try to determine if the value of West Berlin to the Free World is $1 or $5 billion, or put a price tag on our friendship with Afghanistan or any other country, and ICA knows this. We have been over this time and time again when ICA officials have appeared as witnesses before my subcommittee. What I have sought to determine, unsuccessfully in the past, is how ICA computes the value that these countries derive from our foreign-aid program and the extent to which this program contributes to their military effectiveness. ICA tells us that the level of defense support for any particular country is the amount of money necessary for that country to support an agreed level of forces. But ICA sidesteps whenever we try to find out what it costs to support a given level of forces for a fiscal year. So we never know whether there is any reasonable relationship between that cost and the amount of money spent for defense support in the country for the same period. They talk about balances of payments, deficits, and the necessity for further budgetary support, but these figures, either separately or in combination, do not give the information we need. To illustrate what I mean, let me refer to a road project in Cambodia which is covered in a report released Wednesday. That road is costing the American taxpayer over $30 million. What is that road worth to Cambodia? What is it worth to us in terms of added mutual security? How much does that contribute to Cambodian economy this year or in the next 5 years? It was built with defense support funds, but actually we have been unable to find any tangible evidence that the money spent on this road served its alleged purpose to support the agreed upon level of forces.

Actually the objection of the executive branch I quoted a moment ago is an admission that the figures in the budget request come out of thin air—just somebody's notion. We ought not to let this kind of haphazard budgeting continue. It is an underlying factor in defective administration that is causing the loss of United States prestige and leadership abroad. If X million dollars is requested for a country, no one knows any valid basis for that figure. Sometimes our representatives abroad are hard pressed to find reasonable activities on which available funds may be spent. This leads to all sorts of abuses, to wastefulness, which must make us look silly to our foreign friends.

I feel very keenly about this matter. We must get a better accounting from ICA—we must get better planning—we must get better returns for foreign-aid dollars. The amendment I offered to the foreign-aid bill would make great progress in these areas, by requiring ICA to explain to the Congress how the particular dollar amounts for individual countries are arrived at, and the real factors which go to make up the level of aid in individual country programs. The requirement of my amendment when coupled with the modified section 517, which the committee wisely included, will greatly improve the effectiveness of our foreign-aid program and will make possible the correction of many existing deficiencies.

Do not let the members of the committee tell you they have inserted satisfactory substitute language. As I have pointed out, the language they accepted was sent down by the executive branch. It says absolutely nothing. If you analyze it you will see it would require only that information which ICA contends is now being given to the Congress. That is totally inadequate. I hope that this report will be recommitted so that

it may come back with provisions assuring that we in Congress will get information we need and ought to have in order to carry out our individual and collective responsibilities.

Mr. MORGAN. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. REUSS].

Mr. REUSS. Mr. Speaker, the conference committee labored conscientiously, and by and large it is a good report, but in two particulars I believe the conference report is capable of improvement. I subscribe entirely to what my colleague, the distinguished gentleman from Virginia [Mr. HARDY], has just said. I believe his amendment to require a complete justification in the presentation to the Committee on Foreign Affairs is a constructive amendment, and I would hope that the conference committee would reconsider its position on that and try to improve it in their report.

In the last year I have had occasion to participate in the dissection of a number of foreign aid projects, and I have been deeply disturbed by the lack of justification. The Hardy amendment would help to remedy that defect.

Secondly, the conference report seems to me unfortunate in that it cuts out the provision inserted by the Senate requiring itemized accounting and publication of expenditures in foreign currency of members and employees of committees of Congress. These counterpart funds come into being as the result of the dollar contributions of American taxpayers. I am sure that no member would misuse these funds. But the requirement of full disclosure certainly is the best insurance that that cannot happen. It is also the best answer, it seems to me, to critics of Congress who charge that we have something to hide.

We in Congress are concerned, and we ought to be, with secrecy in Government. This House recently passed a bill sponsored by the gentleman from California [Mr. Moss] which jacked up the executive branch, and required them to be a little freer with their information. We are now considering a bill to require full publicity for union health and welfare funds. While we are removing the mote in other people's eyes, let us not overlook the beam in our own.

I hope the committee of conference will be given an opportunity to restore the Hardy amendment, and also the exact text of the Senate provision with respect to counterpart funds.

Mr. MORGAN. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. FEIGHAN].

Mr. FEIGHAN. Mr. Speaker, I wish to take a minute or two to direct a question to the distinguished gentleman from Ohio [Mr. VORYS] with reference to page 20 of the report relating to assistance to Yugoslavia, which appears to me to be nebulous in its language.

As the gentleman recalls my amendment, which was unanimously adopted by the House, provided that before any assistance could be given to Yugoslavia, within a period of 90 days, the President would be required to make public a finding on the three requirements and report to the Congress in order that any Member of Congress who disagreed with him could have an opportunity to disassociate himself from the findings that might be expressed by the President.

My question is whether or not it is contemplated to be the intent in the present conference report that the President shall within 90 days after the enactment of this act be required to make a public determination so that we will know his findings with reference to the three requirements set forth in the amendment.

Mr. VORYS. Section 143 of the present law requires the President to assure himself continually and to keep the Congress informed of the assistance to Yugoslavia. It does not say anything about 90 days, it says the President must assure himself continually of the three requirements set forth in the law.

Mr. FEIGHAN. The requirement in the present act is that the President shall tell the Congress after the fact that he has distributed this assistance. The difference is that, under the House bill, before he could give assistance to Yugoslavia, he would have to make his determination publicly. Now he does not have to inform the Congress before the fact. He must report only after he has given American taxpayers moneys to the Communist dictator Tito.

Incidentally I wonder why that wording is in there that the President shall assure himself continually, because we certainly do not want to infer that he acts without careful judgment on other occasions.

On the same page 20, toward the end of that paragraph on assistance to Yugoslavia, it is stated:

> The committee of conference decided that, in view of recent developments in Yugoslavia, it was undesirable to make any change in this section at this time.

I should like to call the attention of the members to a release which I received Wednesday morning from the Yugoslav Information Center which carries a speech by President Tito at Labin, Istria, on June 15, less than 2 weeks ago, in which Tito said:

> You know that I never attacked the Soviet Union, but they nevertheless say I did, using this as a pretext for crudest abuse and slander.

It seems to me we should judge events in foreign affairs by deeds rather than by words alone.

Now pro-Titoists who want us to give assistance to Yugoslavia claim that Tito is getting away from Soviet Russia and joining the Free World. Thus the pro-Tito Americans are making these false claims that Tito is not a part of the Communist conspiracy which Tito himself says is a false assumption. This is just another maneuver by the pro-Titoists to make additional raids on the pocketbook of the American taxpayers.

Mr. Speaker, since the day when President Truman called upon Congress to support what was then called the Marshall plan for Europe I have been a stanch defender of a program to strengthen friendly and free nations against the constant threat of Russian subversion and armed aggression. I was brought to this position by a long and careful study of the international situation, including thorough on-the-spot investigations of critical areas of the world. Before the end of hostilities in World War II, I concluded that the Russians intended to take advantage of the war-devastated nations in an effort to impose their colonial rule over vast areas of the world. The black record of Kremlin intrigue and aggression since the end of the war have convinced me that my original analysis, though unpopular with some, was coldly realistic.

Recently the mutual security program, successor in name to the original Marshall plan, has fallen under widespread public attack. The American people have lost and are continuing to lose confidence in this program as an instrument to advance the security of the United States and the entire Free World. The American people have become confused as to the purposes of this program.

As I stated, the original purpose of this program was to assist friendly and free nations to remain free and independent in the face of growing Russian subversion and aggression. Today the mutual security program has degenerated into an instrument for keeping Communist tyrants in power and thereby eventually advancing the Russian objective of world conquest. I refer specifically to the tremendous amount of economic and military assistance given to the dictator Tito under the program. It may shock the American people to know that nearly two billion dollars of their money has been handed over to the Communist dictator Tito who nevertheless has continued to oppress and exploit our good friends and proven allies, the people of Croatia, Slovenia, Serbia and Montenegro.

This year opponents of a realistic and winning mutual security program advocated that additional hundreds of millions of dollars of the American taxpayers money be made available to maintain the Russian imposed Communist dictatorships in Poland, Czechoslovakia, Hungary, Romania, and elsewhere in the Russian empire. This further attempt to defraud the American taxpayers was, fortunately, defeated in the Senate.

When this bill was before the House of Representatives I offered an amendment which would require the President of the United States, before using any more of the American taxpayers money to help the Communist dictator Tito, to make a public finding—1. that there has been no change in the Yugoslavian policies on the basis of which assistance under this act has been furnished to Yugoslavia in the past, and that Yugoslavia is independent of control by the Soviet Union, 2. that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and 3. that it is in the interest of the national security of the United States to continue the furnishing of assistance to Yugoslavia under this act. I was encouraged by the unanimous approval of my amendment by my colleagues in the House. I felt that at long last we were returning to the wise policies advocated by President Truman which formed the basis for acceptance of the original Marshall plan by Congress.

When the House bill was considered by the Senate my amendment, which was unanimously approved by the House, was knocked out by the Senate Foreign Relations Committee. In its stead the Senate committee proposed that President Eisenhower be given unlimited authority to use the American taxpayers' money to entrench and strengthen any Communist regime behind the Russian Iron Curtain, provided they carried the banner of so-called national communism, with the exception of Red China, North Korea, and the Soviet Union. No checks or balances by Congress were required. Moreover, the President was relieved of the responsibility of making a public finding before extending assistance to such Communist regimes, which the House of Representatives called for by unanimous approval of my amendment.

When the bill reported by the Senate Foreign Relations Committee came before the Senate, the provision giving unlimited authority to the President to use the American taxpayers' dollars to entrench and strengthen Communist regimes was defeated. The vote was close. Thus, the American people owe an undying debt of gratitude to those men of wisdom and courage in the Senate who voted down this self-defeating provision. These profiles of courage will long remain as bright stars and shall endure the measured test of time in the pages of history. However, a penalty was extracted for this victory. This severe penalty was extracted in the House-Senate Conference Committee. At that point the provision unanimously approved by the House requiring the President to make a public finding before any additional aid could be extended to the ruthless Communist dictator Tito was stricken from the conference report which is now before us. This is a hard blow against the cause of individual liberty and human freedom because it establishes a beachhead upon the pocketbook of the taxpayer of the United States for those who advocate support for Communist tyrants and agents of the Russian imperialists. This is the situation which confronts Members of the House as we consider the merits of the conference report now before us.

This situation presents a serious dilemma for many of us who have long supported and defended the mutual security program. We are confronted with a situation wherein we must vote a further drain upon the American taxpayers to support the cause of world communism if we want to help friendly and free nations in their efforts to fight off Russian intrigue and aggression.

Members of the House would not be faced with this dilemma if the State Department package deal on authorizations and appropriations for foreign aid did not now control every action of the Senate and House in this field. I have long advocated that all appropriations for foreign aid should be taken up and voted on a country-by-country basis, thereby requiring each country proposal made by the Department of State to stand on its own merits. This would permit Members of Congress a long overdue opportunity to reject the impractical and approve the necessary. Up to the present, this basic responsibility has been and continues to be denied to Members of Congress.

I should like to draw attention to report No. 1834 of the House Committee on Foreign Affairs made by a special study mission of which our distinguished colleague from Ohio, Hon. WAYNE L. HAYS, was chairman. After a thorough field investigation involving critical areas of the Middle East and Africa, the committee recommended:

> The Congress should consider all foreign-aid programs on a country-by-country basis rather than through a single appropriation bill covering all such programs, as has been the practice in the past. Each country program should be required to stand on its own merits and be subject to very careful consideration while Congress sits as the Committee of the Whole. This procedure will permit Members of Congress to support worthwhile economic assistance programs without having to accept programs which, standing on their own merits, would not receive the support of a majority of the Members.

If we had followed the recomendation of our distinguished colleague from Ohio, who is a keen student of the international situation, we would not now be faced with a great political dilemma. If we want to extend help to free and friendly nations we are compelled to extend help to our Communist enemies. If we want to cut off all assistance to our Communist enemies we are compelled to deny assistance to free and friendly nations. We have no choice in the matter. We must accept both or defeat both.

This is a situation which the American people resent and which the Congress must correct if we expect the people to continue their support for the mutual security program.

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. MORGAN. Mr. Speaker, I yield to the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. The difference between the present law and the amendment offered by the gentleman from Ohio is very slight. The amendment of the gentleman from Ohio was the way the law was the year before last. The present law, which is left intact, is the way the law was redrafted last year. Both forms require the President to keep close track of events in Yugoslavia. Therefore, neither permits the furnishing of aid to Yugoslavia in the way that it is furnished to other countries. The gentleman must remember that when you are in a conference, you are dealing with a body of equal powers with our own, and in view of the slight difference between the two, the Senate conferees were very strongly of the opinion that we should not have anything further in here this year about Yugoslavia in view of the very obvious and well known and publicized fussing that is going on between Yugoslavia and the Soviets. It was thought we should not attempt to rock the boat by any change in the law. There was a further consideration. The Senate conferees at the urgent request of the House conferees took out a provision specifically mentioning India. Therefore, they could well say, "if we leave out the mention of an individual country, you fellows ought to be consistent and do the same thing."

Mr. Speaker, I would like to comment on another matter, if I may. The gentleman from Virginia and his colleagues have not done themselves justice as to Mr. HARDY'S accomplishments. I would urge their consideration of that old proverb—if at first you do succeed, do not try again. He has his amendment in this law. He was before our committee, together with his colleagues, and as a result of that we reorganized the whole bill to make clear the difference between military and economic aid and to put defense support in the classification of economic aid, and we put in section 517 to tighten up on programing. We simply omitted the date of January 10 as the time when detailed explanations would be required, because we did not know of any reason why the date of January 10 was sacred, and we omitted the requirement for placing a monetary value on imponderable factors, such tremendously significant factors as: What does Korean courage amount to? What does a Libyan airport amount to? We realized that you cannot put a monetary value on such factors, or on the military effectiveness of any country. As a result since there was another body that we had to deal with, we compromised on those items, and we have the Hardy amendment written into this bill in the conference report, and no matter how many times we might go back to conference, the other body is not going to let monetary values be put on imponderables or require a date of January 10 for reports not needed on that date.

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, I wish to join in commending the conferees in reaching agreements that will be reasonably satisfactory, I think, to the great majority of the Members of both bodies. I am sure that the House deeply appreciates the fine job the House conferees have done and not only the long hours of work that they have put in, but also the constructive statesmanship with which they have executed their task.

I am especially pleased that the conferees put back the provision for the International Development Advisory Board. This was the provision that I had championed in committee and which was included in the bill as recommended by our committee, but was struck out by amendment when the House was sitting as Committee of the Whole. I think the action striking the provision was taken because there was misunderstanding among the members as to the nature of this provision.

I am very happy that the conferees have put the provision back in the bill, and I predict that the future functioning of the International Development Advisory Board will prove the wisdom of the conferees. The membership of the board will represent agriculture and labor and

education and science and, indeed, all of our activities. Our country has a large stake in the administration of the Development Loan Fund, and certainly it must appear to all my colleagues just commonsense that we should have the counsel of men and women who are closest to the problems of our farms, of labor, of education, and of science among other fields of endeavor.

For the most helpful cooperation of the distinguished gentleman from Ohio [Mr. VORYS] in support in committee and in conference of my amendment continuing and broadening the Advisory Board I am deeply appreciative. It has been an enriching experience serving as a new member of the Committee on Foreign Affairs with JOHN VORYS and I wish the House to know how much I regret some words of misunderstanding I voiced on one occasion in the last session, when an amendment I had offered for the inclusion of representatives of labor and agriculture on an advisory board was defeated.

No man has ever served in this body with more devotion to duty and to the things in which he believed than JOHN VORYS, and his voluntary departure from the Congress at the end of the session will be the Nation's loss.

Mr. MORGAN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. ADAIR. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the conference report?

Mr. ADAIR. I am, Mr. Speaker.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion.

The Clerk read as follows:

Mr. ADAIR moves to recommit the conference report on the bill H. R. 12181 to the committee of conference.

Mr. MORGAN. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 134, nays 238, not voting 58, as follows:

[Roll No. 110]

YEAS—134

Abernethy	Beamer	Brownson
Adair	Becker	Budge
Alexander	Belcher	Byrd
Alger	Bennett, Mich.	Byrne, Ill.
Allen, Ill.	Berry	Cederberg
Andersen, H. Carl	Betts	Church
Andrews	Blitch	Collier
Ashmore	Bosch	Colmer
Bailey	Bow	Cunningham, Nebr.
Barden	Bray	Dawson, Utah
Baring	Brooks, La.	Derounian
Bass, Tenn.	Brown, Ga.	Dorn, S. C.
Dowdy	Knox	Rogers, Tex.
Everett	Krueger	Rutherford
Fisher	Laird	Saylor
Flynt	Landrum	Scherer
Forrester	Lennon	Scott, N. C.
Fountain	Lipscomb	Scrivner
Gavin	McCulloch	Sheehan
George	McDonough	Sikes
Grant	McGregor	Siler
Gray	McMillan	Simpson, Ill.
Gross	McVey	Smith, Calif.
Haley	Mack, Wash.	Smith, Kans.
Harden	Michel	Smith, Va.
Hardy	Miller, Nebr.	Teague, Tex.
Harrison, Nebr.	Minshall	Thomas
Harrison, Va.	Mitchell	Thompson, La.
Harvey	Morrison	Thompson, Tex.
Hemphill	Murray	Thomson, Wyo.
Henderson	Neal	Tuck
Hiestand	Nicholson	Utt
Hoeven	Nimtz	Van Pelt
Hoffman	O'Hara, Minn.	Weaver
Holt	O'Konski	Wharton
Hosmer	Pilcher	Whitener
Hull	Poage	Whitten
Jennings	Poff	Williams, Miss.
Jensen	Polk	Willis
Johansen	Reed	Wilson, Ind.
Jonas	Rees, Kans.	Winstead
Jones, Mo.	Reuss	Withrow
Kee	Riley	Young
Kilgore	Rivers	
Kitchin	Rogers, Fla.	

NAYS—238

Addonizio	Elliott	Madden
Albert	Evins	Magnuson
Allen, Calif.	Fallon	Mahon
Arends	Farbstein	Mailliard
Ashley	Fascell	Marshall
Aspinall	Feighan	Martin
Auchincloss	Fenton	Matthews
Avery	Flood	Meader
Ayres	Fogarty	Merrow
Baker	Forand	Metcalf
Baldwin	Ford	Miller, Calif.
Barrett	Frazier	Miller, Md.
Bates	Frelinghuysen	Mills
Baumhart	Friedel	Morano
Beckworth	Fulton	Morgan
Bennett, Fla.	Garmatz	Moss
Blatnik	Gary	Multer
Boland	Gathings	Mumma
Bolling	Gordon	Natcher
Bolton	Granahan	Nix
Bonner	Green, Oreg.	Norblad
Boykin	Green, Pa.	O'Brien, Ill.
Boyle	Griffin	O'Hara, Ill.
Breeding	Griffiths	O'Neill
Brooks, Tex.	Gubser	Osmers
Broomfield	Hagen	Ostertag
Brown, Mo.	Halleck	Passman
Broyhill	Harris	Patman
Burleson	Haskell	Patterson
Bush	Hays, Ark.	Pelly
Byrne, Pa.	Hays, Ohio	Perkins
Byrnes, Wis.	Healey	Pfost
Canfield	Herlong	Philbin
Cannon	Heselton	Pillion
Carnahan	Hess	Porter
Carrigg	Hill	Powell
Chamberlain	Holfield	Price
Chelf	Holland	Prouty
Chenoweth	Holmes	Quie
Chiperfield	Holtzman	Rabaut
Christopher	Horan	Rains
Clark	Huddleston	Ray
Clevenger	Hyde	Rhodes, Pa.
Coad	Ikard	Roberts
Coffin	Jackson	Robison, N. Y.
Cooley	Jarman	Robsion, Ky.
Corbett	Johnson	Rodino
Coudert	Jones, Ala.	Rogers, Mass.
Cramer	Judd	Rooney
Cretella	Karsten	Sadlak
Cunningham, Iowa	Kean	Santangelo
Curtin	Kearns	Saund
Curtis, Mass.	Keating	Schenck
Curtis, Mo.	Kelly, N. Y.	Schwengel
Dague	Kilburn	Scott, Pa.
Davis, Tenn.	Kilday	Scudder
Dawson, Ill.	King	Seely-Brown
Delaney	Kirwan	Selden
Dennison	Kluczynski	Shelley
Dent	Knutson	Sieminski
Denton	Lafore	Sisk
Devereux	Lane	Smith, Miss.
Diggs	LeCompte	Spence
Dingell	Lesinski	Springer
Dixon	Libonati	Staggers
Dollinger	McCarthy	Stauffer
Donohue	McCormack	Sullivan
Dooley	McFall	Taber
Dorn, N. Y.	McGovern	Taylor
Doyle	McIntosh	Teague, Calif.
Durham	Macdonald	Teller
Dwyer	Machrowicz	Tewes
	Mack, Ill	Thompson, N. J.
Tollefson	Walter	Wolverton
Ullman	Watts	Wright
Vanik	Westland	Yates
Van Zandt	Widnall	Younger
Vinson	Wier	Zablocki
Vorys	Wigglesworth	Zelenko
Vursell	Wilson, Calif.	

NOT VOTING—58

Abbitt	Hale	O'Brien, N. Y.
Anderson, Mont.	Hébert	Preston
Anfuso	Hess	Radwan
Bass, N. H.	Hillings	Reece, Tenn.
Bentley	James	Rhodes, Ariz.
Boggs	Jenkins	Riehlman
Buckley	Kearney	Robeson, Va.
Burdick	Keogh	Rogers, Colo.
Celler	Lankford	Roosevelt
Davis, Ga.	Latham	St. George
Dellay	Loser	Sheppard
Dies	McIntire	Shuford
Eberharter	Mason	Simpson, Pa.
Edmondson	May	Steed
Engle	Miller, N. Y.	Talle
Fino	Montoya	Thornberry
Glenn	Moore	Trimble
Gregory	Morris	Udall
Gwinn	Moulder	Wainwright
	Norrell	Williams, N. Y.

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Robeson of Virginia for, with Mr. Hébert against.

Mr. Dies for, with Mr. Anfuso against.

Mr. Burdick for, with Mr. Bass of New Hampshire against.

Mr. Jenkins for, with Mr. Glenn against.

Mr. Moore for, with Mr. Riehlman against.

Mr. Reece of Tennessee for, with Mrs. St. George against.

Mr. Gwinn for, with Mr. Hillings against.

Mr. Talle for, with Mr. Keogh against.

Mr. Moulder for, with Mr. Norrell against.

Mr. Loser for, with Mr. May against.

Mr. Davis of Georgia for, with Mr. Simpson of Pennsylvania against.

Mr. Mason for, with Mr. Celler against.

Mr. Preston for, with Mr. Engle against.

Mr. Steed for, with Mr. Sheppard against.

Mr. Bentley for, with Mr. Roosevelt against.

Mr. Abbitt for, with Mr. Boggs against.

Until further notice:

Mr. Anderson of Montana with Mr. Wainwright.

Mr. Trimble with Mr. Miller of New York.

Mr. Thornberry with Mr. Fino.

Mr. Montoya with Mr. Radwan.

Mr. Dellay with Mr. Latham.

Mr. Edmondson with Mr. McIntire.

Mr. Buckley with Mr. James.

Mr. Lankford with Mr. Kearney.

Mr. Morris with Mr. Hale.

Mr. Rogers of Colorado with Mr. Rhodes of Arizona.

Mr. O'Brien of New York with Mr. Williams of New York.

Mr. JONES of Missouri and Mr. BAILEY changed their vote from "nay" to "yea."

Mr. TABER and Mr. OSMERS changed their vote from "yea" to "nay."

Mr. MARTIN. Mr. Speaker, my colleague, the gentlewoman from Massachusetts [Mrs. ROGERS] voted "nay" on the first call of the roll. Apparently the Clerks did not hear her vote, because I noticed that they called her name on the second call.

The SPEAKER. If the gentleman from Massachusetts says that the gentlewoman voted "nay" on the call of the roll, the RECORD will show that.

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

TEMPORARY APPROPRIATIONS, 1959; INCREASED PAY COSTS, 1958

Mr. CANNON. Mr. Speaker, I move to suspend the rules and pass the joint resolution (H. J. Res. 640) making temporary appropriations for the fiscal year 1959, providing for increased pay costs for the fiscal year 1958, and for other purposes.

The Clerk read as follows:

Resolved, etc., That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government, namely:

TITLE I

Temporary appropriations

SEC. 101. (a) (1) Such amounts as may be necessary for continuing projects or activities (not otherwise specifically provided for in this joint resolution) which were conducted in the fiscal year 1958 and for which appropriations, funds, or other authority would be made available in the following appropriation acts for the fiscal year 1959:

Legislative Branch Appropriation Act;

Department of Defense Appropriation Act;

Departments of Labor, and Health, Education, and Welfare and related agencies Appropriation Act;

Independent Offices Appropriation Act;

District of Columbia Appropriation Act; and the Public Works Appropriation Act.

(2) Appropriations made by this subsection shall be available to the extent and in the manner which would be provided for by the pertinent appropriation act.

(3) Whenever the amount which would be made available or the authority which would be granted under an act listed in this subsection as passed by the House is different from that which would be made available or granted under such act as passed by the Senate, the pertinent project or activity shall be continued under the lesser amount or the more restrictive authority.

(4) Whenever an act listed in this subsection has been passed by only one House or where an item is included in only one version of an act as passed by both Houses, the pertinent project or activity shall be continued under the appropriation, funds, or authority granted by the one House, but at a rate for operations not exceeding the current rate or the rate permitted by the action of the one House, whichever is lower.

(b) Such amounts as may be necessary for continuing projects or activities which were conducted in the fiscal year 1958 and listed in this subsection (1) at a rate for operations not in excess of the current rate or the rate provided for in the budget estimate, whichever is lower, or (2) if no budget estimate has been submitted prior to June 30, 1958, at the current rate, or (3) in the amount or at the rate specified herein:

Atomic Energy Commission;

Export-Import Bank;

Administration, Ryukyu Islands;

Small Business Administration;

Export Control, Department of Commerce;

Corregidor-Bataan Memorial Commission;

Boston National Historic Sites Commission;

Civil War Centennial Commission;

Lincoln Sesquicentennial Commission; and

Mutual security programs, $200 million, to be expended in accord with provisions of law applicable to such programs during the fiscal year 1958 and at a rate for any individual program not in excess of the current rate therefor: *Provided,* That administrative expenses for such programs shall not exceed the current rate.

(c) Such amounts as may be necessary for continuing projects or activities of the Senate, and of the Senate items under the Architect of the Capitol, to the extent and in the manner which would be provided for in the budget estimates for the fiscal year 1959.

SEC. 102. Appropriations and funds made available and authority granted pursuant to this title shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this title, or (b) enactment of the applicable appropriation act by both Houses without any provision for such project or activity, or (c) July 31, 1958, whichever first occurs.

SEC. 103. Appropriations and funds made available and authority granted pursuant to this title may be used without regard to the time limitations set forth in subsection (d) (2) of section 3679, Revised Statutes, and expenditures therefrom shall be charged to the applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained is enacted into law.

SEC. 104. No appropriation or fund made available or authority granted pursuant to this title shall be used to initiate or resume any project or activity which was not being conducted during the fiscal year 1958. Appropriations made and authority granted pursuant to this title shall cover all obligations or expenditures incurred for any project or activity during the period for which funds or authority for such project or activity are available under this title.

TITLE II

Increased pay costs

SEC. 201. For costs in the fiscal year 1958 of pay increases granted by or pursuant to Public Laws 85–422, 85–426, and 85–462, for any branch of the Federal Government or the municipal government of the District of Columbia, such amounts as may be necessary, to be determined and made available as hereinafter provided in this title, but no appropriation, fund, limitation, or authorization may be increased pursuant to the provisions of this title in an amount in excess of the cost to such appropriation, fund, limitation, or authorization of increased compensation pursuant to such statutes.

SEC. 202. Any officer having administrative control of an appropriation, fund, limitation, or authorization properly chargeable with the costs in the fiscal year 1958 of pay increases granted by or pursuant to Public Laws 85–422, 85–426, and 85–462, is authorized to transfer thereto, from the unobligated balance of any other appropriation, fund, or authorization under his administrative control and expiring for obligation on June 30, 1958, such amounts as may be necessary for meeting such costs.

SEC. 203. Whenever any officer referred to in section 202 of this title shall determine that he has exhausted the possibilities of meeting the cost of pay increases through the use of transfer as authorized by said section, he shall certify the additional amount required to meet such costs for each appropriation, fund, limitation, or authorization under his administrative control, and the amounts so certified shall be added to the pertinent appropriation, fund, limitation, or authorization for the fiscal year 1958: *Provided,* That any transfer under the authority of section 202 or any certification made under the authority of this section by an officer in or under the executive branch of the Federal Government shall be valid only when approved by the Director of the Bureau of the Budget.

SEC. 204. For the purposes of the transfers and certifications authorized by sections 202 and 203 of this title, the following officers shall be deemed to have administrative control of appropriations, funds, limitations, or authorizations available within their respective organizational units—

(a) For the legislative branch:

The Clerk of the House;

The Secretary of the Senate;

The Librarian of Congress;

The Architect of the Capitol;

The Public Printer;

The Comptroller General of the United States;

The chairman of any commission in or under the legislative branch.

(b) For the judiciary:

The Administrative Officer of the United States Courts.

(c) For the executive branch:

The head of each department, agency, or corporation in or under the executive branch.

(d) For the municipal government of the District of Columbia:

The Board of Commissioners of the District of Columbia.

SEC. 205. Obligations or expenditures incurred for costs in the fiscal year 1958 of pay increases granted by or pursuant to Public Laws 85–422, 85–426, and 85–462, shall not be regarded or reported as violations of section 3679 of the Revised Statutes, as amended (31 U. S. C. 665).

SEC. 206. (a) Amounts made available by this title shall be derived from the same source as the appropriation, fund, limitation, or authorization to which such amounts are added.

(b) Appropriations made by, and transfers made pursuant to, this title shall be recorded on the books of the Government as of June 30, 1958: *Provided,* That no appropriation made by this title shall be warranted, and no transfer authorized by this title shall be made, after August 15, 1958.

(c) A complete report of the appropriations and transfers made by or pursuant to this title shall be made, not later than September 15, 1958, by the officers described in section 204, to the Director of the Bureau of the Budget, who shall compile and transmit to the Congress a consolidated report not later than October 15, 1958.

The SPEAKER. Is a second demanded?

Mr. TABER. I demand a second, Mr. Speaker.

Mr. CANNON. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON. Mr. Speaker, we submit to the House the usual continuing resolution, which is always passed at the end of the fiscal year to provide for operation of those departments for which the annual supply bills have not yet been enacted for the new year beginning next Tuesday. It is a stereotyped resolution, and in the usual form. Nothing need be said on the resolution itself as we have no choice, no alternative, we have to pass it, or close parts of the Government down.

However, it affords us an opportunity to pause for a moment to take stock of where we are, and the condition of the Government as a business institution at the close of the financial year.

I regret to say that the balance sheets of the Treasury show it to be in the worst shape ever. Never before, in peace or in war, has the United States Government been in such desperate financial straits as today. The national debt exceeds all peacetime records. We owe

more than we ever owed before as the year ends. And the significant thing is that we haven't been paying anything on the debt, we haven't been reducing the debt. Out of all the record revenues we have been enjoying these last few years, no systematic effort has been made to pay anything on account. We have just kept on spending and spending and spending and when we did not have the money we went out and borrowed more and the debt kept on increasing and increasing and increasing.

The books show that we have spent more this fiscal year we are just closing than we have ever spent in any peacetime year in the history of the United States, or any other country of the world, or all the countries of the world, at any time in the world's history.

Mr. Speaker, I am not being partisan. I make this statement merely to bring to mind a faint appreciation of the colossal sums, carried in the current budget, to give some vague idea of the magnitude of the vast amounts we are spending this year. You will recall that when Mr. Truman submitted to the Congress his last budget, a wartime budget, the agonized protests from the other side of the House ascended to high heaven.

And yet, in true comparison with the Truman budget sent up here in time of war, with our troops in the field, the present peacetime budget is as a summer zephyr to a Texas cyclone.

Leaving aside any invidious comparisons, and confining our attention solely to the matter in hand, from a purely business point of view, we are confronted with an alarming situation. And the most alarming feature of it is that nobody is alarmed. I cannot recall a single instance in which any Member of the House in all the debate on these bills appropriating millions and billions of dollars has considered or referred to a consideration of the effect which the expenditure would have on the balance in the Treasury, the national debt, or the financial preparedness of the Nation for war or other catastrophe.

It has grown unpopular here on the floor to even mention balancing the budget.

And of course it starts, as all national fiscal programs must start, with the recommendations of the administration.

The budget was based on a deficit estimate of $388 million at the close of the 1958 fiscal year—that is next Monday, June 30.

Later they revised that. They estimated we would be some billions of dollars short.

[In millions of dollars]

	1959 budget is based on	11 months' experience in fiscal year 1958	Better (+) or worse (−) at 11-month point [1]
1. Budget receipts, 1958 compared to 1957	+1,371	−1,009	−2,380
2. Budget expenditures, 1958 compared to 1957	+3,355	+2,161	+1,194
3. Difference, 1958 compared to 1957	+1,984	+3,170	−1,186

[1] Compared to budget estimates.

And today we are hopelessly in the red, and the national debt is growing steadily.

Why are we in the red? We are in the red because this administration has insisted, and the Congress has agreed to spend more money than it ought to spend—or had any need to spend. We have spent money that we did not have and which will have to be paid by our children, our grandchildren, and our great grandchildren for things we could do without.

The truth of the matter is that if we keep spending at this rate and continue to spend regardless of consequences, we will have to start the printing presses going and print money of such denominations and in such quantities that we will have to carry it around in baskets just as they did in Germany toward the end of the war.

It is not worth much today anyway. The depreciation of our money, due to deficit spending urged by the administration and voted by Congress has been so great and the corresponding increase in the cost of living has gone so high it is already producing a near riot in every food store in the Nation. Why? Because you either spent money you ought not to have spent, or you spent it for the wrong things.

We have enjoyed the greatest revenues in the last few years this country has ever known. We have taken in vast amounts of revenue—the greatest amount of revenue that has ever flowed into the Treasury of the United States. But like the grasshopper and the butterfly, we have danced and sung through the summer of our prosperity, flinging money to the four winds, and now the grim October days of recession are upon us—at a time when our country is in the greatest danger.

I say that deliberately and consideredly. Make no mistake about it. This country today is in the greatest danger. We have spent billions of dollars and played into the enemy's hands. Russia would like nothing better than to see us spend ourselves into bankruptcy. We are bankrupting the Nation at a time when we should be saving our money, reducing our debt, and preparing ourselves to meet the enemy, both economically and militarily.

Mr. Speaker, I hope it is not too late. The damage has been done. The appropriations have been made. The money is gone. A lot of people who came in here who wanted money out of the United States Treasury got it. And we borrowed it to give it to them.

So when you go home at the close of the session and your people complain about the high cost of living, do not pass the buck. Tell them the facts. Tell them that the more money we took in, the more you spent. Tell them the national debt is higher because you voted to make it higher. Tell them the dollar has gone down and the cost of groceries has gone up because you voted to depreciate the dollar and voted to raise prices. Tell them you thought you were campaigning out of the public treasury and making votes by voting for practically everything everybody and anybody wanted. Then they ought to reelect you and send you back because you told the truth—and then come back and sin no more before it is too late; if it is not already too late.

Mr. TABER. Mr. Speaker, this bill does carry a lot of money. On the other hand, it is the usual continuing resolution which we have had to pass for a good many years now. We have got to pass it this time so that the Government can function after next Tuesday.

I think that is all I care to say about it.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. TABER. Yes; I yield.

Mr. HOFFMAN. The gentleman from Missouri [Mr. CANNON], is yelling around about excessive expenditures which may ruin us or bring on a depression? Who is responsible for that?

Mr. WITHROW. He is.

Mr. HOFFMAN. Why, of course. Though, of course, he may withdraw or revise his remarks.

The SPEAKER. The question is on the motion to suspend the rules and pass the resolution.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the resolution was agreed to.

TRANSPORTATION ACT OF 1958

Mr. O'NEILL. Mr. Speaker, I call up the resolution (H. Res. 608) and ask for its immediate consideration.

The Clerk read the resolution as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 12832) to amend the Interstate Commerce Act so as to strengthen and improve the national transportation system, and for other purposes. After general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Massachusetts [Mr. O'NEILL] is recognized.

Mr. O'NEILL. Mr. Speaker, House Resolution 608 makes in order consideration of the bill, H. R. 12832, the Transportation Act of 1958, which has been commonly called around here the railroad bill.

The resolution provides for an open rule with 2 hours of general debate on the bill.

The instant bill is the culmination of many months and years of consideration by active committees. A study has also been made by the President's Advisory Committee on Transportation Policy and Organization. Actually, various committees have been working constantly since 1955, realizing the financial

plight of the railroads. Particularly the eastern transportation lines, as is well known to all of us, are in serious condition and have been seriously aggravated by the current recession.

Over the years the United States demand for transportation service has steadily grown, until now it is estimated that the intercity freight traffic of the United States is some 1⅓ trillion ton-miles. At 650 billion ton-miles annually the railroads are doing more than 1½ times what they did even in their best years of the twenties, and twice what they did in the years preceding World War II. Despite this advance in freight traffic, they are now doing in percentage of transportation 20 percent less in the industry than they were doing in 1939.

The Interstate Commerce Commisison estimates that the overall passenger deficit now amounts to $700 million annually. So, with the current decline of freight traffic, it is impossible to offset the losses of the overall passenger deficit.

It is interesting to note that the decline in traffic which started last fall has continued in substantial magnitude and has affected the current passenger position of many railroads. At the present time employment schedules show a drop of 60,000 employees working for the railroads, 60,000 fewer than were working at the first of the year.

When we compare the railroad employment figures with May of 1957 we find that in the period of about a year there are 180,000 fewer employees working for the railroads. As a matter of fact there is a lesser number of employees working for the railroads now than at any time since 1898.

The bill proposes five changes in the Interstate Commerce Act which are designed to strengthen and improve our national transportation system.

First, financial assistance to the railroads through Government guaranty, in whole or in part, of loans maturing within 15 years made to carriers by public or private financial institutions where the loans are to be used for capital expenditures.

Such loans are authorized to March 31, 1961.

With the worsening conditions some railroads, particularly in the East, are in grave economic condition; and in the committee hearings on this bill there was testimony to the effect that it is doubtful whether some of them will be able to avoid going into receivership before the end of the year. Consequently the bill is designed in part to give some financial assistance through the option of a loan. The railroads may borrow in such cases. The amount of guaranty is limited to not more than 50 percent of the amount charged by the carrier in the preceding year; and it is made unlawful for the carrier to declare any dividend while a guaranty is outstanding for a loan for this purpose, and such loans are authorized, as I said, until March 31, 1961.

The major cause of the railroad difficulty is the unsatisfactory passenger situation. Not only is the passenger end of the business not making money, but it is losing a substantial portion of that produced by the freight operations.

The true deficit of the railroad passenger service is actually in dispute. The Interstate Commerce Commission estimates that it is in the neighborhood of $700 million a year. In other words, the railroads of America on carrying passengers along in the course of a year suffer a net loss of about $700 million. Whatever the deficit is, it is clear that it is large and constitutes a substantial burden on the revenues from freight.

Second, it is proposed that the railroads, at their option, may have the Interstate Commerce Commission rather than the State Commissions pass upon the discontinuance or change in the operation or service of any train or ferry on a line not located wholly within a single State.

Actually, this does not mean that the ICC is going into your local State and tell your DPU that you are going to stop a train from serving some small community, that you are going to stop part or all of the service there. Actually they have the right to appear before the ICC in the matter of determining the number of runs made on a given line.

Third, it is proposed to furnish a guide to the Commission in achieving consistency in its treatment of competitive rate cases in order to prevent unfair destructive practices on the part of any carrier or group of carriers.

Fourth, in order to arrest the diversion of traffic in agricultural commodities and seafood to nonregulated carriers, the bill freezes the so-called agricultural exemptions from motor-carrier regulation by the Commission to the present list of exemptions and would return to economic regulation the transportation of frozen fruits, berries, and vegetables and also coffee, tea, cocoa, hemp, imported wool and certain categories of domestic wool.

And last, to regulate the practice of "pseudo-private carriage," provision is made that no person shall, in connection with any other business enterprise, transport property by motor vehicle in interstate or foreign commerce unless such transportation is incidental to and in furtherance of the operator's primary business enterprise, other than transportation.

I urge the adoption of House Resolution 608 so the House may proceed to the consideration of this important legislation.

Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself such time as I might require.

Mr. Speaker, first, I want to congratulate the chairman and members of the great Committee on Interstate and Foreign Commerce for favorably reporting the bill presently before us.

Particularly pleasing to me is that it was considered in a nonpartisan manner—both Democrats and Republicans realized that the railroads were in serious financial difficulties. They realized that in many instances, huge expenditures were required by the railroads which were completely out of the control of railroad management. May I refer to a few.

The railroads are in a different position than most businesses. For instance, they are compelled to continue certain services even when they are losing money. Year after year they have lost as high as $700 million or more in their passenger service. They are obliged to continue to give these services, even though they are losing money on many passenger runs.

Commuter service in most instances is run at a deficit. They must provide tens of millions of dollars worth of equipment that is used but a few hours a day—to have available sufficient equipment to provide for the maximum passenger traffic. In fair weather, most of the commuters use their cars and other means of conveyance. Still, the railroads are obliged to have available at all times men and equipment for the top load on days of bad weather.

The 3 percent freight tax and the 10 percent passenger tax—excise taxes enacted in time of war—have been an extreme and unjustifiable assessment against them in time of peace. It appears that the 3 percent freight tax will be repealed.

I am certain that most of you will agree with me that it would be extremely difficult for most local governments to operate without the enormous taxes received from the railroads. The railroads, through local taxes, have contributed liberally to schools and other local improvements.

I believe it is obvious to most of us that the railroads could not continue to operate under present conditions. Many conservative and well-informed people have advised me that without this added impetus, it would only be a question of time before our railroads would become nationalized. Of course, we do not want that.

Mr. SCOTT of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Pennsylvania.

Mr. SCOTT of Pennsylvania. I would just like to say to the gentleman that I am unreservedly in support of this bill. I think the gentleman is making a very important statement.

Mr. ALLEN of Illinois. I thank the gentleman.

This bill—one to strengthen and improve our national transportation system—grows out of extensive consideration of transportation problems by the Committee on Interstate and Foreign Commerce over a period of several years.

While it deals for the most part, perhaps, with railroad problems and has come to be known by some as the railroad bill, its provisions are not by any means designed for the assistance and development and welfare of the railroads alone. It is needed by, and would benefit all forms of regulated, common-carrier transport—and it is needed by and would benefit shippers and consumers and the public generally.

Interest in the bill is highlighted at the present time, it is true, by the current plight of the railroad industry—especially certain parts of that industry—but it ought to be understood that an equally serious problem is posed by

the weakening of our entire regulated—or common carrier—system of transportation.

In recent years the common-carrier system has been seriously impaired. To permit that impairment to continue, would be a dangerous thing—for the common carriers are our lifeline upon which our entire economy, way of life, and national defense depend. And, of course, the railroads are the backbone of the common-carrier system—they are the key to our whole transport system.

This weakening and impairment of our railroads and other common carriers results from many factors.

The regulated carriers are overregulated, yet they must compete with carriers not subject to regulation, either because it is exempt by law from regulatory controls or because it is private carriage and for that reason not regulated.

Some types of carriers are subsidized at the expense of the taxpaying general public—while others, which try to compete with them, are not. Some must bear much heavier tax burdens than others. On top of all else, the situation has in recent months been seriously aggravated by the current general business recession.

This bill would not provide any tax relief, nor would it get into the matter of subsidized competition. But it does get into a few of the more serious regulatory problems with which the railroads and other common carriers are plagued; and it does offer a program of temporary, short-range financial relief to assist those railroads most severely affected at the present time to weather the storm until the other corrective provisions of the bill have had an opportunity to have their overall long-range effect.

COMPETITIVE RATEMAKING

One thing we have all heard a lot about in recent years is that the Interstate Commerce Commission has had too restrictive a policy with regard to the fixing of competitive rates between the different forms of transportation.

It has been argued and, I believe, demonstrated that the ICC too often refuses to approve reduced railroad rates because of the adverse effect it is feared those reduced rates would have on the trucks or barges—or that truck rates have in some cases been held up higher than they might reasonably be set just because of the adverse effect lower truck rates would have on railroad traffic.

This bill—section 5—contains a new rule of competitive ratemaking to be added to the Interstate Commerce Act. It is designed to promote healthy rate competition between the different forms of carriage. It applies with equal force and effect to railroads, trucks, and barges. It would give carriers greater free play in establishing reduced rates if those rates are compensatory and do not discriminate unjustly among shippers.

It would do this, however, without legalizing the "law of the jungle." The competition would have to be fair competition. This should benefit not only the carriers, but the shipping and consuming public as well—for it will enable the public to enjoy the obvious benefits of relatively lower rates where any mode of transportation can offer such rates and still show a profit.

No longer will railroad rates, for example, be held by the ICC at a high level just to keep traffic from being diverted from the highways and inland waterways.

AGRICULTURAL COMMODITIES EXEMPTION

The bill—section 6—contains another amendment to the Interstate Commerce Act that should help out the regulated carriers—both railroads and trucks—in the competitive field. It has to do with the so-called agricultural exemption.

The present law exempts from rate regulation altogether motortrucks engaged wholly in hauling so-called agricultural commodities. Perhaps this exemption was not a bad thing so long as it was confined to its original purpose to provide the American farmer with a flexible supply of truck transportation to carry the raw products of the farmer from the farm to the market or other concentration point.

But over the years the exemption has been greatly expanded by interpretation—not Congressional action—from its original purpose so that today it covers all sorts of highly processed and manufactured products, in the ordinary channels of commerce, long after the farmer has ceased to have any interest in their transportation.

It has even been so interpreted as to include the hauling of many commodities imported from foreign countries that are not even grown or produced in this country and in which our farmers have no stake.

So the interpretation of the agricultural exemption has gone too far. It no longer reflects the original intent of Congress. To deal at least to some extent with this problem of having important volumes of traffic senselessly taken away from the regulated common carrier trucks and railroads by the untrammeled competition of exempt haulers, the bill would, in general, freeze the agricultural exemption where it is today, and roll it back, too, to a limited extent.

Frozen fruits and vegetables and certain imported products, such as coffee, tea, cocoa and hemp, in particular, would be returned to regulation.

PSEUDOPRIVATE CARRIAGE

Section 7 of the bill deals with yet another competitive problem. It is designed, by adding certain language of a prohibitory nature to the Interstate Commerce Act, to curtail certain practices that some call pseudoprivate carriage.

By that term is meant various devices or subterfuges by which for-hire transportation is performed under the guise of legitimate private carriage.

When this occurs, the operators in question unfairly and unjustly deprive the regulated for-hire carriers—both by railroad and by truck—of freight hauls to which they are entitled. These are grossly unfair and destructive competitive practices, and they should be curbed if we are to preserve our common carriers in full vigor and health.

The bill would do this without in any way affecting legitimate, bona fide, proprietary carriage of one's own goods in one's own trucks in furtherance of one's own primary business enterprise other than the enterprise of engaging in transportation.

UNPROFITABLE RAILROAD SERVICES

Sections 3 and 4 of the bill are so drafted as to vest the Interstate Commerce Commission, in specified circumstances, with jurisdiction and authority in the matter of discontinuing or changing certain unprofitable railroad services that are a burden on interstate commerce.

Section 3 contains technical amendments only.

Section 4 would provide a procedure whereby railroads could go to the ICC for relief in cases where their rights with respect to the discontinuance or change of any train or ferry are subject to the restraints of State authority; and under the procedure set forth—including provision for investigation and hearing—they would be able to effect the proposed discontinuance or change unless the Commission finds that public convenience and necessity requires otherwise—that a net loss will not result from continuing the operation or service in question—and that continued operation or service will not otherwise unduly burden interstate commerce.

This is a most desirable change in the law to help the railroads overcome what is a very serious problem for them—and one generally without justification. That is the problem created by the enforced continued operation of losing services. All too frequently, railroads that want to discontinue or consolidate or curtail, or otherwise change operations or services—usually passenger operations or services—are prohibited from doing so—or have permission to do so, long delayed—at the hands of State commissions or agencies where the authority for such matters rests at present.

The ICC does not have authority or jurisdiction over such matters under present law.

State authorities are likely to be swayed by local pressures and local pride, and since they have no responsibility for the overall soundness of the railroads or the protection of interstate commerce as a whole,they are prone to deny or unduly delay permission to railroads to take corrective action even where the service—usually passenger service—is no longer in demand or used by the public, and is therefore losing money and thus burdening interstate commerce.

This is especially harmful when one considers the tremendous passenger train deficits piled up each year by our railroads.

Those passenger deficits have to be made up somewhere, and it has to be at the expense of the shippers of freight. This means higher rates. Higher rates mean lost traffic. It is a vicious circle.

Clearly, this is a matter that needs remedy. The bill provides a remedy. It ought to be pointed out, however, that the bill preserves State jurisdiction as to operations and services purely local in character, for it provides that the ICC procedure "shall not apply to the operations of, or services performed by, any

carrier by railroad on a line of railroad located wholly within a single State."

GUARANTEED LOANS FOR RAILROADS

Section 2 of this bill makes provision for a plan of guaranteed loans for railroads, under the administration of the Interstate Commerce Commission.

The ICC, the Committee on Interstate and Foreign Commerce believes, is in a better position under the circumstances than any other agency of Government to administer a plan of this kind.

A number of railroads are in need of financial aid. Some are in extremely bad shape. A few, perhaps, especially hard-hit in the east, are in an almost desperate plight. Declining traffic and revenues have so affected the current cash position of the railroad industry that funds needed for additions and betterments and other capital expenditures, including the purchase of freight cars, locomotives, and other equipment, are simply not available in many cases. In some instances, maintenance has been deferred, as has the repair and renewal of equipment and other property, because of depleted operating funds.

This is a serious situation that calls for relief. The program of relief should be short-term, of course, and under the proposal in this bill it will be.

The authority to guarantee loans will terminate on March 31, 1961.

Also, the conditions of the guaranty should, of course, be fairly strict, and under this bill that, too, would be the case. The term of the loan guaranteed could not exceed 15 years; the money would have to be shown to be unavailable, on reasonable terms, without the guaranty; and the interest rate would have to be reasonable.

Loans could cover either capital expenditures or expenditures for maintenance of property—but in the case of loans to cover expenditures for maintenance of property, the amount of the guaranty would be limited by law to not exceeding 50 percent of the amount charged to maintenance in the accounts of the borrowing railroad during the preceding year, and it would be unlawful for the carrier to declare any dividends while a guaranteed loan for this latter purpose is still outstanding.

H. R. 12832 is badly needed and would measurably benefit our railroads and other common carriers—yet it is a moderate bill.

It would not only help the carriers, but would also be to the advantage of shippers and consumers and the public generally.

It would be good for the national economy and a boost to national defense.

It is in the public interest, and ought to be enacted.

It is my understanding that certain amendments are going to be offered. As far as I have been able to learn, they are crippling amendments, designed to weaken and to make ineffective the true purposes of the bill.

They should be voted down; that is, with the exception of any perfecting amendments offered by the Committee on Interstate and Foreign Commerce.

I cannot urge too strongly the adoption of this rule and the passage of the bill.

LEGISLATIVE PROGRAM

Mr. O'NEILL of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. MADDEN].

Mr. MARTIN. Mr. Speaker, will the gentleman yield?

Mr. MADDEN. I yield.

Mr. MARTIN. Mr. Speaker, I have asked the gentleman to yield to find out, if I can, from the majority leader what the legislative program is for tomorrow and next week.

Mr. McCORMACK. If the bill now pending is finished today, we will not meet tomorrow and we will go over until Monday, as I stated yesterday.

Mr. MARTIN. Then this is the last measure on the program for the week?

Mr. McCORMACK. That is correct. The joint resolution, House Joint Resolution 221, having to do with traffic safety compacts was on the program, if it could be reached, but that will be put over until Monday under the suspensions.

The program for next week is as follows:

On Monday, under suspensions there will be:

House Joint Resolution 221, traffic-safety compact measure.

Senate Joint Resolution 181 to extend the agricultural milk program.

H. R. 11801, to increase the burial allowance for deceased veterans from $150 to $250.

Under a rule, H. R. 11102, having to do with the courts, diversity of citizenship.

Also, H. R. 11477, having to do with the courts, admission of evidence. That is a bill which has come up as a result of the Mallory case.

H. R. 11630, the unemployment insurance bill for ex-servicemen.

On Tuesday, Wednesday, and Thursday the mutual security appropriation bill will be scheduled. I would think the mutual security appropriation bill should be completed by Wednesday at the latest. If so, there will be no further legislative business thereafter for next week. The Fourth of July weekend follows that.

There is an understanding on the part of the leadership that if on Monday any rollcalls are required, a rollcall vote will only be had on legislation which it is imperative to pass such as where a law is expiring or if one is ordered, on a rule. The only one that I can see that fits into that category is the resolution extending the agricultural milk program. But, that should go through very quickly, I imagine. Other rollcalls will go over until Wednesday.

Mr. MARTIN. Have any other arrangements been made for calling up the so-called Public Law 480 bill?

Mr. McCORMACK. No, not now.

Mr. MARTIN. Is it not true that that law will soon expire?

Mr. McCORMACK. I think that is so but the gentleman asked me a question and, as I said, there is no arrangement now made to bring it up. I am not expressing my own state of mind in reference to this matter when I answer the gentleman that way except I am trying as always to give the gentleman a frank answer.

Mr. MARTIN. I thank the gentleman.

Mr. McCORMACK. However, that situation is such that it is not similar to the milk program where we want a continuity of the program.

Mr. MARTIN. If by any chance it was called up on Monday, that would be one of those bills on which we would have a rollcall.

Mr. McCORMACK. The best information I have now compels me to say that I cannot see that that might take place. Of course, almost anything can happen.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MADDEN. I yield.

Mr. GROSS. I thank the gentleman for yielding. Do I understand now that the foreign aid bill will be taken up Wednesday?

Mr. McCORMACK. It will be taken up on Tuesday.

Mr. GROSS. It will be taken up on Tuesday and you hope to dispose of it by Wednesday night?

Mr. McCORMACK. If it is disposed of by Wednesday, then there is no further legislative business. There will be nothing on Thursday and the Members can govern themselves accordingly in connection with the July 4 weekend. Then next week I will announce the program for the following week and advise the membership as to any agreements made by the leadership in relation to the following week. I think Members can plan to remain home a little longer than just until Monday of the following week, but I would rather wait until next week when an official announcement of the legislative program will be made.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. MADDEN. I yield.

Mrs. ROGERS of Massachusetts. Did I understand the gentleman to say that there would be scheduled the veterans' burial allowance bill?

Mr. McCORMACK. That will come up on Monday.

Mrs. ROGERS of Massachusetts. Is that the only veterans' bill? There were several bills reported out of the Veterans' Affairs Committee yesterday.

Mr. McCORMACK. I understand the others are on the Consent Calendar. The next Consent Calendar call will be July 7.

Mrs. ROGERS of Massachusetts. I see the chairman of the Veterans' Affairs Committee is present.

Mr. O'NEILL. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. TEAGUE].

Mr. TEAGUE of Texas. Mr. Speaker, there were 11 bills reported out of the Veterans' Affairs Committee on yesterday. All except this one will be on the Consent Calendar. This could not go on the Consent Calendar because of the cost. I am sure the House will vote for it on Monday.

Mrs. ROGERS of Massachusetts. I do not believe there will be any objection to any one of them.

Mr. O'NEILL. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. MADDEN].

Mr. MADDEN. Mr. Speaker, the gentleman from Illinois [Mr. ALLEN] and from Massachusetts [Mr. O'NEILL] have

fully explained the contents of H. R. 12832, known as the railroad bill.

I have received hundreds of letters from railroad employees in my Congressional District asking that this legislation be enacted. During debate and consideration of this bill in Committee of the Whole some amendments may be adopted which I hope will be constructive.

Thousands of railroad employees are now unemployed over the country. This week representatives from the E. J. & E. Railroad which transports all railroad switching in and around the Chicago area called at my office. They informed me that almost one-third of their employees have been laid off during the last few months.

This bill will enable railroad companies to get temporary financial assistance to aid their maintenance programs and thus stimulate reemployment of labor, purchase of materials, equipment and supplies.

This operation will also encourage reemployment in the steel mills and other factories in the country which are now far below normal in production.

This legislation will also release the railroads from some of the regulatory laws which seem to be a handicap for railroad management to make changes that will improve their economy and progress.

Two weeks ago I spoke on the floor of this Chamber, when the tax bill was being debated, in favor of repeal of the wartime transportation tax. I am glad to find that the other body amended the tax bill so as to relieve the railroads from some of this tranportation tax.

I do not know that this bill will solve all the problems confronting the railroads but it will be a great help at this time and I hope this bill is enacted into law with 1 or 2 minor changes in the original bill.

I congratulate the Interstate and Foreign Commerce Committee for holding long hearings and reporting this bill for the consideration of the Members of Congress.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Speaker, I wish to commend the gentleman from Illinois [Mr. ALLEN] for the very able remarks he has just made, in which he not only outlined the problems which confront American railways, but also gave us a very studious analysis of the contents of the bill H. R. 12832, which will be made in order by the adoption of this rule.

Mr. Speaker, the railroads of our country are in a very bad financial condition. The problems which confront them are such that the Congress of the United States and the Federal Government should do everything proper and possible to help relieve the present situation. Our country's railroad system is not only of the utmost importance to a sound national economy, but to a sound national defense as well.

I hope this legislation will be overwhelmingly approved today.

Mr. ALLEN of Illinois. Mr. Speaker, I yield to the gentleman from Illinois [Mr. BYRNE].

Mr. BYRNE of Illinois. Mr. Speaker, I believe this is excellent legislation. Coming from the Third District of Illinois, a railroad center and a district through which a great many railroads pass, I believe that the United States will profit by this legislation.

Mr. Speaker, this can be and must be a memorable day in this great body. We must pass the legislation which will improve the health of our railroads. Many of the I. C. C. regulations under which our railroads have been operating have been in the books since 1890. Times change and there is an omnipresent duty for us to keep pace in enacting necessary measures to keep all of our transportation systems operating successfully.

Coming from the heart of the railroad center, Chicago, Illinois, and representing a fine district, Illinois' third, I have a great interest in seeing that the people of Chicago continue to get the best type of service from the railroads. My district is served by 11 railroads. The taxpayers, whether in business or labor, or employer or employe, benefit from a healthy railroad condition. Railroads create jobs. The industry is the second largest in the United States, the fourth largest employer and one of the largest purchaser of our basic commodities: steel, oil, lumber, et al.

Another interesting thing to recall is the story of the land grants, given to some railroads who were pioneering in the building of some 18,000 miles of lines. This is equal to about 8 percent of the total railroad mileage in the country today. As a reciprocity gesture, the railroads agreed to haul Government freight and passengers free or in some instances at reduced rates. This obligation was carried out until relief was given the railroads in 1946. However by that date, the railroads had repaid the Government roughly 10 times the value of the land grants, or a billion and a quarter dollars worth of free transportation.

I have some figures prepared by the Illinois State Chamber of Commerce on what railroads mean to the taxpayer in Illinois.

First. They employed last year 110,000 workers, more than any other State in the Union. The employees received paychecks totaling $575 million. According to Railroad Progress Institute, employees of Illinois firms producing items exclusively for railroad use are normally 324,000. But there are another 125,000 workers employed by companies whose production for railroads is less than half their total volume.

Second. Railroads are big customers of products made in Illinois. The sales of railway supply and equipment companies headquarters in Illinois were $920 million in 1957. This does not include thousands of miscellaneous items bought and stocked. It is estimated by our State chamber of commerce that railroads must carry 100,000 items in stock for use in daily operations.. This figure is more impressive than the inventory of a mail order house.

Third. Illinois taxpayers should bear this in mind in connection with railroads. In 1955 the railroads paid staggering taxes in Illinois:

School taxes	$18,222,679
County taxes, including county, township, city and village	8,014,436
Road and bridge taxes, including county, township, city, and village	2,875,651
Other ad valorem taxes	2,869,128
Special taxes	4,940,036
Rail owned car line taxes	909,739
Total	37,831,669

If sound transportation legislation is passed, all common carriers are going to benefit and in turn the people will benefit from the new incentive to construct and expand facilities which will create more jobs for more people. Included in any action we take should be a provision to repeal preferably, but at least reduce, the passenger excise tax on transportation on any mode of transportation. I introduced legislation providing the repeal of these outmoded taxes. To refrain from being repetitious on this question I will say nothing more at this time, except to emphasize that facts and figures do not lie. Our common carriers contribute immeasurably to the economy of our country. Chicago, Ill., has a great deal at stake in this legislation. Railroads have been the largest single factor in Chicago's spectacular growth as No. 2 city by 1890. We have sustained this position as the fastest growing city in the history of the world.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. SPRINGER].

Mr. SPRINGER. Mr. Speaker, the bill, H. R. 12832, to strengthen and improve the national transportation system, is one of the most important pieces of legislation that will come before the Congress this year. I am sure it will be the most valued piece of legislation to come from the House Committee on Interstate and Foreign Commerce during this session.

This committee, of which I am a member, held hearings extending over a number of weeks on all phases of railroad problems and policy. This is not the first knowledge we have had in this field. The Subcommittee on Transportation and Communications of the full Committee on Interstate and Foreign Commerce has continually conducted hearings on the railroad situation. The instant bill is the culmination of some years' consideration by the committee of various legislative proposals advanced for meeting the problems in surface transportation, especially railroads. The purpose of this bill is to amend the Interstate Commerce Act in order to strengthen and improve our Nation's railroad transportation system so that it may better fulfill its complete role in meeting the transportation needs of the Nation's expanding economy and the requirements of national defense.

I know many of my colleagues will ask "Why at this time are we faced with the critical situation in the railroad

fields?" I think this is a good question to be answered at this point.

Although it is evident that all forms of transportation have shared in the greater demands for transportation, railroads have not shared equally in relative terms in competition for the increased total volume. The figures which came before our committee indicate that the portion of such traffic carried by railroads has steadily decreased in the past 20 years.

A second reason for the financial condition of the railroads has been the rapid fall-off in passenger service. The over-all passenger deficit is estimated by the Interstate Commerce Commission as now amounting to $700 million annually. For the railroads to show any net income at all, revenues from freight must be sufficient to offset passenger losses.

With the decline in freight traffic, the difficulty of making such offsets is accentuated, and the result is graphically shown in the drain made upon the railroads' working capital as shown in the following statement of their positions nationwide, and in the East, at the end of the first quarter, 1958:

Net working capital, class I railways

	United States	Eastern district (excluding Pocahontas region)
Dec. 31, 1955	$933,751,344	$185,743,542
Dec. 31, 1956	683,628,933	139,120,474
Dec. 31, 1957	555,275,129	93,172,549
Mar. 31, 1958	326,432,029	22,637,045

As a result of this drain on net working capital, what has happened in the field of maintenance and expansion? Also, what has happened to railroad employment?

The decline in traffic has appreciably affected the current cash position of many railroad carriers. As a result, they have had to suspend their authorized programs for additions and betterments to, or expansion of, their carrier properties and to defer purchase of equipment. This naturally has had a profound effect not only upon the railroads' direct employment, but also upon the industries supplying the railroads.

The following figures for railroad employment show a drop of 60,000 since the first of the year, to a level at mid-May of 180,000 less than a year ago:

Average number of employees, class I line-haul railroads

	1957	1958
Midmonth:		
January	995,270	884,114
February	987,125	860,110
March	987,800	840,321
April	991,389	828,819
May	1,003,429	824,813
Average for year:		
1955	1,058,216	
1956	1,042,664	
1957	986,001	

With all of this in mind, what can this Congress do to assist the railroads in getting back on their feet and pushing ahead with plans for maintenance and public service? With the assistance provided by this bill, many carriers would immediately reinstitute already authorized capital-expenditure programs, amounting to millions of dollars. Such action, without further delay would provide substantial reemployment by the railroad industry, and through the purchase of materials, equipment and supplies, would afford a great stimulus to the industry's supply men. This stimulus is extremely important and timely at this moment.

The Interstate Commerce Commission must approve the underlying securities, here subject to being guaranteed by the Federal Government. The Interstate Commerce Commission has assured this committee that it will act with promptness consistent with the situation. This will make possible the reinstitution of these capital programs, the reemployment of labor, and the purchase of materials.

It is my belief that this bill, if enacted, will be of substantial assistance to the railroads in getting back on their feet and doing the job that has been assigned them in the over-all transportation picture. This legislation is partly permanent and partly emergency. It is needed very badly by some roads. It is possible that others will not use some of the loan provisions of the bill because they are not needed.

Your committee has tried to come up with a balanced program that is in the public interest and is of such manageable proportions that it can be administered by the Interstate Commerce Commission.

For all of these reasons, I urge my colleagues in the House to support this bill and to vote for it on final passage.

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that all Members may have the privilege of extending their remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Nebraska [Mr. MILLER].

Mr. MILLER of Nebraska. Mr. Speaker, I want to be recorded as being in favor of the principles of the Harris-Smathers bills. I am sure the differences between the House and Senate can be ironed out in conference with the final result being good for the economy of this country. The bill adds strength to our transportation system. It will insure jobs for labor. I believe the House should pass the bill today.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Speaker, I want to go on record as strongly in favor of this legislation. This is a kind of reaffirmation of the National Transportation Act which has been in effect since 1940. I would like this to be on the record. Section 5, the ratemaking section, reaffirms the national transportation policy that has been in effect since 1940.

Mr. HARRIS. If the gentleman will permit, I will explain this I am sure to his entire satisfaction during general debate on the bill. I think I will then adequately answer the gentleman's question.

Mr. FULTON. I believe it does reaffirm the transportation policy.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Utah [Mr. DIXON].

Mr. DIXON. Mr. Speaker, I commend the committee on this fine legislation. I seek its passage.

Mr. Speaker, in defeating the rule on the omnibus farm bill yesterday, the House revealed a refreshing determination to legislate in the interest of the consuming public who, in my opinion, represents the forgotten man. Passage of the bill before us would be another great step in the interest of the forgotten man.

During the last 2 years while serving as a member of the House Agriculture Committee, Subcommittee on Food Costs, I have come to realize the importance of rising transportation rates and their relation to the increased cost of living. This factor is far more important than most consumers realize.

H. R. 12832 and the Senate amendments to H. R. 12695, eliminating excise taxes on freight as approved by the House, should be a tremendous step toward reducing the cost of living and at the same time materially benefiting the farmer and business.

H. R. 12832 would, first, authorize the guaranteeing of railroad loans made by private institutions—seven railroads testified they are going into certain bankruptcy unless loans are provided this year. We certainly cannot afford to have this happen; second, the bill makes it easier for railroads to discontinue unprofitable passenger and commuter service in interstate and intrastate traffic; third, the bill defines more sharply common and private carriers. Regular common carriers have been losing traffic through lack of distinct definition; fourth, the bill will prevent the abuse of agricultural exemption provision of the I. C. C. Act designed to permit farmers to transport their own products. This has been enlarged subsequently to include other people who now ship agricultural commodities not in the raw stage, and this bill will stop further expansion and abuses; fifth, it would make the railroads more competitive in rates with other carriers.

Mr. Speaker, I support H. R. 12832 and ask its passage because; first, it is vital to national safety through the preservation of our railroads; second, it would make the railroads competitive with other carriers; third, it would reduce transportation costs; fourth, by reducing transportation costs it should reduce the cost of living and help to break the present rigidity of prices which represents such an anomaly in the present recession.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. OSMERS].

Mr. OSMERS. Mr. Speaker, doubtless, our railroads need help. Their problems, however, do not exist entirely at the Federal level. Much must and should be done at the State, county, and

local levels of government. In New Jersey, railroad taxes in many places are unconscionable. In the middle thirties, as a member of the New Jersey State Legislature, I pressed for legislation to help railroads because even then, Mr. Speaker, it was evident that sooner or later a day of reckoning would come. That day is here and many eastern railroads will founder if not helped. The Committee on Interstate and Foreign Commerce has attempted in this bill, H. R. 12832, to give assistance. For the most part, I support the provisions which give financial assistance, change the rules of ratemaking, and clarify agricultural-commodity exemptions. The provisions to eliminate pseudoprivate carriage are very necessary to protect common carriers. However, Mr. Speaker, section 4, which adds a new section 13a, has grave implications for railroad commuters in the New York-New Jersey area. Unless this section is radically changed by the House, along the lines suggested in committee by the gentleman from Georgia [Mr. FLYNT], it will be impossible for me to give the bill my support. Without question, section 3, as is, will enable the Interstate Commerce Commission to summarily terminate extensive commuting facilities between the New Jersey suburbs and New York City. The economic consequences of this will be staggering and I will not attempt to detail them here. Hundreds of railroad employees and stockholders have written to me urging my support for this bill, but unless protection is given to the legitimate needs of the commuting public, while plans for new transit arrangements are being made, the bill should not be adopted. Passage of the bill without amendment will be most unwise.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Speaker, it is my understanding that under the rules of the House it is highly improper for a Member from the floor to criticize any action taken by any Congressional committee. That seemed to be reaffirmed last Tuesday when the gentleman from Missouri [Mr. CURTIS] had the floor.

It is also my understanding that it is not in violation of the rules to call attention to what happened in public committee hearings as published in the press. I notice the chairman of the committee which has charge of the bill we are about to consider is also chairman of another committee, the House Committee on Legislative Oversight, which held a hearing yesterday. During those hearings yesterday a witness—I think the name was Fox—was permitted to testify at length as to what another man, Mr. Goldfine, told him as to certain things Mr. Adams did or did not do, all without a word of direct testimony.

My only purpose is to call the attention of the Members of the House to a situation which has happened all too often, a situation where, if I can get before a committee of this House, I can tell that committee and the public what the taxi driver told me that the milkman said about a member of the administration or of the Congress. I can lie. I can defame the character of anyone. I can use the House committee to maliciously slander anyone—and all without adequate remedy.

I am not passing any judgment. But, if that is what the House wants to sanction, that kind of a hearing, I may some day ask permission to go before one of the House committees and tell what somebody reportedly told me the Speaker said about somebody else when neither ever said a thing to me on the subject. But that is one way to get publicity; spread lying vicious slander all over the front pages of the press. I cannot tell you, under the rules of the House, what I think about it, but you can guess.

Whether what Mr. Adams did or did not do or say was proper or improper depends entirely upon the surrounding circumstances and conditions. He is the President's man. The President says he knows the facts and that he, the President, needs Adams and intends to retain his services. It is the President's job and it would be highly improper for me to criticize.

If the House wishes to permit its committee to give individuals appearing before it opportunity to, by hearsay twice removed, charge citizens with wrongful conduct, I may not under the rules criticize but it is my privilege to put the facts on the record.

To that end I read Mr. Adams' statement as printed in the morning paper:

ADAMS' STATEMENT

The following is a text of a statement by Presidential Assistant Sherman Adams in response to testimony by John Fox, Boston business promoter:

"Mr. Fox's malicious accusations are made largely in terms of what he alleges someone else told him.

"While I have no way of knowing what someone else is supposed to have said to Mr. Fox, I do know what I myself have said, heard, and done.

"It is difficult to separate the many falsehoods in Mr. Fox's incredible testimony. Virtually everything he said about me, in one way or the other, is false.

"1. I categorically deny that I have ever said to Mr. Goldfine or to anyone else that I would take care, or had taken care, of his affairs with any Federal agency. I have never said that. I have never done that or attempted to do that.

"2. I categorically deny that Mr. Goldfine has ever helped me or any member of my family financially while my children were in school. I, and I alone, footed my children's bills.

"3. I categorically deny that Mr. Goldfine has ever bought into any ventures for me. Mr. Goldfine has never purchased for me, or participated with me in the purchase of any security or other property. I do not now have nor have I ever had any financial interest in any property or investment, business, or undertaking in which he has any interest.

"It is incredible to me that any committee of the Congress would permit a completely irresponsible witness to use the committee as a forum for making such vicious accusations."

Mr. O'NEILL. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. HARRIS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 12832) to amend the Interstate Commerce Act so as to strengthen and improve the national transportation system, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 12832, with Mr. DAVIS of Tennessee in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Arkansas [Mr. HARRIS] will be recognized for 1 hour and the gentleman from New Jersey [Mr. WOLVERTON] for 1 hour.

The Chair recognizes the gentleman from Arkansas.

Mr. HARRIS. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, this is one of the most important bills that will come before this Congress during the present session. Furthermore, it is one of the most difficult bills to understand because of the technical phases of the legislation. If I may have the attention of the members of the Committee for just a few minutes I believe I can expedite the debate, and, certainly, will endeavor to clearly and fully explain to you just what this legislation proposes to do.

In the first place, I would refer you to page 2 of the report. In a very short statement there you will find a brief explanation by paragraphs as to what the legislation seeks to do. As has already been said, our committee has considered transportation problems over a period of several years. As a matter of fact, the Committee on Interstate and Foreign Commerce has given continuous consideration to the problems of transportation for many years and with particular emphasis on the Transportation Act of 1940.

In recent years, however, there have been some conditions that have occurred which makes it necessary for consideration to be given to some very technical and knotty problems.

In 1954 the President appointed what he referred to as a Cabinet Committee on Transportation. That Committee had a task force and did give thorough study to the problems of transportation in this country. A Committee report was issued in 1955, on which the Committee on Interstate and Foreign Commerce met in August of that year. There the whole matter was laid out on the table and they described to us what they proposed to do. That report submitted not only to the Congress their recommendations but a bill with it to carry out those recommendations.

There were many far-reaching proposals in the Cabinet Committee report. The Committee on Interstate and Foreign Commerce did not see how it could go along with many of those recommendations. In 1956 hearings were held on an omnibus bill. These were quite extensive and complete hearings. Because of the far-reaching impact and the many technical provisions of the bill at that time the committee did not report it.

In 1957 the Secretary of Commerce again submitted the recommendation of

the administration on the basis of the Cabinet Committee report. At the same time the Interstate Commerce Commission made 26 recommendations for amendments to the Interstate Commerce Act. In the last session some 15 or 16 of those recommendations were considered by our committee. There were, I think, 9 or 11 reported by our committee in House bills and in several Senate bills. They are law today.

But as we came into the more controversial features that the committee considered during this time, it was necessary to have tedious and serious consideration. There is no more controversial problem in this country than the transportation problem itself. There is no more highly competitive business in this country than competition between the carriers themselves. So we have had, therefore, the differences between the carriers themselves, the common carriers, the problems of the contract carriers, the problems of the private carriers, the problems of all of those interested in transportation, including shippers and shippers' organizations. We have been trying to resolve these differences to the best of our ability in a way that would add strength to the transportation system of this country. And, that is precisely what we bring here to you today in a transportation bill, amendments to the present law, to add strength to the present transportation system and to make it sound. I am sure that every Member of this House, if asked about the transportation system of America, would say that we have, in fact, the finest system in the world and that we must maintain a sound transportation system. And, that means that we must maintain all modes of transportation: the trucks, the buses, the railroads, the water carriers, the barges, the airlines, private carriers, contract carriers, and all. It is a part of this great system that we have built in the years and more specifically in the last 15 to 20 years.

Today, because of conditions that have existed, we are having whittled away from the transportation system day by day its very heart—the common carriers, which have been the basic system over these many years. As a result we find one carrier, the railroad industry, in a desperate condition.

We have been observing now for some time what is happening to the railroad industry, and it has now come to the point that we are told by a number of the Eastern railroads if something is not done on behalf of those railroads in a financial way, they are not going to be able to perform the service. There is not a person in this Chamber who does not know and recognize that we must have railroads in this country. They are our basic mode of transportation, and we must keep them.

There are several Eastern railroads that are in difficulty. To be sure, they have been suffering some loss of business, as has industry generally, but during the war they were built up to provide, and necessarily so, means of transportation for our troops and materials and had to provide the facilities and had to maintain the rolling stock and other equipment up to a very high level. They now find themselves back on a more normal level from this tremendous buildup with the further reduction and letdown from the recession so that some of them find they cannot keep going and they are in a desperate condition. So, the presidents and those interested in running and managing those railroads came to the committee and explained the difficulty they were having.

Here is what we are trying to do to improve the present system. And, may I say further at this time that we have not resolved all of the differences of any one of these highly controversial issues. It is an utter impossibility to resolve them. We have not satisfied everyone completely, but I am of the opinion that the committee has reached as near the goal or the objective of meeting the requirements of all of these different interested parties as is possible.

In the first place, we provide in section 2 of this bill a provision for guaranteed loans. We provide a method whereby those roads that are about to go into bankruptcy can strengthen themselves through a Government loan—5 of them in New England; most of them in the eastern part of this country.

Now, there are those who do not like this kind of financing. I am not too happy with it myself. But, we have got to do one of two things.

We have got to do something to strengthen them in the financial part of their operation or see a major industry of this Nation, that is so vital to the service of the public, go down. So we take this method of trying to do something about it.

There are those who say, Are you entering into a great Government program of financing here? That is not the case at all. The Southern railroads and the Western railroads have less need for this kind of program, but there is no way for us to separate them. They are willing to go along in this position because they see what is happening to some of the Eastern railroads. And let one of the great major railroads of this country go down and it will have a terrific impact on the entire railroad industry. We cannot get around that.

So we provide that the Interstate Commerce Commission be given authority under the provisions of this act in section 2 on an application filed by the carrier, showing the need, the requirement and the justification for it, to approve such application permitting them to go into the money market, and make arrangements for obtaining a loan; then come back to the Interstate Commerce Commission and with a proper showing before the Commission, at which all parties who have an interest are protected, obtain a guaranty of the loan by the Government, under those circumstances.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield, for a question.

Mr. MORANO. As I understand, the Interstate Commerce Commission will be the agency that guarantees this loan; is that correct?

Mr. HARRIS. The Interstate Commerce Commission will consider, process, and approve the loan.

Mr. MORANO. Is this the first time this agency or any other agency like it will have been given that much authority to guarantee a loan?

Mr. HARRIS. No, not at all. This bill is patterned after a bill which this committee reported, the last Congress approved, and which is now the law, affecting the airlines.

Mr. MORANO. One other question, if the gentleman will yield further. I understand there is authority in this bill to permit an interstate carrier, specifically one operating a train from Connecticut into New York, to discontinue service. In other words, if a carrier is going from the State of Connecticut, carrying passengers into New York, and it is found that carrier is losing money in that operation, may the carrier with the approval of the Interstate Commerce Commission, but without obtaining the approval of some State agency, discontinue that service? May I say to the gentleman that I favor most provisions in the bill and expect to support it.

Mr. HARRIS. On a purely interstate operation, the operation of a passenger train, this would give the carrier the privilege of going to the Interstate Commerce Commission to determine whether or not that particular service shall be continued. But that is not the full answer to the problem. And I wish the gentleman would permit me to continue so that I can explain it. This is a very important point and most important to this bill. I should like the opportunity to explain it because there are some erroneous impressions about that provision.

We provide a 100 percent guaranteed loan. That does not mean necessarily that it will be a 100 percent guaranteed loan. It may be 60 percent or 70 percent, depending upon what the carrier is able to justify. Then we provide that that money shall not be for all operating expenses. We limit that loan to capital improvements and maintenance, with a limit for maintenance to 50 percent of the charge for maintenance in the prior year.

It is estimated that some 30 percent of the total operating cost of a railroad is for maintenance purposes. Therefore, only 50 percent of the maintenance charges for the prior year would be eligible for approval under this bill. The Senate bill has a 100-percent provision in regard to all operating expenses, as well as meeting interest and maturities. We feel that is going too far. We do not feel that the Government should guarantee loans for total operating costs. Therefore, we put a restriction on that provision.

Section 3 of this bill is purely technical.

Secion 4 has to do with the matter the gentleman from Connecticut just mentioned, that is, amendments to add section 13a regarding the discontinuance or change in certain operations or services. In the first place, you have heard from your State commissions and a lot of other people and they say, "We object to your taking away from us the right to

determine intrastate rates." This bill does not disturb that situation at all. We do not touch the intrastate rate problem. We leave to the State commissions that responsibility.

Further, we leave to the State commissions complete authority over intrastate operations. A train operating over a line of railroad located wholly within a State is within the jurisdiction of the State commission. The abandonment of stations or depots is left with State commissions. So you can see that practically all of this problem of abandonment is continued with the State commissions, as it has been in the past. The Congress has never preempted that authority.

Here is the one thing that we do touch. In certain areas, principally in the New York-New Jersey area, in which the gentleman is interested, there is a terrific problem with reference to commuter service. Interstate lines are all involved. As such, there is a terrific loss. Because of local conditions and circumstances, taxes and otherwise, rates and all, some trains are required to continue operating at a terrific loss. We do provide that in interstate, purely interstate passenger operations as such, the carrier can make an application to the Interstate Commerce Commission to determine whether or not that interstate operation shall continue. That is precisely what the problem is.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Connecticut.

Mr. MORANO. When the carriers do apply, are there any criteria on which the Interstate Commerce Commission must base its decision?

Mr. HARRIS. Yes; there are criteria. You will find that three requirements must be met under this bill. In other words, the Commission find that the operation is required by public convenience and necessity. That is No. 1. Then, that such operation or service will not result in net loss therefrom to the carrier or carriers. That is No. 2, No. 3, is that it will not otherwise unduly burden interstate commerce.

I have a committee amendment which I will offer that will strike out the words with reference to the net loss resulting therefrom, because we feel that the other two requirements, as to public convenience and necessity, and that it will not otherwise unduly burden interstate commerce, would be sufficient to give the Interstate Commerce Commission authority to act on any case before it.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. MORANO. I am glad to hear the gentleman assure me, and I wish he would assure me in more forceful terms, that the problem of necessity and the criteria of necessity is emphasized because there is certainly no question of the necessity for a commuter train running from Connecticut to New York.

Mr. HARRIS. I do not know how I can assure the gentleman any more forcefully than I have. I have read it positively and that is what it is.

Mr. HARRISON of Virginia. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. HARRISON of Virginia. Will the gentleman differentiate between his bill and existing law in this regard?

Mr. HARRIS. As I just stated, under the present law Congress never preempted the State's authority with reference to these matters. The only things we preempt them here or interfere whatsoever is in those extreme cases where it is purely an interstate operation or services that are required. Where we have that kind of situation and the carrier can show that the public convenience and necessity requires it and there is a question of a burden on interstate commerce, then they can go to the Interstate Commerce Commission.

Mr. HARRISON of Virginia. Do I understand that under existing law in such a situation a carrier has to get permission from both States?

Mr. HARRIS. Yes; let me give you this case as an example.

There was a particular railroad in my own State running from Little Rock, Ark., to Alexandria, La. Let us just take that as an example. As it is now to abandon any service or operation, you have to go to the Arkansas Commission and then go to the Louisiana Commission. There is a case law in this particular instance, and the Arkansas Commission, I believe it was, approved the application, and that service was stopped to the Louisiana line. The Louisiana commission, as an example, failed to approve it, and, therefore, they ran a little engine and crew up there every day to the line and turned around and went back. That situation continued for a period of time before they could ever get it straightened out. That is the type of situation we are trying to correct here.

Mr. HEMPHILL. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. HEMPHILL. I want to thank the distinguished chairman for the time he gave me yesterday. In the event the interstate line had a train which was wholly operated within the State itself, who would have authority to discontinue that train under this bill?

Mr. HARRIS. The State commission would, where the train was being operated over a line of railroad located solely within that State.

Mr. HEMPHILL. The State commission would retain that authority under the House bill?

Mr. HARRIS. I made that very clear and very plain that under the language of this bill, the State commission would have that authority in the instance cited.

Mr. HEMPHILL. Even though the train was on an interstate line?

Mr. HARRIS. If it was a line operation off the interstate line, wholly within the State, then the intention of this language is that the authority there would be with the local commission. If the trains were on a line of railroad not located solely within the one State, then the railroad has the option of coming to the Interstate Commerce Commission.

Mr. HEMPHILL. I thank the gentleman.

Mr. OSMERS. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. OSMERS. I would like to point out to the gentleman that I represent an area in the State of New Jersey where many thousands of people commute by rail to New York City, generally on a combination of rail and ferry, for which a single ticket is sold. Under the committee amendment which the gentleman proposes to offer, and which I assume will be added to the bill, the language concerning services that will not result in a net loss therefrom will be stricken from the bill. I further note in the same section, Mr. Chairman, regardless of what is done, the service ordered continued would only continue for 1 year. Have I correctly interpreted that?

Mr. HARRIS. No; the gentleman has not at all. What this does is to give the Interstate Commerce Commission authority in a case of this kind to make a decision as to whether or not that particular service shall be abandoned. If they, after hearing and consideration, decide that it should be not abandoned, then that order shall last for only 1 year and after the 1 year the commission order is no longer in effect and they will have to start all over again by going back to the State commissions or else renew their applications.

Mr. OSMERS. If the gentleman will yield further for just one more question. Paragraph 3 of section 13 (a) calls for the Interstate Commerce Commission to make a study of the passenger train deficit problem and make a report. Would the gentleman explain that section?

Mr. HARRIS. Let me answer that. Here is the reason for that. We had the chairman of the National Association of Railroad and Utilities Commissioners before us.

They have a committee that has been studying this knotty problem for many years. They have been issuing a yearly report, starting in 1952. Mr. McDonald, of Georgia, who is a very able man in this field, testified that they had not been receiving the cooperation that they should have from the Interstate Commerce Commission. Therefore we thought that the Interstate Commerce Commission was in a position to give a lot of assistance to the problem. We put this provision in here requiring the Interstate Commerce Commission to cooperate with the State commissions in matters of this kind.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HARRIS. Mr. Chairman, I yield myself 5 additional minutes.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. BAILEY. Is there any inhibition against the use of any of these guaranteed funds for the payment of interest and principal on existing indebtedness?

Mr. HARRIS. I did not understand the gentleman's question.

Mr. BAILEY. Is there any inhibition in the legislation against the use of these

guaranteed loan funds for the payment of existing indebtedness?

Mr. HARRIS. No. But the guaranty may be made only of loans where the proceeds are used for capital expenditures or maintenance.

Mr. BAILEY. But there is no inhibition in there against the use of it?

Mr. HARRIS. Of course the underlying security has to have approval by the Interstate Commerce Commission. The Commission has to approve the loans themselves. Then after approval under section 20a they may guarantee the loan where it is for capital improvements. Let me say, just on that point, there is one major railroad in this country that had plans for expansion. Those plans were put on the shelf. They are on the shelf today. Thousands of their employees have been let out. The shops have been closed down. They told us if they could get financing that would be proper and justified that they would take those plans off the shelf and they would reopen their shops and would spend $85 million this year on a program of that kind and $145 million the next year, if they could get it. We feel that that is a situation that is certainly serious. With this kind of program we think we can do something to help them.

Mr. DOYLE. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. DOYLE. Section 503 is to guarantee loans for capital expenditures.

Mr. HARRIS. And certain maintenance.

Mr. DOYLE. I call your attention to page 4, under (b), where the bill says:

> It shall be unlawful for any common carrier * * * to declare any dividend on its preferred or common stock while there is any principal or interest remaining unpaid on any loan to such carrier made for the purpose of financing or refinancing expenditures for maintenance.

Mr. HARRIS. Yes.

Mr. DOYLE. Do I understand that if an expenditure has been made for capital investment and it has not been paid that there still could be a dividend on stock before the actual investment loan has been paid?

Mr. HARRIS. In the first place, we do not feel, if a road is in such bad condition that it should have a loan for any part of the maintenance, then they have no business paying dividends at all. In the second place, if it is for capital improvement, they will probably negotiate a loan; and if so, there will be a Government guaranty. Then they will use some of their own, and for this particular expansion it would be over a period of 15 years. We did not feel we should bind them down to the point that they could not get any benefit out of it itself. If we do, we are not helping the present situation.

Mr. DOYLE. As I understand your answer, it is that the Government guaranty would continue on the capital investment even though the capital investment has not yet been repaid, under this section.

Mr. HARRIS. Of course, the guaranty would keep, so long as the contract was in force.

Mr. DOYLE. They could issue dividends, even though the capital investment had not been repaid?

Mr. HARRIS. Yes. That was the intention of it. Of course, we are talking about unpaid loans, and not loans in default.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. GAVIN. I just want to compliment the chairman and the Interstate Commerce Commission on a very fine, much needed piece of legislation. I want to compliment the chairman on the very thorough manner in which he has explained in detail this proposed legislation.

It is certainly evident to the House that this legislation has been greatly needed, and it is a step in the right direction to help one of the major industries of the Nation upon which our economy and industrial life depends. Further help is needed. I just want to assure the gentleman of my wholehearted support. I trust the House will pass this bill overwhelmingly.

Mr. HARRIS. I thank the gentleman.

I have taken too much time. I must proceed. There are three other provisions to which I wish to call attention. I know there are a lot of questions.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. HARRIS. Mr. Chairman, I yield myself 5 additional minutes.

Let me explain these others. I may be able to answer some of the questions you want to raise. I have explained the situation with reference to the States rights provision. We feel that we have not invaded the States rights principles at all, because, as a matter of fact, the States have jurisdiction over these matters at the sufferance of the Congress; and, so far as I am concerned, they should continue to have that control over these matters which they themselves can more quickly and correctly dispose of.

Section 5 of the bill has to do with competitive rates. This has been one of the hardest problems this committee has had to consider. You have the barge lines, you have had the trucks, you have had the buses, you have had the railroads at each other's throats all the way down the line. We have worked this matter out with this language here, and we have all of these groups agreeing to it with the exception of a few of the water carriers. Their feeling about it now is caused by their needless fear of what might result because of this. But what we have done is to insist that the Commission consider the transportation policy of 1940 and the new automobile case that was laid down by the Interstate Commerce Commission in 1945.

You will find that the decisions—although they deny it—that the decisions beginning in 1950 have taken a trend away—that is the contention at least; some say it does not make any difference, but that is the situation in which we find ourselves; and this language we have here in my opinion will resolve that highly competitive problem and will work to the best interest of all the common carriers because if they keep on as they have for the last few years you are going to have a throat-cutting campaign and a situation between them that cannot exist in this country, a situation the public cannot afford to have.

Mr. CORBETT. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. CORBETT. I wanted to call the chairman's attention right at this very point to the fact that in section 5 he is confident that this language is strong enough to prevent one carrier from taking undue advantage of another carrier in contrast to the general policy.

Mr. HARRIS. That is true, but I will tell you another thing, though, that if a carrier can provide a rate, that is fully compensatory, to the shipping public the Commission cannot as it is contended in many instances they are doing, require that carrier to hold that rate up to a higher level just because it is necessary to keep another mode of transportation in business.

Mr. FULTON. Mr. Chairman, will the gentleman yield at that point?

Mr. HARRIS. Yes, but I must first yield to the gentleman from Texas [Mr. THOMPSON]. We do say that if a carrier can provide a rate which the Commission determines is fully compensatory to the carrier, then the shipper should have the benefit of that rate.

Mr. THOMPSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Texas.

Mr. THOMPSON of Texas. These questions are asked on behalf of the gentleman from Texas [Mr. THOMAS] and myself, whom the gentleman will recognize as having water carriers in their Districts. I will say that I have no questions concerning the need and value of the bill, but the water carriers in my area have two questions they would like to have answered. I believe the gentleman has already answered them. One is that it is not intended by this bill to take away any of the inherent advantages of the coastal carriers?

Mr. HARRIS. Very definitely and positively not; and the Commission must take into consideration the transportation policy of 1940.

Mr. THOMPSON of Texas. That answers one of the questions they ask. The other is whether the small water carriers will be protected from so-called predatory rate reductions which are not general throughout the country.

Mr. HARRIS. I would have to have a little more explanation as to what you refer to as "little carriers" having protection from what you also refer to as "predatory rates" in certain sections.

We followed the new automobile case as laid down by the Interstate Commerce Commission which all carriers agree is correct, as I believe they have. Furthermore, the Supreme Court decided the very same question in an application that was before it in 1957, I believe it was.

Mr. THOMPSON of Texas. I think that answers the whole question. In other words, no great carrier can come in with lower rates.

Mr. HARRIS. We do not permit any carrier to engage in destructive competitive practices.

Mr. THOMPSON of Texas. That answers the question and I thank the gentleman.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I asked this question previously along the same lines. Likewise I want to emphasize this bill and this legislation is not an attempt to alter the basic national transportation policy under the Transportation Act of 1940, is it?

Mr. HARRIS. The language in the bill so states.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. HARRIS. Mr. Chairman, I yield myself 5 additional minutes.

Mr. FULTON. So that it would simply be that this legislation is a guide to the Commission, not an alteration of the basic transportation policy; is that true?

Mr. HARRIS. That is true.

Mr. FULTON. I thank the gentleman.

Mr. WILLIS. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Louisiana.

Mr. WILLIS. May I say to the gentleman that I am in general agreement with this bill but there is one question that disturbs me. I refer to section 3 (a) of the Senate bill which reads:

> Whenever in any such investigation the Commission finds that any such rate causes any undue or unreasonable advantage as between persons or localities in intra commerce on the one hand and interstate or foreign commerce on the other, it shall prescribe a rate thereafter to be charged.

As I understand it, this language is not in the gentleman's bill?

Mr. HARRIS. No; it is not. We did not touch that subject.

Mr. WILLIS. I wanted to be sure of that.

Mr. HARRIS. That is true.

Mr. Chairman, section 6 has to do with the agricultural commodities exemption. The Supreme Court decided in the East Texas Motor Freight case in 1956, title 351, United States Code, section 49, that fresh and frozen dressed poultry are exempt agricultural commodities within the meaning of section 203 (b) (6) of the act. This decision opened up the exempt status of commodities far beyond what the Congress ever intended. Of particular significance in this case was the pronouncement of the Court that where the commodity retains a continuing substantial identity through the processing stage it cannot be considered as a manufactured commodity within the meaning of section 203 (b) (6). When you get a decision like this it is always difficult to get back to the original intent of the Congress in passing section 203 (b) (6).

What the committee did was to stop the further broadening of the exemption by taking the list of exempt commodities set forth in ruling No. 107 of the Bureau of Motor Carriers of the Interstate Commerce Commission and make certain adjustments in it, namely, to put back under regulation frozen fruits, vegetables, berries, some imported commodities, and certain wool. The list in ruling No. 107, with the adjustments indicated, would constitute the categories of exempt and nonexempt commodities for the purposes of section 203 (b) (6).

Mr. BALDWIN. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from California.

Mr. BALDWIN. Can the gentleman tell me why you have added the provision on wool, cleaned or scoured, and wool tops?

Mr. HARRIS. It was included in the amendment, along with coffee, tea, cocoa, and hemp, and wool imported from any foreign country, and so forth. The amendment was adopted. I understand the gentleman from Massachusetts [Mr. MACDONALD], the author of the amendment, would be agreeable to striking the words "wool, cleaned or scoured." If that is true, and it meets with the objections of the wool people, I would be glad to accept it.

Mr. WESTLAND. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Washington.

Mr. WESTLAND. I notice that you have exempted or excluded frozen fruits and frozen vegetables and you will put them under a regulatory proposition with the railroads. Some of my canners have made inquiry.

Mr. HARRIS. Not the railroads. They will be regulated commodities, so far as trucks are concerned.

Mr. WESTLAND. You have truckers that are not at the present time regulated, and they would be under a regulated status.

Now let me ask this question. In connection with a trucker who is presently hauling these frozen vegetables, and has filed rates with the Interstate Commerce Commission, and if the rates previously set were compensatory, could he then continue to carry those frozen fruits and vegetables at the same rate?

Mr. HARRIS. Yes. Those truckers which handled, on June 1, 1958, commodities put back under regulation by this bill will be entitled to grandfather rights.

Mr. WESTLAND. He would then become a common carrier under this particular section, would he not?

Mr. HARRIS. A common or contract carrier if approved by the Interstate Commerce Commission.

Mr. WESTLAND. If he were approved, and if he was on a compensatory basis, he could then continue to carry the products at the same rate?

Mr. HARRIS. Well, he would have to abide by all the regulations of the Commission.

The next provision is section 7. This has to do with the pseudo-private carriers, those that engage in buy-and-sell operations, and other subterfuges to escape economic regulation. Section 7 would prohibit this type of operation, but would not interfere with bona fide private carriage as recognized in the Supreme Court's decision in the Brook's case (340 U. S. 925 (1951)).

Mr. Chairman, there can be no question about the need for maintaining a sound common carrier transportation system adequate for the demands of our economy in the requirements of our national defense. For some time now, however, it has been apparent that while our overall transportation system has grown, our common carriers have been suffering. This trend has been continuing for some years but has been accentuated over the past few months owing to the effects of the economic recession. This is a fact of which I am sure that all the members are aware and I do not here have to repeat the statistics that so clearly demonstrate this situation which are set forth in the committee report on the bill which you have before you.

Our committee is convinced from our hearings and studies that something must be done now and must be done quickly if our common-carrier transportation system is to be preserved in a position to continue to meet what is required of it.

The five changes in the Interstate Commerce Act to strengthen our common carrier transportation system are as follows:

First. Section 2—adding a new part V to the act—provides a method of temporary financial assistance to encourage railroads to reinstitute their presently suspended capital improvement and maintenance program, and thus stimulate reemployment of labor, and the purchase of materials, equipment, and supplies. The Interstate Commerce Commission is authorized, to March 31, 1961, to guarantee, in whole or in part, loans maturing within 15 years made to carriers by public or private financial institutions where the proceeds are to be used for capital expenditures, including additions and betterments, or for maintenance of road and equipment. Where the proceeds are for purposes of maintenance, the guaranty may not exceed 50 percent of the amount charged for maintenance in the preceding year, and it is unlawful for dividends to be declared during the period of the guaranty.

Second. Sections 3 and 4—amending section 1 and adding a new section 13a to the act—permit railroads, at their option, to have the Interstate Commerce Commission, rather than State commissions, pass upon discontinuance or change in the operation of any train or ferry, where such are operated on a line of railroad not located wholly within a single State.

Third. Section 5—amending section 15a of the act—adds a new paragraph to guide the Commission in competitive rate cases.

Fourth. Section 6—amending section 203 (b) (6) of the act—freezes the so-called agricultural exemption from motor-carrier regulation by the Commission to the present list of exemptions, except for a rollback on frozen fruits, frozen berries, frozen vegetables, coffee, tea, cocoa, hemp, wool imports, and certain categories of domestic wool—that is, these articles would no longer be exempt.

Fifth. Section 7—amending section 203 (c) of the act—makes it clear that "private carriage" involving pseudo

buy-and-sell techniques is subject to regulation. There is no change affecting any private carrier transportation where such transportation is incidental to or in furtherance of a primary business enterprise—other than transportation.

I think it is important to discuss each of these five legislative recommendations in somewhat more detail.

First. Financial assistance to railroads: The decline in traffic which started last fall and has continued in substantial magnitude has appreciably affected the current cash position of many railroad carriers. As a result, they perforce have had to suspend their authorized programs for additions and betterments to, or expansion of, their carrier properties and to defer purchase of equipment. This, naturally, has had a profound effect not only upon the railroads' direct employment, but also upon the industries supplying the railroads.

Indeed, the following figures for railroad employment show a drop of 60,000 since the first of the year to a level at mid-May of 180,000 less than a year ago, the lowest railroad employment since 1898.

While the worsening situation is true with respect to the railroads as a whole, some railroads, particularly in the East, are in grave economic difficulties, and the committee had testimony to the effect that it is doubtful whether some of them will be able to avoid going into receivership during the year. In the midst of the uncertainty surrounding predictions of the depth and duration of the recession, this situation is especially alarming, for were some of the major railroads to go into receivership, the resulting impact would be serious not only to the industry but to the country as well.

With the financial assistance provided by this bill, the committee has been reliably informed that many carriers immediately would reinstitute already authorized capital expenditure programs amounting to millions of dollars. Such action, without further delay for the drawing board or blueprint stage, straightaway would provide substantial reemployment by the railroad industry, and through the purchase of materials, equipment, and supplies would afford a great stimulus to the industries supplying them. This stimulus is extremely important and timely right at this moment.

This financial assistance program is to be administered by the Interstate Commerce Commission. Inasmuch as the Commission under existing law necessarily must approve the underlying securities, here subject to being guaranteed, the committee believes that the Commission is in the best position simultaneously to pass upon the guaranty under the clear-cut standards set up in the bill. It has seemed to the committee that the promptness with which any such financial assistance is rendered is a perquisite of the first order, for the impetus which the reinstitution of these capital programs, the reemployment of labor, and the purchase of materials, will give is of utmost significance at this particular moment.

The bill accordingly, in section 2, adds a new part V to the Interstate Commerce Act under which the Commission, to March 31, 1961, may guarantee up to 100 percent of the principal of loans made by public and private financial institutions where the proceeds are to be used by railroads for capital improvements or for maintenance. The period of the guaranty cannot exceed 15 years. Where the proceeds are to be used for maintenance, the amount of the guaranty is limited to not more than 50 percent of the amount charged by the railroads in the preceding year for maintenance, and it is made unlawful for the railroads to declare any dividends while the guaranty is outstanding on the loan for this purpose.

Second. ICC authority over discontinuance of passenger service: A major cause of the worsening railroad situation is the unsatisfactory passenger situation. Not only is the passenger end of the business not making money—it is losing a substantial portion of that produced by freight operations.

The true deficit from railroad passenger service is in dispute. The Interstate Commerce Commission estimates it in the neighborhood of $700 million a year, though it currently is conducting an investigation which involves reconsideration of its present rules governing distribution of costs between freight and passenger service. Whatever the deficit is, it is clear that it is large and constitutes a substantial burden on revenues from freight.

The passenger loss for last year was stated by one railroad president, as amounting to $57 million and by another as amounting to $52 million based on the Interstate Commerce Commission distribution of costs. It is obvious that to meet such losses, freight rates must be kept at a higher level than otherwise necessary.

It is obvious that in very great measure these passenger losses are attributable to commuter service. It is clear that where such necessary services cannot be made to pay their way, the interested communities have a very real interest in working out the problem. It would seem evident that if such urban or interurban commuting service must be preserved, losses incurred will have to be met in some way by the communities. It is unreasonable to expect that such service should continue to be subsidized by the freight shippers throughout the country.

There are substantial losses, however, occurring in passenger service beyond those attributable solely to commuter service. Where this passenger service—and passenger service means more than merely transportation of passengers, and involves head-end service, such as baggage, mail, and express—cannot be made to pay its own way because of lack of patronage at reasonable rates, abandonment seems called for.

Under the act, the Interstate Commerce Commission has jurisdiction over the complete abandonment of a line of track. The discontinuance or change of schedules of trains—without complete abandoning of the line of track over which they operate—however, is subject to the jurisdiction of the interested States. Such local regulation of what has come to be a national problem has hampered the railroads from making some changes in their passenger train operations in line with changes in patronage, and has contributed greatly to the passenger deficit. The National Association of Railroad and Public Utilities Commissioners has been active in recommending a more helpful attitude on the part of its members, but the recommendations appear not to have been adopted by some of them.

Because of this delay in authorizing, or absolute refusal to authorize, discontinuance of little-used services, section 4 of the bill adds a new section 13a to the act, whereby the railroads, at their option, may have the Interstate Commerce Commission, rather than State commissions, pass upon the discontinuance or change in the operation or service of any train or ferry. This option is limited, however, to the operation or service of a train or ferry on a line of railroad not located wholly within a single State. This limitation is contained in the bill being reported because the committee feels that the record at this time does not support the broader change in venue, requested by the railroads, which would have covered Interstate Commerce Commission jurisdiction also over operations more local in character, such as those of a branch line or other line of railroad located solely within one State.

The bill as introduced also covered the Interstate Commerce Commission passing upon discontinuance or change of the operation or service of stations, depots, or other facilities. This jurisdiction has not been included in the bill as reported, as the committee believes the record presented in its hearings does not support the need for transferring such jurisdiction from State regulatory bodies.

While the Interstate Commerce Commission, on March 19, 1956, instituted on its own motion an investigation into and concerning the deficit from passenger train and allied services, which has been the subject of prehearing and informal conferences between the Commission staff and interested parties, the committee believes that such study actively should be pursued, and pursued in cooperation with State utilities commissions, so that the Commission soon may make recommendations for appropriate action in this troublesome and burdensome field. The bill reported, accordingly, contains a direction to this effect for a report not later than June 30, 1959.

Third. Competitive ratemaking: In the past few years probably no subject has been given any more extensive hearings or attention by the committee than that of competitive ratemaking as between the different modes of transportation.

In 1955, the Presidential Advisory Committee on Transport Policy, of which the Secretary of Commerce was chairman, recommended a change in the rule of competitive ratemaking. This proposal was the subject of hearings by the committee in 1955, 1956, and 1957, at which time the proposed change

was vigorously supported by the railroads and vigorously opposed by the motor and water carriers.

Again, during the past 2 months further hearings had been had on the proposed change on the rule of competitive ratemaking during which the Secretary of Commerce indicated that he now feels that his original proposal had gone too far, and he presented a modified version of it. Other witnesses also presented modifications of the original stand and it now appears that as a result of efforts which have been made to reconcile the different viewpoints, the language contained in section 5 of the bill is acceptable to all the competing modes of transportation, though it is only fair to say that none enthusiastically supports the compromise. At this point I insert statements made on this compromise by the heads of the Association of American Railroads and of the American Trucking Association:

ASSOCIATION OF AMERICAN RAILROADS,
Washington, D. C., May 27, 1958.

Congressman OREN HARRIS,
Chairman, Transportation and Communications Subcommittee, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D. C.

DEAR CONGRESSMAN HARRIS: This is in response to a request, which Congressman ROBERTS addressed to representatives of the Association of American Railroads at the conclusion of hearings before your subcommittee yesterday, for comments on section 5 of S. 3778 as approved by the Senate Committee on Interstate and Foreign Commerce May 26, 1958. This section would add a new subparagraph (3) to the rule of ratemaking as set forth in section 15a of the Interstate Commerce Act.

In 1940 the Congress made clear its intent that all forms of transport be governed by the same basic rule of ratemaking under which railroad rates would be based on railroad conditions, truck rates on truck conditions and water carrier rates on water transportation conditions. While the language of the revised rule is not as definitive as had been hoped, we believe it constitutes a reaffirmation of this purpose of the Transportation Act of 1940 and a bar to the paternalistic approach of disallowing a carrier's rates to protect the traffic of another mode of transportation.

Put in another way, this provision recognizes the soundness of the interpretation placed on the act by the Interstate Commerce Commission in the New Automobiles case and should prevent future deviations from it.

In general, it may be said that this proposal does not give us the full measure of relief we sought in the making of competitive rates but clearly it does permit the forces of competition to play a stronger part in ratemaking than heretofore.

Accordingly, we intend to support the proposal.

Respectfully yours,

DANIEL P. LOOMIS.

RELEASE FROM THE AMERICAN TRUCKING ASSOCIATION, INC., WASHINGTON, D. C.

WASHINGTON, D. C., May 27.—Guy W. Rutland, Jr., president of American Trucking Association, today made the following statement:

"The trucking industry has consistently opposed any weakening of the Interstate Commerce Commission's power to prevent destructive competition in transportation.

"The proposed amendment to the ratemaking provisions of the Smathers bill, S. 3778, as reported out by the Senate Committee on Interstate and Foreign Commerce, appears to retain such essential power in the ICC.

"To the extent that the writing into statutory form of the present policy of the ICC, may once and for all put an end to the continuous complaint of the railroads, that a so-called umbrella is being held over the rates of rail competitors, the trucking industry does not oppose this specific proposal."

The committee believes that each mode of transportation should have opportunity to make rates reflecting the different inherent advantages each has to offer so that the public may exercise its choice among them, cost and service both considered, in the light of the kind of transportation desired. The committee believes, however, and the national transportation policy is clear, that such ratemaking should be regulated by the Commission to prevent unfair destructive practices on the part of any carrier or group of carriers.

It nevertheless appears that the Interstate Commerce Commission has not been consistent in the past in allowing one or another of the several modes of transportation to assert their inherent advantages in the making of rates. In 1945 in *New Automobiles in Interstate Commerce* (259 I. C. C. 475), the Commission said:

As Congress enacted separately stated ratemaking rules for each transport agency, it obviously intended that the rates of each such agency should be determined by us in each case according to the facts and circumstances attending the movement of the traffic by that agency. In other words, there appears no warrant for believing that rail rates, for example, should be held up to a particular level to preserve, a motor-rate structure, or vice versa (259 I. C. C. at p. 538).

In *A. W. Schaffer Extension—Granite* (63 M. C. C. 247), the Interstate Commerce Commission denied an application by a common carrier by motor vehicle for authority to transport granite between various points which were being served exclusively by rail. The Commission based its denial of the application on the ground that the rail service was reasonably adequate, that the main purpose of the witnesses who supported the application was to obtain lower rates rather than improved service, and that this was not a proper basis for a grant of authority. The Supreme Court in *Schaeffer Transportation Co. et al.* v. *United States* (355 U. S. 83 (1957)) reversed the Commission, and in its opinion said:

To reject a motor carrier's application on the bare conclusion that existing rail service can move the available traffic, without regard to the inherent advantages of the proposed service, would give one mode of transportation unwarranted protection from competition from others.

Later in the opinion it said:

The ability of one mode of transportation to operate with a rate lower than competing types of transportation is precisely the sort of inherent advantage that the Congressional policy requires the Commission to recognize.

The committee believes that the Commission consistently should follow the principle of allowing each mode of transportation to assert its inherent advantages, whether they be of cost or service, giving due consideration to the objectives of the national transportation policy declared in the Interstate Commerce Act. The objectives of this policy of the Congress are to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, adequate, economical, and efficient service and foster sound economic conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; to cooperate with the several States and the duly authorized officials thereof; and to encourage fair wages and equitable working conditions; all to the end of developing, coordinating, and preserving a national transportation system by water, highway, and rail, as well as other means, adequate to meet the needs of the commerce of the United States, of the postal service, and of the national defense.

The committee feels accordingly, that an amendment to the rule of ratemaking is desirable to serve as a guide to the Commission in achieving consistency in its treatment of competitive rate cases. The bill being reported proposes a new paragraph (3) to section 15a, applicable to all of the modes of transportation subject to parts I, II, III, and IV of the act, reading as follows:

In a proceeding involving competition between carriers of different modes of transportation subject to this act, the Commission, in determining whether a rate is lower than a reasonable minimum rate, shall consider the facts and circumstances attending the movement of the traffic by the carrier or carriers to which the rate is applicable. Rates of a carrier shall not be held up to a particular level to protect the traffic of any other mode of transportation, giving due consideration to the objectives of the national transportation policy declared in this act.

The committee is of the opinion that the effect of this amendment will be to encourage competition between the different modes of transportation for the benefit of the shipping public. It understands that the amendment, while not having the full endorsement of all of the modes of transportation, at least is not unacceptable to any of them.

AGRICULTURAL COMMODITIES EXEMPTION—SECTION 6, AMENDING 203 (B) (6) OF THE ACT

The agricultural commodities exemption contained in section 203 (b) (6) of the Interstate Commerce Act provides that nothing in part II of the act (relating to the regulation of motor carriers), except certain requirements as to qualifications and maximum hours of service of employees and safety of operation or standards of equipment, shall be construed to include "motor vehicles used in carrying property consisting of ordinary livestock, fish—including shellfish—or agricultural—including horticultural—commodities not including manufactured products thereof—if such motor vehicles are not used in carrying any other property, or passengers, for compensation."

This exemption from economic regulation was intended to aid farmers and

other producers of domestic foodstuffs by relieving them of some of the burdens of regulation so that the movement of their products from point of production to market or to processing or storage points would be facilitated. However, as a result of a series of court decisions which began in 1948 with *Interstate Commerce Commission* v. *Love* (77 F. Supp. 63, affirmed 172 F. 2d 244), and continued through 1957 in *Frozen Food Express* v. *United States* (148 F. Supp. 399, affirmed 355 U. S. 6), the exemption has been extended to the transportation of commodities that have received varying degrees of commercial processing which, in my opinion, extends far beyond the scope of exemptions the Congress intended to grant by this section of the law.

In *East Texas Motor Freight Lines, Inc., et al.* v. *Frozen Food Express et al.* (351 U. S. 49, decided April 23, 1956), the Supreme Court in a 5 to 4 decision, held that fresh and frozen dressed poultry are exempt agricultural commodities within the meaning of section 203 (b) (6). Of particular significance in this case was the pronouncement of the majority that where the commodity retains a continuing substantial identity through the processing stage we cannot say that it has been manufactured within the meaning of section 203 (b) (6), and the further statement that the exemption is concerned with the stage of the processing, not with the person who does it. The difficulties involved in drawing a line of distinction between agricultural commodities and manufactured products thereof is demonstrated by the fact that the Court was so closely divided as to the status of fresh and frozen dressed poultry.

In another case, the Supreme Court, on November 5, 1956, affirmed, without opinion, the holding of a Federal district court in *Home Transfer & Storage Co.* v. *United States* (141 F. Supp. 599), that frozen fruits and vegetables also come within the exemption. Significant of this trend are subsequent district court decisions holding that dried milk, dried egg powder, shelled nuts, dried fruits, and a number of other commodities are exempt.

As a consequence of these court decisions a great many commodities were declared by the Interstate Commerce Commission to be exempt which were formerly regulated. On March 19, 1958, the Bureau of Motor Carriers of the Interstate Commerce Commission issued administrative ruling No. 107 on agricultural exemptions in which the Bureau compiled a list of agricultural commodities showing the exempt or nonexempt status of each as decided by the courts, by the Commission, and by Bureau opinion. The Bureau's ruling No. 107 is set forth in appendix A to House Report 1922 relating to this bill.

Regulated carriers are handicapped in their competition with nonregulated carriers for traffic in exempt agricultural commodities. The unregulated carriers are not subject to ICC operating authority, control, rate regulation, rules requiring equal treatment to shippers, areas and commodities, and rules requiring insurance and claims responsibility of which all regulated carriers are subjected. The nonregulated carriers can pick and choose whatever traffic they desire and establish their rates at whatever levels they wish without making them public and without considering whether the charges are reasonable or nondiscriminatory, as required by regulated carriers. As a consequence, large and ever-increasing volumes of important agricultural commodities and seafood previously handled by regulated carriers, both rail and truck, have been diverted to the exempt truckers and the diversion continues. The impact upon the regulated carriers is already serious. The removal of further classes of traffic from the regulated category is threatened by the trend of administrative and judicial determinations, expanding the scope of the exemption.

If the Supreme Court's continuing substantial identity test continues to be applied literally by the courts, it is conceivable that a considerable number of other commodities will be held to be exempt such as canned fruits and vegetables which are processed at large industrial plants rather than by farmers. It is important that this trend be halted before the position of the regulated carriers is more seriously impaired. The committee, therefore, recommends in section 6 of this bill a freezing, with a slight rollback, of the agricultural exemption in accordance with ruling No. 107, March 19, 1958, Bureau of Motor Carriers of the Interstate Commerce Commission. This amendment would halt further expansion of the scope of the exemption, and it would return to economic regulation the transportation of frozen fruits, frozen berries, frozen vegetables, coffee, tea, cocoa, hemp, imported wool, and certain categories of domestic wool. The transportation of cooked fish or shellfish, now subject to regulation is made exempt from such regulation. It is not intended that this exemption shall apply to fish or shellfish which have been treated for preserving such as canned, smoked, salted, pickled, spiced, corned, or kippered products.

The bill provides grandfather rights to truckers who were engaged on June 1, 1958, in trucking agricultural commodities which are returned to regulation by this amendment.

We believe it will be of benefit to the common carriers in that the further erosion of regulated traffic will be stopped and some of the traffic now exempted from regulation will be returned to regulated carriers.

PSEUDOPRIVATE CARRIAGE—SECTION 7, AMENDING SECTION 203 (C) OF THE ACT

The erosion of traffic of regulated carriers has also been caused to a considerable extent by the growth of pseudo-private carriage by truck. One of the subterfuges most commonly used in this type of carriage is the buy-and-sell arrangement, whereby fictitious bills of sale and invoices are used to make it appear that the commodities being transported by truck are those of the vehicle owner and operator and that the transportation involved is private carriage. The real business of persons engaged in this type of operation is, in fact, transportation, and the movement of goods performed by them is not in furtherance of any primary or bona fide business enterprise other than transportation.

In addition, businesses which use their own trucks to deliver their own merchandise, are purchasing goods at or near the final point of delivery of their own merchandise, and transporting such goods to places near their own establishments for sale to others. Such transportation is usually performed solely for the purpose of receiving compensation for the otherwise empty return of their trucks. Sometimes the purchase and sale is a bona fide merchandising venture. In other instances, prearranged plans are set up in order that the real consignee may receive transportation at a reduced cost.

This pseudo-private carriage is a subterfuge for engaging in public transportation without complying with the certificate or permit requirements of the Interstate Commerce Act. It constitutes a growing menace to shipper and carrier alike, and is not in the public interest. It is injurious to sound public transportation. It promotes discrimination between shippers and threatens the existing rate structures of regulated carriers. It makes possible the avoidance of payment of the Federal transportation of property tax, for this tax is not levied on the transportation of property owned by the carrier.

During the committee's hearings on H. R. 5825, a bill which the Interstate Commerce Commission recommended to cope with this problem, many witnesses expressed the fear that if the definition of a private carrier of property by motor vehicle was changed, as proposed in this bill, it would open the door to reconsideration of the concept of the primary business test of private carriage as enunciated by the Commission in the *Lenoir Chair* case (51 M. C. C. 65 (1949)) and by the United States Supreme Court in the Brooks case—*Brooks Transportation Co.* v. *United States* (340 U. S. 925 (1951)).

In the Brooks case, the Supreme Court recognized the so-called primary business test as the governing criterion in establishing bona fide private carriage. Under that doctrine, if transportation is performed in furtherance of the primary business of the operator, even though a charge may be made for such service, the transportation is treated as bona fide private carriage. If, however, a bona fide noncarrier business is not established, the transportation is treated as for-hire.

This doctrine has been helpful to the bona fide private carriers. They are fearful that any amendment of the definition of "private carrier of property by motor vehicle" may result in an unsettling of the primary business test and require them to embark upon another long series of litigation similar to that which culminated in the Brooks decision.

Under these circumstances, several witnesses recommended, and this committee favors, the further amendment to section 203 (c) of the act contained in section 7 of the reported bill. This amendment provides that no person

shall, in connection with any other business enterprise, transport property by motor vehicle in interstate or foreign commerce unless such transportation is incidental to, and in furtherance of, a primary business enterprise—other than transportation—of such person. There is no intention on the part of this committee in any way to jeopardize or interfere with bona fide private carriage, as recognized in the Brooks case.

Mr. Chairman, this is a good bill, and with the amendments offered, I hope it will be adopted.

Mr. WOLVERTON. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. O'HARA].

Mr. O'HARA of Minnesota. Mr. Chairman, I should like to initiate my remarks by complimenting the very able and distinguished gentleman, the chairman of our committee, Mr. HARRIS, of Arkansas, for not only reporting out a bill which I think is an excellent bill but for the hard work and patience and diligence with which he has pursued this great problem of transportation which is ours today.

I assure you that both the Subcommittee on Transportation and the entire Committee on Interstate and Foreign Commerce are concerned generally with our national transportation system and the welfare of that system, and the recognition which our committee gives to the tremendous importance of having the finest transportation system of any country in the world.

As the gentleman from Arkansas has so well said, this has been an exceedingly difficult problem for many reasons, one of them because of the tremendous competition btween the railroads, the trucks, the surface carriers. Of course, the airlines are not involved in this, but they are also competitors with the other carriers in various ways.

Mr. Chairman, I do want to say to you that I wholeheartedly support this bill. I know that there will be some amendments offered to the bill, and I do not know of a single individual on the committee who intends to offer an amendment and, whether his amendment is adopted or not, but what will support the bill on final passage.

I think all of us recognize the emergency which exists and the fact that if one of our great railroad systems should become bankrupt, its impact not only upon the transportation system but upon the economic system of our country would be far reaching and disastrous. I think all phases of this bill are important as they have been outlined by the gentleman from Arkansas [Mr. HARRIS]. Certainly the matter of finances is most important, in my opinion. Not all of the railroads are in need of this financial assistance that is offered in this bill. Some of them are. Amazingly, one of the roads that we have always considered one of the largest, and with the heaviest traffic, and which has always been considered as one of the outstanding carriers is in that situation right at this minute.

There are some differences between this bill and the bill which was passed in the other body, known as the Smathers bill. Personally, with some of the refinements that are in this bill, I like it better than the bill which was passed in the other body. But whatever is done here, whether this bill is amended or passed as it is, it will be necessary that we follow with a conference, which will be important in working out the differences between these two bills. But I do say to you, Mr. Chairman, that I urge my colleagues to support this legislation generally because I think it is in the interest of our country, in the public interest, that we have the sound transportation system that we must have.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. Mr. Chairman, I would like to ask the gentleman if the wording of section 5 is such that it would be possible for one type of carrier to lower its rates to such an extent that another carrier would not be able fairly to compete?

Mr. O'HARA of Minnesota. I think the language is rather plain and means exactly what it says; that is if that particular mode of transportation has a compensatory rate and it is lower than that of the competitor, the Interstate Commerce Commission would have to allow that competing form of transportation to charge a lower rate. Does that answer the gentleman's question?

Mr. ROBSION of Kentucky. I suppose so, but it is not my understanding that section 5 would permit one carrier to lower its rate to the point where another type of carrier could not compete fairly.

Mr. O'HARA of Minnesota. We say in the bill and I quote:

> Rates of a carrier shall not be held up to a particular level to protect the traffic of any other mode of transportation, giving due consideration to the objectives of the national transportation policy declared in this act.

Mr. HARRISON of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield to the gentleman from Nebraska.

Mr. HARRISON of Nebraska. Mr. Chairman, I would like to ask with respect to a private carrier who is transporting manufactured products to a certain point, would he be permitted under this legislation to return with a pay load of raw products that he uses in fabricating his manufactured product?

Mr. O'HARA of Minnesota. If it is in connection with his business, I think he could. But it would definitely have to be in connection with his business.

Mr. HARRISON of Nebraska. But if it is in connection with his business he may bring back a pay load?

Mr. O'HARA of Minnesota. He can bring back a pay load but not a pay load for somebody else.

Mr. HARRISON of Nebraska. A pay load for himself in that particular instance?

Mr. O'HARA of Minnesota. That is my understanding.

Mr. HARRISON of Nebraska. If it is in connection with his manufacturing business.

Mr. O'HARA of Minnesota. His own business, yes.

Mr. THOMSON of Wyoming. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield.

Mr. THOMSON of Wyoming. I want to congratulate the gentleman on the statement he has made, and the committee on the work it has done in bringing out this bill, which I think is a very necessary one. It is essential to the economy and security of this country that we have a sound public transportation system. This legislation is necessary to preserve the very important railroad segment of that system and the jobs of those who work on the railroads. It will benefit all common carriers. It is in the public interest. I intend to support it. As the gentleman says, some amendments may be necessary, but in overall principle I am sure the bill will have the overwhelming support of this House.

Mr. O'HARA of Minnesota. I thank the gentleman.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield to the gentleman from Iowa.

Mr. JENSEN. Is there any provision in this bill which would change the present system of a company that owns a truck or a fleet of trucks hauling their own goods to their customers? Is there anything in this bill that would change that operation?

Mr. O'HARA of Minnesota. No.

Mr. JENSEN. I am wholeheartedly in favor of this bill. I think the committee has done a good job.

Mr. O'HARA of Minnesota. I thank the gentleman.

Mr. JENSEN. I think it is a very necessary bill.

Mr. HARRIS. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. ROBERTS].

Mr. ROBERTS. Mr. Chairman, I think the chairman of our committee, the gentleman from Arkansas, has done a very fine job in explaining this bill. Due to the limited time I have, I am not going to be able to yield to my colleagues.

Mr. Chairman, I am sure that every Member of the House appreciates the fact that one of the basic contributors to the growth and strength of our great Nation has been our sound transportation system. In the great transportation service offered by our vast network of rail, motor, water, air, pipeline, and other modes of transportation this Nation stands second to none.

The backbone of our transportation system is comprised of our common carriers, and these common carriers must be preserved and maintained in position to render the transportation demanded of them by the requirements of our economy and the needs of our national defense.

Unfortunately, in recent years our regulated surface common carriers have suffered from a steady erosion of traffic which has affected their revenues and their ability to maintain and develop their properties to the degree required of them.

In the last 10 years the railroad carriers' share of the total intercity freight traffic has dropped from 62 to 47 per-

cent, and the regulated motor carriers' share of the intercity freight traffic carried by motor vehicle has dropped from 40 to 32 percent.

The decline in traffic has not been offset by added revenues, and with costs going up the net income has declined. Since the recession has been more pronounced in the eastern area, where steel and steel products constitute a large proportion of the traffic, the eastern railroads have been suffering severely. We have been reliably informed that something must be done or some of them will soon be in bankruptcy.

I might mention, too, at this point, that there has been a serious drop in railroad employment; in fact, from mid-May of 1957 to May of 1958 there has been a drop of over 176,000 employees.

For some time our committee has been studying and has taken much testimony on the problems affecting the surface common carrier transportation industry. The bill we have reported puts together five recommendations which the committee believes will substantially aid this industry if they are enacted into law. I believe very strongly in these recommendations, except for a reservation I have as to one of them.

I might say that my reservation is to that part of the bill which virtually bypasses the State commissions. We had testimony from Mr. McDonald, who is president of the National Association of Railroads and Utilities Commissions. This organization has made a study of this problem for the last 8 years. As far as I have been able to find out, the proponents of this new section, which would virtually emasculate State regulation, did not make out a very good case.

The figures which are contained in the supplemental views and carried at page 21 of the report show that out of a total of 1,274 applications for abandonment only 197 were refused by the State commissions. This means that almost 86 percent of these applications were granted.

In the case of agency discontinuances, the figures are almost the same. Out of a total of 2,466 applications there were refusals in only 372 cases.

I admit that in the eastern section of the country, with commuter traffic, there is a problem which needs attention; however, I do not believe it necessary to resort to the provisions of section 4. I see no reason for condemning the other 44 State commissions who are doing a good job because the commissions of 2 or 3 States are accused of not doing a good job, and yet in some of these States for instance, in the State of New York out of 107 applications 69 were approved, and only 48 were denied.

Mr. WOLVERTON. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. BEAMER].

Mr. BEAMER. Mr. Chairman, I have a keen interest in this bill, as I know all of the other Members of the House who have spoken have expressed their interest.

First of all, we want to study the status of the transportation industry in the country and specifically, shall we say, the status of the railroads. Those of you who may be interested in the financial condition of the railroads should remember that only in 1945 the railroads had a net working capital of $1.6 billion and on January 31 of this year that net working capital had dropped down to less than $400 million. That shows you the situation in which one segment of the transportation industry finds itself. That is the reason the Committee on Interstate and Foreign Commerce has been very active in this session and in previous sessions in attempting to solve this particular situation. The House bill, H. R. 12832, which is presently being considered, is the one which I hope will be approved only with the committee amendments, which are perfecting amendments. This really is a transportation bill but I think, rightfully and truthfully, we can say it is a railroad bill because it is designed to allow the railroads to help themselves. I repeat the old adage, "An ounce of prevention is worth a pound of cure." If we can get that ounce of prevention today, I believe the pound of cure will come in the increased employment of railroad people and the other industries that are immediately affected by and with the transportation and railroad industry. The railroads have been regulated to such a degree that many of us think, perhaps, that is the cause of the strangulated condition in which they find themselves at the present time. This bill does not remove the regulations, but redefines certain authority and particularly that which is concerned with interstate transportation.

Our railroads must be recognized as being very important in times of peace and in times of war. So I am appealing to you to really consider this bill very, very carefully. The bill has been explained in great detail, but I would like to repeat its five principal features. It offers temporary financial assistance with certain Federal Government guaranties. It gives more authority to the Interstate Commerce Commission, particularly to pass upon the discontinuance of train or ferry service that is not wholly within the State. Then it affords a new guide in competitive rate cases and also freezes the so-called agricultural exemption of certain agricultural commodities excluding foreign agricultural products. Finally, it strengthens the definition of primary business or enterprise.

I want to explain why it is so very important that this bill should be considered as it is being considered because all of the interested parties agreed to the present legislation. May I illustrate. The railroad brotherhoods are interested in the bill and they have come to an agreement on the provisions. The railroad management is agreeable. The truckers have favorably expressed themselves. The Indiana Public Service Commission has expressed itself to me, and I think many of the other public service commissions have expressed themselves in favor of that particular section which has to do with regulation. The barge lines, on the whole, have agreed to the provisions of this bill. I mention this because it provides a good complementary compromise that is agreeable to all of the transportation industries in the country.

In behalf of a great industry that has done so much to develop our country, and, in support of the deserving railroad employees who have been loyal to their trust, and for the benefit of our general economy, I hope that this worthy legislation will be adopted.

Mr. HARVEY. Mr. Chairman, will the gentleman yield?

Mr. BEAMER. I yield to my colleague.

Mr. HARVEY. First I would like to compliment my colleague on his presentation, and also upon the very fine piece of work the committee has brought to the floor.

The gentleman has answered one question that I rose to ask him, which is whether this proposal meets with the approval of our Indiana regulatory body.

Mr. BEAMER. I have talked with the chairman of the public service commission as recently as the day before yesterday. He was very much in agreement with the bill as it came from the House committee. They were in disagreement with certain features as the bill came from the other body.

Now, if I might make another suggestion, there are three large railroad centers in our district. All of these people are looking to us to do something about it. I believe this applies to every district as far as the railroads are concerned.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. WOLVERTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Kansas [Mr. AVERY].

Mr. AVERY. Mr. Chairman, I arise in support of H. R. 12832, commonly referred to today as the Transportation Act of 1958. Although I was not a member of the Transportation and Communications Subcommittee, I did sit through most of the hearings on this bill and in the form that it appears before you today I do not recall any witness appearing to oppose it.

I think we all realize that the transportation industry is the coordinating factor underlying our entire economy in America. Our early solution and improvement of our transportation problems over 100 years ago marked the beginning of the rapid industrial and population growth of this country. Even though we are aware of the importance of this great industry, many of us take it for granted that it will continue to serve our needs without respect to its continuing needs.

Because of a shifting population, changing habits on the part of the public, and the increasing popularity of motor transportation; the railroad industry has been facing serious problems since 1930. The problems were temporarily taken out of the picture by the 10 years this country was at war during which time the bulk of heavy transportation was handled by rail facilities. Since the end of the Korean war in 1953, the economic problems of the railroad have continued to increase and within the past year have become critical.

Although the general provisions of this legislation today were drafted primarily

for the railroad industry, several provisions apply to all common carriers. There were several suggested provisions for this bill that our committee did not see fit to include in the present bill. Some of these provisions are the construction reserve fund and outright monetary grants to railroads. The committee did not feel that these proposals, along with others, were in the public interest and so they are not a part of this legislation. Probably the most important section of the bill is section 2, providing for a loan-guaranty program for certain railroad industries.

A brief look at the committee report will reveal that operating revenues for rail carriers have declined for the past year, the principal portion of this decline occurring in the last quarter of 1957 and the first quarter of 1958. The need for this guaranty loan does not exist among all carriers. It was established definitely during the hearings that the need for this guaranty-loan program existed primarily for the railroads operating along the eastern seaboard. It is significant also that the same lines are the ones operating extensive commuter trains at a loss, thereby placing a greater rate burden on the freight users of the same line. In the Middle West and Far West, where the rails operate fewer passenger trains and a higher percent of their stock is engaged in transportation of freight, generally the roads are not in need of this loan program. Although there is no limit in the bill for an overall maximum amount of guaranty loans nor a limit on the amount that any one line can borrow, there are definite limitations set out in the bill that will serve as guides and practical limits for the commission in approving these loans.

Personally I feel there should be a maximum written into the bill as an overall limitation on this program. The majority of our committee, however, were not in agreement with this point of view.

The House will recall that a similar program was enacted by this Congress last year for certain air carriers. It is not anticipated that this program before the House today nor the authorization for guaranty loans for air carriers will be an expense to the Government. It should permit both carriers, however, to borrow money at a cheaper rate of interest and to continue to provide service for the public need and convenience.

Section 4 of the bill has met with some objection from State regulatory bodies. It provides some changes in the jurisdiction of discontinuance or change in operation and service on interstate commerce. Under present law, services and operations are left to the jurisdiction of State regulatory bodies, but the abandonment of a line lies strictly with the Interstate Commerce Commission. It was demonstrated in the hearings that in some instances State regulatory bodies are most reluctant, and in some cases refuse, to permit the railroads to discontinue service even though that same service is little used by the public. This has resulted in an increased operating cost to the railroads and yet has earned practically no revenue and performed little public service. Because of this unwarranted delay or reluctance to act, the committee bill provides that the railroads may have the Interstate Commerce Commission, rather than a State commission, pass upon the discontinuance or change in service on a rail line. This option to the railroads exists only if the line affected does not exist entirely within a single State. It is felt by the committee that if a fair and impartial appraisal is made for an existing service, and that a service is eliminated that is in the public interest, it would result in a saving to the railroads, thereby improving their economic stability.

Section 5 of the bill does modernize the transportation policy that was established in 1945 in the Automobile case. Under this section the Interstate Commerce Commission is not required to hold up an individual rate on a given commodity in interstate commerce just to protect another and competing mode of transportation. It is required however to only approve a rate that is fully compensatory to the common carrier for that service.

There was opposition to this section as it was originally drafted but as it appears in the bill it is acceptable to most of the carriers.

Section six does not affect any agricultural commodities in the Middle West. It has been a growing tendency to exempt more agricultural commodities from regulated tariff. It will not affect a private carrier only transporting his own commodities or property.

This is not a cure for all of the economic ills in our transportation system. It does, however, present an opportunity to the railroad industry to fairly compete with other carriers and to reestablish their economic stability. It should also provide increasing employment for separated railroad employees.

With this legislation and the repeal today in this House of the 3 percent excise tax on freight, it should provide a great impetus to our transportation system.

Mr. WOLVERTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Texas [Mr. ALGER].

Mr. ALGER. Mr. Chairman, there are many good features in this bill. However, section 2 of the Transportation Act of 1958, which provides Government guaranteeing of loans, should be deleted, as I see it.

Section 2 is incorrect legislative action to solve the problem. I am among those who believe guaranteeing of loans is not the function of Government. However, some do not share this view. Therefore, I shall direct my remarks taking their view into account. If the present plight of railroads is due to too much Government regulation, then we should direct our attention to the basic faults brought on by Government regulation and correct them. Otherwise, the Government guaranty of loans will bury and perpetuate the very mistakes that now need correction. We do not want to encourage the paternalism of big government nor do we want to nationalize our railroads, in which direction this Government guaranty would be a major step, and it is a precedent in the history of railroading. Other general errors are discernible in section 2: First, there is no upper limit to the amount of loans that will be guaranteed by Government. Second, the guaranty has been termed "temporary" and "emergency." How temporary is 15 years, the length of the loan? Third, a criticism of inconsistency can be charged since this guaranty is limited to railroads, actually for the benefit of only several. If help is extended several, why not all railroads and then all common carriers, a logical coverage which cumulatively shows the danger of this loan guaranty. If we guarantee the financing of all common carriers, what form of private enterprise do we have? Further, the effective date is January 1, 1957, not the date of enactment of this act. Why retroactive? This is a 100 percent guaranty, when a lesser percentage would be fiscally sounder. The redtape necessary by the ICC in protecting Government credit will further ensnarl railroads in redtape and Government control.

So what should we do? Well, this bill does grant relief without section 2. The basic provisions granting such relief are: First, the ratemaking readjustment; second, the elimination of nonprofitable service; third, the limitation of agricultural products exemption; and fourth, a further definition of private carriers.

There are other legislative remedies Congress can extend to all ailing railroads, to transportation of all kinds and to our citizens; namely, the removal of freight and passenger excise taxes. Is it not inconsistent, even senseless, to be taxing, on the one hand—through wartime taxes—and, on the other hand, offering Government aid. Another help I would suggest would be the increase of depreciation allowance for the replacement of equipment, as on tax matters, and there are others.

Further, the railroads can help themselves with legislative help from Congress, as needed. "Time paid for but not worked" by class I railroads totaled $241 million in 1957, according to ICC figures, statement No. M–300. In addition the class I railroads "paid for but did not run" 428 million miles costing approximately $150 million, which is 9 percent of the mileage actually run. Does it not follow that action is needed to eliminate this and other featherbedding practices which we are now about to guarantee with Government credit?

Second, the injury records of class I railroads shows a cost of $106,644,000 in 1957, which record could be reduced in expense through additional safety precautions by at least $50 million.

Finally, the consolidation of terminals and facilities and elimination wherever possible of duplication could provide other savings. In these efforts by the railroads to help themselves basic errors could be corrected which should be corrected and which should not be accepted and perpetuated by Government guaranteed loans.

This, generally, is a good bill without section 2 and will afford relief to the railroads and permit them to help themselves with the additional Federal corrective legislation here mentioned. And with the States recognizing their responsibilities to adjust taxes and service

requirements, railroads can return to financial strength without the need of Government credit.

Therefore, let us strike section 2 from the bill.

The CHAIRMAN. The gentleman from Texas consumed 7 minutes.

Mr. WOLVERTON. Mr. Chairman, I yield such time as he may desire to the gentleman from West Virginia [Mr. NEAL].

The CHAIRMAN. May the Chair inquire how much time the gentleman expects to use?

Mr. NEAL. Two minutes, not more than 3.

The CHAIRMAN. The gentleman from West Virginia is recognized.

Mr. NEAL. Mr. Chairman, the preceding speaker has called attention to some very pertinent facts that many of us recognize. Perhaps, after all, the railroads should put more emphasis on making greater efforts to modify some of these bad practices.

I think this legislation as a whole is a good piece of legislation. I think it comes at a time when the railroads need a great deal of assistance, and unless we give them some privilege of modifying their rates and meeting competition I believe we are doing them a great injustice. Railroad transportation is still our most dependable mode in both peace and war. Their very existence is being threatened by outworn regulatory mandates. This bill will help them to carry on to the advantage of the Nation's welfare. For the most part it is sound legislation. I find myself opposed to guaranteeing 100-percent loans to any mode of common carrier for the reason that many of them that are going to ask the Government for loans are practically bankrupt now. If they cannot find creditors who are sufficiently convinced that they may have an opportunity to work themselves out, then Government loans are not going to bring them out. If local lenders express confidence in embarrassed roads to the extent of a willingness to assume 10 percent of the loan then Government may be justified in assuming up to 90 percent. The local financial interests should have faith and confidence in the institutions' ability to save themselves.

I do not believe the Government ought to attempt to guarantee a 100-percent loan to any institution that is practically bankrupt at the time it seeks the loan.

Mr. WOLVERTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Virginia [Mr. POFF].

Mr. POFF. Mr. Chairman, I rise in support of the pending bill, H. R. 12832, which is the legislative lineal descendent of H. R. 11527 on which the committee first scheduled hearings, is in substantial accord with S. 3778 as recently passed in the other body and will, if enacted into law, incorporate the essential ingredients of what has come to be popularly known as the Smathers report. In order to make an intelligent comparison of the pending bill and S. 3778, it is necessary to understand the principal provisions of S. 3778 as finally passed by the other body on June 11, 1958. The following is a brief digest and analysis:

Section 3: "Whenever * * * the Commission * * * finds that any such rate * * * causes any undue or unreasonable advantage, preference or prejudice * * * it shall prescribe the rate * * * to be charged * * * in such manner as * * * will remove such advantage * * *: *Provided*, That upon the filing of any petition * * * the Commission shall * * * institute an investigation into the lawfulness of such rate * * * (whether or not theretofore considered by any State agency or authority * * *)."

If an adjustment in interstate rates "would cause * * * advantage, preference, prejudice, discrimination or burden * * *, the Commission shall * * * authorize or permit a comparable adjustment in intrastate rates * * *, the law of any State * * * to the contrary notwithstanding."

Section 4: "A carrier * * * (whose) rights with respect to the discontinuance or change * * * of the operation or service of any train * * * are subject to * * * the constitution or statutes of any State * * * shall be required * * * to mail to the governor * * * notice at least 30 days in advance of any such proposed discontinuance or change." Unless vetoed by ICC, the change may be made by the carrier, "the laws * * * of any State * * * to the contrary notwithstanding." If the ICC finds that the continued operation of the train "is required by public convenience and necessity and that such operation * * * will not result in a net loss," the ICC may require the continued operation for another year, upon the expiration of which, the State law takes precedence again unless the carrier reinvokes the Federal law.

Section 5: As "between carriers of different modes of transportation * * *, the Commission, in determining whether a rate is lower than a reasonable minimum rate * * *" shall not hold the rates of one carrier at a "particular level to protect the traffic of any other mode of transportation."

Section 6: The ICC "may guarantee any lender * * * against loss of principal or interest on any loan * * * which may be made" by a common carrier for the purposes of "obtaining funds to finance or refinance the acquisition or construction of equipment or additions and betterments for use in transportation service and in obtaining funds needed for operating expenses, working capital, and interest on existing obligations": *Provided*, That "the aggregate of all loans" shall not "exceed $700 million, of which no more than $150 million may be loans for operating expense and interest on existing obligations."

No loan will be guaranteed unless, without the guaranty, the carrier is unable to obtain a loan on reasonable terms with a maturity of less than 15 years. The carrier must pay a fee for the guaranty (to cover administrative acts) and must agree "that it will declare no dividends on its capital stock as long as the loan remains unpaid."

Section 7. Applies to agricultural commodities declared as "exempt."

Section 8. "No person in any other commercial enterprise (shall) transport property by motor vehicles in interstate or foreign commerce unless such transportation is incidental to, and in furtherance of, a primary business enterprise (other than transportation) of such person."

An examination of the committee report on H. R. 12832 will disclose some differences with S. 3778. These differences can, of course, be resolved in conference.

While I favor the pending bill and expect to vote for it, it does not have my unqualified approval in every particular. It fails to include some things which I would like to have it include; it includes some provisions which I would prefer to see modified and some which might well be entirely rewritten or excluded altogether. Doubtless every Member of the House would prefer to see the bill amended in some measure, either minor or major. However, in its overall context, it represents a legislative compromise which seems to have won the approval, or at least removed the chief objections, of the employers and employees of the several branches of the transportation industry and the producers, wholesalers and retailers who depend upon the transportation industry for their livelihood. Believing that this legislation will help to solve the financial crisis in the transportation industry, result in more efficient and economic transportation of raw materials and manufactured goods, redound to the benefit of the consuming public and therefore bolster the entire economy of the Nation, I shall vote for the bill with the hope that further improvements can be made at the next session of Congress.

Mr. WOLVERTON. Mr. Chairman, I yield such time as he desires to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, the bill before the House today is unquestionably the most important transportation legislation since the Transportation Act of 1940. The chairman of the House Committee on Interstate and Foreign Commerce, together with the able members of his Transportation Subcommittee and the entire committee, deserve much credit for bringing to the floor of the House a bill which can be supported by every member.

The committee has conducted hearings almost continually on the overall railroad situation since the beginning of the 84th Congress in 1955, and the bill presented here represents a solution to some but not all of the problems of the railroad industry. It gives us an opportunity to strengthen and improve our transportation system by amending the regulatory laws in a number of respects and by extending temporary financial assistance under proper safeguards to enable some of the more distressed carriers to weather the present business recession. The railroads have been suffering from a loss or decline of traffic for a number of years, caused by many factors, and this loss in recent months has been aggravated by the general decline in our national economy.

The report of the House committee contains pertinent figures on the decline in railroad traffic, the reduced operating revenues, reduced working capital, and low employment, all of which confirm the worsening situation in the industry.

No one believes the changes proposed in this bill will cure the ills of the railroads, but they are a minimum of help which must be promptly enacted into law. In the words of the committee:

The committee is convinced, from the hearings and studies it has conducted for some time now that something must be done, and now must be done quickly in the legislative field, if our common carrier transportation system is to be preserved in a position where it can continue to meet what

is required of it. The committee accordingly believes that five changes in existing legislation should be made at this time.

It is not my purpose to discuss each of these five changes. Members of the committee have or will discuss them fully. I want merely to say that I am in complete accord with all of these proposed changes, and shall vote for them.

The bill also directs the ICC to make a study of the passenger train deficit problem and report its recommendations to Congress not later than June 30, 1959. The Senate also proposes to have its Committee on Interstate and Foreign Commerce conduct an investigation and study of various phases of the railroad problems, including commuter transportation, and I am hopeful that something in the way of legislative recommendations will be forthcoming to enable the railroads to deal with this highly unprofitable service.

As reported by the committee, the bill deals with changes which it deems necessary now for immediate relief. Without detracting from the long and patient work of the committee which has resulted in this bill, I think it is important to point out that many other important recommendations for legislative action were presented during the hearings. Some of these, of course, were beyond the jurisdiction of the committee, and others involve long-range policy matters, but consideration of them by the appropriate committees and the Congress cannot be delayed if our national transportation system, and particularly the railroads, is to continue vigorous and healthy under private ownership.

One recommendation for legislative action proposed by every witness before the House and Senate committee was for repeal of the 3 percent tax on freight transportation and the 10 percent levy on passenger fares. The Senate approved both of these proposals in passing the tax extension bill, and the conferees have agreed to the elimination of the freight tax only. I am extremely gratified that the inequitable 3 percent tax on freight will be repealed effective August 1 and hope that this House will have a chance to vote, at this session of Congress, on the repeal of the 10 percent passenger tax. The railroads of the country suffered a passenger deficit of more than $725 million last year and certainly a tax originally enacted to discourage travel should long ago have been repealed.

Another recommendation to help the railroads was to permit adequate depreciation allowances. In the field of income taxes, the railroads are at a disadvantage compared with other forms of transportation, in obtaining, free of tax, the funds needed to replace and modernize their equipment and depreciable properties. These funds must come from income which is kept free from income tax through allowance of adequate deductions for depreciation. Three factors have combined to prevent the railroads from obtaining depreciation deductions adequate to enable them to retain the needed earnings. These are inflation, the inordinately long historical service lives of their depreciable properties, and the need of modernization of their plant and equipment.

With the inflation that has taken place, depreciation based on cost cannot generate the free cash needed to replace property purchased in a different economic era. For example, freight cars acquired 20 years ago at a cost of $2,500 cannot now be replaced for less than $8,300. The dollars recovered in depreciation charges are worth, in terms of freight car costs, only about one-third of what was spent to acquire the cars. Obviously those cars cannot be replaced with these dollars.

The effects of inflation are aggravated by the excessively long historical service lives of railroad depreciable properties on which their depreciation rates are computed. The average service life of equipment used by the Internal Revenue Service for depreciation purposes is about 33 years, and the average service life of depreciable roadway properties is in excess of 50 years. In contrast, the airlines and trucks and buses have depreciation rates based on relatively short lives—5 years for aircraft and 7 and 8 years, respectively, for buses and heavy trucks. Inflation accordingly cannot seriously reduce the recovery by airlines and trucklines of their investment in equipment, free of tax, or seriously affect their ability to obtain the funds necessary to replace their equipment with new and better equipment.

If the railroads are to be permitted to retain from their earnings amounts sufficient to enable them to hold their own in the competitive race, they must be allowed substantially greater deductions for depreciation of their plant and equipment in computing their income taxes. Legislative relief in this situation is highly desirable in order to permit the railroads to meet their capital requirements.

Allowing a 20-year life for depreciable property would bring about a reasonable increase in depreciation charges on railroad property and would help railroad management undertake changes in existing property and make additions and betterments that are necessary to meet the modern competitive situation faced by the railroads.

Another proposal for legislative action was the establishment of a construction reserve fund. The House bill contains no such proposal. However, I should point out that the Senate committee determined that such a proposal was reasonable and appropriate, and included in the bill reported to the Senate the establishment of such a fund, not only for the railroads but for motor carriers and other common carriers as well. Because it dealt with taxes and would have amended the Internal Revenue Code, the question of committee jurisdiction arose and the provisions were eliminated from the Senate bill on the floor, without prejudice. It is, nevertheless, an important recommendation in the long-range aid to the railroad industry and should receive prompt consideration by the Senate Finance and House Ways and Means Committees.

The construction reserve deduction contemplates the establishment of a construction fund on the books of a railroad under rules and regulations to be prescribed by the Treasury and the ICC. Amounts deposited in this fund would be deductible by the railroad in computing its Federal income tax. Such amounts could only be used for the acquisition of equipment and other property used in the transportation business, or for the reduction, in whole or in part, of debt incurred in connection with such acquisitions.

The accelerated recovery of their cost by way of the deduction and the coincident reduction of their basis results in a shrinkage of the depreciation reduction in future years, at which time the Government would recover its initial loss by way of higher taxes which would then have to be paid. By the proposal only costs are recovered and it is not tax forgiveness, but merely tax deferral.

In the testimony on the construction reserve it was pointed out that the rises and falls in our economy are reflected to an exaggerated degree in railroad car loadings and generally orders for equipment go up and down with car loadings. The net result being that when we have a sharp rise in our economy all too frequently it is following in the wake of a slight recession when orders for cars have been sharply curtailed so that the demand for cars is generally past its peak before the necessary equipment become available. The construction reserve fund would very definitely tend to level out the peaks and valleys of railroad orders for equipment. It would permit orderly long-term programing which would be little affected by minor swings in the economy. The collateral effect of such long-range programing would go a long way toward converting many of the railroad suppliers from victims of a feast or famine economy to beneficiaries of an orderly and stable economy with unquestioned resulting benefits in the form of greater efficiency, more stable employment and lower costs which, of course, would redound of the benefit of the railroad purchasers as well as the suppliers themselves.

I have mentioned some of the additional problems which will require legislation. As I have stated, the bill is only a minimum of what the committee feels must be done now. There are many other matters with which I have not dealt and which the Congress must consider in attempting to solve the railroad problem. For example, the bill does not deal with restrictions which bar the railroads from providing service by other modes of transportation. Nor does the bill deal with the desirability of a system of charges to be used against commercial users of transportation facilities provided at Government expense.

These, and many other related matters, are going to have to be resolved if our transportation system is to continue under sound private management.

I approve the results of the committee's efforts as contained in this bill and earnestly urge its passage as a step in the right direction. I sincerely hope that it is only one of a series of steps in at-

tempting to solve the problems of the railroad industry.

Mr. WOLVERTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Maryland [Mr. MILLER].

Mr. MILLER of Maryland. Mr. Chairman, no one is more desirous than I to give needed help to our hard-pressed railroads, and I am in full support of the purposes of this bill and most of its provisions.

However, one part of this bill will very seriously affect small business operators in the food-processing field, farmers and consumers, without, as I believe, giving any substantial assistance to any railroad. I refer to the proposed provisions in section 6 which would wipe out the exemption now enjoyed under present law for frozen fruits and vegetables and cleaned wool products. This would disrupt these segments of agricultural production and the injury will fall on the small producers, farmers, and processors.

The amendment I will offer would simply remove the discrimination that I believe would result from picking out a limited number of agricultural products now held to be exempt and arbitrarily saying that hereafter they shall be not exempt while all other products that the courts and the Bureau of Motor Carriers of the ICC have held to be exempt would be continued in that classification under this bill.

My colleagues from the wool-producing areas will, I am sure, give you convincing evidence why the proposed rollback to a nonexempt status on wool products should not be permitted to stay in this bill.

I want to give you a few reasons why frozen fruits, frozen berries, and frozen vegetables should not be changed from an exempt to a nonexempt classification.

The large packers in this country who are freezing fruits and vegetables grown on their own land or purchased from growers have the capital to buy their own trucks and move these products to customers in cities, towns, and even rural areas not served by either the railroads or regulated motor carriers. It is the small freezers who are handling the fruits and vegetables of small growers who cannot afford to maintain their own fleets of trucks who particularly need the flexibility and economy afforded by the exempt motor carrier. There are many small freezing plants serving truck farmers in the Middle Atlantic, Southern, and Western States who would be hard hit if they were limited in their choice of transportation facilities to the railroads and large trucklines. These just do not serve and cannot serve all areas. It would simply mean a contraction of the market outlets for these products with a resulting detriment to both the producers and the consumers and the small-business men in the freezing business.

The United States Department of Agriculture has made a survey throughout the country over the past 2 years to determine the advantages and disadvantages of having frozen poultry, and frozen fruits and vegetables in an exempt category.

The survey on poultry has been completed and the overall advantages of keeping frozen poultry exempt have been fully demonstrated. It was even stated on the floor of the other body several weeks ago that cooked poultry would be exempt.

The USDA survey on frozen fruits and frozen vegetables has been completed in the field, and now the facts are being assembled, and I understand will be ready for publication in about 30 days. The testimony of the USDA spokesman before the House Subcommittee on Transportation and Communications on April 23, 1958, was in part as follows:

> Although the survey with respect to transportation of frozen fruits and vegetables is not complete and although there are some differences disclosed in the pattern of use of various types of carriers as compared with the findings in the poultry survey, both surveys reveal many of the same advantages experienced by processors in the utilization of exempt motor carriers. The service advantages disclosed are quite pertinent, perhaps even more so than the rate advantages which have resulted from the exemption. Although the experiences of different processors in different localities vary, it is significant that many have found that exempt carriers are more willing than regulated carriers to haul LTL shipments, to serve out-of-the-way markets, to serve distant markets, and to make multiple pickups and stopoffs.

Why take this hasty action, when all the facts are not available to the Congress, and since such facts as have been developed on a nationwide basis reflect that the advantages of keeping frozen fruits, berries, and vegetables exempt far outweigh any benefits which may accrue to arbitrarily making them fully regulated.

It is argued that Congress in 1935 when it passed the Motor Carrier Act did not intend that the agricultural commodities exemption should include frozen fruits, frozen vegetables, and many other products in highly processed form which the courts have held to be agricultural products and hence exempt. This argument has no validity so far as I am concerned. The processing of many of these products was unknown in 1935. It is not a question of what products Congress intended in 1935 to be covered under 1935 conditions. The question today is what products under 1958 conditions should be regarded as agricultural commodities and hence be free to move with uneconomic restraints from points of production into channels of consumption for the benefit of all—producers, consumers, and those who serve them.

It is time to look at this problem from a broad national standpoint and to apply the philosophy of less regulation and true competition to the movement of frozen fruits, frozen vegetables, and frozen berries as is applied to fishery products in the same paragraph of this section of the bill.

The proposal to roll back to rate and route regulation the truck movement of frozen fruits, frozen vegetables, frozen berries, and a few other agricultural products is wholly inconsistent with the other provisions in this bill which would give to the railroads, trucks, and other regulated carriers greater freedom to set rates in line with the cost of rendering the service. Railroads and regulated motor carriers can compete for the traffic on exempt commodities and they will have greater freedom than ever before to do so under section 5 of this bill.

The truck farmers throughout the country producing fruits, vegetables, and berries are widely scattered in many States. For competitive reasons some of the businesses handling fruits and vegetables in fresh form apparently do not want the advantages of exemption to apply to the movement of fruits and vegetables in frozen form. The farmer and consumer will benefit most when their movement is subject to a minimum of regulatory restraints regardless of the form in which they move.

I therefore urge your support of my amendment.

Mr. WOLVERTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. CURTIN].

Mr. CURTIN. Mr. Chairman, I commend the committee for the very fine bill they have brought out today. It is very necessary legislation to help and preserve a vital industry. I wish to associate myself with this legislation and urge its speedy passage.

Mr. WOLVERTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. VURSELL].

Mr. VURSELL. Mr. Chairman, I have been interested in this type of legislation being written into the laws of our Nation for quite some time. I had the opportunity to sit down with representatives of the Illinois Central last December, and we discussed many phases of legislation that the railroads must have, because they are so important to the economy of the country as well as to the defense of our country. Now, since we had that conference, which was some 3 or 4 months ago there have been laid off probably 1,500 railroadmen, splendid citizens, of my Congressional District because of the decline in the railroad transportation field generally. The Government now has come in to help, but the success of the railroads in this country in the future, with the guidelines of this legislation, will still largely depend upon railroad management and the cooperation of those who work with the railroads, the railroad employees. Now that we have the Federal Government in as a partner we are hopeful that we can rescue this great transportation system that is so necessary to the economy of our country.

Mr. Chairman, the railroads have seen their total earnings diminish over $700 million over the past 12 months. Thousands upon thousands of railroadmen during the last 2 years have been laid off with little hope of ever being returned to their jobs; in fact, over 120,000 have suffered this fate.

The action taken today when we pass this bill, which we should by an overwhelming majority, we sincerely hope with the cooperation of railroad management, which is absolutely necessary, should open up a bright future for this great industry, that more than any other has helped to pioneer the development of this country from coast to coast,

will again enter into a long and prosperous era.

As far as railroad employees are concerned, this legislation is a mass back to work for the railroadmen of America, and it will strengthen the economy of the Nation, and will make a tremendous contribution to its security if we should ever again be plunged into a military conflict.

Mr. WOLVERTON. Mr. Chairman, in concluding this debate I wish to commend the chairman of the Committee on Interstate and Foreign Commerce for the splendid presentation he has made of the need and purpose of this legislation and the remedy it provides for some of the problems of our railroads. The able manner in which he has explained the provisions of the bill, and the care and patience he has shown in the preparation of this bill by the committee is characteristic of the gentleman at all times. It is indeed a pleasure to serve with him in the work of the great committee over which he presides in such an able and distinguished manner.

There has been no legislation that has come before this Congress that is more necessary or that can be more helpful in strengthening one of our most important and necessary industries. The condition of our railroads is desperate. This fact is recognized by all. As an illustration of the desperate condition that faces our railroads I wish to refer to the case of the Baltimore & Ohio Railroad.

The Baltimore & Ohio Railroad, after 68 years of operation, has abandoned its passenger service between New York and Washington because it no longer can cope with a $5 million annual loss.

The B. & O. situation is illustrative of a condition affecting virtually every rail carrier in the country and unless steps are taken to aid the railroads in their plight, they will be forced out of business.

The Association of American Railroads points out the carriers' cash position is critical. Their net working capital on February 1 dropped to $397 million from a high of $938 million in 1955. Net operating income dropped 14 percent under 1956 and returned only 3⅓ percent on net investment. Revenue freight carloadings last year totaled 35,500,000 cars. This was 6.2 percent less than in 1956.

Passenger traffic showed pronounced decreases and there is no indication the trend will be checked. Railroad employment dropped under the million mark for the first time since 1939—to 840,000—while payrolls reached a near-peak of $5.4 billion. Capital expenditures, despite falling earnings, totaled nearly $1.4 billion—the second highest on record.

This is a dismal picture of an industry which is vital to the Nation's continued growth and to the country's security. During past wars, the railroads performed a job that no other carrier could, and if hostilities should ever break out again, the country would be crippled without a healthy rail transport system.

What has brought the railroads to their present, grim predicament? In large part it is due to Government policies which are regulating railroads out of business. So restrictive are regulations by Federal and State agencies that railroads are not permitted to take the necessary steps to put their affairs in sound fiscal shape.

They cannot change their rates to meet rising costs without permission from some regulatory body. They cannot curtail services despite red ink without getting approval. They cannot follow sound business principles to meet competition from other forms of transportation and do not have the freedom to make competitive rate and service adjustments.

Here is a classic example of an industry that is being regulated to death. On top of the restrictions imposed by governmental regulating agencies are high excise taxes which have run 3 percent for freight and 10 percent for passenger fares. It is gratifying that the House by action today has eliminated the 3 percent freight tax. I hope and expect it will have the approval of the President.

This may be a temporary palliative but it in no way gets to the core of the difficulty which is to allow the railroads to operate on sound business principles by eliminating the regulations that are strangling them.

I trust the bill will have the enthusiastic support of the House.

Mr. HARRIS. Mr. Chairman, I yield 2 minutes to the gentleman from West Virginia [Mr. STAGGERS].

Mr. STAGGERS. Mr. Chairman, I want to reemphasize what has been said several times about the importance of this bill, because every Member of this House has some transportation system crisscrossing his District, so that the bill does affect everyone. It is important, too, because it should give a great shot in the arm to our economy at a time when it is desperately in need of it.

There is one question I would like to ask the chairman in order to clarify a provision of the bill, for the RECORD, so that there will be no misinterpretation of the intent of the bill later on. I refer to paragraph (2), section 4, lines 8 to 10 of the bill, which reads:

(2) The provisions of this section shall not apply to the operations of or services performed by any carrier by railroad on a line of railroad located wholly within a single State.

The question I would like to direct to the chairman is, Regardless whether a railroad has other lines in other States that crisscross a State perhaps in interstate commerce, if it has a line in the State that starts and stops in the State, this bill would not affect that part?

Mr. HARRIS. The gentleman is correct. Any reduction of services would have to come under the jurisdiction and at the decision of the State commission.

Mr. STAGGERS. I have an amendment which I shall offer at the proper time in regard to one section of the bill. I thank the gentleman.

Mr. HARRIS. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota [Mr. WIER].

Mr. WIER. Mr. Chairman, I want to follow up the question just asked by the gentleman from West Virginia [Mr. STAGGERS]. Each State has a utility commission. In our State it is the railroad and warehouse commission. Does the gentleman's answer to the gentleman from West Virginia mean that there will be nothing taken away from the authority of the Minnesota Railroad and Warehouse Commission in its regulation of the railroads operating in our State, going in and out, interstate or intrastate, under this legislation?

Mr. HARRIS. No; the gentleman has not correctly stated the situation. The authority of the local State commissions is not subject to the Congress, as the gentleman knows, on matters of intrastate commerce. The Congress has never preempted that field from the States. The State commissions have had this authority all the time. We do not invade that authority, with one exception, and that is with reference to the interstate operation of services wherever that interstate service is affected.

Mr. WIER. Then the gentleman's answer is that there is certain authority taken from the commission.

Mr. HARRIS. Only to the extent that I have explained.

Mr. WIER. That is enough.

Mr. HARRIS. It may be too much in some cases.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Mississippi.

Mr. WHITTEN. I had expected to support this bill, but section 4, in my opinion, goes too far. In my own State we have very few big cities. The big cities of my region are just over the line in adjoining States; for instance, Memphis, Tenn., Mobile, Ala., and New Orleans, La. This means that practically all the railroad service in my State originates just over the line; that is, the starting point of the trains is there. It strikes me that the language of section 4 would put practically the whole transportation operation in Mississippi in the Interstate Commerce Commission and would leave out any weight that the local commission would have in determining public necessity or public convenience on existing service. Is that correct?

Mr. HARRIS. No; the gentleman is not correct at all. I have tried to explain on several occasions here emphatically what the situation is today, as I have just done to the gentleman from West Virginia [Mr. STAGGERS], the gentleman from Minnesota [Mr. WIER], and others. If there is an intrastate operation within the gentleman's State, then the intention of this States rights provision is to leave that within the jurisdiction of the commission of that State. If there is a branch line that belongs to an interstate line, which has a starting point within the State and ends within the State, that service is left with the State corporation commission.

Mr. WHITTEN. I understand that, but it still does not answer the question I was presenting here, that in some States, of which mine is one, by reason of geographical location practically all of the service is interstate and would come within the provisions of this bill,

so that any State constitution or State law or ruling by the local commission could be set aside by the Interstate Commerce Commission, under the terms of this bill.

Mr. HARRIS. The carrier could go to the Interstate Commerce Commission, under the terms of this bill.

Mr. WHITTEN. And bypass completely the determination of public interest by the State commission. In the history of railroad transportation in this country, public convenience and necessity and the public interest have been paramount and a major factor. It strikes me that section 4 means we are going another way now, and that the public interest and public welfare as determined by the State commissions are left completely out, without, in my opinion, providing proper safeguards or yardsticks for handling by the Interstate Commerce Commission.

Mr. HARRIS. The gentleman of course must remember that the Interstate Commerce Commission must make its decision on public convenience and necessity and the interest of the public. It also must make its decision based on the burden on interstate commerce. No State, as a matter of fact, throughout the history of the Interstate Commerce Act, has had any authority whatsoever to impose any decision within that State on any matter that becomes a burden on interstate commerce. That still is the law and will remain the law under the commerce clause.

Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. RHODES].

Mr. RHODES of Pennsylvania. Mr. Chairman, I rise in support of H. R. 12832, reported by the Interstate and Foreign Commerce Committee. This bill is the result of several years of study of the complex problems in the surface transportation field.

As our population has grown, the demand of our Nation for various transportation services has increased proportionately. In the past 20 years the ton-miles of intercity freight handled by railroads has doubled until today it totals about 650 billion ton-miles a year. Motor vehicle ton-miles are 240 billion annually, an increase of four times that of 20 years ago.

It is obvious that these increasing demands have created vast new problems in the transportation industry, working a particular hardship on the railroads. Rail facilities adequate when established fifty or a hundred years ago are now hopelessly out of date and incapable of meeting the growing demands for transportation services. Costly efforts have been made to modernize existing rail facilities and service, but the economic problems of the railroads continue to multiply.

Mr. Chairman, we must give serious consideration to the importance of the rail industry in our overall economy and in our national defense effort. According to the report of the Surface Transportation Subcommittee of the Senate Interstate and Foreign Commerce Committee, during World War II more than 90 percent of all military freight traffic and 97 percent of organized military passenger traffic were transported by railroads.

In the committee report on H. R. 12832, there is a well-documented analysis of the deteriorating financial plight of the Nation's railroads, affecting particularly eastern railroads whose passenger service operations constitute a larger proportionate percentage of their total service.

The decline in rail traffic, operating revenues, and net income has resulted in sharp layoffs of railroad workers. Rail employment has dropped 180,000 since May 1957, 60,000 layoffs having taken place since January of this year. Present railroad employment is at its lowest point in 60 years. This has brought suffering and economic hardship to these railroad employees and their families. Many of those laid off in my own District have 20 or 25 years of seniority and are in the middle-age bracket, which is finding it so difficult to secure even part-time work in the present recession.

The financial assistance to railroads provided for in this legislation in the form of federally guaranteed loans will make possible acquisition and construction of modern equipment and facilities to revitalize the rail-transportation services furnished by the railroad industry. These funds will be used to finance many millions of dollars worth of capital-expenditure programs, stimulating related industries which supply rail equipment. It will make possible the reemployment of thousands of rail workers and promote the public interest in many other ways.

Mr. Chairman, I support this aid program for the railroad industry because I am convinced that it is necessary to its survival, so vitally necessary in the public interest. No question has been seriously raised about the Federal aid involved in this loan-guaranty program.

Federal aid has been made available in many situations where it was clearly demonstrated that a serious problem existed which could not be met by any other means. I favor this help for the rail industry, and I trust that equal support will be forthcoming for the important Federal-aid program for areas of the country suffering from severe economic distress, as is provided for in S. 3683, the Area Redevelopment Act ordered reported this morning by the House Banking and Currency Committee.

The distress in the railroad industry has been aggravated by the present recession. This is good antirecession legislation. It will not only be helpful to the railroads but to railroad employees and to the entire economy of the Nation. It is legislation that deserves bipartisan support and should be enacted without delay.

Mr. HARRIS. Mr. Chairman, I yield such time as he may desire to the gentleman from Florida [Mr. SIKES].

Mr. SIKES. Mr. Chairman, I am convinced that strong action is necessary or it is entirely possible that we shall within a few years find ourselves without railroads. I think the gravity of the condition of the railroads has, despite the publicity that has been given to their problems, not really been impressed upon the public. To their minds we have had railroads always; therefore, we shall always have them. The railroads have nearly always been in trouble; therefore, they will continue to be in trouble. Apparently, it is not generally known that the railroads consistently are finding themselves in greater trouble as new problems are compounded upon old problems.

I am not sure that it is a wise thing for the Government to attempt to bail the railroads out or for the Congress to attempt to solve railroad problems by legislation. This might simply prove an invitation for more and bigger relief in the years to come. The railroads themselves must accept the responsibility to make a more determined effort to solve their own problems. There are certain phases of railroad difficulties in which I question that this has really been done. Be that as it may, I feel that the Congress must now take steps to be helpful and that it can properly do so. Therefore, I am supporting the legislation that is before us. I believe this generally is a good bill which will give significant help to the railroads and will permit them to help themselves. The Congress has made an important contribution by focusing attention upon this problem, and this, combined with the good effects of the legislation now before us, can be helpful indeed. The railroads are a great industry. They have done much to help in developing our country. Their importance to our general economy is such that we must, in my opinion, take the step which is recommended today by the Committee on Interstate and Foreign Commerce and pass the legislation before us.

Mr. HARRIS. Mr. Chairman, I ask unanimous consent that the gentleman from Ohio [Mr. ASHLEY] be permitted to extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. ASHLEY. Mr. Chairman, there can be no question whatever of the necessity of directing a multipronged attack on the economic and financial ills of our ailing and rapidly deteriorating railroad industry.

I have been gratified with the priority considerations which the House Interstate and Foreign Commerce Committee has accorded this critically needed legislation and the extraordinary dispatch with which this committee has reported out what I believe to be, on the whole, a most constructive measure.

Lengthy hearings, consuming thousands of pages of testimony, have been held by committees of both the House and the Senate, in the course of which ample evidence has been adduced to confirm that our railroads—a once powerful and malevolent monopoly—are now in an exceedingly precarious financial condition, and that declining freight traffic and heavy losses on passenger service, plus strangling regulations, have combined to bring them to the brink of bankruptcy. Sufficient evidence has likewise been presented to establish beyond a doubt that unless the Congress and the Federal Government act to aid

in the resolution of these critical problems, many railroads will be eliminated or the Government ultimately forced to assume their operation—a prospect wholly incompatible with our concept of free enterprise.

If nothing else, these hearings have performed an invaluable service in that they have focused public attention on the grievous problems of our Nation's railroads and awakened Congress and the American people to the importance of an efficient railroad system to our national economy in time of peace and to our national defense in time of war.

So much so, in fact, that I have been besieged with letters from people in all walks of life—businessmen, housewives, railroad workers, and stockholders—all emphasizing the importance of our railroads to our economy in general and to the economic prosperity of Toledo in particular.

It has been estimated that over half of every dollar which the railroads take in goes for payment of wages and employee benefits, and that another 20 cents of every dollar goes to purchase equipment which, in turn, creates jobs and generates business. But as the railroads' economic condition has deteriorated, retrenchment steps have been taken, causing layoffs and decreasing consumer purchases, which have accelerated beyond any question of a doubt the downward trend of our economy.

The situation in Toledo, Ohio, illustrates graphically the worsening plight of our railroad industry. Toledo is served by 13 railroads, gathering and distributing the freight which moves through a port which is third among the Great Lakes and twelfth in the United States, and also serving the 800 manufacturing and industrial plants in the Toledo area which employ more than 100,000 people. The Toledo port ships more soft coal than any other port in the world and nearly half of the coal tonnage of all the Great Lakes ports combined is handled at Toledo. It is also one of the leading ports through which iron ore, lumber, and grain are shipped. Large tonnages of petroleum, cement, wood pulp, and package freight also move through our port. The Chesapeake and Ohio Railway has slips for 16 freighters at one time with a daily capacity of 4,500 cars. The Baltimore & Ohio Lake Front Dock and Railroad Terminal has a capacity of 5,500 cars.

Among the most important industries served by the 13 railroads at Toledo are those which produce machinery, motor-vehicle equipment, fabricated metals, primary metals, stone, clay, and glass products. Many of the articles of equipment used by the railroad industry are manufactured in Toledo plants. Obviously, any decrease in railroad purchases of articles manufactured in the Toledo area affects the people employed in these industries, just as a drop in volume of freight carried by railroads through Toledo directly affects employment in the railroad industry and, eventually, in the industries which supply railroad equipment.

The outstanding rail travel through Toledo is the moving of coal and ore between the city and areas of the South, grain from the Southwest, steel from the Cleveland-Pittsburgh area, and automotive parts and accessories to and from the Detroit area. The city is a part of the rail trunkline district extending from Chicago and St. Louis on the west, to Baltimore, Philadelphia, New York, and Boston on the east, and has through rail connections with all these points. The railroads have a capacity of 6,300 cars in the various marshaling yards in Toledo, making the city one of the largest centers in the country. As of July 1953, railroads in Lucas County, in which Toledo is located, employed 8,077 persons. As of July 2, 1957, there were 5,817 employed and today the total has dropped to 4,880—a decrease of 16.1 percent during the last 12 months. In 1953 the average compensation per railroad employee was $4,415; in 1957 the average compensation per railroad employee was $5,434 per annum, as reported by the Association of American Railroads.

Comparative figures for the amount of freight and passengers handled in and out of Toledo further attest to the economic ills which in recent years have become a disease of alarming proportion. Carload and less than carload tonnage in and out of Toledo have declined steadily as, in recent years, has the dollar volume of ticket sales in passenger traffic.

I am informed that railroad traffic over the United States is down 16 to 17 percent from the first 5 months of a year ago and that total traffic for lines in the eastern United States area is down 23 to 26 percent.

This desperate situation clearly did not develop overnight—nor is there only one contributing factor to its development. Increased competition from air and highway carriers has skimmed off the most profitable freight and passenger business. There are many who feel that with the application of a measure of ingenuity and initiative and a more zealous cultivation of the public goodwill, the railroads might not be in their present predicament. Be that as it may, the very fact that they have been able to withstand this increased competition suggests that there is a vital place for a modern national rail transport system, to handle needs which cannot be met by air and highway competition—as well as to compete with these systems in a free-enterprise economy.

Are the railroads worth saving? If the test of efficiency-of-performance and essentiality-of-function are applied to our railroad system, then the answer must clearly be in the affirmative. The American system, despite the ascendancy of the automobile and airplane continues to be the backbone of our Nation's transportation system both in peacetime and in time of war. For the mass transportation of men and materials to meet our Nation's defense requirements, no other form of transportation approaches the railroads for dependability, efficiency and economy. During World War II the American railroads were called on to move 90 percent of all military freight and 97 percent of all organized troop movements. They were called on for this job not only because of their bulk-carrying capacity, but also because they can move so much so far with such economical use of manpower and fuel.

In times of peace our railroads are the very lifelines of our domestic commerce. No other method of transport can possibly accommodate the shipping requirements of American industry, the cross-country movement of heavy goods such as steel, aluminum, and glass or the rapid and safe transport of perishables such as fruits, vegetables, and seafood, as quickly, economically and dependably as our railroad freight cars. From the production stage to the delivery of the finished product our railroads are constantly called upon to link supply with demand, the two propelling forces of our free-enterprise economy. In short our railroads are indispensable to the industrial development and progress of our Nation and must be saved.

How then can our railroads be saved and what can the Federal Government do to aid and abet their economic recovery? I recognize, of course, that there is no economic magic whereby all the troubles of the railroad industry can be eliminated. I do believe, however, that the bill reported by the House Interstate and Foreign Commerce Committee makes a number of positive proposals to help our railroads achieve economic stability and to place them on a more equitable footing with competing carriers. By providing Federal guaranties of private loans to railroads for capital expenditures as well as operating expenditures the bill before us will enable the railroads to modernize their equipment, much of which is woefully obsolete, and to improve their service which has deteriorated appreciably in recent years. Secondly, by giving the carriers somewhat more leeway and by limiting the authority of the ICC in ratemaking, this bill will enable the railroads more equitably to meet the rates of competing forms of transportation and allow them to exercise their inherent advantages consistent with the objectives of a sound national transportation policy.

Thus by providing our railroads with working capital and giving them more freedom in the establishment of rates I firmly believe this bill will go far in the direction of alleviating the distressed situation in which our railroads find themselves and restoring them to economic stability and financial solvency.

Mr. JONES of Missouri. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Missouri.

Mr. JONES of Missouri. The question asked by the gentleman from Mississippi bordered on a question I wanted to ask the gentleman, but I still do not have the answer clearly in mind. The Frisco Railroad runs a train from St. Louis, Mo., through Missouri and Arkansas, and it terminates at Memphis, Tenn. Under the present regulations, before that service can be discontinued they must have the approval of the Missouri Public Service Commission. Is that correct?

Mr. HARRIS. And the Arkansas Commission and the Tennessee Commission.

Mr. JONES of Missouri. All of the commissions.

Mr. HARRIS. Yes.

Mr. JONES of Missouri. Under this bill that service could be discontinued with the approval of the Interstate Commerce Commission without the State public service commissions having anything to say about it. Is that right?

Mr. HARRIS. Insofar as the abandonment of the line itself is concerned, the Interstate Commerce Commission has the authority and jurisdiction to determine that today. Insofar as certain services performed by that line are concerned, the State commissions have authority to determine with reference to the adjustment or abandonment of such services.

Mr. JONES of Missouri. Of course, they are not going to take up the tracks, but what I am fearful of here is if we take away from the States the right to protect the service of the people living in Missouri because that train crosses the State line, I think we are putting ourselves in the position of losing the passenger and mail service which we have in the State of Missouri. I do not want that to happen.

Mr. HARRIS. I can say to the gentleman there has been no problem in the State of Missouri with reference to the abandonment of service by any carrier.

Mr. JONES of Missouri. Oh, yes; there is, I beg to differ with the gentleman because we have had to have hearings from time to time, to prevent the discontinuance of essential service.

Mr. HARRIS. I know that you have had to have hearings from time to time.

Mr. JONES of Missouri. And also when the public service commission was in the position of abandoning or discontinuing or approving the discontinuance of a service, we have had hearings and we kept the service going. I am afraid we could not do that if we had to bring the people up here to Washington before the Interstate Commerce Commission to do that. When an amendment is offered, and I understand such an amendment is to be offered to protect this authority of the public service commissions in the various States I will vote for that amendment. I do not want to see us put in the position of having the Interstate Commerce Commission saying we cannot have a service within the State of Missouri. I hope such an amendment will be adopted.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HARRIS. Mr. Chairman, I yield to the gentleman from Missouri [Mr. BROWN].

Mr. BROWN of Missouri. Mr. Chairman, we in southwest Missouri have a vital interest in this legislation. Railroading is an important business in our section. Many of our finest citizens depend on railroading for their livelihood.

For some time now, we have been worried about the future of railroading. Almost every month, we see more and more men laid off. Every time we turn around, it seems that freight carloadings are down 19 percent, 21 percent, 23 percent, or railroad earnings are dangerously down. All these indexes hit us where it hurts. In the Ozarks the butcher, the baker, the candlestick maker feel the impact.

Now we know that most of this depressed situation can be corrected only by a general upturn in the economy. The future of railroading in a booming expanding America is far brighter than in an America standing still or going backward.

Confidence, growth, expansion, prosperity are the real goals we seek; and nothing short of these goals will really solve the problems of railroading and other forms of transportation.

For transportation cannot be prosperous if shippers are not shipping, and shippers do not ship when customers do not buy. Buyers cannot buy unless they have jobs or businesses or farms making money with which to buy. We are all interdependent. And balance is the key to a busy, booming economy.

But the common carriers in this country have some specialized problems in which Government can help, because Government actions and decisions have caused some of the problems.

Government caused the excise tax on freight during the Korean war. Earlier today we acted to remove that tax. It was long overdue. I wish we could remove some other excise taxes. But the House is not in a mood to do it. The executive branch is not in a mood to do it. So, that is that, for now. But I hope not for long.

In this bill, the Congress seeks to spell out some policies that it enacted several years back that have possibly been misinterpreted by the Interstate Commerce Commission and the courts. Obviously, these misinterpretations or broad interpretations have caused common carriers some problems. Government did it. Only Government can correct it. In this bill, we try to do just that.

In one particular, this bill provides a new field of Government endeavor in respect to railroading—the guaranty of railroad financing. The very fact that such a provision is in this bill is evidence of the seriousness of the present emergency situation in railroading.

Not too long ago, the railroads would not have accepted such assistance much less have sought it. Everyone knows that individuals and companies would rather rely on their own resources than turn to Government for guaranteed loans or grants. The redtape alone in Government loans is enough to discourage a borrower. I am confident that the railroads have explored every possible avenue of financing without result or they would not want the Federal Government guaranteeing capital loans.

Having exhausted every other source, they now must turn to their Government with the problem. The Government has an interest, the national interest. Defense, the general welfare, interstate commerce, the good of America demand a strong railroad industry.

Even competitive carriers recognize the fundamental service that railroading performs. And no thinking person could visualize a modern America without railroads. Just the burden on the highways alone, if there were no railroads, would be staggering.

Now, presented with a capital modernization problem without funds what do we do? In other countries, governments have taken over railroads and operate them through bureaucracies. Certainly, America does not want to do that. Risking some guaranteed loans is better than bureaucratic operation.

Let us try to prop up the private operations during this emergency and then proceed to get this economy booming again, so they will have to rely on Government as little as possible.

This legislation will help the railroads, if America follows through and gets this country on a sound economic basis. But without accompanying corrections and expansion this will be doctoring symptoms instead of curing disease.

Government alone cannot correct our economic ills. Business must show some statesmanship, too. All industries must get back to risk-taking again, lowering factory prices to get more sales. Labor leaders must assume their responsibilities and seek only those wage increases which are justifiable. The national need must come first in these crucial times.

Government can help straighten out the farm purchasing power situation, because Government is setting farm prices, wages, and profits. Only Government can correct the mistakes now being made by the Department of Agriculture.

Government can help get small business on a sounder footing, because Government tax structures are restrictive and the monetary setup in this country does not provide adequate sources of capital for small business. Only Government can improve this situation.

Government can stimulate construction of off-street parking, urban development, slum clearing, nursing homes, community development. All this can add to our growth, expansion and purchasing power. Only governments can take action in this field, local, State, and Federal Government.

But without courage, without bold decisive action, we may lag along here for 2 or 3 years, not growing, not expanding, not booming. In normal times, these 2 or 3 years might not be crucial. But in these days when we are threatened by destruction, when the common defense demands 16 to 20 percent of the total gross national product, we can't waste 2 or 3 years. We might never recoup the loss.

I have some misgivings about some of the provisions in this bill. I shall listen intently to every amendment offered; and I am sure we will adopt some of them.

But let us pass this bill. It will not work miracles by itself. Only if accompanied by companionate action will it get the results we hope for.

Let us get America booming in high gear again. That is the real answer to the railroad problem.

Mr. HARRIS. Mr. Chairman, I have no further requests for time and I suggest that the Clerk read.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Transportation Act of 1958."

AMENDMENT TO INTERSTATE COMMERCE ACT, RELATING TO LOAN GUARANTIES

SEC. 2. The Interstate Commerce Act, as amended, is amended by inserting immediately after part IV thereof the following new part:

"PART V

"Purpose

"SEC. 501. It is the purpose of this part to provide for assistance to common carriers by railroad subject to this act to aid them in acquiring, constructing, or maintaining facilities and equipment for such purposes, and in such a manner, as to encourage the employment of labor and to foster the preservation and development of a national transportation system adequate to meet the needs of the commerce of the United States, of the postal service, and of the national defense.

"Definitions

"SEC. 502. For the purposes of this part—

"(a) The term 'Commission' means the Interstate Commerce Commission.

"(b) The term 'additions and betterments or other capital expenditures' means expenditures for the acquisition or construction of property used in transportation service, chargeable to the road, property, or equipment investment accounts, in the Uniform System of Accounts prescribed by the Interstate Commerce Commission.

"(c) The term 'expenditures for maintenance of property' means expenditures for labor, materials, and other costs incurred in maintaining, repairing, or renewing equipment, road, or property used in transportation service chargeable to operating expenses in accordance with the Uniform System of Accounts prescribed by the Commission.

"Loan guaranties

"SEC. 503. In order to carry out the purpose declared in section 501, the Commission, upon terms and conditions prescribed by it and consistent with the provisions of this part, may guarantee in whole or in part any public or private financing institution, or trustee under a trust indenture or agreement for the benefit of the holders of any securities issued thereunder, by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount, or advance, or on any commitment in connection therewith, which may be made, or which may have been made, for the purpose of aiding any common carrier by railroad subject to this act in the financing or refinancing (1) of additions and betterments or other capital expenditures, made after January 1, 1957, or to reimburse the carrier for expenditures made from its own funds for such additions and betterments or other capital expenditures, or (2) of expenditures for the maintenance of property.

"Limitations

"SEC. 504. (a) No guaranty shall be made under section 503—

"(1) Unless the Commission is of the opinion that without such guaranty, in the amount thereof, the carrier would be unable to obtain necessary funds, on reasonable terms, for the purposes for which the loan is sought.

"(2) If the loan involved is at a rate of interest which, in the judgment of the Commission, is unreasonably high, or if the terms of such loan permit full repayment more than 15 years after the date thereof.

"(3) For any loan for expenditures for maintenance of property, if the principal of such loan, or the total of such principal and the unpaid principal of all other loans to the common carrier concerned for expenditures for maintenance of property guaranteed under this act, exceeds 50 percent of the aggregate amount charged in the accounts of said carrier for expenditures for maintenance of property during the calendar year next preceding the date of the application for such guaranty.

"(b) It shall be unlawful for any common carrier by railroad subject to this act to declare any dividend on its preferred or common stock while there is any principal or interest remaining unpaid on any loan to such carrier made for the purpose of financing or refinancing expenditures for maintenance of property of such carrier, and guaranteed under this part.

"Modifications

"SEC. 505. The Commission may consent to the modification of the provisions as to rate of interest, time or payment of interest or principal, security, if any, or other terms and conditions of any guaranty which it shall have entered into pursuant to this part, or the renewal or extension of any such guaranty, whenever the Commission shall determine it to be equitable to do so.

"Payment of guaranties; action to recover payments made

"SEC. 506. (a) Payments required to be made as a consequence of any guaranty by the Commission made under this part shall be made by the Secretary of the Treasury from funds hereby authorized to be appropriated in such amounts as may be necessary for the purpose of carrying out the provisions of this part.

"(b) In the event of any default on any such guaranteed loan, and payment in accordance with the guaranty by the United States, the Attorney General shall take such action as may be appropriate to recover the amount of such payments, with interest, from the defaulting carrier, carriers, or other persons liable therefor.

"Guaranty fees

"SEC. 507. The Commission shall prescribe and collect a guaranty fee in connection with each loan guaranteed under this part. Such fees shall not exceed such amounts as the Commission estimates to be necessary to cover the administrative costs of carrying out the provisions of this part. Sums realized from such fees shall be deposited in the Treasury as miscellaneous receipts.

Assistance of departments or other agencies

"SEC. 508. (a) To permit it to make use of such expert advice and services as it may require in carrying out the provisions of this part, the Commission may use available services and facilities of departments and other agencies and instrumentalities of the Government, with their consent and on a reimbursable basis.

"(b) Departments, agencies, and instrumentalities of the Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this part.

"Administrative expenses

"SEC. 509. Administrative expenses under this part shall be paid from appropriations made to the Commission for administrative expenses.

"Termination of authority

"SEC. 510. The authority granted by this part shall terminate at the close of March 31, 1961, except that its provisions shall remain in effect thereafter for the purposes of guaranties made by the Commission prior to that time."

AMENDMENTS TO SECTION 1 OF INTERSTATE COMMERCE ACT

SEC. 3. Section 1 of the Interstate Commerce Act, as amended, is amended (1) by inserting in subparagraph (a) of paragraph (2) thereof, after the word "aforesaid" and before the semicolon following that word, a comma and the words "except as otherwise provided in this part" and (2) by striking out the period at the end of the proviso in subparagraph (a) of paragraph (17) thereof and inserting in lieu thereof the following: "and except as otherwise provided in this part."

NEW SECTION 13A OF INTERSTATE COMMERCE ACT

SEC. 4. The Interstate Commerce Act, as amended, is amended by inserting after section 13 thereof a new section 13a as follows:

"Discontinuance or change of certain operations or services

"SEC. 13a. (1) A carrier or carriers subject to this part, if their rights with respect to the discontinuance or change, in whole or in part, of the operation or service of any train or ferry engaged in the transportation of passengers or property in interstate, foreign and intrastate commerce, or any of them, or of the operation or service of any station, depot or other facility where passengers or property are received for transportation in interstate, foreign and intrastate commerce, or any of them, are subject to any provision of the constitution or statutes of any State or any regulation or order of (or are the subject of any proceeding pending before) any court or an administrative or regulatory agency of any State, may, but shall not be required to, file with the Commission, mail to the Governor of each State in which such train, ferry, station, depot or other facility is operated, and post in every station, depot, or other facility directly affected served thereby, notice at least 30 days in advance of any such proposed discontinuance or change. The carrier or carriers filing such notice may discontinue or change any such operation, or service pursuant to such notice except as otherwise ordered by the Commission pursuant to this section, the laws or constitution of any State, or the decision or order of, or the pendency of any proceeding before any court or State authority to the contrary notwithstanding. Upon the filing of such notice the Commission shall have authority during said 30 days' notice period, either upon complaint or upon its own initiative without complaint, to enter upon an investigation of the proposed discontinuance or change. Upon the institution of such investigation, the Commission, by order served upon the carrier or carriers affected thereby at least 10 days prior to the day on which such discontinuance or change would otherwise become effective, may require such train, ferry, station, depot, or other facility to be continued in operation or service, in whole or in part, pending hearing and decision in such investigation, but not for a longer period than 4 months beyond the date when such discontinuance or change would otherwise have become effective. If, after hearing in such investigation, whether concluded before or after such discontinuance or change has become effective, the Commission finds that the operation or service of such train, ferry, station, depot, or other facility is required by public convenience and necessity and that such operation or service will not result in a net loss therefrom to the carrier or carriers and will not otherwise unduly burden interstate or foreign commerce, the Commission may by order require the continuance or restoration of operation or service of such train, ferry, station, depot, or other facility, in whole or in part, for a period not to exceed 1 year from the date of such order. The provisions of this section shall not supersede the laws of any State or the orders or regulations of any administrative or regulatory body of any State applicable to such discontinuance or change unless notice as in this section provided is filed with the Commission. On the expiration of an order by the Commission after such investigation requiring the continuance or restoration of operation or service, the jurisdiction of any State as to such discontinuance or change shall no longer be superseded un-

less the procedure provided by this section shall again be invoked by the carrier or carriers.

"(2) The provisions of this section shall not apply to the operations of or services performed by any carrier by railroad on a line of railroad located wholly within a single State.

"(3) The Commission, in cooperation with State utilities commissions, shall make a study of the passenger train deficit problem and report thereon to the Congress not later than June 30, 1959, together with such recommendations as the Commission deems to be necessary or appropriate."

AMENDMENT TO SECTION 15A OF THE INTERSTATE COMMERCE ACT

SEC. 5. Section 15a of the Interstate Commerce Act, as amended, is amended by inserting after paragraph (2) thereof a new paragraph (3) as follows:

"(3) In a proceeding involving competition between carriers of different modes of transportation, subject to this act, the Commission, in determining whether a rate is lower than a reasonable minimum rate, shall consider the facts and circumstances attending the movement of the traffic by the carrier or carriers to which the rate is applicable. Rates of a carrier shall not be held up to a particular level to protect the traffic of any other mode of transportation, giving due consideration to the objectives of the national transportation policy declared in this act."

AMENDMENT TO SECTION 203 (B) OF INTERSTATE COMMERCE ACT

SEC. 6. (a) Clause (6) of subsection (b) of section 203 of the Interstate Commerce Act, as amended, is amended by striking out the semicolon at the end thereof and inserting in lieu thereof a colon and the following: "*Provided*, That the words 'property consisting of ordinary livestock, fish (including shellfish), or agricultural (including horticultural) commodities (not including manufactured products thereof)' as used herein shall include property shown as 'Exempt' in the 'Commodity List' incorporated in ruling No. 107, March 19, 1958, Bureau of Motor Carriers, Interstate Commerce Commission, but shall not include property shown therein as 'Not exempt': *Provided further, however*, That notwithstanding the preceding proviso the words 'property consisting of ordinary livestock, fish (including shellfish), or agricultural (including horticultural) commodities (not including manufactured products thereof)' shall not be deemed to include frozen fruits, frozen berries, or frozen vegetables and shall be deemed to include fish or shellfish, and fresh or frozen products thereof containing seafood as the basic ingredient, whether breaded, cooked, or otherwise prepared (but not including fish and shellfish which have been treated for preserving, such as canned, smoked, salted, pickled, spiced, corned or kippered products)."

(b) Unless otherwise specifically indicated therein, the holder of any certificate or permit heretofore issued by the Interstate Commerce Commission, or hereafter so issued pursuant to an application filed on or before the date on which this section takes effect, authorizing the holder thereof to engage as a common or contract carrier by motor vehicle in the transportation in interstate or foreign commerce of property made subject to the provisions of part II of the Interstate Commerce Act by paragraph (a) of this section, over any route or routes or within any territory, may without making application under that act engage, to the same extent and subject to the same terms, conditions, and limitations, as a common or contract carrier by motor vehicle, as the case may be, in the transportation of such property, over such route or routes or within such territory, in interstate or foreign commerce.

(c) Subject to the provisions of section 210 of the Interstate Commerce Act, if any person (or its predecessor in interest) was in bona fide operation on June 1, 1958, over any route or routes or within any territory, in the transportation of property for compensation by motor vehicle made subject to the provisions of part II of that act by paragraph (a) of this section, in interstate or foreign commerce, and has so operated since that time (or if engaged in furnishing seasonal service only, was in bona fide operation on June 1, 1958, during the season ordinarily covered by its operations and has so operated since that time), except in either instance as to interruptions of service over which such applicant or its predecessor in interest had no control, the Interstate Commerce Commission shall without further proceedings issue a certificate or permit, as the type of operation may warrant, authorizing such operations as a common or contract carrier by motor vehicle if application is made to the said Commission as provided in part II of the Interstate Commerce Act and within 120 days after the date on which this section takes effect. Pending the determination of any such application, the continuance of such operation without a certificate or permit shall be lawful. Any carrier which on the date this section takes effect is engaged in an operation of the character specified in the foregoing provisions of this paragraph, but was not engaged in such operation on June 1, 1958, may under such regulations as the Interstate Commerce Commission shall prescribe, if application for a certificate or permit is made to the said Commission within 120 days after the date on which this section takes effect, continue such operation without a certificate or permit pending the determination of such application in accordance with the provisions of part II of the Interstate Commerce Act.

AMENDMENT TO SECTION 203 (C) OF INTERSTATE COMMERCE ACT

SEC. 7. Subsection (c) of section 203 of the Interstate Commerce Act, as amended, is amended by striking out the period at the end thereof and inserting in lieu of such period a comma and the following: "nor shall any person in connection with any other business enterprise transport property by motor vehicle in interstate or foreign commerce unless such transportation is incidental to, and in furtherance of, a primary business enterprise (other than transportation) of such person."

Mr. HARRIS (during the reading of the bill). Mr. Chairman, in the interest of saving the time of the Committee, I ask unanimous consent that the further reading of the bill be dispensed with, and that it be printed in the RECORD and be open to amendment at any point.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 8, strike out lines 4, 5, and 6, and in line 7 strike out "any of them."

The amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 8, line 12, strike out the comma after "train" and insert "or"; and strike out the comma after "ferry."

The amendment was agreed to.

The Clerk read as follows:

Page 8, line 13, strike out "station, depot or other facility."

The amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 8, line 14, strike out "directly affected" and insert in lieu thereof "served."

The amendment was agreed to.

The Clerk read as follows:

Page 9, line 6, strike out the comma after the word "train" and insert "or"; and strike out the comma after "ferry" and strike out "station, depot, or other facility."

The amendment was agreed to.

The Clerk read as follows:

Page 9, line 14, strike out the comma after "train" and insert "or"; and strike out the comma after "ferry" and strike out "station, depot, or other facility."

The amendment was agreed to.

Mr. HARRIS. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Amendment offered by Mr. HARRIS: Page 9, beginning on line 15, strike the following: "that such operation or service will not result in a net loss therefrom to the carrier or carriers and."

Page 9, line 17, strike the word "otherwise."

Mr. COAD. Mr. Chairman, I wish to address this House in favor of the amendment by my colleague from Arkansas, the distinguished chairman of the House Interstate and Foreign Commerce Committee, Mr. HARRIS. This amendment to section 4 of this bill H. R. 12832 will make the bill more acceptable to the railway industry, to the State regulatory bodies charged with the responsibilities detailed in this particular section, and to the general public. I favor H. R. 12832, but if it were enacted without this amendment it would be contrary to fundamental public policy and the public interest. It would, without this amendment, put the public entirely at the mercy of the railroad by establishing a new standard for the discontinuance of train service by a mere showing of a loss in the operation of any train. Under section 4, as it now stands, the Interstate Commerce Commission may order the continuance of train service only if it finds, first, that it is required by public convenience and necessity; second, that such operation will not result in a net loss to the carrier; and, third, that it will not unduly burden interstate commerce. Therefore, the State commission would be compelled as a matter of law to permit the discontinuance of service unless, among other things, it can determine and find that the operation of such service will not result in a loss to the carrier, even though the Commission may determine that the public convenience and necessity require such service and that such service would not unduly burden interstate commerce.

I am well aware that the railroad industry is presently in a critical financial position, and I will be among the first to support reasonable measures to ease this condition. However, I believe that the bill without this amendment would ignore the public interest which we have tried to protect and maintain in the past. We cannot go so far afield as to say that unless every single item of service shows a profit the railroad can

discontinue any service regardless of public convenience and necessity.

Section 4 of this bill is not as essential as other provisions of this measure. But let us make sure that we protect the public as well as assist the railroads. The other sections of the bill provide the measures which deal with the pressing financial problems facing this industry. Let us remember that our railroads are public utilities, designed, created, and maintained to serve the public interest and convenience. If section 4 became effective without this amendment, we will have reversed this time-honored concept of railroading which has won for the industry the great esteem and respect of the people which it now enjoys.

Mr. Chairman, I urge the adoption of this amendment and, if adopted, the passage of the bill.

The amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 9, line 20, strike out "train, ferry," and insert "train or ferry"; strike out "station, depot, or other facility."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

On page 12, line 2, strike out "or vegetables" and insert "vegetables, coffee, tea, cocoa or hemp, and wool imported from any foreign country or wool, cleaned or scoured, wool tops and noils, or wool waste, carded but not spun, woven, or knitted."

Mr. STAGGERS. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. STAGGERS: On page 12, line 3, after the word "country", strike out "or wool, cleaned or scoured."

Mr. HARRIS. Mr. Chairman, this language has been called to my attention and I discussed it with several Members on the floor. I understand the purpose of it, and the author of the amendment in the committee agrees to it. Therefore I accept the amendment.

The CHAIRMAN. The question is on the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

Mr. FISHER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. FISHER. Mr. Chairman, I am pleased to know that the committee is agreeable to an amendment which will protect the present exemption from the Motor Carrier Act of scoured and clean wool. The committee amendment would put such wool under the act and make it subject to ICC rates and regulations. But the amendment to the committee amendment will restore the present exemption, and I am grateful to the gentleman from West Virginia [Mr. STAGGERS] for his interest in it and his willingness to offer the corrective amendment. I have been assured by the minority members of the Interstate and Foreign Commerce Committee that they are agreeable.

Mr. Chairman, there are now upwards of a hundred scouring plants in the country, located in about 20 States. They are small enterprises and mostly operate on a rather tight margin of profit. They have always been exempt from the Motor Carrier Act. In some areas scoured wool is moving by truck at rates over $1.50 per hundredweight less than rates charged by railroads. This can in some instances be the margin that keeps them in business.

The retention of the present exemption is strongly supported by the American Wool Growers Association, the National Wool Marketing Corp., the National Council of Farmer Cooperatives, the National Grange, and the American Farm Bureau.

I would personally prefer that all other language imposing regulation upon the movement of wool, such as imported wool, wool tops, wool waste, carded but not spun, woven or knitted, be removed from the Motor Carrier Act. But we appreciate the concession that has been made. Wool that is imported is often moved along with domestic wool, intermingled to some extent in scouring and cleaning, where that is done. But whether intermingled in that fashion or not, it is often handled in the same warehouses and it will be difficult to have one set of rates for one form of wool and a different rate for another, whether domestic or imported. It poses an obvious difficulty in administration. It is hoped the conference committee will give attention to that, with the view of possibly striking out all language dealing with wools.

Mr. MILLER of Maryland. Mr. Chairman, a parliamentary inquiry. I have an amendment to line 1 on page 12.

The CHAIRMAN. Is that an amendment to the committee amendment or a separate amendment?

Mr. MILLER of Maryland. It is a separate amendment. It is on page 12, line 1.

The CHAIRMAN. That may be considered at the proper time.

Mr. ROBERTS. Mr. Chairman, I have an amendment to the committee amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ROBERTS to the committee amendment: On page 12, line 2, after the word "cocoa" insert "bananas."

BANANAS AS AN EXCEPTION TO THE AGRICULTURAL EXEMPTION

Mr. ROBERTS. Mr. Chairman, bananas are not produced in commercial quantities in the United States but are imported from Central and South American countries principally through the ports of New York, Baltimore, Charleston, Mobile, New Orleans, Los Angeles, and Seattle. Bananas are a staple year-round fruit distributed throughout the United States. They compete with domestically produced fruits such as strawberries, peaches, cantaloupes, apples, pears, and grapes.

Keeping in mind the basic reasons for the agricultural exemption in the first instance, it is clear that bananas should not be classified with domestic fruits and vegetables for the purpose of the exemption.

For the most part, domestic fruits are seasonal and therefore seasonal transportation has been deemed to be essential to the expeditious and orderly distribution of those fruits. Bananas, on the other hand, move between the ports and inland points on a regular basis throughout the year. For this reason there is no justification for encouraging exempt transportation of bananas.

Domestic fruits and vegetables move to market from widely scattered farm areas, many of which do not have the benefit of regular motor or rail service. The agricultural exemption was designed, in part at least, to encourage truck owners to serve these farm areas. Bananas are not transported from scattered areas. On the contrary, they are transported from the Nation's principal ports where there is an abundance of transportation of all types.

The agricultural exemption was further designed to create a method for gathering domestic agricultural products at centralized markets. Bananas originate in this country at central points. Therefore, there is no need for the gathering service the agricultural exemption was designed to create.

The port of Mobile, while ranking fourth in banana importations, is typical of other United States ports through which bananas are imported. Pier 1 at that port is devoted exclusively to the handling of bananas from ship to rail car. The full time of 378 men, representing an annual payroll of approximately $2 million, is utilized in the cleaning, loading, and icing of rail banana cars. The Gulf, Mobile & Ohio Railroad, alone, has a property investment of almost a quarter of a million dollars in the future of banana trade through the port of Mobile.

In 1957 exempt truckers transported 4 percent of all the bananas moving through the port of Mobile. Thus far in 1958, the truck volume has increased to 9 percent. The increase is due, in large measure, to the growing tendency of those not regularly engaged in transportation for hire, to take advantage of the exempt status of bananas, to reduce their private carriage cost. It is not unusual for hardware merchants and others to be seen taking on a truckload of bananas at the port of Mobile. Such a tendency is not good for regulated carriage or for the port of Mobile.

Port facilities basically are but an interchange point between water and land transportation. In order for any port to expand and prosper, the continuity of reliable transportation must be preserved. The diversion of traffic from reliable forms of transportation to the intinerant and private truck causes a breakdown of relationship essential to the well-being of the port.

The mounting diversion of banana tonnage from those carriers having substantial property investments at the port tend to discourage future similar investments and encourage investments in other properties having a more stable future. Excluding ores, bananas rep-

resent approximately one-fourth of all tonnage moving through the port of Mobile.

The exception of bananas from the agricultural exemption would not be harmful to those already legitimately engaged in transporting bananas by truck. Under both the House and Senate bill those carriers are protected by a grandfather clause and may, if they so desire, obtain a permit or a certificate from the Interstate Commerce Commission and continue their transportation on a sound and reliable basis. Only those who are not legitimate private, contract, or common carriers would be eliminated.

Bananas are in the same category as other imported agricultural commodities, such as coffee, tea, and cocoa, that would be brought under regulation by H. R. 12832. Generally speaking those commodities move from the port of import to interior processing or marketing points in rail carload or truckload lots. There is no commingling of those imported commodities in shipments from the port with any agricultural commodities produced in this country. Bananas also move without commingling with domestic products. The commingling of bananas that takes place is in local movement in legitimate private carriage by a wholesaler of produce after the bananas have moved from the port of entry to the market point. However, contrary to such items as coffee and tea, bananas do compete with fruits produced in this country.

The CHAIRMAN. The question is on the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment as amended.

The committee amendment as amended was agreed to.

Mr. HARRIS. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HARRIS: Page 4, line 17, change the period to a comma and add the following: "and if the Commission fails to determine that on the date of the application the carrier has substantial deferred expenditures for maintenance of property, that such deferral has been required by the carrier's financial condition, and that the carrier and lender have made arrangements which provide reasonable assurance that the proceeds of the loan will be used only to raise the annual level of maintenance expenditures by the carrier over the average annual level of such expenditures by the carrier during the period when such maintenance expenditures were being deferred."

Mr. HARRIS. Mr. Chairman, this amendment simply means that if the carrier obtains a guaranteed loan for maintenance purposes, that the carrier itself cannot take its own money and put into its operations otherwise. This means that if the carrier were to obtain a million-dollar loan that it itself would have to make up an equal amount for maintenance purposes.

This amendment is one that has been requested by the Department of Commerce on behalf of the administration. I felt that it was of sufficient importance to accept and send to conference in order that it can be more thoroughly analyzed.

Mr. O'HARA of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. O'HARA of Minnesota. Mr. Chairman, we discussed this amendment. I think it is rather new. Although the gentleman from Arkansas and myself did not have a chance to study its full import, I do think it is well for this matter to go to conference as part of the bill so that we will have further opportunity to consider it.

Mr. HARRIS. It is a further restriction placed upon the guaranteed loan provision.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. FLYNT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FLYNT: Page 7, line 17, strike out all of section 4 and insert a new section 4 to read as follows:

"SEC. 4. The Commission, in cooperation with State utilities commissions, shall make a study of the passenger train deficit problem and report to the Congress not later than June 30, 1959, together with such recommendations as the Commission deems to be necessary or appropriate."

Mr. FLYNT. Mr. Chairman, I offer this amendment to correct certain defects which have been pointed out during general debate on this bill which have been emphasized by a number of questions and inquiries.

First of all, let me say that I am in full accord with most of the provisions of this bill, and I intend to support it; but there is an honest difference of opinion between the distinguished chairman of the Interstate and Foreign Commerce Committee and myself on the effect of section 4 of this bill. This amendment is offered in utmost good faith. It is not offered or intended as a crippling amendment. I believe that it will strengthen the bill.

Section 4 should be deleted and a provision should be in the bill calling for a 1-year study and report to be made jointly by the Interstate Commerce Commission in cooperation with the State utilities commissions recommending such action as shall be deemed appropriate or necessary after a thorough study of the passenger train deficit problem.

At the very best, the elimination of control of intrastate passenger service from State railroad and utility commissions would virtually strip the local State utility commissions of their authority to regulate passenger train service within those States even on a purely intrastate basis.

At worst, failure to adopt this provision could mean that the railroad companies themselves could call the turn and thus decide which passenger train service shall be retained and which shall be discontinued.

My amendment calls for a thorough and complete study to be made of the passenger train deficit problem. After that study has been made and the report has been submitted to Congress I think there will be ample and adequate time, if in the judgment and wisdom of the Congress it becomes necessary, to adopt the provisions which are contained in present section 4. The committee heard no testimony from either the Interstate Commerce Commission or from any State commission that this authority to regulate passenger service should be shifted.

The State utility commissions thus far have been very generous in their action on applications and petitions to discontinue passenger service. Mr. Chairman, during the 6 years 1951 through 1956 there were 1,471 applications submitted for discontinuance of passenger-train service. Of that 1,471, 1,274 were approved as applied for; 197 were denied by the local State commissions. Of those 197, 125 were in only 6 States. Of those 125, 45 were in the State of New York alone in only 1 year. So in the remaining 42 States, during a 6-year period on 72 applications for discontinuance of passenger service were denied by State commissions.

This amendment of mine calls for a complete and adequate study and report to be made by the Interstate Commerce Commission in cooperation with the various State utilities commissions, that report to be submitted with such recommendations as may be necessary and appropriate by June 30, 1959, only 1 year from Monday next.

Mr. Chairman, with all of the good points which are contained in this committee bill and the amendments which have been developed by a period of long study and action by this committee, I believe that the public interest, the interest of the railroads themselves, will be better served by deferring for a period of 1 year this transfer of authority during which this proposed study could be made. The States have held this authority throughout the 71-year history of the Interstate Commerce Act of 1887. It should not be changed now in this respect.

The chairman of our committee has stated, and I know he did so in complete sincerity, that the Federal Government and the Congress yielded this authority to the States. With complete sincerity I disagree, in that it is my belief this is an inherent right of the States which the States have because the Congress had not heretofore deemed it to be necessary or appropriate to usurp the authority which rests with the State commissions.

I urge the adoption of this amendment.

Mr. OSMERS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I would like to ask the gentleman from Georgia a question about his amendment. Does this amendment remove all of the new section 13a with the exception of paragraph (3) which provides that the Interstate Commerce Commission in cooperation with the State utilities commission shall make a study and report their recommendations to Congress not later than June 30, 1959?

Mr. FLYNT. The answer is "Yes."

Mr. OSMERS. Mr. Chairman, this amendment strikes out of the bill all of the language which increases the authority of the ICC to terminate passenger facilities, particularly facilities used

in interstate commerce. It leaves in the bill a very necessary provision which directs the Interstate Commerce Commission to study the problem of passenger train deficits in cooperation with the State utilities commissions. In the amendment, the ICC is directed to submit its report to Congress with recommendations not later than June 30, 1959. Such a study and report would be of immense help to Congress in preparing sound legislation dealing with the knotty problem of passenger traffic deficits. Congress has never really had a comprehensive report on the subject. The States of New York and New Jersey are jointly exerting great efforts to solve this problem.

Nearly a million dollars was spent by the Metropolitan Rapid Transit Commission to prepare a plan for solving the problem of New York-New Jersey commuter service. The State of New York has voted to create a permanent bi-State commission and the New Jersey Legislature is considering doing likewise. The House should realize that the impact of this section of the bill will fall heavily on a relatively small geographical area in the New York metropolitan area. The destruction of economic values through the hasty elimination of commuter rail service permitted under this bill in the northeastern New Jersey area will be staggering. Thousands of families have built their lives and their homes on the assumption that the railroads will continue to serve the public. The solution to the commuter problem is of course, a public responsibility and not solely a railroad problem but I am pleading for the adoption of this amendment in order to gain time for the completion of the necessary plans to protect the innocent public.

Mr. ALLEN of Illinois. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, when I spoke on the rule earlier today I mentioned something about crippling amendments and that I hoped we would not adopt any amendments except those which the Committee on Interstate and Foreign Commerce offered.

I have the greatest of affection for the gentleman from Georgia. He is one of the most able and conscientious men in the House. We all agree on that. At the same time, may I ask the gentleman, did he offer this amendment in the Committee on Interstate and Foreign Commerce?

Mr. FLYNT. That is correct. This amendment was offered by me first to the Subcommittee on Transportation and Communications. In subcommittee it failed of adoption by a small margin. It was then submitted to the full Committee on Interstate and Foreign Commerce and it is my recollection that in the full committee the vote on rejection of the amendment was 11 to 8.

I would like to say, if I may, to the gentleman from Illinois that my amendment is by no means considered by me, and so far as I know by any other person, as a crippling amendment. I would like to say to the distinguished gentleman that it is my opinion and sincere belief that this amendment will strengthen the bill in that it will give us a spread of 1 short year in which the Interstate Commerce Commission, in cooperation with the State utility commissions, can make a joint study of this problem which I feel needs to be made. During the hearings on this bill we heard no testimony, to my recollection, from the Interstate Commerce Commission that they considered section 4 necessary or desirable or that they advocated its inclusion in the bill. On the contrary, we heard a spokesman for the National Association of Railroad and Utility Commissions state that the utility and public service commissions throughout the United States are unanimous in opposing section 4 and in support of the amendment.

Mr. ALLEN of Illinois. In conclusion, may I say, Mr. Chairman, as much as I respect the gentleman, I do not think here in the closing minutes of debate in winding up this bill that we should become involved in something that the committee itself turned down once, and I hope that the gentleman's amendment is defeated.

Mr. HARRIS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. WHITTEN].

Mr. WHITTEN. Mr. Chairman, the amount of time allocated to each of us is indicative of the speed with which we are moving in this field, which, in my judgment, in view of section 4, would change the historical pattern of railroad transportation in this country. We have always recognized the public interest in the service to be rendered by transportation companies. In recent years we have provided millions and millions of dollars for feeder airlines on the basis that there was a public interest in giving area coverage or service to the people. If section 4 stays in the bill, it means that all of the service in practically each of your districts is left entirely up to the Interstate Commerce Commission in Washington, because the State utility commissions no longer will have any say-so as to the service or rail lines operating interstate. Most of the service comes from railroads which are interstate. It is only infrequently in the average section of this country that you have a railroad line or railroad company that operates solely intrastate, and section 4 says that, notwithstanding any order by any State regulating body, or any State constitution or law, the Federal agency can restrict the stopping of any service on any interstate line in any State, and further offers no guide rule to restrain the Interstate Commerce Commission in any way.

Mr. Chairman, I had expected to support this bill, but unless section 4 is removed or modified I do not see how I can support this measure.

I hope this amendment will be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. YOUNGER].

Mr. YOUNGER. Mr. Chairman, I just want to make one statement. I listened to all of the testimony that was presented. I think I attended every meeting of the subcommittee, and I want to say to you and say to you sincerely that unless this section of the bill is passed to correct the evils that now exist, we will not accomplish anything for the railroads. The reason why the railroads are before us today is the evil in the existing act which we are trying to correct with section 4. I sincerely hope you sustain the committee and leave section 4 in the bill.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama [Mr. ROBERTS].

Mr. ROBERTS. Mr. Chairman, I join my colleague from Georgia in supporting his amendment. I acted as chairman at most of the hearings on this bill. I would not support a proposition that I thought would deny needed relief to the railroads. I believe if we take the amendment of the gentleman from Georgia we will be in a position to work out some kind of a compromise whereby States rights will be protected and whereby commissions that have admittedly done a good job, will be encouraged to continue to do a good job; and also, whereby we can remedy some of the criticisms that have been leveled at some of the commissions that have refused to give railroads needed relief on proper petition.

Mr. Chairman, I think undoubtedly if this amendment is not agreed to, when people in some locality want to protest, they are going to have to come all the way to Washington instead of going to their State capital. I think undoubtedly unless the gentleman's amendment is agreed to we are going to have that condition.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. BEAMER].

Mr. BEAMER. Mr. Chairman, I think all of us recognize that the gentleman from Georgia has offered an amendment in all sincerity. However, I believe the action of the House today on the amendment offered by the chairman of our committee has satisfied those people who may have objected to that particular portion of the bill to which our colleague from Georgia has objected.

First of all, there was an objection on the part of some of the railroad brotherhoods. I have been informed very definitely that they approve the legislation as it is now without the amendment of the gentleman from Georgia. I know that some of the public service commissions of various States also had objected because they thought this would take away some of their rights. Speaking only for my State, I have been in constant touch with the chairman of our public service commission in Indiana. He has read the legislation and says that he likes the House bill as it is written and is very much in agreement with it.

Mr. Chairman, for those two reasons I think we have answered the objections that probably the gentleman from Georgia was concerned about. I hope the amendment will not prevail.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. O'NEILL].

Mr. O'NEILL. Mr. Chairman, I hope the amendment will not be adopted. Coming from New England where we have 2 of our major roads in serious trouble—as to one of them, it is doubtful whether or not they can last the year—the adoption of the Flynt amendment will destroy the very core and heart of this bill, and you may well discount the effect of this bill. If the amendment is adopted, you will actually give the railroads no relief whatsoever.

Mr. Chairman, reading from the report:

> Under the act, the Interstate Commerce Commission has jurisdiction over the complete abandonment of a line of track. The discontinuance or change of schedules of trains (without complete abandoning of the line of track over which they operate), however, is subject to the jurisdiction of the interested States. Such local regulation of what has come to be a national problem has hampered the railroads from making some changes in their passenger train operations in line with changes in patronage, and has contributed greatly to the passenger deficit. Witnesses have not suggested that all State commissions have taken obstructive attitudes, but only that it has proved impossible to secure necessary relief in some States. * * *
>
> Because of this delay in authorizing, or absolute refusal to authorize, discontinuance of little-used services, it is proposed to add a new section 13a to the act.

That is the reason why we have this amendment in the bill today. I think if you are really going to do something for the railroads, you should vote against the amendment that has been offered, even though it has been offered in good faith. The great problem that they have is that they have not received enough cooperation from the public utility commissions in the various States.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. COAD].

Mr. COAD. Mr. Chairman, I ask unanimous consent to extend my remarks at that point in the RECORD prior to the adoption of the Harris amendment on page 9, line 15.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. HARRIS] to conclude debate.

Mr. HARRIS. Mr. Chairman, I have tried to the best of my ability to explain clearly the provisions of this amendment. I appreciate the sincerity of the gentleman from Georgia, but in my humble judgment this would be a most crippling amendment.

Mr. Chairman, the shippers of this country are making up a deficit every year of over $700 million in losses in passenger service. There are certain areas in this country that are responsible, only limited areas, and we are trying to get at that particular problem and nothing else. I ask that the amendment be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. FLYNT].

The question was taken; and on a division (demanded by Mr. FLYNT) there were—ayes 30, noes 118.

So the amendment was rejected.

Mr. ALGER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. ALGER: On page 1, line 7, strike out section 2.

Mr. ALGER. Mr. Chairman, I shall briefly recapitulate the material presented earlier concerning why I am opposed to section 2, and ask to strike it from the bill.

First of all, this Government guaranty of loans is a precedent, and, I hold, a bad one. Remember, this is the first time for Government loan guaranty for railroads. Here we go again on an emergency program.

Further, it is only for five carriers, we are told, yet this section covers all the railroads. From all railroads, why not go to all carriers?

This is called temporary, yet they are 15-year loans. Is that temporary?

There is no upper limit to the amount the Government can guarantee. Is not this loose language?

The retroactive date is January 1, 1957, not the effective date or the enactment date of this bill. Why?

There will be more governmental control of railroads, not less. Think about the redtape involved, since the Interstate Commerce Commission must do its job of safeguarding Government credit properly.

Other relief is needed to help these railroads, such as in tax matters, the elimination of the excise taxes. The railroads ought to help themselves. To recapitulate what I said earlier, when you total up the $241 million time paid for by the railroads but not worked, plus the $150 million for mileage that was shown to be run that was not run, plus nearly a possible $50 million of savings on injuries, you have almost a half billion dollars of savings possible if the railroads will help us to help them. Featherbedding is part of that. Why guarantee it with Government credit?

State help is needed, as many of you know. The States should play their part in reducing taxes and making more equitable other provisions so that the tickets and freight rates can be a little less. I say this is a good bill and that there is relief given in the other 5 sections of the bill without section 2. Therefore, I suggest we strike section 2 from the bill.

Mr. Chairman, as a member of the Committee on Interstate and Foreign Commerce, I voted to report this bill, but I have misgivings about the wisdom of enacting section 2 of the bill which provides for federally guaranteed loans to the railroads. Surely, if we authorize Federal guaranty of loans to the railroad industry now we cannot logically deny this relief, assuming the need arises, to other common carriers, whether they be trucks, buses, water carriers, oil or gas pipelines, freight forwarders, sleeping-car companies, railway express, scheduled airlines, telephone and telegraph companies, et cetera.

The need for providing guaranteed loans was shown to exist for only a few railroads, particularly in the New England region. Perhaps an equally acute need for such loans can be shown for certain individual truck or bus lines, water carriers, freight forwarders, or pipelines. I fear that if this legislation is enacted it won't be very long before we are asked to guarantee the loans of other common carriers.

My concern is that once we start this program of guaranteed loans, the carriers, even Members of Congress, might be lulled into a feeling of complacency and paternalism rather than to give attention to rooting out the basic ills of the industry, which have occasioned the need for this financial help. The financial guaranty is allegedly temporary. How temporary is 15 years, the length of these loans?

I am not convinced that the railroad industry has done all it should to help itself before coming to the Federal Government asking for help in the form of guaranteed loans. What have they done to reduce unnecessary expenses and featherbedding? I was very much surprised to find in wage statistics published by the Interstate Commerce Commission that for the calendar year 1957 class I railroads paid approximately $241 million compensation for time not worked. This amount does not include the time paid for but not worked of train and engine crews. I realize that some of this time paid for but not worked includes vacation allowances, but it far from includes all so-called featherbedding, the exact amount of which I was unable to determine.

Train and engine crews still operated under working rules established during the horse-and-buggy days when a 100-mile run in freight service constituted a day's work. Statistics published by the Interstate Commerce Commission show that class I railroads paid during 1957 for 428 million miles which were not run. This constitutes over 9 percent of the mileage actually run, which would correspond roughly to $150 million during the year.

Does it not follow that the railroads should insist upon changes in working agreements with the employee representatives toward the end that this featherbedding be eliminated? I believe that it is in the best interest of the railway labor organizations to cooperate with the carriers in establishing fair and equitable working agreements which are geared to a more realistic appraisal of the relative status of the railroad industry as a common carrier. Railroad employees themselves should recognize the fact that their wages must be paid out of revenues and that the more the railroads are saddled with unnecessary and burdensome expenses the higher the rates on freight and passengers will be.

I suspect that the railroads to some extent have already priced themselves out of the market. That is why they are losing traffic, relatively speaking. And a loss of traffic inevitably means a loss of jobs for railroad employees. I understand that the number of employees in the railroad industry is now less than

825,000, which is the lowest level of employment ever recorded for this industry.

Next, class I railroads pay over $100 million a year for injuries to persons, about 80 to 90 percent of it being paid for injuries to employees. Some carriers have excellent safety records. Other carriers have poor safety records. If a concerted drive were made to improve the safety on all carriers probably up to $50 million a year could be saved.

In addition, the railroad industry can assist itself by eliminating as much as possible the duplication of services and facilities. It should consolidate terminals wherever possible. I understand that many millions of dollars can be saved by such consolidations. The industry should become more aggressive in soliciting traffic. These are but several of the efforts railroads can make to help themselves, before Government guaranteed loans are asked.

The very provisions of this bill obviate the need for guaranteed loans. The rule of ratemaking has been liberalized. The railroads are given authority over the discontinuance of unprofitable interstate services of any train or ferry unless the ICC orders otherwise. The agricultural commodities exemption has been frozen so that there will no longer be a whittling away of regulated categories of traffic to the exempt status. The definition of private carriage by motor vehicle has been tightened so as to eliminate pseudoprivate carriage. These provisions should correct some of the basic troubles which have weakened the railroads financially.

Further, there are other Federal Government measures that will help legislation Congress should initiate. The wartime excise taxes on freight and passenger transportation can be repealed. Depreciation allowances can be liberalized. These Congressional actions would greatly help the railroads.

It would seem to me that the States have equal responsibility with the Federal Government in seeing to it that the common carrier system is maintained in a healthy condition. State laws which hamper the railroads or trucks from conducting economical and efficient service are a detriment to the carriers and the public generally. They unnecessarily increase the expenses of the carriers and ultimately result in increased rates and fares, which the public must pay.

This bill offers relief without section 2. When added to the provisions of this bill are, first, more economic and efficient operation by the railroads; second, the additional Federal corrective legislation herein mentioned, such as excise tax repeal; and, third, State tax and service readjustment, the conclusion may well be that Government-guaranteed loans are premature and a most dangerous precedent in the name of helping the railroads. By establishing through public credit the Government-guaranteed loan before taking the other corrective action, we may perpetuate the very mistakes that now need correction.

Mr. SPRINGER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have talked to the gentleman from Texas on several occasions. I know how he feels about this particular section, and I know that what he has said is in line with his philosophy generally about government, and I think all of us respect him for it.

Mr. Chairman, the committee gave very serious consideration to this section. May I say the committee reluctantly arrived at the decision that this was absolutely necessary, if it were to do anything for the railroads which badly needed this type of help. The other five sections, I think, are to help all railroads, to help not only those in bad financial condition, but for the purpose of improving the railroads generally.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. HARRIS. I am sure the gentleman means to say the other provisions of this bill are to help all common carriers.

Mr. SPRINGER. That is true. I stand corrected, Mr. Chairman. It is to help all common carriers. But this particular section which has to do with the guaranteeing-of-loans provision is to help those particular railroads that are in bad financial condition and cannot borrow money otherwise. We had at least two railroad presidents who testified that their situation was immediate, urgent, and, if anything had to be done, it had to be done before the end of this session of the Congress. For that reason the committee came to the conclusion that this section was absolutely necessary if we are to preserve those railroads which need financial help immediately. I think this section of the bill is good and it is badly needed by these railroads that are in bad financial condition, and I urge that my colleagues will vote down this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. ALGER].

The amendment was rejected.

Mr. DINGELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL: On page 4, after line 17, insert a new subsection as follows:

"( ) For more than 90 percent of the unpaid principal and interest of any loan."

Mr. DINGELL. Mr. Chairman, there is no testimony in the record and there is no information that the committee had which in any way gave us any understanding or knowledge of what liability the Federal Government was assuming under this particular loan guaranty section. The Senate bill originally had language which provided for an upper limitation of $750 million on the liability of the Federal Government. As most of the members of the committee know, the original bill also had a provision for an upward limit of the Federal Government's liability under this bill of 90 percent of the amount of the loan, again in the interest of the taxpayers. Now, to go a step further, this will take in, without any safeguards in the bill that I can see at all, a tremendous number of loans and obligations which the railroads are going to incur with no opportunity for statutory supervision by the Congress. The only thing that we will get is that we are going to be placing the Federal Treasury and the Federal taxpayers at the mercy of the Interstate Commerce Commission and at the mercy of the railroads and the lending institutions. The reason behind this amendment is simple. First of all, I seek by this amendment to place a definite responsibility on the loaning institutions to make sure that the loans which they make under this bill and which will be guaranteed by the Federal Government will be sound and safe. If you do not include this amendment in the bill, the danger is this, that a railroad can go out and make loans of almost any sort with the blind reliance of both the railroad and of the lending agency on the credit of the Federal Government.

I am going to make this statement, and I defy anyone to challenge it: This is not a guaranty section. It is a surety section. It is denominated as a "guaranty," but the lawyers among us will say that this is a surety. The Federal Government puts itself in the position of one who is a principal, obligated to the lender of the money, and we assume obligation for the payment of the money. All a lending institution has to do is to say, "We are going to hold the Government responsible."

If you impose on a loaning institution the responsibility of taking only 10 percent of the loan, you will make sure that those loans are made safe and secure in the best interests of the taxpayers that you and I represent. No other Federal guaranty of this nature has been in the amount of 100 percent. The only Federal guaranties of a greater amount have been those in the type of insurance loans.

I now yield to the gentleman from West Virginia [Mr. NEAL].

Mr. NEAL. Mr. Chairman, I associate myself with the gentleman, and it is well for us to consider the responsibility of the Federal Government. If agencies lending money are not willing to assume a 10-percent risk, it seems to me foolhardy for the United States Government to pick up the tab.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. DINGELL] has expired.

Mr. MACK of Illinois. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, it is not my intention to take the full time. I offered a similar amendment in the Committee on Interstate and Foreign Commerce. I believe it lost by one vote. I do believe this is a good amendment. The only precedent we have had as far as these loans are concerned was in the last Congress for local-service air carriers, in which we limited those loans to 90 percent. I believe this is a good amendment, and I would like to see it adopted. I want to congratulate the chairman of our committee and the members of the subcommittee on the very outstanding job they have done in preparing this legislation.

Mr. HARRIS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 2 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HARRIS. Mr. Chairman, I sincerely hope that this amendment does not prevail. We put such a limitation on the small airline guaranteed loans bill and we find that the 10-percent provision which the carriers themselves had to make up was such a requirement that they could not meet it, and therefore they have not been able to get the full benefit of the loan provision which we provided for them. If you put this kind of restriction or limitation on the legislation, it may well be that the railroad which needs it most, and for whom this provision is provided, cannot take advantage of it and maintain the service, because it cannot supply the other 10 percent to go along with it.

I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. DINGELL].

The question was taken, and on a division (demanded by Mr. DINGELL) there were—ayes 10, noes 95.

So the amendment was rejected.

Mr. DINGELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL: On page 4, after line 17, insert a new section as follows:

"Unless the Commission is of the opinion that the prospective earning power of the applicant carrier, together with the character and value of the security pledged, if any, furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States."

Mr. DINGELL. Mr. Chairman, again I want to say I am sorry to take so much time on Friday afternoon when we are all anxious to get home, but I want to say to my colleagues this: This is one of the largest responsibilities that the Federal Government is going to take on of an economic nature this year aside from foreign aid. I think, therefore, it is high time you took a look at this from the standpoint of seeing that your taxpayers and my taxpayers are protected in the matter of taking on great responsibilities in which they have no say, and of a nature which is inherently hazardous and which will result in the Federal Government's assuming tremendous obligations, as all of us are aware.

The language of this amendment I took from the bill offered by Senator SMATHERS of Florida. As everyone in this Chamber knows, Senator SMATHERS has worked long and hard to get a bill through the Senate, and Senator SMATHERS was particularly careful to see to it that it was in the print of the bill which I have, S. 3778.

This is the language: It guarantees that no loan will be guaranteed by the Interstate Commerce Commission unless the Commission is of the opinion that several things are true: First, that the prospective earning power of the applicant carrier together with the character and the value of the security pledged, if any, furnish reasonable assurance of the applicant's ability to repay the loan within a reasonable time; that is, within the time fixed therefor.

The second thing it guarantees is that the United States is protected.

This is just good, sound, sensible business practice. I have been told by colleagues on the committee that the Interstate Commerce Commission is going to do exactly this anyway. If they are going to do it anyway, there is no objection then, to seeing to it that this is done by legislative fiat, and we expect them to do it. Let us put it in the bill that we expect them to do it.

Let us look at this a little further. Two and six-tenths billion dollars is the amount of the debt of the railroads of this country today. There are a number of them that are in bad financial shape. Those that are in bad financial shape are the ones who would take advantage of this. Thus the danger is multiplied as to the liability of your taxpayers and mine. In addition to that, the amount of liability which we can assume is practically unlimited. Senator SMATHERS seemed to feel that $750 million was not an unreasonable liability to expect the Federal Government to assume under this particular section.

I think the only thing we can do in the interest of protecting our people is to see to it that this language is in the bill. Once this gets to the Senate, frankly, they will insist on having this feature as part of the bill when the matter goes to conference. This matter is certainly going to conference. This language will hurt no one. It will only guarantee that your taxpayers and your constituents, my taxpayers and my constituents, are fully protected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. DINGELL].

The amendment was rejected.

Mr. DINGELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL: On page 4, after line 17, insert a new subsection as follows:

"Unless the Commission is of the opinion that the applicant carrier is not in need of reorganization of its capital structure."

Mr. DINGELL. Mr. Chairman, I notice now that the House has turned down two amendments to protect the taxpayers of this country. I have no doubt but what the House will turn this one down. But I want you to know what you are voting against when you vote against my amendment. If and when we find that the taxpayers and the people of this country have assumed a tremendous liability, I do not want anybody in the House of Representatives to come up to me and say: "John, I did not know what was going to happen," because I will tell you "I told you so."

This is the weakest amendment of the three. This amendment sorts the sheep from the goats. This amendment will guarantee only one thing, that we will not be lending money or will not be guaranteeing loans of money to carriers whose capital structure is in need of reorganization.

What does that mean? Lets see what it is in the language of a layman. We are not going to be guaranteeing any loans to bankrupt railroads. This sorts the railroads which are able to make ends meet and able to operate out from the others in the industry. We are not going to buy any dead horses. If you are in favor of buying dead horses for your taxpayers and mine you go ahead and vote against the amendment. I intend to vote for this amendment.

Very frankly, I aim to be around to remind my colleagues in a few years "I told you so" because you are assuming 15 years responsibility for loans which were made since the first of January 1957. There is no legislative expression in this bill whatsoever setting up any intelligent standards for any safety in the assumption of the risk which we are going to assume. It is very liable to be a very big one and you and I here as Members of Congress, as representatives of our people back home, are very liable to be pretty sore if you do not at least take this minimum amendment.

Mr. HARRIS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Michigan [Mr. DINGELL].

Mr. Chairman, I appreciate the sincerity of the gentleman from Michigan in offering this amendment, as well as the others which he has offered, but it is another one of these crippling amendments and I ask that the amendment be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. DINGELL].

The question was taken; and on a division (demanded by Mr. DINGELL) there were—ayes 10, noes 99.

So the amendment was rejected.

Mr. MILLER of Maryland. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER of Maryland: On page 12, line 1, strike out all of line 1.

Mr. MILLER of Maryland. Mr. Chairman, I can assure my fellow members on the committee that I fully realize the lateness of the hour, and I suppose no one here is more eager to get away from the Hill at this time than I am. But, I would appreciate it very much if you would listen to me very briefly, because this amendment that I have been trying to get to the floor most of the afternoon is not going to wreck anybody as far as the transportation world is concerned, but it might well wreck some of your constituents and undoubtedly might wreck some of mine. And, I do not believe it is a crippling amendment, as was referred to by the gentleman from Illinois and others.

In a word, it involves the retention at the present time of the exemption that is given to frozen fruits and vegetables as an agricultural commodity and does not in this legislation alter the situation that has historically developed. When this legislation was first considered by the various committees of the other body and of this House there was an effort to take all frozen foods out of the agricultural exemption category, and studies were made with respect to poultry, with respect to seafood, and also even just the last few minutes wool was included in this new legislation that will

affect so drastically the people in the small areas. Now, if this language is retained in the bill, it will have the effect of crippling a lot of the small food processors that are in areas where they are not served by railroads or where the railroad travel is not adequate to carry the small quantities they have. If this remains in the bill, the farmers who are dependent on those food processers for their outlet, for their asparagus, their beans, or their corn, or their strawberries, or whatever it may be, will be seriously damaged. This language is claimed to be very detrimental by all of the small producers I have had contact with, and why in legislation of this magnitude, in order to help somebody without helping them very much, should we cripple an important part of our agricultural setup? Now, can anybody tell me what the difference is? Why should there be an exemption for frozen poultry, which I fully approve of, which is badly needed, and the Department of Agriculture so indicated, but what is the difference between frozen poultry or frozen seafood and frozen berries and frozen vegetables? The Department of Agriculture is making a full study of this matter. The data has been brought in, but it has not been evaluated. Within the next 30 days I anticipate they will make some report about frozen vegetables and frozen fruits, the same as they have made about frozen fish and frozen poultry.

I sincerely ask you not to legislate in this big measure something that is rather trivial as far as this act is concerned but might be very far reaching as far as an important segment of our agricultural and food processing world is concerned.

Mr. Chairman, I hope you will support my amendment.

Mr. HARRIS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments to the bill close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HARRIS. Mr. Chairman, the committee has considered this problem that the amendment refers to. I think we recognize it is a rather important matter. It is one that we have undertaken to resolve in a way that would be in the best interests of the industry involved as well as of the transportation system and the people of this country. I feel that the consideration that has been given to this problem by this committee impels me to ask the House to disapprove the amendment offered by the gentleman from Maryland, and I ask for a vote.

Mr. GRIFFIN. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Maryland [Mr. MILLER]. I would like to caution many of the Members of the House who come from agricultural areas and who have in their Districts small plants engaged in the processing of fruits and vegetables, that they may not realize how seriously this bill affects agricultural marketing and their constituents.

As the gentleman from Maryland [Mr. MILLER] has said, there has been an exemption provided under the Motor Carrier Act for agricultural commodities. This bill will take that exemption away to the extent that it applies to frozen fruits, berries and vegetables.

I should like respectfully to ask the Chairman of the committee if he can possibly explain why the exemption for frozen poultry and frozen fish should be retained in the bill—while the same bill takes away the exemption for frozen fruits and vegetables. I should like to call the attention of the committee to the fact that the Department of Agriculture is violently opposed to this change in the law proposed in this bill, and that a study is now being made by the Department of Agriculture on this very subject. It would seem that we should at least wait until that study is completed.

Mr. Chairman, I respectfully urge the committee to adopt the amendment and thereby retain the exemption. I would ask the Chairman to reply to my inquiries, if he will.

Mr. HARRIS. Mr. Chairman, to answer the gentleman's question, it was necessary to solve this problem some way. The only way we could do it would be to take what the Interstate Commerce Commission had determined should be the exemption and chop it off right there, with the exception of the amendments that have been adopted here. That is precisely the reason; because there are so many of these things, it had gone so far beyond what was ever intended by the Congress, we had to use some kind of formula, and this was the formula that was used.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland [Mr. MILLER].

The question was taken; and on a division (demanded by Mr. MILLER of Maryland) there were ayes 56, noes 102.

So the amendment was rejected.

Mr. GUBSER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GUBSER: On page 12, line 1, strike out line 1 and insert "frozen fruits in carload lots, frozen berries in carload lots, frozen vegetables in carload lots."

Mr. GUBSER. Mr. Chairman, I do not relish the position I am placed in this afternoon but I am paid $22,500 a year to represent the Tenth District of California. The frozen food industry, one of the largest industries in that District, will not consider the fact that it is Friday afternoon and excuse me for not trying to right what will be a grievous wrong.

This is not a crippling amendment; in fact, all it does is help a crippled industry to get on its feet. The railroads are not at all interested in refrigerated shipments in less than carload lots, so it will not hurt the railroads.

All this does is restore the existing exemption for frozen fruits, berries, and vegetables in less than carload lots. It does not do anything about carload lots. Would you like it if you were in business and had your capital invested in a frozen food plant, and day after day to your desk there came orders from west of Chicago—I am speaking of California now—for less than carload lots and you had to turn those orders down because you had no means of shipping them?

Let me tell you that when the exemption was not in existence I appealed to the Interstate Commerce Commission repeatedly, applications were made repeatedly, and not one single franchise was offered for less than carload lots; and the frozen food shippers in the Tenth District of California can still not accept those orders.

If you do not adopt this amendment, I maintain that the attitude of the Interstate Commerce Commission will remain the same. There will be no new franchises for less than carload shipments, and we will continue to turn down this business which is so very much needed by a very sick industry at this time.

I would appreciate your "aye" vote, because it will not hurt the railroads.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. HARRIS] to close debate.

Mr. HARRIS. Mr. Chairman, as the Chairman has just said, we are closing debate on this important legislation. May I take this occasion to thank the members of this committee, particularly the members of our Committee on Interstate and Foreign Commerce, who have given so much of their time and effort. I also thank my distinguished colleagues for the fine compliment they have paid me this afternoon, which I doubt very seriously I deserve.

The gentleman has offered an amendment along the same lines as the one we just voted down, but the amendment offered here has to do with certain types of frozen foods. Why, after this type of product has gone through processing, is it entitled to consideration that other processed foods and commodities are not entitled to?

The gentleman says that transportation facilities will be cut off if his amendment does not pass. That is not so. The bill provides for grandfather rights so those common or contract carriers by motor vehicle which are now engaged in the transportation of these commodities. They will be permitted to continue the service they are now performing. Therefore, this industry would not be hindered or hampered in any way.

I ask this Committee to consider all these problems and to try to meet them for the best interests of the American people who are to be served thereby, and to try to improve our transportation system.

Mr. Chairman, I ask that this amendment be voted down, too.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. GUBSER].

The amendment was rejected.

Mr. ADAIR. Mr. Chairman, it is essential that a strong railway system

be maintained in this country. We have discovered that it is necessary in time of peace and vitally essential in time of war. For too long now, our regulation of the railroads has not kept pace with developments of a rapidly changing world. Therefore, it is desirable to support this legislation.

Provided with proper legislative authority, the railways can then proceed to work out their own salvation. I think the legislation here under consideration gives the necessary authority and incentive to this important segment of our economy.

Many people are concerned with the well-being of our railroads. Of course, everyone in this country is indirectly; more directly involved are employees, management, stockholders, suppliers and users of these lines. Their interest and well-being must and are being considered.

While this legislation is not the whole answer to the solution of the railroads' plight, it is a long step in the right direction and I think should be supported.

Mr. BREEDING. Mr. Chairman, I should like to register my approval of the bill H. R. 12832, which would amend the Interstate Commerce Act in order to strengthen and improve our Nation's common carrier surface transportation system so that it may better fulfill its role in meeting the transportation needs of the Nation's expanding economy and the requirements of national defense.

The measure is designed to aid the country's surface transportation network. I hope it will work out to the satisfaction of all concerned with aid for our transportation system.

Mr. Chairman, I believe that most carriers are in favor of the measure and have ironed out any existing differences. I support its passage.

Mr. AVERY. Mr. Speaker, I wish to again voice my support of the repeal of the 3 percent Federal excise tax on freight transportation.

It is common knowledge that one of the most vital of our industries, the railroads, is faced with a serious economic crisis. The plight of the railroads is of importance to the welfare of our Nation's business. It is obvious the repeal of this wartime excise tax will help to give the railroads an opportunity to eliminate their financial problems.

In addition, the other common carriers can improve their business activities by the removal of the tax.

This tax tends to weaken our national defense establishment since our transportation system is the backbone of our country's defense.

It represents a pyramiding tax burden upon the taxpayer. Its elimination will serve as a stimulant to the general economy. All segments of business are affected by commerce.

To repeal this wartime excise tax will be of vital importance to the farmers of Kansas and the movement of their commodities to market.

I believe that elimination of this burden on freight transportation will in the end result be of benefit to the taxpayer. The loss of revenue is minor compared to the potential increase in economic activity resulting in better job security and in improved employment opportunities for the entire transportation industry.

Mr. KEATING. Mr. Chairman, I rise in support of this rule and in support of the legislation embodied in H. R. 12832. It is essential that we take many of the steps made possible by this measure in order to alleviate the plight of our railroads.

No single asset of our Nation is more vital to our security and the future prosperity of the United States than our railroads. We have the largest system in the world, but unless action is taken soon, it may deteriorate under our very eyes.

There should be no question about the need for aiding our railroads at this time. On every side there are manifestations of the slow but sure destruction of this vital means of transportation. It has been brought home forcefully to me by presentations by numerous groups in my District and in my State.

The measure reported by the committee is a studied program evolved after several years of investigation. I agree with some of my colleagues in their misgivings about certain specific provisions of this measure, but I am convinced that its overall objectives are sound. And I feel the need is so pressing that it should be enacted into law.

At a time when we must bend every effort to maintain our economy and our defenses on a high and even keel, it would be foolhardy to ignore the problems of the railways. If we remain mute, we may shortly be in the position of not only cutting the lifeblood of the railways, but in the long run of strangling our economy and ourselves.

It is absolutely essential that the railroads keep running. This bill represents a reasonably sound way to accomplish that. It deserves our approval.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. DAVIS of Tennessee, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H. R. 12832) to amend the Interstate Commerce Act so as to strengthen and improve the national transportation system, and for other purposes, pursuant to House Resolution 608, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The question is on the amendments.

The amendments were agreed to.

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

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. O'HARA of Minnesota. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 348, nays 2, not voting 80, as follows:

[Roll No. 111]

YEAS—348

Abernethy	Derounian	Kilburn
Adair	Devereux	Kilday
Addonizio	Diggs	Kilgore
Albert	Dingell	King
Alexander	Dixon	Kirwan
Alger	Dollinger	Kitchin
Allen, Calif.	Donohue	Knox
Allen, Ill.	Dooley	Knutson
Andersen, H. Carl	Dorn, N. Y.	Krueger
	Dorn, S. C.	Lafore
Andrews	Dowdy	Laird
Arends	Doyle	Landrum
Ashley	Durham	Lane
Ashmore	Dwyer	Lankford
Auchincloss	Elliott	LeCompte
Avery	Everett	Lennon
Ayres	Evins	Lesinski
Bailey	Fallon	Libonati
Baker	Farbstein	Lipscomb
Baldwin	Fascell	McCormack
Baring	Feighan	McCulloch
Barrett	Fenton	McDonough
Bates	Fisher	McFall
Baumhart	Flynt	McGovern
Beamer	Fogarty	McGregor
Beckworth	Forand	McIntosh
Belcher	Ford	McMillan
Bennett, Fla.	Forrester	McVey
Bennett, Mich.	Fountain	Macdonald
Berry	Frazier	Machrowicz
Betts	Frelinghuysen	Mack, Ill.
Blatnik	Friedel	Mack, Wash.
Blitch	Fulton	Madden
Boggs	Garmatz	Magnuson
Boland	Gary	Mahon
Bolling	Gathings	Mailliard
Bolton	Gavin	Marshall
Bonner	George	Matthews
Bosch	Granahan	Meader
Bow	Grant	Merrow
Boykin	Gray	Metcalf
Boyle	Green, Oreg.	Michel
Bray	Green, Pa.	Miller, Calif.
Breeding	Griffin	Miller, Md.
Brooks, La.	Griffiths	Mills
Brooks, Tex.	Gross	Minshall
Broomfield	Gubser	Mitchell
Brown, Ga.	Hagen	Morgan
Brown, Mo.	Haley	Morrison
Brown, Ohio	Halleck	Moss
Brownson	Harden	Mumma
Broyhill	Hardy	Murray
Budge	Harris	Natcher
Burleson	Harrison, Nebr.	Neal
Bush	Harrison, Va.	Nicholson
Byrd	Harvey	Nimitz
Byrne, Ill.	Haskell	Nix
Byrne, Pa.	Healey	Norblad
Byrnes, Wis.	Hemphill	O'Brien, Ill.
Canfield	Henderson	O'Brien, N. Y.
Cannon	Herlong	O'Hara, Ill.
Carnahan	Heselton	O'Hara, Minn.
Carrigg	Hess	O'Konski
Cederberg	Hiestand	O'Neill
Chamberlain	Hill	Ostertag
Chelf	Hoeven	Passman
Chenoweth	Hoffman	Patman
Chiperfield	Holland	Patterson
Christopher	Holmes	Pelly
Church	Holt	Perkins
Clark	Holtzman	Pfost
Clevenger	Horan	Philbin
Coad	Hosmer	Pilcher
Coffin	Huddleston	Pillion
Collier	Hull	Poage
Cooley	Hyde	Poff
Corbett	Ikard	Polk
Coudert	Jackson	Porter
Cretella	Jarman	Powell
Cunningham, Iowa	Jennings	Price
	Jensen	Quie
Cunningham, Nebr.	Johansen	Rabaut
	Johnson	Ray
Curtin	Jonas	Reed
Curtis, Mo.	Jones, Ala.	Rees, Kans.
Davis, Tenn.	Jones, Mo.	Reuss
Dawson, Ill.	Judd	Rhodes, Pa.
Dawson, Utah	Karsten	Riley
Delaney	Kearns	Rivers
Dennison	Keating	Roberts
Dent	Kee	Robison, N. Y.
Denton	Kelly, N. Y.	Robsion, Ky.

Rodino	Simpson, Pa.	Vanik
Rogers, Fla.	Sisk	Van Pelt
Rogers, Mass.	Smith, Calif.	Van Zandt
Rogers, Tex.	Smith, Kans.	Vinson
Rooney	Smith, Miss.	Vorys
Rutherford	Smith, Va.	Vursell
Santangelo	Spence	Walter
Saund	Springer	Watts
Saylor	Staggers	Weaver
Schenck	Stauffer	Westland
Scherer	Sullivan	Wharton
Schwengel	Taber	Whitener
Scott, N. C.	Taylor	Widnall
Scott, Pa.	Teague, Tex.	Wier
Scrivner	Teller	Wigglesworth
Scudder	Tewes	Willis
Seeley-Brown	Thomas	Wilson, Ind.
Selden	Thompson, La.	Withrow
Sheehan	Thompson, N. J.	Wolverton
Shelley	Thompson, Tex.	Wright
Sheppard	Thomson, Wyo.	Yates
Sieminski	Tollefson	Young
Sikes	Tuck	Younger
Siler	Ullman	Zablocki
Simpson, Ill.	Utt	Zelenko

NAYS—2

Osmers Whitten

NOT VOTING—80

Abbitt	Gregory	Moulder
Anderson, Mont.	Gwinn	Multer
Anfuso	Hale	Norrell
Aspinall	Hays, Ark.	Preston
Barden	Hays, Ohio	Prouty
Bass, N. H.	Hébert	Radwan
Bass, Tenn.	Hillings	Rains
Becker	Holifield	Reece, Tenn.
Bentley	James	Rhodes, Ariz.
Buckley	Jenkins	Riehlman
Burdick	Kean	Robeson, Va.
Celler	Kearney	Rogers, Colo.
Colmer	Keogh	Roosevelt
Cramer	Kluczynski	Sadlak
Curtis, Mass.	Latham	St. George
Dague	Loser	Shuford
Davis, Ga.	McCarthy	Steed
Dellay	McIntire	Talle
Dies	Martin	Teague, Calif.
Eberharter	Mason	Thornberry
Edmondson	May	Trimble
Engle	Miller, Nebr.	Udall
Fino	Miller, N. Y.	Wainwright
Flood	Montoya	Williams, Miss.
Glenn	Moore	Williams, N. Y.
Gordon	Morano	Wilson, Calif.
	Morris	Winstead

So the bill was passed.

The Clerk announced the following pairs:

Mr. Barden with Mr. Bass of New Hampshire.

Mr. Loser with Mr. Becker.

Mr. McCarthy with Mr. Bentley.

Mr. Keogh with Mr. Glenn.

Mr. Hébert with Mr. Kean.

Mr. Holifield with Mrs. St. George.

Mr. Hays of Arkansas with Mr. Fino.

Mr. Kluczynski with Mr. Moore.

Mr. Hays of Ohio with Mr. Morano.

Mr. Gregory with Mr. Cramer.

Mr. Anderson of Montana with Mr. Prouty.

Mr. Colmer with Mr. Dague.

Mr. Dies with Mr. Wainwright.

Mr. Engle with Mr. Talle.

Mr. Gordon with Mr. Teague of California.

Mr. Norrell with Mr. Miller of Nebraska.

Mr. Steed with Mr. Latham.

Mr. Shuford with Mr. McIntire.

Mr. Bass of Tennessee with Mr. Curtis of Massachusetts.

Mr. Anfuso with Mr. Sadlak.

Mr. Aspinall with Mr. Miller of New York.

Mr. Buckley with Mr. Hale.

Mr. Celler with Mr. Gwinn.

Mr. Davis of Georgia with Mr. Wilson of California.

Mr. Edmondson with Mr. Mason.

Mr. Eberharter with Mr. Kearney.

Mr. Morris with Mr. Hillings.

Mr. Walter with Mr. Rhodes of Arizona.

Mr. Moulder with Mr. James.

Mr. Williams of Mississippi with Mr. Jenkins.

Mr. Thornberry with Mr. May.

Mr. Trimble with Mr. Williams of New York.

Mr. Winstead with Mr. Riehlman.

Mr. Rogers of Colorado with Mr. Reece of Tennessee.

Mr. Roosevelt with Mr. Burdick.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the body of the RECORD prior to the vote on the transportation bill.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 640. Joint resolution making temporary appropriations for the fiscal year 1959, providing for increased pay costs for the fiscal year 1958, and for other purposes.

THE LATE JAMES L. McCONAUGHY, JR.

Mr. MORANO. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. MORANO. Mr. Speaker, I was shocked and saddened this morning to learn of the tragic airplane crash at Westover Air Base in Massachusetts which took the lives of 15 persons, including 6 newsmen.

Among the journalists who died in this accident was one well-known and respected on Capitol Hill and one of whom we in the Connecticut delegation have been especially proud. He is James L. McConaughy, Jr., chief of the Washington bureau for Time and Life magazines.

Jim McConaughy covered the Hill from 1951 to 1957 as Congressional and political reporter for Time. He was a trusted, respected, and highly knowledgable expert, with a boundless number of friends. In September last year, he was promoted to bureau chief, but even with his new responsibilities, he managed to get back to the Hill whenever he could.

Jim McConaughy was the son of a great Governor of Connecticut, the late Dr. James L. McConaughy, who was also a friend and associate of mine. The son conducted himself throughout his all-too-short life in a way that would have made his father proud had he lived on to see Jim's career develop.

Jim McConaughy was born in Brunswick, Maine, August 26, 1915. He was graduated from Deerfield Academy in 1932 and from Wesleyan University in Connecticut—where his father was once president—in 1936. He received an honorary M. A. at Wesleyan in 1956. He was a Phi Beta Kappa. He started his journalism career as a police reporter for the Washington Post in 1937 and 1938, joined Time, Inc., in 1938, and worked as a reporter and writer in New York, Chicago, Ottawa, and Seattle. During the war he served in the Philippines and North China as a captain in the Marine Corps Air Intelligence.

Jim was the father of four fine children. To his bereaved wife and family in particular, and to his universe of friends and associates in general, his untimely death is a tragic loss. I know all of the Members of this body will want to join in expressing the sense of sorrow and loss that we all feel.

Mr. SADLAK. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. SADLAK. Mr. Speaker, I wish to associate myself with the remarks of my distinguished colleague from the Fourth District of Connecticut [Mr. MORANO], and in the grief which has overcome all of us emanating from this morning's report of the 15 persons, including 6 newsmen, who were killed in the Westover Field, Mass., takeoff.

During the years that Jim McConaughy covered Capitol Hill, it also was my pleasure to infrequently chat with him in the Speaker's lobby about the news of the day, but invariably our conversations ended about our families since his father was a well-known figure in Connecticut having been president of Wesleyan University for some 19 years and Governor of Connecticut and known nationally for his heretofore unreported activity in behalf of our Government during World War II.

A week ago Tuesday, I saw Jim's mother and his sister Phoebe at the Republican State Convention and they, as on previous occasions, inevitably got around to talking about Jim's activities in Washington and I always deemed it a genuine pleasure to give assurances of his continued progress and of the admiration that the Members of the House had for his ability, impartiality, and generally being a grand fellow.

The airborne commander of the flight who also perished in the accident was Brig. Gen. Donald W. Saunders, commander of the 57th Air Division, Westover AFB. He was a distinguished military man who graduated from the United States Military Academy in June 1938, and during World War II flew 25 combat missions totaling 350 combat hours in the Pacific theater. He held the Distinguished Flying Cross with 2 Oak Leaf Clusters, the Bronze Star, and the Air Medal with 2 Oak Leaf Clusters. General Saunders was well known as a speaker on the defense of the northeast area and one of his last appearances in this capacity was before the Connecticut Public Expenditures Council's annual meeting on June 12, 1958. His loss and the loss of all his men is a serious blow to our Strategic Air Command,

Eighth Air Force, and I am sure I speak for all of us in extending sympathy to the families of each of the military and to the families of the newspapermen who were accompanying them on what no doubt would have been the composite part of new record-breaking nonstop performances of which the preceding planes can at this very moment boast.

VETERANS—EQUAL CONSIDERATION

Mr. McGREGOR. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. McGREGOR. Mr. Speaker, the Nation's veterans, together with their families, comprise more than 40 percent of the total population of the United States. The 85th Congress has enacted legislation which, taken as a whole, will vitally affect these 22,700,000 living American veterans.

By a vote of 389 to 2, the House passed H. R. 11077 to incorporate the Veterans of World War I. Previous legislation had already incorporated Civil War Veterans' and Spanish-American War Veterans' Organizations, and under this bill, we men who fought in World War I to preserve and defend our country will be able to keep alive our own identity. The friendships that have sprung from a common experience will be strengthened. Of even greater importance, however, is the fact that we will now be represented by an organization exclusively our own in all legislation concerning veterans of 1917 and 1918, their dependents and widows. A national charter will not only bind us together, but will offer a channel through which our problems and needs can be made known and remedied.

Other laws enacted, now in effect, and extending to all veterans, increase the rates of compensation for service connected disabilities with additional compensation granted because of dependents. Among its provisions the general housing act lowers the minimum downpayments required for FHA housing, extends the loan-guaranty program for 2 years, from July 25, 1958, and authorized the Administrator of Veterans' Affairs to set an interest rate not in excess of 4¾ percent. The amount available for each individual direct loan is increased from $10,000 to $13,500.

To date, American veterans have, due to Congressional legislation, received many richly deserved benefits. Approximately $6 million veterans hold GI insurance policies, valued at nearly $44 billion. VA operates 173 hospitals for the care of ill and disabled veterans. On any average day, VA's patient load approached 115,000 with the yearly average running to nearly half-a-million. More than 10 million veterans so far have been trained under the 4 educational programs, 4 times the total enrollments in every college and university in the United States. Through this additional education, veterans have become better prepared to exercise their civic responsibility and have added to our stockpile of trained manpower.

SOCIAL SECURITY NEEDS AN OVERHAULING

Mr. McGREGOR. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. McGREGOR. Mr. Speaker, for many years it has been my belief that the Congress has a solemn responsibility to see that none of our elderly citizens are forced to live out their lives in poverty, hardship or deprivation. Yet a look at the record of our present social-security program clearly reveals that we are not facing up to the needs of millions of our citizens, and that a comprehensive and far-reaching revision of that program is long overdue.

We now have almost 15 million people in the United States aged 65 or over, and our elderly population is increasing over three times as rapidly as the rest of our adult population. There is no question but that the elderly are becoming an ever-increasing percentage of our total population, but the income figures for the group aged 65 and over are absolutely appalling.

Recent figures of the Bureau of Census indicate that the total family income of 15 percent of our multiple-person families, where the head of the house is 65 or over, is less than $1,000; 40 percent of these families are struggling to exist on less than $2,000. Mr. Speaker, how can families of 2 and 3 and more people—many of whom are victims of circumstances completely beyond their control—manage to subsist with any kind of decency at this kind of income level?

And the figures for elderly individuals living alone are even more distressing. Fifty-seven percent of these individuals, age 65 or over, subsist on $1,000 or less; 85 percent on $2,000 or less. As far as I am concerned, this is not a standard of living consistent with the kind of reward we would like to believe America holds out to those who have earned a rest from toil in their later years.

To my way of thinking, there is absolutely no excuse for citizens of this great land to live in misery and poverty, most of which results from illness, constant decreases in purchasing power caused by inflation, and other such circumstances over which our elderly people have little or no control. Justice requires the elimination of this sorry situation. Sound economics likewise demands the raising of these substandard living conditions.

But the challenge to us is more than justice alone, and more than sound economics. We live in a critical moment in history, when our system is being totally challenged on every front. As a great freedom-loving republic, we are championing the cause of democracy as a way of life, and during the course of the next few years, the one-third of the world's people who are as yet uncommitted will make their choice between our democratic way of life and the way of life of the totalitarians. Our fate as a nation will depend in no small measure on the choice they make. We must, therefore, present a crystal-clear picture of a society not only able but willing to face up to the needs of all of our people, and I sincerely hope that actions can be taken, and now, to remedy some of the most pressing problems of our elderly citizens.

OUR FARMERS WANT FREEDOM

Mr. McGREGOR. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. McGREGOR. Mr. Speaker, fortunately for the American farmer, the House of Representatives has defeated the attempt of Democratic New Dealers to force through the passage of a bill which Secretary of Agriculture Ezra Benson himself called a political hodgepodge, and which Charles B. Shuman, president of the American Farm Bureau, branded as a complete monstrosity.

In a statement issued June 23, 1958, Mr. Shuman said that passage of this New Deal-type legislation would set agriculture back 25 years. And I would like to quote a little further from Mr. Shuman's statement, because as the head of the Nation's largest farm group I know he has the best interests of our farmers uppermost in his mind. Mr. Shuman had this to say:

> The House committee has failed to come up with what farmers need most—a long-term program designed to free them from Government regulation, let them run their own farms, and allow them to improve their incomes through their own management decisions.
>
> The House bill goes in the opposite direction. It offers farmers more quotas, more taxes, more Government regulations. In our opinion, this can only mean less opportunity and lower net incomes for farmers.

If there is anything that the farmers in my 17th Ohio District do not want, Mr. Speaker, it is more quotas, more controls, more Government regulation. In my 1958 questionnaire poll on national issues, 64 percent of all the farmers who responded voted for the removal of all Federal controls on farm products. Since then, many individual farmers have written or spoken to me about this problem of excessive Federal controls, and just this week I have received a wire from the vice president of the Ohio Farm Bureau, who farms in our District, urging that I oppose this so-called omnibus farm bill as unsound farm legislation.

I did oppose it, Mr. Speaker, as I will continue to oppose all legislation in the future which attempts to tie the hands of our farmers who have always been the strong, independent backbone of our economy. To attempt to solve the problems of the freedom-loving farmer by heaping upon him more and more Government controls will never work, Mr. Speaker. We have found that out the hard way, and I hope we have learned the lesson well.

The Democratic Party is in the majority in both Houses of Congress, Mr. Speaker. I cannot predict what action they will take now to provide a really sound program for our farmers, but I sincerely hope that steps will be taken immediately to get our farm program rolling in the right direction—away from Federal controls and toward freedom and prosperity for our farmers. I will certainly lend every possible support to this kind of program.

FARM LEGISLATION

Mr. NEAL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. NEAL. Mr. Speaker, for the first time in recent history both taxpayer and consumer were given a favorable break when the House yesterday defeated the rule on H. R. 12954.

This bill would have compelled the Secretary of Agriculture to revert to the principle of rigid price supports for basic farm commodities and to impose added regulatory provisions on farmers everywhere.

Legislation to encourage production of foods and fibers during wartime was indeed in the public interest. There was then a dire need for increased production. Had the Congress recognized the postwar effects of continued overproduction and met the situation by repeal of rigid price supports, the public would have been spared the ordeal of tax support for the program and the accompanying consumer price scale of each and every commodity produced from supported basic farm products.

Due to pressure on the part of the representatives of regions where commercial farmers are engaged in producing these basic products, the Congress has continued to approve legislation especially favorable to these groups with little or no concern for the large body of taxpayers and consumers.

It is common knowledge that under existing farm legislation, surplus production becomes a greater problem from year to year in spite of the giveaway authority under Public Law 480 and limitations on planted acres.

In sum total, we are being taxed to support a group of commercial farmers who, because of their ability to make full use of modern equipment, can outstrip the small family-size farmer, both in quantity and in unit production costs.

It is no wonder that family-size farmers are being compelled to abandon the land for greater promise of security in industrial areas.

The future welfare of this country is threatened by this movement. The Congress is no longer justified in continuing legislation that is so evidently discriminatory. Yesterday's action in defeating H. Res. 609 indicates Congressional awareness of an uneconomic situation which definitely favors a few at the expense of the general public.

EXCISE TAX BILL

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. PHILBIN. Mr. Speaker, feeling as strongly as I do that certain excise taxes should be eliminated and general taxes should be reduced, notwithstanding the changes made by the other body, I am reluctant to support the pending excise tax bill. It has been my judgment for some time past that general tax reduction is vital, not only to combat the recession, but to provide incentives to various segments of the American economy.

The experience of other nations, especially Great Britain and Canada, has definitely shown that certain general tax reductions, instead of diminishing, actually increase tax revenues, and I believe this principle is applicable to our present tax-problem program. The vigor and health of our economy is important to many foreign economies.

To begin with, corporate and personal income rates are entirely too high and, in many cases literally constitute confiscation, rather than mere taxation. The idea of taxing an individual in such a way as to leave him or her with only 9 cents on the dollar, as is the case at present, strikes me as being an extreme abuse of the taxing power—most dangerous in its impact upon individuals, private enterprise, management, investors, and the general public.

The taxes levied on ordinary working men and women are, in my opinion, excessively high and should be reduced in order to forestall the marked decline in the American standard of living, which is reflected in many phases of our economic life today. I do not believe that general tax reductions would be unduly or dangerously inflationary, if they were properly and carefully effectuated, as they well could be by our great House Ways and Means Committee, under the leadership of its able, distinguished chairman, the gentleman from Arkansas, Mr. MILLS. This would provide relief to many hard-working people and businessmen and much needed stimulus to those engaged in directing business operations throughout the Nation. By lightening heavy burdens, it would enable ordinary people to buy more of the basic things they need to enable them to live in decency and comfort and enjoy a larger share of the fruits of their own labor and industry, as well as more of the many benefits made available by our technological progress. What good are these things if the people are not able to buy and enjoy them?

Of special importance, it would enable the average breadwinner to provide his family with necessary food, supplies, clothing, health and educational opportunities and, in general, advantages which modern America provides and every family is entitled to have in these days.

I have referred before to the rather cynical paradox of this Government denying to its own citizens what its workers and taxpayers are gratuitously furnishing to the citizens of other lands. It is unfair and unjust to tax the American working man, to furnish people throughout the world with things, which he is deprived by high taxes and high prices from furnishing to his own family.

I am sorry that Congress did not earnestly tackle the question of tax reduction earlier in the session. Certainly the current excise tax bill is an entirely inadequate, empty answer to our economic and tax problems. It is not too late for our committees to formulate a moderate, but general, bill that would provide some measure of relief from onerous taxes, which is long overdue for the suffering American taxpayer.

In the interest, not only of alleviating the recession, but also in the interest of giving our taxpayers relief from unjust and harmful tax burdens, I urge that some effort be made before adjournment of this session of Congress to revise and lighten heavy tax burdens.

The further extension of wartime taxes in this period cannot be justified, in my judgment, and, of course, I cannot subscribe to it, although I would welcome the opportunity to vote for a tax bill that would provide general relief for the long harassed taxpayers of the Nation and which at the same time would give badly needed financial assistance to the rank and file of the American people.

NUCLEAR TRANSFERS—H. R. 12716

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. PHILBIN. Mr. Speaker, this bill permits the transfer of nuclear weapons information and material to other nations, but the only nation presently eligible would be Great Britain. It is entirely possible that other nations associated with the Free World will acquire eligibility in time to come.

The bill would also permit transfer to 42 United States military allies of certain nonnuclear parts of atomic weapons, which would enable the recipient nations to design and construct, by following normal scientific procedures, usable nuclear components. Thus, it might enable some of the recipient nations to achieve a nuclear capability under its own complete control when it would not otherwise possess such capabilities, according to the opinion of Adm. Lewis L. Strauss, former Chairman of the Atomic Energy Commission.

There are several questions connected with this legislation that have not yet been satisfactorily resolved: Its impact on United States disarmament policy; its effect on proposed agreements to end nuclear weapons tests; the possibility that the wider availability of nuclear weapons might increase, rather than decrease, the danger of nuclear war; the effect that nuclear capability may have on international peace efforts, and the obvious new dangers implicit in the

widespread availability of nuclear weapons and substances.

In previous speeches over a period of time, I have had occasion to touch upon some of these questions at considerable length. Since World War II, I have been greatly concerned lest, that by furnishing weapons and war materials, and war potential to our allies, we might well be encouraging belligerency and increasing the likelihood of the use of these lethal weapons against each other, or in some conceivable circumstance even against our own Nation.

It is only, therefore, on the basis of calculated risks that the transfer of nuclear weapons and materials provided in this bill would be justifiable. I do not enthuse about the bill. I am not impressed with its generalities and vagueness. I should like to see in it more specific provisions. Too much may well be left for executive determination and discretion.

In the broader sense, however, considering the dangers that confront us, we must be prepared to take some risks and try to select those risks which we believe are minimal. I do not believe in international braggadocio, swashbuckling, or vain threats. I think that we must exert every effort to avoid war. On the other hand, however, I shun the other extreme of appeasement, which would have us throw in the sponge, so to speak, and let the Soviet write its own terms.

As I have stated time and time again, I believe that we should take a strong, fearless, unwavering posture toward the Soviet and all its threats and blandishments. We should not go around with a chip on our shoulder, but we must on all occasions and circumstances stand up for our rights and indicate very clearly, by word and by act, if necessary, that we will not allow the Soviet Union or any other nation to walk over us, to threaten our security or interfere with our liberties, or stalk through the world as a major aggressor and infiltrator, trampling over weak nations and strangling free institutions wherever it can lay its hands on them. Such conduct is international banditry, which cannot be condoned or tolerated and must be checked by the organized world forces of freedom and law and order.

Our Nation must be prepared at all times and at all costs to maintain the peace and protect our way of life and live up to our commitments to preserve human liberty.

TO AMEND THE ATOMIC ENERGY ACT OF 1954, AS AMENDED

Mr. DURHAM submitted the following conference report and statement on the bill (H. R. 12716) to amend the Atomic Energy Act of 1954, as amended:

CONFERENCE REPORT (H. REPT. No. 2051)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12716) to amend the Atomic Energy Act of 1954, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered (1).

That the House recede from its disagreement to the amendment of the Senate numbered (2) and agree to the same with an amendment as follows: On page 2 strike out lines 1, 2, and 3 and substitute in lieu thereof the following:

"(1) nonnuclear parts of atomic weapons provided that such nation has made substantial progress in the development of atomic weapons, and other nonnuclear parts of atomic weapons systems involving Restricted Data provided that such transfer will not contribute significantly to that nation's atomic weapon design, development, or fabrication capability; for the purpose of improving that nation's state of training and operational readiness;

At page 2, line 18, after the word "weapons", strike out the comma and insert in lieu thereof "and atomic weapons systems,"

And the Senate agree to the same.

That the House recede from its disagreement to the amendments of the Senate numbered (3) and (4), and agree to the same.

CARL T. DURHAM,
CHET HOLIFIELD,
MELVIN PRICE,
JAMES E. VAN ZANDT,
CRAIG HOSMER,
Managers on the Part of the House.

CLINTON P. ANDERSON,
JOHN O. PASTORE,
ALBERT GORE,
BOURKE B. HICKENLOOPER,
JOHN W. BRICKER,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12716) to amend the Atomic Energy Act of 1954, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate passed the House bill with four amendments, Nos. (1) and (2) pertaining to section 91c and Nos. (3) and (4) pertaining to section 144b of the Atomic Energy Act. The committee of conference has reached agreement on all matters under consideration. The following statement explains the differences between the House bill and the agreement of the conference.

AMENDMENTS TO SECTION 91C OF THE ATOMIC ENERGY ACT OF 1954, AS AMENDED

The House, when it considered H. R. 12716 as reported out by the Joint Committee on Atomic Energy, retained the language contained in the bill as it pertains to amending section 91 of the Atomic Energy Act of 1954, as amended. That language beginning on line 6, page 1, and continuing through line 9, page 3, provides:

"(c) The President may authorize the Commission or the Department of Defense, with the assistance of the other, to cooperate with another nation and, notwithstanding the provisions of section 57, 62, or 81, to transfer by sale, lease, or loan to that nation, in accordance with terms and conditions of a program approved by the President—

"(1) nonnuclear parts of atomic weapons to improve that nation's state of training and operational readiness;

"(2) utilization facilities for military applications; and

"(3) source, byproduct, or special nuclear material for research on, development of, production of, or use in utilization facilities for military applications; and

"(4) source, byproduct, or special nuclear material for research on, development of, or use in atomic weapons: *Provided, however,* That the transfer of such material to that nation is necessary to improve its atomic weapon design, development, or fabrication capability: *And provided further,* That such nation has made substantial progress in the development of atomic weapons, whenever the President determines that the proposed cooperation and each proposed transfer arrangement for the nonnuclear parts of atomic weapons, utilization facilities or source, byproduct, or special nuclear material will promote and will not constitute an unreasonable risk to the common defense and security, while such other nation is participating with the United States pursuant to an international arrangement by substantial and material contributions to the mutual defense and security: *Provided, however,* That the cooperation is undertaken pursuant to an agreement entered into in accordance with section 123: *And provided further,* That if an agreement for cooperation arranged pursuant to this subsection provides for transfer of utilization facilities for military applications the Commission, or the Department of Defense with respect to cooperation it has been authorized to undertake, may authorize any person to transfer such utilization facilities for military applications in accordance with the terms and conditions of this subsection and of the agreement for cooperation."

The Senate retained the language of clauses (1), (2), and (3) but struck out the proviso in clause (4) and inserted a new proviso to apply to both clause (1) and clause (4) to read as follows: *"Provided,* That the transfer of any parts described in clause (1) or any material described in clause (4) to any such nation is necessary to improve its atomic weapon design, development, or fabrication capability and provided that nation has made substantial progress in the development of atomic weapons."

The conference retains clause (4) as originally contained in the bill. It modified clause (1) to read as follows:

"(1) nonnuclear parts of atomic weapons provided that such nation has made substantial progress in the development of atomic weapons, and other nonnuclear parts of atomic weapons systems involving Restricted Data provided that such transfer will not contribute significantly to that nation's atomic weapon design, development, or fabrication capability; for the purpose of improving that nation's state of training and operational readiness."

The conference agreement, therefore, makes provision for the transfer of two distinctly different types of nonnuclear parts. One type, the nonnuclear parts of atomic weapons, relates to the integral components of the weapon itself which could only be transferred to those nations that have made substantial progress in the development of atomic weapons. The other type relates to nonnuclear parts of atomic weapons systems which are not integral to the weapon itself but pertain to various kinds of equipment involving restricted data to make possible the operational use and maintenance of the weapon, such as adaption kits. This latter category of nonnuclear parts relating to the atomic weapons systems is not as sensitive as the first category of nonnuclear parts and would not disclose internal design information of the weapon. This type, under the new language, may be transferred to a nation provided that the transfer will not contribute significantly to that nation's atomic weapon design, development, or fabrication capability.

The transfer of either type must be for the purpose of improving the recipient nation's state of training and operational readiness. Authorization for such transfer would have to comply with all other conditions, provisions, and limitations contained in the bill as passed.

As a technical amendment, the words "or nonnuclear parts of atomic weapons systems" were inserted on page 2 at line 18 of H. R. 12716 to reflect the modification of clause (1) as recommended out by the conference.

AMENDMENTS TO SECTION 144b OF THE ATOMIC ENERGY ACT OF 1954, AS AMENDED

The House, when it considered H. R. 12716, as reported out by the Joint Committee on Atomic Energy, retained section 6 of the bill reading as follows:

"SEC. 6. Section 144 b. of the Atomic Energy Act of 1954, as amended, is amended to read as follows:

"'b. The President may authorize the Department of Defense, with the assistance of the Commission, to cooperate with another nation or with a regional defense organization to which the United States is a party, and to communicate to that nation or organization such Restricted Data (including design information) as is necessary to—

"'(1) the development of defense plans;

"'(2) the training of personnel in the employment of and defense against atomic weapons and other military applications of atomic energy;

"'(3) the evaluation of the capabilities of potential enemies in the employment of atomic weapons and other military applications of atomic energy;

"'(4) the development of compatible delivery systems for atomic weapons; and

"'(5) other military applications of atomic energy, except that with respect to this subcategory, Restricted Data concerning research, development, design, or fabrication of atomic weapons, or concerning research, development, or design of military reactors shall not be communicated;

whenever the President determines that the proposed cooperation and the proposed communication of the Restricted Data will promote and will not constitute an unreasonable risk to the common defense and security, while such other nation or organization is participating with the United States pursuant to an international arrangement by substantial and material contributions to the mutual defense and security: *Provided, however,* That the cooperation is undertaken pursuant to an agreement entered into in accordance with section 123.'"

The Senate by amendments (3) and (4) deleted subsection 144b clause (5).

The conference accepted these two amendments and thus eliminates clause (5) from section 144b.

In eliminating clause (5) of subsection 144b it is with the understanding and the intent that restricted data pertaining to the military use of isotopes for medical purposes and restricted data for defense against radiological warfare described during the hearings, could be transferred under authorization contained in subsections 144b (1) and (2), and other provisions of the act. Clause (5) was therefore considered unnecessary.

In reaching agreement the conference received testimony from technical experts of the Department of Defense and the Atomic Energy Commission which assisted the conference in arriving at its agreement.

CARL T. DURHAM,
CHET HOLIFIELD,
MELVIN PRICE,
JAMES E. VAN ZANDT,
CRAIG HOSMER,
Managers on the Part of the House.

Mr. DURHAM. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (H. R. 12716) to amend the Atomic Energy Act of 1954, as amended.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. ALLEN of Illinois. Mr. Speaker, reserving the right to object, I assume the gentleman has cleared this with Members on the minority side.

Mr. DURHAM. With the gentleman from Massachusetts [Mr. MARTIN] and with the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. ALLEN of Illinois. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. DURHAM. Mr. Speaker, I ask unanimous consent that the statement on the part of the managers of the House be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

Mr. DURHAM. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

TRANSPORTATION ACT OF 1958

Mr. HARRIS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill S. 3778, to amend the Interstate Commerce Act, as amended, so as to strengthen and improve the national transportation system, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That this act may be cited as the "Transportation Act of 1958."

SEC. 2. Section 1 of the Interstate Commerce Act, as amended, is amended (1) by inserting in subparagraph (a) of paragraph (2) thereof, after the word "aforesaid" and before the semicolon following that word, the words "except as otherwise provided in this part" and (2) by striking out the period at the end of the proviso in subparagraph (a) of paragraph (17) thereof and inserting in lieu thereof the following "and except as otherwise provided in this part.".

SEC. 3. (a) The first sentence of paragraph (4) of section 13 of the Interstate Commerce Act, as amended, is amended to read as follows:

"(4) Whenever in any such investigation the Commission, after full hearing, finds that any such rate, fare, charge, classification, regulation, or practice causes any undue or unreasonable advantage, preference, or prejudice as between persons or localities in intrastate commerce on the one hand and interstate or foreign commerce on the other hand, or any undue, unreasonable, or unjust discrimination against, or undue burden on, interstate or foreign commerce (which the Commission may find without considering in totality the operations or results thereof of any carrier, or group or groups of carriers wholly within any State), which is hereby forbidden and declared to be unlawful, it shall prescribe the rate, fare, or charge, or the maximum or minimum, or maximum and minimum, thereafter to be charged, and the classification, regulation, or practice thereafter to be observed, in such manner, as, in its judgment, will remove such advantage, preference, prejudice, discrimination, or burden: *Provided,* That upon the filing of any petition authorized by the provisions of paragraph (3) hereof to be filed by the carrier concerned, the Commission shall forthwith institute an investigation as foresaid into the lawfulnes of such rate, fare, charge, classification, regulation, or practice (whether or not theretofore considered by any State agency or authority and without regard to the pendency before any State agency or authority of any proceeding relating thereto) and shall give special expedition to the hearing and decision therein."

(b) Section 13 of the Interstate Commerce Act, as amended, is amended by inserting after paragraph (4) thereof a new paragraph (5) as follows:

"(5) In any proceeding before the Commission involving an investigation of or authorization or permission for a general adjustment in rates, fares, or charges, or any of them, of carriers subject to this part for the transportation of property or passengers, or both, in interstate commerce throughout, or substantially throughout, the United States, or one or more of the three major rate classification territories thereof (Official, Western, or Southern), any such carrier or carriers parties thereto may by petition seek authority or permission of the Commission for a comparable adjustment of rates, fares, or charges for the transportation of like property or passengers wholly within an individual State or individual States. If, in such proceeding, the Commission finds (as it is hereby authorized to do) that authorizing or permitting an adjustment in interstate rates, fares, or charges without authorizing or permitting a comparable adjustment in intrastate rates, fares, or charges would cause, or create a circumstance of, advantage, preference, prejudice, discrimination or burden declared in paragraph (4) of this section to be unlawful, the Commission shall, incident to any adjustment it may authorize or permit in such interstate rates, fares, or charges, authorize or permit a comparable adjustment in such intrastate rates, fares, or charges. Pursuant to such authorization the said carrier or carriers, upon making any adjustment so authorized or permitted by the Commission in such interstate rates, fares, or charges may without further authority make a comparable adjustment in such intrastate rates, fares, or charges, and adjustments so made in intrastate rates, fares, or charges shall be observed while continued in effect by the said carrier or carriers, the law of any State or the decision or order of any State authority to the contrary notwithstanding."

SEC. 4. The Interstate Commerce Act, as amended, is amended by inserting after section 13 thereof a new section 13a as follows:

"SEC. 13a. A carrier or carriers subject to this part, if their rights with respect to the discontinuance or change, in whole or in part, of the operation or service of any train or ferry engaged in the transportation of passengers or property in interstate or foreign commerce, or of the operation or service of any station, depot or other facility where passengers or property are received for transportation in interstate or foreign commerce, are subject to any provision of the constitution or statutes of any State or any regulation or order of (or are the subject of any proceeding pending before) any court or an administrative or regulatory agency of any State, shall be required prior to filing with the Commission to mail to the Governor of each State in which such train, ferry, station, depot or other facility is operated, and post in every station, depot or other facility directly affected thereby, notice at least 30 days in advance of any such proposed discontinuance or change. The carrier or carriers filing such notice may discontinue or change any such operation or service pursuant to such notice except as otherwise or-

dered by the Commission pursuant to this section, the laws or constitution of any State, or the decision or order of, or the pendency of any proceeding before, any court or State authority to the contrary notwithstanding. Upon the filing of such notice the Commission shall have authority during said 30 days' notice period, either upon complaint or upon its own initiative without complaint, to enter upon an investigation of the proposed discontinuance or change. Upon the institution of such investigation, the Commission, by order served upon the carrier or carriers affected thereby at least 10 days prior to the day on which such discontinuance or change would otherwise become effective, may require such train or ferry to be continued in operation or service, in whole or in part, pending hearing and decision in such investigation, but not for a longer period than 4 months beyond the date when such discontinuance or change would otherwise have become effective. If, after hearing in such investigation, whether concluded before or after such discontinuance or change has become effective, the Commission finds that the operation or service of such train or ferry is required by public convenience and necessity and that such operation or service will not result in a net loss therefrom to the carrier or carriers and will not otherwise unduly burden interstate or foreign commerce, the Commission may by order require the continuance or restoration of operation or service of such train or ferry, in whole or in part, for a period not to exceed 1 year from the date of such order. The provisions of this section shall not supersede the laws of any State or the orders or regulations of any administrative or regulatory body of any State applicable to such discontinuance or change unless notice as in this section provided is filed with the Commission. On the expiration of an order by the Commission after such investigation requiring the continuance or restoration of operation or service, the jurisdiction of any State as to such discontinuance or change shall no longer be superseded unless the procedure provided by this section shall again be invoked by the carrier or carriers."

SEC. 5. Section 15a of the Interstate Commerce Act, as amended, is amended by inserting after paragraph (2) thereof a new paragraph (3) as follows:

"(3) In a proceeding involving competition between carriers of different modes of transportation subject to this act, the Commission, in determining whether a rate is lower than a reasonable minimum rate, shall consider the facts and circumstances attending the movement of the traffic by the carrier or carriers to which the rate is applicable. Rates of a carrier shall not be held up to a particular level to protect the traffic of any other mode of transportation, giving due consideration to the objectives of the national transportation policy declared in this act."

SEC. 6. The Interstate Commerce Act, as amended, is hereby amended by inserting immediately after section 20c thereof the following new section:

"SEC. 20d. (1) It is the purpose of this section to aid common carriers by railroad subject to this part in rendering proper transportation service to the public by providing temporary financial assistance to them in obtaining funds to finance or refinance the acquisition or construction of equipment or additions and betterments for use in transportation service and in obtaining funds needed for operating expenses, working capital, and interest on existing obligations, all to the end of fostering the preservation and development of a national transportation system adequate to meet the needs of the commerce of the United States, of the postal service, and national defense.

"(2) In order to carry out the purpose declared in this section, the Commission, upon terms and conditions prescribed by it and consistent with the provisions of this section, may guarantee any lender, or trustee under a trust indenture or agreement for the benefit of the holders of any securities issued thereunder, by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount, or advance, or on any commitment in connection therewith, which may be made for the purposes set forth in this section, except that there shall be no guarantee of a loan to be used in reduction of the principal of an obligation other than in connection with the refinancing of an equipment obligation: *Provided,* That in no event shall the aggregate of all loans guaranteed by the Commission, including unpaid interest, exceed $700 million, of which no more than $150 million may be loans for operating expenses and interest on existing obligations.

"(3) Any such carrier may, prior to December 31, 1960, make application to the Commission, in such form as the Commission may prescribe, requesting guaranty by the Commission as herein authorized and setting forth the amount and term of the loan to be guaranteed; the purpose of the loan and the use to which the proceeds therefrom will be applied; the inability of the applicant to obtain such funds on reasonable terms without such guaranty; the character and value of the security, if any, that the applicant will pledge as collateral for the loan; and that the loan is necessary or appropriate to effectuate the purpose of this section. The application shall be accompanied by statements showing in detail such facts as the Commission may require with regard to the situation of the applicant. The Commission shall give preference to and expedite the consideration of any such application.

"(4) No guaranty shall be made under this section—

"(A) unless the Commission is of the opinion that the proposed loan is necessary or appropriate to effectuate the purpose of this section;

"(B) unless the Commission is of the opinion that without such guaranty the applicant carrier would be unable to obtain necessary funds, on reasonable terms, for the purposes for which the loan is sought;

"(C) if the loan involved is at a rate of interest which, in the judgment of the Commission, is unreasonably high, or if the terms of such loan permit full repayment more than fifteen years after the date thereof;

"(D) unless the Commission is of the opinion that the prospective earning power of the applicant carrier, together with the character and value of the security pledged, if any, furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States;

"(E) unless the Commission is of the opinion that the applicant carrier is not in need of reorganization of its capital structure;

"(F) unless the applicant carrier agrees that it will declare no dividends on its capital stock as long as the loan remains unpaid.

"(5) The Commission may consent to the modification of the provisions as to rate of interest, time of payment of interest or principal, security, if any, or other terms and conditions of any guaranty which it shall have entered into pursuant to this section, or the renewal or extension of any such guaranty, whenever the Commission shall determine it to be equitable to do so.

"(6) Payments required to be made as a consequence of any guaranty by the Commission pursuant to the provisions of this section shall be made by the Secretary of the Treasury from funds hereby authorized to be appropriated in such amounts as may be necessary for the purpose of carrying out the provisions of this section.

"(7) The Commission shall prescribe and collect a guaranty fee in connection with each loan guaranteed under this section. Such fees shall not exceed such amounts as the Commission estimates to be necessary to cover the administrative costs in carrying out the provisions of this section. Sums realized from such fees shall be deposited in the Treasury as miscellaneous receipts.

"(8) (a) To permit it to make use of such expert advice and services as it may require in carrying out the provisions of this section, the Commission may use available services and facilities of departments and other agencies and instrumentalities of the Government, with their consent and on a reimbursable basis.

"(b) Departments, agencies, and instrumentalities of the Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this section.

"(9) Administrative expenses under this section shall be paid from appropriations made to the Commission for administrative expenses.

"(10) Except with respect to such applications as may then be pending, the authority granted by this section shall terminate at the close of December 31, 1960: *Provided,* That its provisions shall remain in effect thereafter for the purposes of guaranties made by the Commission."

SEC. 7. (a) Clause (6) of subsection (b) of section 203 of the Interstate Commerce Act, as amended, is amended by striking out the semicolon at the end thereof and inserting in lieu thereof a colon and the following: *"Provided,* That the word 'property consisting of ordinary livestock, fish (including shellfish), or agricultural (including horticultural) commodities (not including manufactured products thereof)' as used herein shall include property shown as 'Exempt' in the 'Commodity List' incorporated in ruling No. 107, March 19, 1958, Bureau of Motor Carriers, Interstate Commerce Commission, but shall not include property shown therein as 'not exempt': *Provided further, however,* That notwithstanding the preceding proviso the words 'property consisting of ordinary livestock, fish (including shellfish), or agricultural (including horticultural) commodities (not including manufactured products thereof)' shall not be deemed to include frozen fruits, frozen berries, or frozen vegetables and shall be deemed to include cooked or uncooked (including breaded) fish or shellfish, when frozen or fresh;".

(b) Unless otherwise specifically indicated therein, the holder of any certificate or permit heretofore issued by the Interstate Commerce Commission, or hereafter so issued pursuant to an application filed on or before the date on which this section takes effect, authorizing the holder thereof to engage as a common or contract carrier by motor vehicle in the transportation in interstate or foreign commerce of property made subject to the provisions of part II of the Interstate Commerce Act by paragraph (a) of this section, over any route or routes or within any territory, may without making application under that act engage, to the same extent and subject to the same terms, conditions and limitations, as a common or contract carrier by motor vehicle, as the case may be, in the transportation of such property, over such route or routes or within such territory, in interstate or foreign commerce.

(c) Subject to the provisions of section 210 of the Interstate Commerce Act, if any person (or its predecessor in interest) was in bona fide operation on January 1, 1958, over any route or routes or within any territory, as a common, contract, or exempt carrier engaged in the transportation of property by motor vehicle made subject to the provisions of part II of that act by paragraph (a) of this section, in interstate or foreign commerce, and has so operated since that time

(or if engaged in furnishing seasonal service only, was in bona fide operation on January 1, 1958, during the season ordinarily covered by its operations and has so operated since that time), except in either instance as to interruptions of service over which such applicant or its predecessor in interest had no control, the Interstate Commerce Commission shall without further proceedings issue a certificate or permit, as the case may be, authorizing such operations if application therefor is made to the said Commission as provided in part II of the Interstate Commerce Act and within 120 days after the date on which this section takes effect. Pending the determination of any such application, the continuance of such operation without a certificate or permit shall be lawful. Any carrier which on the date this section takes effect is engaged in an operation of the character specified in the foregoing provisions of this paragraph, but was not engaged in such operation on January 1, 1958, may, under such regulations as the Interstate Commerce Commission shall prescribe, if application for a certificate or permit is made to the said Commission within 120 days after the date on which this section takes effect, continue such operation without a certificate or permit pending the determination of such application in accordance with the provisions of part II of the Interstate Commerce Act.

SEC. 8. Subsection (c) of section 203 of the Interstate Commerce Act, as amended, is amended by striking out the period at the end thereof and inserting in lieu thereof the following: "nor shall any person in any other commercial enterprise transport property by motor vehicle in interstate or foreign commerce unless such transportation is incidental to, and in furtherance of, a primary business enterprise (other than transportation) of such person."

Mr. HARRIS. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARRIS: Strike out all after the enacting clause and insert the provisions of the bill H. R. 12832 as passed as follows: "That this act may be cited as the 'Transportation Act of 1958.'

"Amendment to Interstate Commerce Act, relating to loan guaranties

"SEC. 2. The Interstate Commerce Act, as amended, is amended by inserting immediately after part IV thereof the following new part:

"'PART V

"'*Purpose*

"'SEC. 501. It is the purpose of this part to provide for assistance to common carriers by railroad subject to this act to aid them in acquiring, constructing, or maintaining facilities and equipment for such purposes, and in such a manner, as to encourage the employment of labor and to foster the preservation and development of a national transportation system adequate to meet the needs of the commerce of the United States, of the postal service, and of the national defense.

"'*Definitions*

"'SEC. 502. For the purposes of this part—

"'(a) The term "Commission" means the Interstate Commerce Commission.

"'(b) The term "additions and betterments or other capital expenditures" means expenditures for the acquisition or construction of property used in transportation service, chargeable to the road, property, or equipment investment accounts, in the Uniform System of Accounts prescribed by the Interstate Commerce Commission.

"'(c) The term "expenditures for maintenance of property" means expenditures for labor, materials, and other costs incurred in maintaining, repairing, or renewing equipment, road, or property used in transportation service chargeable to operating expenses in accordance with the Uniform System of Accounts prescribed by the Commission.

"'*Loan guaranties*

"'SEC. 503. In order to carry out the purpose declared in section 501, the Commission, upon terms and conditions prescribed by it and consistent with the provisions of this part, may guarantee in whole or in part any public or private financing institution, or trustee under a trust indenture or agreement for the benefit of the holders of any securities issued thereunder, by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount, or advance, or on any commitment in connection therewith, which may be made, or which may have been made, for the purpose of aiding any common carrier by railroad subject to this act in the financing or refinancing (1) of additions and betterments or other capital expenditures, made after January 1, 1957, or to reimburse the carrier for expenditures made from its own funds for such additions and betterments or other capital expenditures, or (2) of expenditures for the maintenance of property.

"'*Limitations*

"'SEC. 504. (a) No guaranty shall be made under section 503—

"'(1) Unless the Commission is of the opinion that without such guaranty, in the amount thereof, the carrier would be unable to obtain necessary funds, on reasonable terms, for the purposes for which the loan is sought.

"'(2) If the loan involved is at a rate of interest which, in the judgment of the Commission, is unreasonably high, or if the terms of such loan permit full repayment more than 15 years after the date thereof.

"'(3) For any loan for expenditures for maintenance of property, if the principal of such loan, or the total of such principal and the unpaid principal of all other loans to the common carrier concerned for expenditures for maintenance of property guaranteed under this act, exceeds 50 percent of the aggregate amount charged in the accounts of said carrier for expenditures for maintenance of property during the calendar year next preceding the date of the application for such guaranty.

"'(b) It shall be unlawful for any common carrier by railroad subject to this act to declare any dividend on its preferred or common stock while there is any principal or interest remaining unpaid on any loan to such carrier made for the purpose of financing or refinancing expenditures for maintenance of property of such carrier, and guaranteed under this part.

"'*Modifications*

"'SEC. 505. The Commission may consent to the modification of the provisions as to rate of interest, time or payment of interest or principal, security, if any, or other terms and conditions of any guaranty which it shall have entered into pursuant to this part, or the renewal or extension of any such guaranty, whenever the Commission shall determine it to be equitable to do so.

"'*Payment of guaranties; action to recover payments made*

"'SEC. 506. (a) Payments required to be made as a consequence of any guaranty by the Commission made under this part shall be made by the Secretary of the Treasury from funds hereby authorized to be appropriated in such amounts as may be necessary for the purpose of carrying out the provisions of this part.

"'(b) In the event of any default on any such guaranteed loan, and payment in accordance with the guaranty by the United States, the Attorney General shall take such action as may be appropriate to recover the amount of such payments, with interest, from the defaulting carrier, carriers, or other persons liable therefor.

"'*Guaranty fees*

"'SEC. 507. The Commission shall prescribe and collect a guaranty fee in connection with each loan guaranteed under this part. Such fees shall not exceed such amounts as the Commission estimates to be necessary to cover the administrative costs of carrying out the provisions of this part. Sums realized from such fees shall be deposited in the Treasury as miscellaneous receipts.

"'*Assistance of departments or other agencies*

"'SEC. 508. (a) To permit it to make use of such expert advice and services as it may require in carrying out the provisions of this part, the Commission may use available services and facilities of departments and other agencies and instrumentalities of the Government, with their consent and on a reimbursable basis.

"'(b) Departments, agencies, and instrumentalities of the Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this part.

"'*Administrative expenses*

"'SEC. 509. Administrative expenses under this part shall be paid from appropriations made to the Commission for administrative expenses.

"'*Termination of authority*

"'SEC. 510. The authority granted by this part shall terminate at the close of March 31, 1961, except that its provisions shall remain in effect thereafter for the purposes of guaranties made by the Commission prior to that time.'

"Amendments to section 1 of Interstate Commerce Act

"SEC. 3. Section 1 of the Interstate Commerce Act, as amended, is amended (1) by inserting in subparagraph (a) of paragraph (2) thereof, after the word 'aforesaid' and before the semicolon following that word, a comma and the words 'except as otherwise provided in this part' and (2) by striking out the period at the end of the proviso in subparagraph (a) of paragraph (17) thereof and inserting in lieu thereof the following: 'and except as otherwise provided in this part.'

"New section 13a of Interstate Commerce Act

"SEC. 4. The Interstate Commerce Act, as amended, is amended by inserting after section 13 thereof a new section 13a, as follows:

"'*Discontinuance or change of certain operations or services*

"'SEC. 13a. (1) A carrier or carriers subject to this part, if their rights with respect to the discontinuance or change, in whole or in part, of the operation or service of any train or ferry engaged in the transportation of passengers or property in interstate, foreign and intrastate commerce, or any of them, are subject to any provision of the constitution or statutes of any State or any regulation or order of (or are the subject of any proceeding pending before) any court or an administative or regulatory agency of any State, may, but shall not be required to, file with the Commission, mail to the governor of each State in which such train or ferry is operated, and post in every station, depot, or other facility served thereby, notice at least 30 days in advance of any such proposed discontinuance or change. The carrier or carriers filing such notice may discontinue or change any such operation or service pursuant to such notice except as otherwise ordered by the Commission pursuant to this section, the laws or constitution of any State, or the decision or order of, or the pendency

of any proceeding before, any court or State authority to the contrary notwithstanding. Upon the filing of such notice the Commission shall have authority during said 30 days' notice period, either upon complaint or upon its own initiative without complaint, to enter upon an investigation of the proposed discontinuance or change. Upon the institution of such investigation, the Commission, by order served upon the carrier or carriers affected thereby at least 10 days prior to the day on which such discontinuance or change would otherwise become effective, may require such train or ferry to be continued in operation or service, in whole or in part, pending hearing and decision in such investigation, but not for a longer period than 4 months beyond the date when such discontinuance or change would otherwise have become effective. If, after hearing in such investigation, whether concluded before or after such discontinuance or change has become effective, the Commission finds that the operation or service of such train or ferry is required by public convenience and necessity and that such operation or service will not result in a net loss therefrom to the carrier or carriers and will not otherwise unduly burden interstate or foreign commerce, the Commission may by order require the continuance or restoration of operation or service of such train or ferry, in whole or in part, for a period not to exceed 1 year from the date of such order. The provisions of this section shall not supersede the laws of any State or the orders or regulations of any administrative or regulatory body of any State applicable to such discontinuance or change unless notice as in this section provided is filed with the Commission. On the expiration of an order by the Commission after such investigation requiring the continuance or restoration of operation or service, the jurisdiction of any State as to such discontinuance or change shall no longer be superseded unless the procedure provided by this section shall again be invoked by the carrier or carriers.

"'(2) The provisions of this section shall not apply to the operations of or services performed by any carrier by railroad on a line of railroad located wholly within a single State.

"'(3) The Commission, in cooperation with State utilities commissions, shall make a study of the passenger train deficit problem and report thereon to the Congress not later than June 30, 1959, together with such recommendations as the Commission deems to be necessary or appropriate.'

"Amendment to section 15a of the Interstate Commerce Act

"SEC. 5. Section 15a of the Interstate Commerce Act, as amended, is amended by inserting after paragraph (2) thereof a new paragraph (3) as follows:

"'(3) In a proceeding involving competition between carriers of different modes of transportation, subject to this act, the Commission, in determining whether a rate is lower than a reasonable minimum rate, shall consider the facts and circumstances attending the movement of the traffic by the carrier or carriers to which the rate is applicable. Rates of a carrier shall not be held up to a particular level to protect the traffic of any other mode of transportation, giving due consideration to the objectives of the national transportation policy declared in this act.'

"Amendment to section 203 (b) of Interstate Commerce Act

"SEC. 6. (a) Clause (6) of subsection (b) of section 203 of the Interstate Commerce Act, as amended, is amended by striking out the semicolon at the end thereof and inserting in lieu thereof a colon and the following: 'Provided, That the words "property consisting of ordinary livestock, fish (including shellfish), or agricultural (including horticultural) commodities (not including manufactured products thereof)" as used herein shall include property shown as "Exempt" in the "Commodity List" incorporated in ruling No. 107, March 19, 1958, Bureau of Motor Carriers, Interstate Commerce Commission, but shall not include property shown therein as "Not exempt": *Provided further, however,* That notwithstanding the preceding proviso the words "property consisting of ordinary livestock, fish (including shellfish), or agricultural (including horticultural) commodities (not including manufactured products thereof)" shall not be deemed to include frozen fruits, frozen berries, frozen vegetables, coffee, tea, cocoa or hemp, and wool imported from any foreign country or wool, cleaned or scoured, wool tops and noils, or wool waste, carded but not spun, woven or knitted and shall be deemed to include fish or shellfish and fresh or frozen products thereof containing seafood as the basic ingredient, whether breaded, cooked or otherwise prepared (but not including fish and shellfish which have been treated for preserving, such as canned, smoked, salted, pickled, spiced, corned or kippered products).'

"(b) Unless otherwise specifically indicated therein, the holder of any certificate or permit heretofore issued by the Interstate Commerce Commission, or hereafter so issued pursuant to an application filed on or before the date on which this section takes effect, authorizing the holder thereof to engage as a common or contract carrier by motor vehicle in the transportation in interstate or foreign commerce of property made subject to the provisions of part II of the Interstate Commerce Act by paragraph (a) of this section, over any route or routes or within any territory, may without making application under that act engage, to the same extent and subject to the same terms, conditions and limitations, as a common or contract carrier by motor vehicle, as the case may be, in the transportation of such property, over such route or routes or within such territory, in interstate or foreign commerce.

"(c) Subject to the provisions of section 210 of the Interstate Commerce Act, if any person (or its predecessor in interest) was in bona fide operation on June 1, 1958, over any route or routes or within any territory, in the transportation of property for compensation by motor vehicle made subject to the provisions of part II of that act by paragraph (a) of this section, in interstate or foreign commerce, and has so operated since that time (or if engaged in furnishing seasonal service only, was in bona fide operation on June 1, 1958, during the season ordinarily covered by its operations and has so operated since that time), except in either instance as to interruptions of service over which such applicant or its predecessor in interest had no control, the Interstate Commerce Commission shall without further proceedings issue a certificate or permit, as the type of operation may warrant, authorizing such operations as a common or contract carrier by motor vehicle if application is made to the said Commission as provided in part II of the Interstate Commerce Act and within 120 days after the date on which this section takes effect. Pending the determination of any such application, the continuance of such operation without a certificate or permit shall be lawful. Any carrier which on the date this section takes effect is engaged in an operation of the character specified in the foregoing provisions of this paragraph, but was not engaged in such operation on June 1, 1958, may under such regulations as the Interstate Commerce Commission shall prescribe, if application for a certificate or permit is made to the said Commission within 120 days after the date on which this section takes effect, continue such operation without a certificate or permit pending the determination of such application in accordance with the provisions of part II of the Interstate Commerce Act.

"Amendment to section 203 (c) of Interstate Commerce Act

"SEC. 7. Subsection (c) of section 203 of the Interstate Commerce Act, as amended, is amended by striking out the period at the end thereof and inserting in lieu of such period a comma and the following: 'nor shall any person in connection with any other business enterprise transport property by motor vehicle in interstate or foreign commerce unless such transportation is incidental to, and in furtherance of, a primary business enterprise (other than transportation) of such person.'"

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

A similar House bill (H. R. 12832) was laid on the table.

Mr. HARRIS. Mr. Speaker, I move that the House insist on its amendment to the bill S. 3778 and ask for a conference with the Senate.

The motion was agreed to.

The SPEAKER. The Chair appoints the following conferees: Messrs. HARRIS, ROBERTS, STAGGERS, ROGERS of Texas, FRIEDEL, FLYNT, MACDONALD, WOLVERTON, O'HARA of Minnesota, HALE, SPRINGER, DEROUNIAN, and YOUNGER.

ADJOURNMENT UNTIL MONDAY NEXT

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

CALENDAR WEDNESDAY BUSINESS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of next week will be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

SIGNING OF ENROLLED BILLS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Monday next the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

MINIMUM AGE RAISED FROM 40 TO 60 YEARS FOR CERTAIN GOVERNMENTAL EMPLOYMENT

The SPEAKER. Under previous order of the House, the gentleman from Texas

[Mr. BECKWORTH] is recognized for 10 minutes.

Mr. BECKWORTH. Mr. Speaker, I quote the pertinent part of a letter I received from Hon. Stephen S. Jackson, Deputy Assistant Secretary of Defense, which was written me June 9, 1958:

DEAR MR. BECKWORTH: At a recent hearing before the Davis subcommittee of the House Post Office and Civil Service Committee, you questioned the late Assistant Secretary Francis regarding age limits for civil-service employment in the Department of Defense.

There are no maximum age limits for any noncompetitive civil-service positions in the Department of Defense, and the vast bulk of civilian positions in the Department are in the competitive civil service.

The 46-year-old woman to whom you referred undoubtedly applied at Barksdale Air Force Base, which is one of the recruiting points for Air Force overseas positions, for a teaching position in the Air Force overseas dependents schools.

Although younger women do tend as a group, to adapt more readily to the changes in living conditions which are involved in employment in foreign areas, it is recognized that many older women also can successfully make the adjustment. The Air Force plans, therefore, in recruiting for the 1959–60 school year to increase the age limit for overseas schoolteachers to 60.

We share your concern that qualified older workers not be denied opportunity for employment solely because of their age, and assure you that Department of Defense practices are to make fullest practicable use of older workers in jobs for which they qualify.

The lady referred to in the letter lost her husband. There are many such ladies in our land and they deserve to have employment opportunities. The same is true with reference to older men.

Also I quote some of my remarks on the floor of the House, August 16, 1957:

Mr. BECKWORTH. Mr. Speaker, on July 10, 1957, I placed in the CONGRESSIONAL RECORD an article which appeared in the Reader's Digest in the July issue of 1957, and an article that appeared in the Dallas Morning News, June 29, 1957. In the Washington Post, July 25, 1957, there was an article by Jeff O'Neill entitled, "Older Worker Gets Job Break." The article refers to the policy of the Lofstrand Co. of Rockville, Md., concerning older workers. In the Evening Star, August 14, 1957, is an article entitled "Hire Older Workers, Employers Are Urged."

For many years I believe I have recognized the seriousness of the problems that face older people who seek employment. In the early 1930's I knew a very experienced man in oilfield work who about the time he became 45 years of age or older and lost his job and could not find anything like steady, gainful employment thereafter. He had 3 children, the oldest of whom was about 14. He was capable in his work, and his wife and children needed the income from his ability to earn as much as they had ever needed or would ever need that which he might earn.

For months, even though he was A–1 in his ability to do oilfield work, much of which required considerable skill, he sought work, but was told he was too old. From worry, disappointment, and humiliation because he could not provide for his family, he became ill and not too long thereafter passed away. My observation of the plight of this family has remained vividly with me. Incidentally, to be sure this was the depression period, but I recall many younger men in the very active east Texas oilfield worked quite regularly, for drilling in this field was at its height in those years.

During World War II it was clearly shown that older people as well as crippled and handicapped people could do good jobs of work in many phases of our economy. Their services were sought after and utilized. The Government as well as countless private companies utilized their services. To me this is ample proof that an unfortunate policy long had been followed pertaining to the group I have referred to. There is nothing worse than a useful person because he cannot get work feeling useless. His spirit is killed by such a feeling. He loses hope.

It gives me encouragement to note from the letter of Hon. Stephen S. Jackson that some progress is being made in bringing about changes that will benefit older people; the Government has set a good example in this instance. May other officials of Government as well as industry seek to make more progress along this line.

As the father of five children, I believe I am able to look at the employment problems of older people and handicapped people objectively. Boys and girls who finish high school and college or who are not privileged to finish need employment opportunities. To this end I have always worked.

The problems of America are many and great. We can more effectively solve them if we utilize the services of all capable people—even though some are older and some handicapped, such as injured veterans, those people afflicted from birth, or by crippling diseases or accident. All these worthy people must not be forgot, but must be given the opportunity to work, to learn, to improve their skills rather than to be what many detest—dependent.

I sincerely commend Hon. Stephen S. Jackson and his associates for bringing about this change.

REVISION AND EXPANSION OF SOCIAL SECURITY PROGRAM

The SPEAKER. Under previous order of the House, the gentleman from West Virginia [Mr. STAGGERS] is recognized for 5 minutes.

Mr. STAGGERS. Mr. Speaker, the social-security law was enacted in the early 1930's when our Nation was in a tragic depression. It went a long way toward helping many of our elder citizens. In fact, it meant survival for many. Unfortunately, we are again living in a period of recession. Revision and expansion of our social-security program has not kept pace with our changing times. There is an urgent need now for another revision and extension of this act.

When I came to Congress in January 1949, one of my first endeavors was to see that an amendment to the Social Security Act was passed enabling State and city employees to participate in this program. It is a source of pride that I was able to assist in the enactment of this amendment which has benefited many hundreds in the State of West Virginia alone as well as many thousands throughout our Nation.

The fantastic economic situation in which we find ourselves today with ever-increasing unemployment and distress throughout the country is proof that we must amend the present Social Security Act to benefit our elder citizens who are living on fixed incomes.

It is my conviction that our social-security system is our first line of defense against financial suffering of our elder men and women. If we were to lower the age limit for social-security benefits, this would permit placing the younger people on the payrolls of the country and give the older men and women a chance to enjoy a few years of happiness. If this could be done during this session of Congress, it is my belief that we would start our country back on the road to recovery. Our cost of living index has gone up about 20 percent in the past 10 years yet the annuities of our retired citizens have not been increased since 1954. It is true that the older group of workers is the first to be victimized by our decling economic conditions. They are the first to be let out of their jobs yet they have to pay the same high costs for food and other necessities. Our present system also ignores one of the nightmares of the aged, that of medical care. The cost of medical care has almost doubled in the past 10 years, yet the person living on a fixed income has had very little increase, if any. The need for a substantial increase in benefits cannot be questioned by anyone who has talked with these people or received the scores of letters that come into my office.

It is my strong conviction that we should abolish the provision that prohibits persons earning over $1,200 a year prior to 72 years of age. I do not believe we have a right to set a limit on what people can earn when 65 years or older. Social security is not a government dole, but an insurance program which is paid for by the employer and the employee, and we should not penalize honest people who are able and desire to continue working. It is my hope that the day will come when every American worker will be able to invest in this sound program and look forward to happy retirement days.

For several sessions of Congress I have introduced a bill to reduce the retirement age to 60 years for the purpose of old age and survivors insurance benefits—H. R. 4140, in this Congress. The present law stipulates the retirement age as 65 for men, 62 for widows, and 62 with reduced annuities for wives and women workers.

The enactment of such a bill would be extremely timely now in this period of recession and what better way is there to combat the recession than to put a modest amount of purchasing power in the hands of persons in the age group of 60–65, who are no longer able to earn a living wage. This would be helpful to the older person whose skill is now obsolete because of changing times and to the chronically ill person who endangers his health and his very life by continuing to work because he has no other alternative. How helpful it would be to the widow who at 60 has never had previous employment experience but must have an income. These are the truly needy and neglected persons who would benefit from the proposal to reduce the retirement age to 60.

As Members of this great body, we are obligated to make certain through our social security system that our elder citizens who have earned the right and de-

serve the opportunity to live out their lives in dignity must no longer be the forgotten men and women of the country.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. RHODES of Arizona, for several days, on account of official business of the Committee on Interior and Insular Affairs.

Mr. MOORE (at the request of Mr. MARTIN) for June 27, on account of official business.

SOCIAL SECURITY IMPROVEMENTS URGED

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. ASHLEY] may extend his remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. ASHLEY. Mr. Speaker, in recent months the Congress has recognized the pressing need for adjusting personal income to the mounting and now alltime high cost of living by enacting a series of measures to bolster purchasing power and elevate the deteriorating living standards of whole segments of the American people.

We have granted—and most appropriately—over a million and a half postal and classified Government workers a substantial cost-of-living adjustment in their salaries which had been lagging woefully behind current consumer prices.

Our retired postal and Government employees have likewise been accorded an urgently needed annuity increment which will enable them to adjust their depreciated annuity income to their basic living requirements. Even our veterans and military personnel have been given a long overdue adjustment in compensation and pay to correlate them with competing wage standards in private industry.

All of these enactments have been just and humane and have had my warmest support because they reflect an acute awareness on the part of the Congress of a moral obligation to adjust otherwise static incomes to an inflated price structure in order that the living standards of our people shall not be forced below subsistence levels.

There are, of course, other large groups of citizens who have recourse to realistic income adjustment through organization and group pressure. The wages of organized workers in private industry, for example, are able to keep pace with spiralling living costs through the application of escalator clauses. Even the farmer, whose unfortunate economic plight has caused much concern in the last few years, has achieved a per capita income increase of 10 percent in 1957 over 1956, so I am reliably informed.

There is, however, one broad segment of American citizens, Mr. Speaker, who have been denied an income adjustment for the last 4 years, a forgotten people who have no organized representation in Washington, no high-paid lobby to fight their legislative battle in the Halls of Congress for them. They have no spokesman and are completely without recourse unless we, the Members of Congress plead their cause. They are the millions of people who have made the required number of contributions to social security, who are no longer able to engage in productive employment, and who have retired on the belief that their social-security benefits would enable them to live out their years in dignity and comfort, free from dependency on children, relatives, or society. Theirs is no capricious or unreasonable demand, nor do they seek charity.

Surely, these people deserve the same consideration as our postal and classified Government workers, our civil-service retirees, our veterans, and military personnel. I respectfully submit that if this Congress adjourns without enacting at least a 10-percent increase in social-security benefits to enable persons retired under our old-age and survivors-insurance program to participate fully in our prevailing national high-living standard, we shall have defaulted on our moral obligation to our aging citizens.

One of the basic problems, Mr. Speaker, confronting our senior citizens in trying to stretch their social security income to cover essential living needs runs to the exorbitant and increasing cost of hospital, surgical, and nursing home care for which no perceptible margin is allowed in the present pitiably low benefit levels. While workers in industry and government have made substantial progress in recent years through group insurance plans against the contingency of surgery and hospitalization, the opportunity available to older and retired persons in our society for taking out health insurance is so limited and the premium rates so high, that our older citizens by and large are left unprotected at a time when their health needs make this type of protection vitally necessary.

Early in this session I introduced H. R. 10664 to provide benefit increases for our social security recipients as well as insurance against the cost of hospital, nursing home, and surgical care. I earnestly urge that the members of this body give thoughtful consideration to this much needed relief for our aging citizens.

An equally pressing obligation of this Congress is to those millions of people who are not entitled to even the economic protection afforded by old age and survivors insurance, but who receive a bare minimum of subsistence under one of the four categories of federally aided assistance programs—aid to the aged, the blind, the permanently disabled, and dependent children. These programs, while financed in part by the Federal Government, are administered by the separate States—often unfairly and inadequately with pitiably inadequate payments and unreasonable eligibility requirements. It is these needy, who have had to supplement their income with public assistance in order to survive, who are most badly in need of relief.

In 1952 Congress voted a temporary and nominal increase to the aged, the blind, the disabled, and dependent children. Ever since that time these unfortunate people have been kept dangling by temporary extensions of this increase which often the States have even failed to to pass along, choosing instead to reduce the State contribution for their assistance. I earnestly hope that this Congress will not only liberalize but make permanent the Federal share of the benefits under these so-called categorical assistance programs and insure that the increase is passed along to the recipients.

I cannot close without a word in behalf of those persons who have not yet reached age 65 but who nonetheless for reasons of age have been severed from employment and who for the same reason have no immediate prospect of reemployment. These persons are too young to receive social security benefits under the present statute, which has arbitrarily established that 65 years shall be the minimum eligibility age for retirement for men.

Human nature being what it is, it is impossible to establish any precise age for retirement that would be acceptable to everyone. In times of prosperity the job market can accommodate older workers and still absorb younger workers fresh out of school. But in times of recession, such as we are now confronting, there is strong sentiment for early compulsory retirement to vacate jobs for young aspirants. Although I cannot support the establishment of an early mandatory retirement age, I do believe that the Federal Government has a responsibility to underwrite the economic security of persons unemployed for reasons entirely beyond their control by permitting them to retire before age 65, at a reduced annuity if need be.

I recognize that these recommended adjustments necessarily impose an additional burden and strain on the social security fund, the solvency of which is inherently vital to the effectiveness of our social-security program. It goes without saying, of course, that no amending legislation, however humane or urgent, can be seriously considered without giving due thought to the actual costs involved and the necessary adjustment in the contribution rate to offset the increased outlay from the OASI fund. It is for this very reason that H. R. 10664 envisages an increase in the contribution rate of .5 percent upon employees and employers.

Actuarial studies and projections bear out that the proposed increase in monthly benefits of approximately 10 percent can be adequately sustained by a 0.25 percent increase in contributions. The cost estimates for the hospitalization provisions likewise indicate that a 0.25 percent increase in contributions would be adequate to finance this added feature without jeopardizing the fiscal solvency of the fund. I might add here that the projected estimates are based on the assumption that aged persons will use between 2 and 2.5 days of hospital care annually while actual utilization rates today are about 1.75 days despite

the great promise which progress in geriatrics holds for reducing this figure still further.

It is safe to conclude then that an increase of 0.5 percent in the contribution rate of employers and employees will serve adequately to underwrite the costs of the improved annuities and hospital insurance features of the amendments which I have commended to your thoughtful consideration as both humanitarian in principle and economically sound.

I am constrained to point out further that every additional dollar paid out in benefits will almost immediately find its way back into the economic stream. The increased purchasing power of the recipient will stimulate consumer demand, which will in turn create jobs for the unemployed which will result in more social security tax contributions to the fund. Thus, if enacted, this legislation will serve to generate employment and economic activity and at the same time build up the social security fund.

I commend to your favorable attention this meritorious legislation which will not only provide urgently needed relief to our aged and needy citizens but which will redound to the ultimate economic welfare of the entire country.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. BECKWORTH, for 10 minutes, on today.

Mr. STAGGERS, for 5 minutes, on today.

Mr. HOFFMAN, for 15 minutes, on Tuesday and Wednesday next.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. DOLLINGER and include extraneous matter.

Mr. CHAMBERLAIN and include extraneous matter.

Mr. COLLIER and include extraneous matter.

Mr. DAWSON of Utah in two instances and to include extraneous matter.

Mr. KNOX.

Mr. HARRIS, his remarks today in Committee of the Whole and to include excerpts.

Mr. THOMPSON of New Jersey and to include extraneous matter.

Mr. MULTER (at the request of Mr. McCORMACK) and to include extraneous matter.

Mr. McGOVERN (at the request of Mr. McCORMACK) and to include extraneous matter.

Mr. SANTANGELO (at the request of Mr. McCORMACK) in two instances and to include extraneous matter.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1985. An act to authorize the preparation of plans and specifications for the construction of a building for a National Air Museum for the Smithsonian Institution, and all other work incidental thereto; to the Committee on Public Works.

S. 3975. An act to provide for the construction of a fireproof annex building for use of the Government Printing Office, and for other purposes; to the Committee on Public Works.

S. 4009. An act to amend the act authorizing the Washoe reclamation project, Nevada and California, in order to increase the amount authorized to be appropriated for such project; to the Committee on Interior and Insular Affairs.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 12695. An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain rates, and to provide for the repeal of the taxes on the transportation of property; and

H. J. Res. 640. Joint resolution making temporary appropriations for the fiscal year 1959, providing for increased pay costs for the fiscal year 1958, and for other purposes.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1366. An act to amend the act entitled "An act to authorize the construction, protection, operation, and maintenance of public airports in the Territory of Alaska"; as amended;

S. 3100. An act to provide transportation on Canadian vessels between ports in southeastern Alaska, and between Hyder, Alaska, and other points in southeastern Alaska or the continental United States, either directly or via a foreign port, or for any part of the transportation; and

S. 3500. An act to require the full and fair disclosure of certain information in connection with the distribution of new automobiles in commerce, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 8054. An act to provide for the leasing of oil and gas deposits in lands beneath nontidal navigable waters in the Territory of Alaska, and for other purposes;

H. R. 12088. An act extending the time in which the Boston National Historic Sites Commission shall complete its work;

H. R. 12428. An act making appropriations for the Departments of State and Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1959, and for other purposes; and

H. R. 12695. An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and to provide for the repeal of the taxes on the transportation of property.

ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 15 minutes p. m.), under its previous order, the House adjourned until Monday, June 30, 1958, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2068. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Army, dated April 25, 1958, submitting a report, together with accompanying papers, and illustrations, on a cooperative beach erosion control study of the south shore of Key West, Fla., prepared under the provisions of section 2 of the River and Harbor Act approved July 3, 1930, as amended and supplemented (H. Doc. No. 413); to the Committee on Public Works and ordered to be printed with two illustrations.

2069. A letter from the Secretary of Defense, transmitting the Semiannual Report of the Secretary of Defense, and the semiannual reports of the Secretary of the Army, Secretary of the Navy, and the Secretary of the Air Force for the period from January 1 to June 30, 1957; to the Committee Armed Services.

2070. A letter from the Secretary of Defense, transmitting the annual report for the American National Red Cross, and the combined statement of income and expenditures for the fiscal year ended June 30, 1957, pursuant to the act of July 17, 1953 (67 Stat. 173); to the Committee on Foreign Affairs.

2071. A letter from the Secretary of Commerce, transmitting reports for partial restoration of the balances withdrawn from the appropriations "Salaries and expenses, Patent Office" (1361006), and "Salaries and expenses, Patent Office" (1371006), pursuant to Public Law 798, 84th Congress; to the Committee on Government Operations.

2072. A letter from the Attorney General, transmitting a draft of proposed legislation entitled "A bill to amend section 4201 of title 18, United States Code, with respect to the annual rate of compensation of members of the Board of Parole"; to the Committee on the Judiciary.

2073. A letter from the Secretary of Defense, transmitting a draft of proposed legislation entitled "A bill to amend title 10, United States Code, to provide more flexibility in making additional appointments to bring the number of cadets at the United States Military Academy and the United States Air Force Academy up to full strength"; to the Committee on Armed Services.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HAYS of Ohio: Committee on House Administration. House Concurrent Resolution 325. Concurrent resolution to authorize the Joint Committee on Atomic Energy to print for its use 10,000 copies of the public hearings on "Physical research program as it relates to the field of atomic energy"; without amendment (Rept. No. 2040). Ordered to be printed.

Mr. HAYS of Ohio: Committee on House Administration. Senate Concurrent Resolu-

tion 82. Concurrent resolution to print the proceedings in connection with the acceptance of the statue of Charles Marion Russell, late of Montana; without amendment (Rept. No. 2041). Ordered to be printed.

Mr. HAYS of Ohio: Committee on House Administration. Senate Concurrent Resolution 87. Concurrent resolution to print additional copies of the hearings entitled "Civil Rights—1957," for the use of the Committee on the Judiciary; without amendment (Rept. No. 2042). Ordered to be printed.

Mr. WILLIS: Committee on the Judiciary. H. R. 9139. A bill to amend the law with respect to civil and criminal jurisdiction over Indian country in Alaska; with amendments (Rept. No. 2043). Referred to the House Calendar.

Mr. COOLEY: Committee on Agriculture. H. R. 12161. A bill to provide for the establishment of townsites, and for other purposes; without amendment (Rept. No. 2044). Referred to the Committee of the Whole House on the State of the Union.

Mr. FORRESTER: Committee on the Judiciary. H. R. 12140. A bill to amend the act of December 2, 1942, and the act of August 16, 1941, relating to injury, disability, and death resulting from war-risk hazards and from employment, suffered by employees of contractors of the United States, and for other purposes; without amendment (Rept. No. 2045). Referred to the Committee of the Whole House on the State of the Union.

Mr. CANNON: Committee on Appropriations. House Joint Resolution 640. Joint resolution making temporary appropriations for the fiscal year 1959, providing for increased pay costs for the fiscal year 1958, and for other purposes; without amendment (Rept. No. 2046). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'BRIEN of New York: Committee on Interior and Insular Affairs. H. R. 12018. A bill to authorize the Secretary of the Navy to acquire certain land on the island of Guam; with amendments (Rept. No. 2047). Referred to the Committee of the Whole House on the State of the Union.

Mr. PASSMAN: Committee on Appropriations. H. R. 13192. A bill making appropriations for mutual security for the fiscal year ending June 30, 1959, and for other purposes; without amendment (Rept. No. 2048). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'BRIEN of New York: Committee on Interior and Insular Affairs. H. R. 8478. A bill to amend section 207 of the Hawaiian Homes Commission Act, 1920, to permit the establishment of a post office on Hawaiian home lands; without amendment (Rept. No. 2049). Referred to the Committee of the Whole House on the State of the Union.

Mr. CARNAHAN: Committee on Foreign Affairs. Senate Joint Resolution 85. Joint resolution to amend the act of Congress approved August 7, 1935 (Public Law 253), concerning United States contributions to the International Council of Scientific Unions and certain associated unions; without amendment (Rept. No. 2050). Referred to the Committee of the Whole House on the State of the Union.

Mr. DURHAM: Committee of conference. H. R. 12716. A bill to amend the Atomic Energy Act of 1954, as amended (Rept. No. 2051). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOGGS:

H. R. 13183. A bill to amend the Internal Revenue Code of 1954 to provide a personal exemption for children placed for adoption; to the Committee on Ways and Means.

By Mr. BROYHILL:

H. R. 13184. A bill to authorize a comprehensive survey and study of the street lighting of the District of Columbia; to the Committee on the District of Columbia.

H. R. 13185. A bill to fix and regulate the salaries of officers and members of the Metropolitan Police force and the Fire Department of the District of Columbia, of the United States Park Police, and of the White House Police, and for other purposes; to the Committee on the District of Columbia.

By Mr. KNOX:

H. R. 13186. A bill to amend title II of the Social Security Act to authorize payment of old-age insurance benefits to all individuals who have attained age 70, and to increase the minimum amount of all monthly insurance benefits payable under such title; to the Committee on Ways and Means.

By Mr. McGOVERN:

H. R. 13187. A bill to establish a national wilderness preservation system for the permanent good of the whole people, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. McINTOSH:

H. R. 13188. A bill to amend the Internal Revenue Code of 1954 to provide a 30 percent credit against the individual income tax for amounts paid as tuition or fees to certain public and private institutions of higher education; to the Committee on Ways and Means.

By Mr. MULTER:

H. R. 13189. A bill to provide further means of securing and protecting the right of persons within the jurisdiction of the several States to the equal protection of the laws and other civil rights guaranteed by the Constitution or laws of the United States; to the Committee on the Judiciary.

By Mr. PRICE:

H. R. 13190. A bill to amend the Atomic Energy Act of 1954, as amended; to the Joint Committee on Atomic Energy.

By Mr. WRIGHT:

H. R. 13191. A bill to require the Commissioner of Education to encourage, foster, and assist in the establishment of clubs for boys and girls especially interested in science; to the Committee on Education and Labor.

By Mr. PASSMAN:

H. R. 13192. A bill making appropriations for mutual security for the fiscal year ending June 30, 1959, and for other purposes.

By Mrs. BOLTON:

H. R. 13193. A bill to provide for a National Cultural Center which will be constructed, with funds raised by voluntary contributions, on a site made available in the District of Columbia; to the Committee on Public Works.

By Mr. REUSS:

H. R. 13194. A bill to provide for a National Cultural Center which will be constructed, with funds raised by voluntary contributions, on a site made available in the District of Columbia; to the Committee on Public Works.

By Mr. CANNON:

H. J. Res. 640. Joint resolution making temporary appropriations for the fiscal year 1959, providing for increased pay costs for the fiscal year 1958, and for other purposes.

By Mr. JENNINGS:

H. J. Res. 641. Joint resolution extending for 60 days the special milk program; to the Committee on Agriculture.

By Mr. JOHNSON:

H. J. Res. 642. Joint resolution extending for 60 days the special milk program; to the Committee on Agriculture.

By Mr. ULLMAN:

H. J. Res. 643. Joint resolution to establish a joint committee to investigate the gold-mining industry; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHAMBERLAIN:

H. R. 13195. A bill for the relief of Capt. Robert F. Emerson; to the Committee on the Judiciary.

By Mr. BECKER:

H. R. 13196. A bill for the relief of Mrs. Maria Lagomarsino Rosasco and her son, Andrew Rosasco; to the Committee on the Judiciary.

By Mr. BONNER:

H. R. 13197. A bill for the relief of Valerie J. Webb; to the Committee on the Judiciary.

By Mr. BOYLE:

H. R. 13198. A bill for the relief of Branislava V. Rasulich; to the Committee on the Judiciary.

By Mr. HAGEN:

H. R. 13199. A bill for the relief of Jose Dias de Souza; to the Committee on the Judiciary.

By Mr. JACKSON:

H. R. 13200. A bill for the relief of Bela Janko; to the Committee on the Judiciary.

By Mr. KNOX:

H. R. 13201. A bill for the relief of Louis Mikulich; to the Committee on the Judiciary.

By Mr. MOSS:

H. R. 13202. A bill for the relief of Harjinder Singh Dhillon; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

The Dukes of Dixieland

EXTENSION OF REMARKS

OF

HON. RUSSELL B. LONG

OF LOUISIANA

IN THE SENATE OF THE UNITED STATES

Friday, June 27, 1958

Mr. LONG. Mr. President, I ask unanimous consent to have printed in the RECORD a statement on the Dukes of Dixieland jazz band, now visiting Washington.

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

Music has always been one of the chief ambassadors of good will of the Southland—particularly of the State of Louisiana and the city of New Orleans. We have visiting with us today in Washington a group of true exponents of Dixieland jazz. They are the Dukes of Dixieland and they are appearing at the Carter Barron Amphitheater for a few nights.

Since leaving New Orleans several years ago this band has toured the United States and has done much to familiarize the Nation with the brand of music we identify with our section of the country.

The Dukes of Dixieland have an engagement today to play their music for the more serious cases out at Walter Reed Hospital. Feeling that music is an important part of the therapy that leads to recovery in many