are witnessing today. I invite your investigation of such potential.

Previously, the Congress of the United States has authorized the creation of the Civil Rights Commission. Now, before that Commission has had a chance to investigate or report, and before this Nation has had a chance to judge whether there can come any good from such a Commission, we are asked to pass further civil rights legislation. We know what it cost last year. No one knows the unrest that may be perpetuated, the difficulty that may be encouraged by the continual stirring up of this controversy.

The colored race down where I come from, and I would venture everywhere else, too, do not want this controversy continually stirring up bad feelings. They are interested in jobs, work, and the chance to make a decent living and enjoy a high standard of living. Those are the sort of things they ask me about when I am at home. They are worried about the recession. Many are unemployed. They would rather that the Congress give its attention to the problems of the recession than to the civil rights controversy.

This bill speaks of the second-class citizenship. There is no such thing in America as second-class citizenship. The idea of playing class against class is not American. There is no class society in this Nation regardless of what any politicians may say.

The progress each race has made in this country has been in keeping with the effort made by that race. This is true individually and collectively. Any race may help another, but the rise and surge to real stature comes from within the race. One race cannot expect to ride on the back of another, to get to the top, or to enjoy the fruits and honors of real achievement and contribution. I do not say such exists today, but we must not encourage a parasitic philosophy.

In my State the schools are still segregated. Just this past Monday, before coming to Washington, I passed by a new high school, erected for the colored, convenient to their residences, appointed for every need, and equal to any other high school in my State. We have spent vast sums and our people pay taxes on everything they buy, in the form of sales tax, to support the school-construction program. We are proud of our school-construction program, second to none in this Nation.

The legislation before you seeks to adjust a society by enacting a law or laws setting forth, first, a policy or Congressional finding, which by its emphasis on what men or governments should do, admits the weakness of the program, spotlights its nonacceptance, and reflects that it is not the will of a majority of the American people. If the Constitution is the law of the land, and I hope it is despite the misinterpretations of the Supreme Court, then saying it is does not enhance its strength.

Title II of H. R. 10672 attempts to reincarnate the Federal aid-to-education bill which was defeated in the House of Representatives last year, in part, if not in whole. Does it attempt or intend to supplement, bolster, or take the place of the supposed duties of the Civil Rights Commission? Is this an admission, in advance, of the failure of that Commission?

Title III anticipates the actions of some of the States which contemplate closing any public institutions ordered to be desegregated. Suppose you give grants, who is going to run the schools? What is going to happen when pupils refuse to come? Who will want to teach in them? What ratings will they have scholastically? Do we want a federalized school system?

Title III, on its face, cannot accomplish its plain objective. One hundred and sixty million dollars would be thrown away, and the byproduct would be the fermenting of more unrest, more hatreds.

Title IV invites the worst sort of bureaucracy in the supposed name of education, and in the cause of political desegregation. Every crackpot, Communist, and do-gooder will join the ranks of the Secretary of Health, Education, and Welfare. If the opportunity for misuse will not draw the flies, the blank check in section 404 will.

Title VI seeks to reincarnate title III of the bill of last year. The American people did not want title III last year. They do not want title VI this year.

Last year I told the Celler subcommittee of the good race relation in my part of the country. In my own District I know of no strained race relations. I do not recall any during the past 25 years.

I had hoped these hearings would be canceled. Since they are not, for the good of the country, let's have no civil rights legislation this year.

SENATE

Friday, July 11, 1958

(Legislative day of Thursday, July 10, 1958)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

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

O Thou who dost speak in the quietness to listening hearts, cleanse the thoughts that color our outlook, for we know that only to the pure dost Thou grant the vision of Thy face.

We would bring to this, our daily altar of prayer, our inmost selves, cluttered and confused, where the good and evil, the petty and the great, the wheat and the tares, are so entwined.

In our private lives and in our public service help us, this and every day, to live more nearly as we pray.

We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. Johnson of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, July 10, 1958, was dispensed with.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the bill (S. 1411) to amend the act of August 26, 1950, relating to the suspension of employment of civilian personnel of the United States in the interest of national security, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bill and joint resolution, in which it requested the concurrence of the Senate:

H. R. 13015. An act to authorize certain construction at military installations, and for other purposes; and

H. J. Res. 424. Joint resolution to improve the administration of justice by authorizing the Judicial Conference of the United States to establish institutes and joint councils on sentencing, to provide additional methods of sentencing, and for other purposes.

HOUSE BILL AND JOINT RESOLUTION REFERRED

The following bill and joint resolution were each read twice by their titles and referred as indicated:

H. R. 13015. An act to authorize certain construction at military installations, and for other purposes; to the Committee on Armed Services.

H. J. Res. 424. Joint resolution to improve the administration of justice by authorizing the Judicial Conference of the United States to establish institutes and joint councils on sentencing, to provide additional methods of sentencing, and for other purposes; to the Committee on the Judiciary.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. Johnson of Texas, and by unanimous consent, the Subcommittee on Agricultural Production of the Committee on Agriculture and Forestry and the Subcommittee on Public Health, Education, Welfare, and Safety of the Committee on the District of Columbia were authorized to meet during the session of the Senate today.

TRANSACTION OF ROUTINE BUSINESS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that there may be the usual morning hour, subject to a 3-minute limitation on statements.

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

EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, there are a number of nominations on the Executive Calendar. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The VICE PRESIDENT. If there be no reports of committees, the nominations on the calendar will be stated.

DEPARTMENT OF DEFENSE

The legislative clerk read the nomination of Charles Cecil Finucane, of Washington, to be an Assistant Secretary of Defense.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

OFFICE OF DEFENSE AND CIVILIAN MOBILIZATION

The legislative clerk proceeded to read sundry nominations in the Office of Defense and Civilian Mobilization.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations will be considered and confirmed en bloc.

BOARD OF PAROLE

The legislative clerk read the nomination of Eva Bowring, of Nebraska, to be a member of the Board of Parole.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

UNITED STATES ATTORNEY

The legislative clerk read the nomination of Joseph E. Hines, of South Carolina, to be United States attorney for the western district of South Carolina.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

UNITED STATES MARSHAL

The legislative clerk read the nomination of William A. O'Brien, of Pennsylvania, to be United States marshal for the eastern district of Pennsylvania.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. JOHNSON of Texas. I ask unanimous consent that these nominations be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations will be considered and confirmed en bloc.

THE AIR FORCE

The legislative clerk read the nomination of Lt. Gen. Charles P. Cabell to be a general in the United States Air Force.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

Mr. JOHNSON of Texas. I ask unanimous consent that these nominations be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations will be considered and confirmed en bloc.

THE MARINE CORPS

The legislative clerk read the nomination of Brig. Gen. Roy M. Gulick, United States Marine Corps, to be Quartermaster General of the Marine Corps, with the rank of major general.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

ARMY AND REGULAR AIR FORCE NOMINATIONS ON THE VICE PRESIDENT'S DESK

The legislative clerk proceeded to read sundry nominations in the Regular Army and the Regular Air Force, previously favorably reported and placed on the Vice President's desk.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations will be considered and confirmed en bloc.

Mr. JOHNSON of Texas. I ask that the President be immediately notified of the confirmation of all these nominations.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

EXECUTIVE COMMUNICATIONS, ETC.

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

REPORT OF RECEIPT OF PROJECT PROPOSAL UNDER SMALL RECLAMATION PROJECTS ACT OF 1956

A letter from the Acting Secretary of the Interior, reporting, pursuant to law, that the Goleta County Water District of California had applied for a loan of $2,080,000 (with accompanying papers); to the Committee on Interior and Insular Affairs.

REPORT OF NATIONAL TRUST FOR HISTORIC PRESERVATION

A letter from the Secretary, National Trust for Historic Preservation, Washington, D. C., transmitting, pursuant to law, a report of that organization for the calendar year 1957 (with accompanying papers); to the Committee on Interior and Insular Affairs.

PETITIONS AND MEMORIALS

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

By the VICE PRESIDENT:

The petition of Joshua L. Herman, of Bandon, Oreg., praying for the enactment of legislation to open the rivers of the State of Oregon to commercial fishermen; to the Committee on Interstate and Foreign Commerce.

A resolution adopted by the Council of Administration, Department of Pennsylvania, Veterans of Foreign Wars of the United States, at Pittsburgh, Pa., favoring the expulsion from the United States of certain Russian newspaper correspondents; to the Committee on the Judiciary.

The memorial of William S. Loesch, of Vestal, N. Y., remonstrating against Federal expenditures; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

H. R. 11102. An act amending the jurisdiction of district courts in civil actions with regard to the amount in controversy and diversity of citizenship (Rept. No. 1830).

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

H. R. 7576. An act to further amend the Federal Civil Defense Act of 1950, as amended, and for other purposes (Rept. No. 1831).

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. GREEN (by request):

S. 4127. A bill to amend the Foreign Service Act of 1946, as amended, and for other purposes; to the Committee on Foreign Relations.

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

By Mr. O'MAHONEY (for himself and Mr. BARRETT):

S. 4128. A bill to cancel irrigation maintenance and operation charges on the Shoshone Indian Mission School lands on the Wind River Indian Reservation; to the Committee on Interior and Insular Affairs.

By Mr. MANSFIELD (for Mr. JACKSON) (by request):

S. 4129. A bill to amend title 32 of the United States Code to permit the appointment of the Adjutant General of Puerto Rico as provided by the laws of the Commonwealth of Puerto Rico; to the Committee on Armed Services.

By Mr. CURTIS (for himself and Mr. HRUSKA):

S. J. Res. 190. Joint resolution to approve the report of the Department of the Interior on Red Willow Dam and Reservoir in Nebraska; to the Committee on Interior and Insular Affairs.

FOREIGN SERVICE ACT AMENDMENTS OF 1958

Mr. GREEN. Mr. President, by request, I introduce, for appropriate reference, a bill to amend the Foreign Service Act of 1946, as amended. This bill, which was submitted to the Vice President on June 24, 1958, would make changes in the Foreign Service Act with respect to some 16 different subjects, including the establishment of a new 10-class salary structure for the Foreign Service staff corps which the Department believes is essential for the effective administration of the Foreign Service.

I ask unanimous consent that the text of the bill, together with the letter from the Secretary of State to the Vice President, be printed in the RECORD.

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

The bill (S. 4127) to amend the Foreign Service Act of 1946, as amended, and for other purposes, introduced by Mr. GREEN, by request, was received, read twice by its title, referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That this act may be cited as the "Foreign Service Act Amendments of 1958."

SEC. 2. Section 416 of such act is amended to read as follows:

"SEC. 416. (a) A person appointed as a staff officer or employee shall receive basic salary at one of the rates of the class to which he is appointed which the Secretary shall, taking into account his qualifications and experience and the needs of the Service, determine to be appropriate for him to receive.

"(b) Whenever the Secretary determines that the needs of the Service warrant the appointment of staff officers or employees in a particular occupational group uniformly at a specific step rate above the minimum rate of the applicable class, he may adjust the basic salary of any staff officer or employee in the same class and occupational group who is receiving less than such established uniform step rate."

SEC. 3. Section 431 of such act is amended by striking out in the first sentence of subparagraph (a) the phrase "the termination of time spent on authorized leave, whichever shall be later," and inserting in lieu thereof the phrase "upon termination of his service in accordance with the provisions of paragraph (b) of this section,"; and by amending subparagraph (b) of this section to read as follows:

"(b) The official services of a chief of mission shall not be deemed terminated by the appointment of a successor but shall continue until he has relinquished charge of the mission and for such additional period as may be determined by the Secretary, but in no case shall such additional period exceed 50 days, including time spent in transit. During such period the Secretary may require him to render such services as he may deem necessary in the interests of the Government."

SEC. 4. Section 441 of such act and the heading thereto is amended to read as follows:

"CLASSIFICATION OF POSITIONS IN THE FOREIGN SERVICE AND IN THE DEPARTMENT

"SEC. 441. (a) Under such regulations as he may prescribe, and in order to facilitate effective management, the Secretary shall classify all positions in the Service at posts abroad, excluding positions to be occupied by chiefs of mission, and in the case of those occupied by Foreign Service officers, Reserve officers, and staff officers and employees, he shall establish such positions in relation to the classes established by sections 412, 414, and 415, respectively. Positions occupied by local employees and consular agents, respectively, shall be allocated to such classes as the Secretary may establish by regulation.

"(b) Under such regulations as he may prescribe, the Secretary may, notwithstanding the provisions of the Classification Act of 1949, as amended (5 U. S. C. 1071, and the following), classify positions in or under the Department which he designates as Foreign Service positions to be occupied by officers and employees of the Service, and establish such positions in relation to the classes established by sections 412, 414, and 415."

SEC. 5. (a) Section 444 (a) of such act is amended by striking out "444. (a)" and inserting "444" in lieu thereof which shall read as follows:

"SEC. 444. The Secretary shall, in accordance with such regulations as he may prescribe, establish schedules of salaries for classes of positions of local (alien) employees of the Service; provided that such schedules of salaries for local employees shall be based upon prevailing wage rates and related pay practices for corresponding types of positions in the locality, as is consistent with the public interest."

(b) Section 444 (b) of such act is hereby repealed.

SEC. 6. A new section 447 is hereby added to such act, as follows:

"ADMINISTRATIVE ESTABLISHMENT OF HAZARDOUS DUTY PAY FOR CERTAIN CATEGORIES OF OFFICERS AND EMPLOYEES

"SEC. 447. The Secretary may, under such regulations as he may prescribe, establish rates of salary differential, not exceeding 15 percent of basic salary, for officers or employees of the Service while they are assigned for duty as a courier"

SEC. 7. Section 517 of such act is amended by striking the second and third sentences thereof.

SEC. 8. (a) Section 520 and the heading thereto is amended by striking out in the heading the phrase "Reinstatement and Recall" and substituting in lieu thereof the phrase "Reappointment, Recall, or Reemployment"; and by amending paragraph (b) to read as follows:

"(b) The Secretary may recall any retired Foreign Service officer temporarily to active duty in the Service whenever he shall determine such recall is in the public interest."

(b) Section 520 of such act is further amended by adding at the end thereof a new paragraph (c) which shall read as follows:

"(c) Notwithstanding the provisions of 5 U. S. C. 62 and 5 U. S. C. 715a, a Foreign Service officer heretofore or hereafter retired under the provisions of section 631 or 632 or a Foreign Service staff officer or employee hereafter retired under the provisions of section 803 shall not, by reason of his retired status, be barred from employment in Federal Government service in any appointive position for which he is qualified. An annuitant so reemployed shall serve at the will of the appointing officer."

SEC. 9. Section 522 of such act is amended by adding at the end thereof a new subparagraph (3) which shall read as follows:

"(3) extend the appointment or assignment of any Reserve officer, or continue the services of any such reserve officer by reappointment without regard to the provisions of section 527 of this act, for not more than 5 additional years if the Secretary deems it to be in the public interest to continue such officer in the Service, except that the assignment of any Reserve officer under paragraph (2) above may not be extended under the provisions of this paragraph without the consent of the head of the agency concerned."

SEC. 10. Section 531 of such act is amended to read as follows:

"SEC. 531. The Secretary may, under such regulations as he may prescribe, appoint staff officers and employees on the basis of qualifications and experience. The Secretary may make provisions for temporary, limited, and such other type appointments as he may deem necessary. He is authorized to establish appropriate probationary periods during which newly appointed staff officers or employees, other than those appointed for temporary or limited service shall be required to serve. The Secretary may terminate at any time, without regard to the provisions of section 637, or the provisions of any other law, staff officers or employees appointed for temporary or limited service and other staff officers or employees who occupy probationary status."

SEC. 11. Section 532 of such act is amended to read as follows:

"SEC. 532. Under such regulations as he may prescribe, the Secretary may assign a staff officer or employee to any post or he may assign him to serve in any position in which he is eligible to serve under the terms of this or any other act. A staff officer or employee may be transferred from one post to another by order of the Secretary as the interests of the Service may require."

SEC. 12. (a) Paragraphs (a), (b), and (c) of section 571 of such act are amended to read as follows:

"SEC. 571. (a) Any officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed for duty in any Government agency, or in any international organization, international commission, or any international body, such an assignment or combination of assignments to be for a period of not more than 4 years, except that under special circumstances the Secretary may extend this 4-year period for not more than 4 additional years.

"(b) If a Foreign Service officer shall be appointed by the President, by and with the advice and consent of the Senate, or by the President alone to a position in any Government agency, any United States delegation or mission to any international organization, international commission, or any international body, the period of his service in such capacity shall be construed as constituting an assignment within the meaning of paragraph (a) of this section and such person shall not, by virtue of the acceptance of such an assignment, lose his status as a Foreign Service officer. Service in such a position shall not, however, be subject to the limitations concerning the duration of an assignment contained in that paragraph.

"(c) If the basic minimum salary of the position to which an officer or employee of the Service is assigned pursuant to the terms of this section is higher than the salary such officer or employee is entitled to receive as an officer or employee of the Service, such officer or employee shall, during the period such difference in salary exists, receive the salary of the position in which he is serving in lieu of his salary as an officer or employee of the Service. Any salary paid under the provisions of this section shall be paid from appropriations made available for the payment of salaries of officers and employees of the Service and shall be the salary on the basis of which computations and payments shall be made in accordance with the provisions of title VIII. No officer or employee of the Service who, after June 30, 1960, occupies a position in the Department that is designated as a Foreign Service position shall be entitled to receive a salary differential under the provisions of this paragraph."

(b) Paragraph (e) of section 571 of such act is amended by striking the phrase "with heads of Government agencies" where it appears in the second sentence and by redesignating the paragraph as "(d)".

SEC. 13. The heading "Part D—Separation of Foreign Service Officers From the Service" under title VI of such act is amended to read as follows: "Part D—Separation of Officers and Employees From the Service".

SEC. 14. Section 631 of such act is amended to read as follows:

"SEC. 631. Any Foreign Service officer who is a career ambassador or a career minister, other than one occupying a position as chief of mission, shall, upon reaching the age of 65, be retired from the Service and receive retirement benefits in accordance with the provisions of section 821, but whenever the Secretary shall determine it to be in the public interest, he may extend such an officer's service for a period not to exceed 5 years."

SEC. 15. Section 632 of such act is amended to read as follows:

"SEC. 631. Any Foreign Service officer who is not a career ambassador or a career minister shall, upon reaching the age of 60, be retired from the Service and receive retirement benefits in accordance with the provisions of section 821 but whenever the Secretary shall determine it to be in the public interest, he may extend such an officer's service for a period not to exceed 5 years."

SEC. 16. (a) Paragraphs (a), (b), (c), and (d) of section 637 of such act and the heading thereto are amended to read as follows:

"SEPARATION FOR CAUSE

"SEC. 637. (a) The Secretary may, under such regulations as he may prescribe, separate from the Service any Foreign Service officer, Reserve officer, or staff officer or employee, on account of the unsatisfactory performance of his duties, or for such other cause as will promote the efficiency of the Service, and for reasons given in writing, but no such officer or employee shall be so separated until he shall have been granted a hearing by the Board of the Foreign Service and the unsatisfactory performance of his duties, or other cause for separation, shall have been established at such hearing, or else he shall have waived in writing his right to a hearing. The provisions of this section shall not apply to Foreign Service officers of class 8 or any other officer or employee of the Service who is in a probationary status or whose appointment is limited or temporary.

"(b) Any participant in the Foreign Service Retirement and Disability System who is—

"(1) over 45 years of age, separated from the Service for unsatisfactory performance of duty shall be retired upon an annuity computed in accordance with the provisions of section 821 but not in excess of 25 percent of his per annum salary at the time of his separation;

"(2) under 45 years of age, separated from the Service for unsatisfactory performance of duty shall at the time of separation receive a payment equal to 1 year's salary or the refund of the contributions made by him to the Foreign Service Retirement and Disability Fund, whichever shall be greater.

"(c) Any participant in the Foreign Service Retirement and Disability System separated under the provisions of paragraph (a) of this section, for reasons other than unsatisfactory performance of duty, may, in the discretion of the Secretary and on the basis of criteria established in advance by him, be granted the benefits of paragraph (b) of this section depending upon his age. Unless the Secretary determines at the time of separation of a participant under the provisions of paragraph (a) of this section that he shall be granted the benefits of paragraph (b) of this section his contributions to the Foreign Service Retirement and Disability Fund shall be returned to him in accordance with the provisions of section 841 (a).

"(d) Any officer or employee of the Service who is not a participant in the Foreign Service Retirement and Disability System shall be entitled only to such benefits as shall accrue to him under the retirement system in which he is a participant."

(b) Section 637 of such act is further amended by adding at the end thereof a new paragraph (e) which shall read as follows:

"(e) Any payments made in accordance with the provisions of paragraphs (b) or (c) of this section shall be made out of the Foreign Service Retirement and Disability Fund."

SEC. 17. Section 641 of such act is amended to read as follows:

"SEC. 641. All promotions of staff officers and employees to a higher class shall be made at the same or at a higher salary on the basis of performance and merit in accordance with such regulations as the Secretary may prescribe."

SEC. 18. Section 701 of such act is amended by adding at the end thereof a new sentence which shall read as follows: "The Secretary may also provide appropriate orientation and language training to dependents of officers and employees of the Government if such officers and employees are assigned to foreign relations activities."

SEC. 19. Section 704 of such act is amended by adding at the end thereof a new paragraph (e) which shall read as follows:

"(e) The Secretary may, under such regulations as he may prescribe and on a full- or part-time basis, appoint to the staff of the Institute persons who are not citizens of the United States."

SEC. 20. (a) Section 803 (b) (2) of such act is amended to read as follows:

"(2) have paid into the fund a special contribution for each year of such service in accordance with the provisions of paragraph (b) of section 852."

(b) Section 803 is further amended by adding at the end thereof a new paragraph (c) which shall read as follows:

"(c) (1) In accordance with such regulations as the President may prescribe, any Foreign Service staff officer or employee appointed by the Secretary of State who has completed at least 10 years of continuous service in the Department's Foreign Service, exclusive of military service, shall become a participant in the Foreign Service Retirement and Disability System shall make a special contribution to the Foreign Service Retirement and Disability Fund in accordance with the provisions of section 852.

"(2) Any such officer or employee who, under the provisions of paragraph (c) (1) of this section, becomes a participant in the Foreign Service Retirement and Disability System, shall be mandatorily retired for age during the first year after the effective date of this section if he attains age 64 or if he is over age 64; during the second year at age 63; during the third year at age 62; during the fourth year at age 61, and thereafter at age 60."

SEC. 21. Section 804 of such act is amended to read as follows:

"SEC. 804. (a) Annuitants shall be persons who are receiving annuities from the fund on the effective date of this act and all persons, including widows, widowers, dependent widowers, children, and beneficiaries of participants or annuitants who shall become entitled to receive annuities in accordance with the provisions of this act, as amended, or in accordance with the provisions of section 5 of the act of May 1, 1956 (70 Stat. 125).

"(b) When used in this title the term—

"(1) 'Widow' means the surviving wife of a participant who was married to such participant for at least 2 years immediately preceding his death or is the mother of issue by such marriage.

"(2) 'Widower' means the surviving husband of a participant who was married to such participant for at least 2 years immediately preceding her death or is the father of issue by such marriage.

"(3) 'Dependent widower' means the surviving husband of a participant who was married to such participant for at least 2 years immediately preceding her death or is the father of issue by such marriage, and who is incapable of self-support by reason of mental or physical disability, and who received more than one-half of his support from such participant.

"(4) 'Child' means an unmarried child, including (a) an adopted child, and (b) a stepchild or recognized natural child who received more than one-half of his support from the participant, under the age of 18 years, or such unmarried child regardless of age who because of physical or mental disability incurred before age 18 is incapable of self-support."

SEC. 22. Section 811 of such act is amended by striking out the word "Five" and by inserting the words "Six and one-half."

SEC. 23. (a) Paragraphs (a), (b), and (c) of section 821 of such act are amended to read as follows:

"SEC. 821. (a) The annuity of a participant shall be equal to 2 percent of his average basic salary for the highest 5 consecutive years of service, for which full contributions have been made to the fund, multiplied by the number of years, not exceeding 35, of service credit obtained in accordance with the provisions of sections 851, 852, and 853. However, the highest 5 years of service for which full contributions have been made to the fund shall be used in computing the annuity of any Foreign Service officer who serves as chief of mission and whose continuity of service as such is interrupted prior to retirement by appointment or assignment to any other position determined by the Secretary to be of comparable importance. In determining the aggregate period of service upon which the annuity is to be based, the fractional part of a month, if any, shall not be counted.

"(b) At the time of retirement, any participant may, except as otherwise provided by section 834 (a), elect to receive a reduced annuity and to provide for an annuity payable to his widow or her widower, commencing on the date following such participant's death and terminating upon the death of such surviving widow or widower. The annuity payable to the surviving widow or widower after such participant's death shall be 50 percent of the amount of the participant's annity, up to the full amount of his annuity, specified by him as the base for the survivor benefits computed as prescribed in paragraph (a) of this section. The annuity of the participant making such election shall be reduced by 2½ percent of any amount up to $2,400 he specifies as the base for the survivor benefit plus 10 percent of any amount over $2,400 up to the full amount of the participant's annuity so specified.

"(c) (1) If an annuitant who made the election provided for in paragraph (b) of this section dies and is survived by a widow or widower and by a child or children, there shall be paid to or on behalf of each child, in addition to the annuity payable to the surviving widow or widower under such election, an annuity equal to the smallest of: (i) 40 percent of the annuitant's average salary divided by the number of children; (ii) $600; or (iii) $1,800 divided between the number of children.

"(2) If an annuitant who did not make the election provided for in paragraph (b) dies and is survived by a widow or widower and by a child or children, or if such annuitant is not survived by a widow or widower but by a child or children, each surviving child shall be paid an annuity equal to the smallest of: (i) 50 percent of the annuitant's average salary divided by the number of children; (ii) $720; or (iii) $2,160 divided between the number of children."

(b) Section 821 of such act is further amended by adding new paragraphs (d), (e), and (f) which shall read as follows:

"(d) If a surviving widow or widower who is receiving an annuity in accordance with the provisions of paragraph (b) of this section dies or the annuity of a child is terminated, the annuity of any other child or children shall be recomputed and paid as though such wife, husband, or child has not survived the participant.

"(e) The annuity payable to a child under paragraphs (c) or (d) of this section shall begin on the first day of the next month after the participant dies and such annuity or any right thereto shall be terminated upon death, marriage, or attainment of the age of 18 years, except that, if a child is incapable of self-support by reason of mental or physical disability, the annuity shall be terminated only when such child dies, marries, or recovers from such disability.

"(f) A participant who is not entitled to designate a beneficiary in accordance with the provisions of paragraph (b) of this section may at the time of retirement elect to receive a reduced annuity for himself and to provide for an annuity payable after his or her death to a beneficiary whose name shall be notified in writing to the Secretary. The participant may elect that such beneficiary shall receive annuity payments either equal to 50 percent of the participant's full annuity or to such lesser base sum as the participant shall designate. The annuity payable to a participant making such election shall be reduced by 10 percent of an annuity computed as provided in subsection (a) of this section and by 5 percent of an annuity so computed for each full 5 years the person designated is younger than the retiring participant, but such total reduction shall not exceed 40 percent. Upon the death of the surviving beneficiary all payments shall cease and no further annuity payments shall be due or payable. No such election of a reduced annuity payable to a beneficiary shall be valid until the participant shall have satisfactorily passed a physical examination as prescribed by the Secretary."

SEC. 24. (a) Paragraphs (a), (b), and (c) of section 831 of such act are amended to read as follows:

"SEC. 831. (a) Any participant who has 5 years of service credit toward retirement under the system, excluding military or naval service that is credited in accordance with the provisions of 851 or 852 (a) (2), and who becomes totally disabled or incapacitated for useful and efficient service by reason of disease or injury not due to vicious habits, intemperance, or willful misconduct on his part, shall, upon his own application or upon order of the Secretary, be retired on an annuity computed as prescribed in section 821. If the disabled or incapacitated participant has less than 20 years of service credit toward his retirement under the system at the time he is retired, his annuity shall be computed on the assumption that he had had 20 years of service, but the additional service credit that may accrue to a participant under this provision shall in no case exceed the difference between his age at the time of retirement and the mandatory retirement age applicable to his class in the service.

"(b) In each case such disability shall be terminated by the report of a duly qualified physician or surgeon, designated by the Secretary to conduct the examination. Unless the disability is permanent, a like examination shall be made annually until the annuitant has reached the statutory mandatory retirement age for his class in the Service. If the physician or surgeon conducting an examination shall certify that an annuitant has recovered to the extent that he can return to active duty, he shall be given the opportunity to be reinstated or reappointed in the Service. The Secretary may reinstate any such recovered disability annuitant in the class in which he was serving at time of retirement. The Secretary may, taking into consideration the age, qualifications, and experience of such officer and the rank of his contemporaries in the Service, recommend that the President, by and with the advice and consent of the Senate, appoint him to a class higher than the one in which he was serving prior to retirement. Payment of the annuity shall continue until a date 6 months after the date of the examination showing recovery or until the date of reinstatement to active duty in the Service, whichever is earlier. Fees for examinations under the provision, together with reasonable traveling and other expenses incurred in order to submit to examination, shall be paid out of the fund. If the annuitant fails to submit to examination as required under under this section, payment of the annuity shall be suspended until continuance of the disability is satisfactorily established.

"(c) If a recovered disability annuitant whose annuity is discontinued is for any reason not reinstated to active duty, or reappointed to a higher class in the Service, he shall be considered to have been separated within the meaning of section 834 as of the date he was retired for disability and he shall, after the discontinuance of the disability annuity, be entitled to the benefits of that section or of section 841 (a) except that he may elect voluntary retirement in accordance with the provisions of section 636 if he can qualify under its provisions."

(b) Section 831 of such act is further amended by adding new paragraphs (d), (e), and (f) which shall read as follows:

"(d) No participant shall be entitled to receive an annuity under this act and compensation for injury or disability to himself under the Federal Employees' Compensation Act of September 7, 1916, as amended, covering the same period of time. This provision shall not bar the right of any claimant to the greater benefit conferred by either act for any part of the same period of time. Neither this provision nor any provision of the act of September 7, 1916, as amended, shall be so construed as to deny the right of any person to receive an annuity under this act by reason of his own services and to receive concurrently any payment under such act of September 7, 1916, as amended, by reason of the death of some other persons.

"(e) Notwithstanding any provision of law to the contrary, the right of any participant entitled to an annuity under this act shall not be affected because such participant has received an award of compensation in a lump sum under section 14 of the act of September 7, 1916, as amended, except that where such annuity is payable on account of the same disability for which compensation under such section has been paid, so much of such compensation as has been paid for any period extended beyond the date such annuity becomes effective, as determined by the Secretary of Labor, shall be refunded to the Department of Labor, to be paid into the Federal Employees' Compensation Fund. Before such person shall receive such annuity he shall (1) refund to the Department of Labor the amount representing such computed payments for such extended period, or (2) authorize the deduction of such amount from the annuity payable to him under this act, which amount shall be transmitted to such Department for reimbursement to such Fund. Deductions from such annuity may be made from accrued and accruing payments, or may be prorated against and paid from accruing payments in such manner as the Secretary of Labor shall determine, whenever he finds that the financial circumstances of the annuitant are such as to warrant such deferred refunding."

SEC. 25. Section 832 of such act is amended to read as follows:

"SEC. 832. (a) In case a participant shall die and no valid claim for annuity is payable under the provisions of this act, his contributions to the fund, with interest, shall be paid in accordance with the provisions of sections 841 and 881.

"(b) If a participant who has at least 5 years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of sections 851 or 852 (a) (2), dies before separation or retirement from the Service and is survived by a widow or a dependent widower, who qualified for an annuity under the provisions of paragraph (b) of section 821, such widow or dependent widower shall be entitled to an annuity equal to 50 percent of the annuity computed in accordance with the provisions of paragraph (e) of this section and paragraph (a) of section 821. The annuity of such widow or dependent widower shall commence on the date following death of the participant and shall terminate upon death of the widow or dependent widower, or upon the dependent widower's becoming capable of self-support.

"(c) If a participant who has at least 5 years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of sections 851 or 852 (a) (2) dies before separation or retirement from the Service and is survived by a widow or a dependent widower, who qualifies for an annuity under the provisions of paragraph (b) of section 821, and a child or children, each surviving child shall be entitled to an annuity computed in accordance with the provisions of paragraph (c) (1) of section 821. The child's annuity shall begin and be terminated in accordance with the provisions of paragraph (e) of section 821. Upon the death of the surviving widow or dependent widower or termination of the annuity of a child, the annuity of any other child or children shall be recomputed and paid as though such widow or dependent widower or child had not survived the participant.

"(d) If a participant who has at least 5 years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of sections 851 or 852 (a) (2), dies before separation or retirement from the Service and is not survived by a widow or widower, but by a child or children, each surviving child shall be entitled to an annuity computed in accordance with the provisons of paragraph (c) (2) of section 821.

"(e) If, at the time of his or her death, the deceased participant had less than 20 years of service credit toward retirement under the System, the annuities payable in accordance with paragraph (b) of this section shall be computed in accordance with the provisions of section 821 on the assumption he or she had had 20 years of service, but the additional service credit that may accrue to a deceased participant under this provision shall in no case exceed the difference between his or her age on the date of death and the mandatory retirement age applicable to his or her class in the Service. In all cases arising under paragraphs (b), (c), (d), or (e) of this section, it shall be assumed that the deceased participant was qualified for retirement on the date of his death."

SEC. 26. A new section 834 is hereby added to such act as follows:

"DISCONTINUED SERVICE RETIREMENT

"SEC. 834. (a) Any participant who voluntarily separates from the Service after obtaining at least 5 years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852 (a) (2), may, upon separation from the Service or at any time prior to becoming eligible for an annuity, elect to have his contributions to the Fund returned to him in accordance with the provisions of section 841, or to leave his contributions in the fund and receive an annuity, computed as prescribed in section 821 commencing at the age of 60 years. The provisions of paragraph (f) of section 821 shall not be applicable to such participants.

"(b) If a participant who has qualified in accordance with the provisions of paragraph (a) of this section, to receive a deferred annuity commencing at the age of 60, dies before reaching the age of 60 his contributions to the fund, with interest, shall be paid in accordance with the provisions of sections 841 and 881."

SEC. 27. (a) Subparagraphs (1), (2), and (3) of paragraph (b) of section 841 are amended to read as follows:

"(1) To the beneficiary or beneficiaries designated by the retired participant in writing to the Secretary;

"(2) If there be no such beneficiary, to the widow or widower of such participant;

"(3) If none of the above, to the child or children of such participant and descendants of deceased children by representation;"

(b) Paragraph (b) of section 841 of such act is further amended by adding at the end thereof new subparagraphs (4), (5), and (6) which shall read as follows:

"(4) If none of the above, to the parents of such participant or the survivor of them;

"(5) If none of the above, to the duly appointed executor or administrator of the estate of such participant;

"(6) If none of the above, to the other next of kin of such participant as may be determined by the secretary in his judgment to be legally entitled thereto, and such payment shall be a ban to recovery by any other person."

(c) Paragraph (c) of section 841 is amended by striking out the number "(3)" and inserting in lieu thereof the number "(6)".

SEC. 28. Section 851 of such act is amended to read as follows:

"SEC. 851. For the purposes of this title, the period of service of a participant shall be computed from the effective date of appointment as a Foreign Service officer, or, if appointed prior to July 1, 1924, as an officer or employee of the Diplomatic or Consular Service of the United States, or who becomes a participant under the provisions of this act, as amended, but all periods of separation from the Service and so much of any leaves of absence without pay as may exceed 6 months in the aggregate in any calendar year shall be excluded, except leaves of absence while receiving benefits under the Federal Employees' Compensation Act of September 7, 1916, as amended, and leaves of absences granted participants while performing active and honorable military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States."

SEC. 29. (a) Paragraphs (a), (b), and (c) of section 852 of such act are amended to read as follows:

"(a) A participant may, subject to the provisions of this section, include in his period of service—

"(1) service performed as a civilian officer or employee of the Government, including the municipal government of the District of Columbia, prior to becoming a participant; and

"(2) active and honorable military or naval service in the Army, Navy, Marine Corps, Air Force, or Coast Guard of the United States.

"(b) A person may obtain prior civilian service credit in accordance with the provisions of paragraph (a) (1) of this section by making a special contribution to the fund equal to 5 percent of his basic annual salary for each year of service for which credit is sought subsequent to the effective date of this act, and at 6½ percent thereafter with interest compounded annually at 4 percent per annum to the date of payment. Any such participant may, under such conditions as may be determined in each instance by the Secretary, pay such special contributions in installments.

"(c) (1) If an officer or employee under some other Government retirement system, becomes a participant in the Foreign Service Retirement and Disability System by direct transfer, such officer or employee's total contributions and deposits, including interest accrued thereon, except voluntary contributions, shall be transferred to the Foreign Service Retirement and Disability Fund effective as of the date such officer or employee becomes a participant in the system. Each such officer and employee shall be deemed to consent to the transfer of such funds and such transfer shall be a complete discharge and acquittance of all claims and demands against the other Government retirement fund on account of service rendered prior to becoming a participant in the Foreign Service Retirement and Disability System.

"(2) No officer or employee, whose contributions are transferred to the Foreign Service Retirement and Disability Fund in accordance with the provisions of paragraph (c) (1) of this section, shall be required to make contributions in addition to those transferred, for periods of service for which full contributions were made to the other Government retirement fund nor shall any refund be made to any such officer or employee on account of contributions made during any period to the other Government retirement fund at a higher rate than that fixed by section 811 for contributions to the Foreign Service Retirement and Disability System.

"(3) No officer or employee, whose contributions are transferred to the Foreign Service Retirement and Disability Fund in accordance with the provisions of paragraph (c) (1) of this section, shall receive credit for periods of prior service for which a refund of contributions has been made, or for which no contributions were made to the other Government retirement fund. A participant may, however, obtain credit for such prior service by making a special contribution to the Foreign Service Retirement and Disability Fund in accordance with the provisions of paragraph (b) of this section."

(b) Section 852 of such act is further amended by adding at the end thereof new paragraphs (d) and (e) which shall read as follows:

"(d) No participant may obtain prior civilian service credit toward retirement under the Foreign Service Retirement and Disability System for any period of civilian service on the basis of which he is receiving or will in the future be entitled to receive any annuity under another retirement system covering civilian personnel of the Government.

"(e) A participant may obtain prior military or naval service credit in accordance with the provisions of paragraph (a) (2) of this section by applying for it to the Secretary prior to retirement or separation from the Service, but in the case of a participant who is eligible for and receives retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included except that in the case of a participant who is eligible for and receives retired pay on account of a service-connected disability incurred in combat with an enemy of the United States or resulting from an explosion of an instrument of war and incurred in line of duty during an enlistment or employment as provided in Veterans Regulation Numbered 1 (a), part I, paragraph I, or is awarded under title III of Public Law 180, 80th Congress, the period of such military or naval service shall be included. No contributions to the Fund shall be required in connection with military or naval service credited to a participant in accordance with the provisions of paragraph (a) (2) of this section."

SEC. 30. Section 871 of such act and the heading thereto are amended to read as follows:

"OFFICERS RECALLED OR REINSTATED IN THE SERVICE OR REEMPLOYED IN THE GOVERNMENT

"SEC. 871. Any annuitant recalled to active duty in the Service in accordance with the provisions of paragraph (b) of section 520 or paragraph (b) of section 831 shall, while so serving, be entitled in lieu of his retirement allowance to the full pay of the class in which he is serving. During such service, he shall make contributions to the Fund in accordance with the provisions of section 811. The amount of his annuity when he reverts to the retired list shall be recomputed in accordance with the provisions of section 821."

SEC. 31. A new section 872 is hereby added to such act as follows:

"SEC. 872. (a) Notwithstanding any other provision of law, any officer or employee of the Service, who has retired under this act, as amended, and is receiving an annuity pursuant thereto, and who is reemployed in the Federal Government service in any appointive position either on a part-time or full-time basis, shall be entitled to receive the salary of the position in which he is serving plus so much of his annuity payable under this act, as amended, which when combined with such salary does not exceed during any calendar year the highest basic salary such officer or employee was entitled to receive under sections 412 or 415 of the act, as amended, on the date of his retirement from the Service. Any such reemployed officer or employee who receives salary during any calendar year in excess of the maximum amount which he may be entitled to receive under this subparagraph shall be entitled to such salary in lieu of benefits hereunder.

"(b) When any such retired officer or employee of the Service is reemployed, the employer shall notify the Department of State of such reemployment, together with all pertinent information relating thereto, and shall cause to be paid, by transfer or otherwise, to the Department of State funds necessary to cover gross salary, employer contributions, and gross lump-sum leave payment relating to the employment of the reemployed officer or employee. The Department of State shall make to and on behalf of the reemployed officer or employee payments to which he is entitled under the provisions of paragraph (a) of this section, and shall make those withholdings and deductions authorized and required by law.

"(c) In the event of any overpayment under this section, the Secretary of State is authorized to withhold the amount of such overpayment from the salary payable to such reemployed officer or employee or from his annuity."

SEC. 32. (a) Section 1021 of such act is amended by inserting the phrase "the Department including" immediately prior to the phrase "the Service" wherever it appears in this section.

(b) Section 1021 (a) is further amended by striking out the phrase "if recommended by the Director General" and inserting in lieu thereof the phrase "at the discretion of the Secretary."

SEC. 33. (a) Paragraph (4) of section 104 (a) of the Internal Revenue Code of 1954 (26 U. S. C. 104 (a) (4)) (relating to the exclusion from gross income of compensation for injuries and sickness) is hereby amended to read as follows:

"(4) Amounts received as a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the Armed Forces of any country or in the Coast and Geodetic Survey or the Public Health Service, or as a disability annuity payable under the provisions of section 831 of the Foreign Service Act of 1946, as amended (22 U. S. C. 1081; 60 Stat. 1021)."

(b) The amendment made by this act shall be effective with respect to taxable years ending after the date of enactment of this act.

SEC. 34. The annuity of each former participant under the Foreign Service Retirement and Disability System, who retired prior to July 28, 1956 and who at the time of his retirement had creditable service in excess of 30 years, shall be recomputed on the basis of actual years of creditable service not in excess of 35 years. Service which was not creditable under the Foreign Service Retirement and Disability System on the date a former participant retires, shall not be included as creditable service for the purpose of this recomputation. The annuities payable to such persons shall, when recomputed be paid at the rates so determined, but no such recomputation or any other action taken pursuant to this section shall operate to reduce the rate of the annuity any such person is entitled to receive under the Foreign Service Retirement and Disability System.

SEC. 35. (a) The provisions of this act shall become effective as of the first day of the first pay period which begins 1 month after the passage of this act, except as otherwise provided in section 33 of this act and in paragraphs (b) and (c) of this section.

(b) The provisions of paragraphs (c) (1) and (c) (2) of section 803 of the Foreign

Service Act of 1946, as amended by section 20 (b) of this act, shall become effective on the first day of the first month which begins 1 year after the effective date of this act.

(c) The provisions of section 34 of this act shall take effect on the first day of the first month which begins more than 30 days after the date of enactment of this act.

SEC. 36. Notwithstanding the provisions of this act, existing rules, regulations of or applicable to the Foreign Service of the United States shall remain in effect until revoked or rescinded or until modified or superseded by regulations made in accordance with the provisions of this act, unless clearly inconsistent with the provisions of this act.

SEC. 37. The following headings and sections in the Foreign Service Act of 1946, as amended, are hereby repealed:

(1) Section 442 of such act and the heading thereto.

(2) Section 525 of such act and the heading thereto.

(3) Section 576 of such act and the heading thereto.

(4) Sections 651 and 652 and the headings thereto, including part F.

The letter presented by Mr. GREEN is as follows:

DEPARTMENT OF STATE,
Washington, June 24, 1958.

The Honorable RICHARD M. NIXON,
President of the Senate.

DEAR MR. VICE PRESIDENT: In its continuing efforts to improve and strengthen the administration of the Foreign Service, the Department is submitting a proposed bill "To amend the Foreign Service Act of 1946, as amended," for consideration by the United States Senate.

This proposed bill contains provisions urgently needed at this time to improve and strengthen the administration of the Foreign Service. These amendments would accomplish the following:

1. Provide authority for appointment of Foreign Service staff personnel at in-class salary step rates and authorize the fixing of appointment salary rates for short-supply categories of personnel;

2. Clarify provisions governing the termination of the services of chiefs of mission;

3. Provide greater flexibility in the classification of Foreign Service positions;

4. Provide authority to pay an incentive differential to diplomatic couriers;

5. Clarify and improve provisions governing lateral entry into the Foreign Service;

6. Improve provisions relating to reinstatement and recall of Foreign Service officers and remove existing restrictions on the reemployment by any Government agency of retired participants in the Foreign Service retirement and disability system;

7. Provide authority to extend under unusual circumstances appointments or assignments of Foreign Service Reserve officers;

8. Clarify and simplify provisions governing appointment, assignment, transfer, and promotion of Foreign Service staff personnel;

9. Clarify and simplify provisions governing the assignment of Foreign Service personnel to Government agencies;

10. Limit payment of the so-called Washington differential;

11. Clarify and improve provisions relating to the extension of the service of Foreign Service officers beyond mandatory retirement age;

12. Provide a uniform basis for effecting separation for cause;

13. Clarify and improve provisions relating to the promotion of Foreign Service staff officers and employees;

14. Improve provisions governing the establishment of, the conduct of, and the use of the facilities of the Foreign Service Institution;

15. General improvement in the Foreign Service retirement and disability system, including such specific improvements as:

(a) Liberalize survivorship benefits and coverage of surviving children;

(b) Participation of certain Foreign Service staff personnel in the system;

(c) Clarification of provisions for reinstatement of recovered disability annuitants;

(d) Clarification of provisions relating to death in service;

(e) Clarification of provisions governing prior service credit and a new provision for automatic transfer of contributions from one retirement fund to another;

(f) Improved benefits for reinstated, recalled, or reemployed Foreign Service annuitants;

(g) Increase in rate of contribution from 5 to 6½ percent.

16. Improve provisions governing the acceptance of gifts. Throughout the proposed draft bill there are perfecting and clarifying technical changes that relate to the proposals listed above.

On January 17, 1958, the Department submitted to the Congress a proposed bill containing provisions to adjust upward and otherwise improve the Foreign Service salary schedules, to authorize merit in-class increases for all Foreign Service personnel, and to authorize a longevity increase plan for Foreign Service Staff corps personnel. These proposals were subsequently introduced in identical bills S. 3134 (January 27, 1958) and H. R. 10629 (February 10, 1958). At that time, legislative pay raise proposals were being submitted to the Congress for civil service, post office, and other Federal personnel, and it was considered essential that Foreign Service employees receive the benefit of pay raise adjustments at the same time as they might be granted to other Federal personnel. The Federal Employees' Salary Increase Act of 1958 (Public Law 85-462, enacted June 20, 1958) included a 10-percent increase in all Foreign Service salary rates. Accordingly, the salary schedules contained in S. 3134 and H. R. 10629 are obsolete. However, the salary schedules contained in these bills included a new 10-class salary structure for the Foreign Service Staff corps which is essential for the effective administration of the Foreign Service. For this reason, the Department requests that consideration be given to the need for a revised Foreign Service Staff corps salary schedule. In addition, the provisions in these bills relating to merit in-class increases for all Foreign Service personnel and a longevity increase plan for Foreign Service Staff personnel are essential to the improvement and strengthening of the administration of the Foreign Service.

An explanation of each of the proposed amendments is enclosed (tab II), together with an estimate of the cost involved in implementing the proposed legislation (tab III). [Tabs omitted.]

Enactment of this proposed legislation will provide important improvements in the personnel system for the conduct of foreign affairs. The Department recommends the passage of this bill to accomplish the purposes set forth above and trusts that it may receive favorable consideration by the Congress.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this draft legislation. However, in its clearance letter to the Department, the Bureau stated that clearance and approval of section 31, proposing a new section 872, is conditional pending completion of a study now under way in the executive branch as to whether it would be desirable to have uniform statutory provisions dealing with waiver of the existing dual employment and dual compensation laws. Further, the Bureau stated that in the event the administration's study results in adoption of a policy at variance with that set forth in this proposed legislation, appropriate redraft of this section will be requested.

Sincerely yours,

JOHN FOSTER DULLES.

FEDERAL AVIATION ACT OF 1958—AMENDMENTS

Mr. BRICKER submitted amendments, intended to be proposed by him, to the bill (S. 3880) to create an independent Federal Aviation Agency, to provide for the safe and efficient use of the airspace by both civil and military operations, and to provide for the regulation and promotion of civil aviation in such manner as to best foster its development and safety, which were ordered to lie on the table and to be printed.

Mr. MONRONEY submitted amendments, intended to be proposed by him, to Senate bill 3880, supra, which were ordered to lie on the table and to be printed.

AGRICULTURAL ACT OF 1958—AMENDMENTS

Mr. STENNIS submitted amendments, intended to be proposed by him, to the bill (S. 4071) to provide more effective price, production adjustment, and marketing programs for various agricultural commodities, which were ordered to lie on the table and to be printed.

AMENDMENT OF INTERNAL REVENUE CODE OF 1954, TO CORRECT UNINTENDED BENEFITS AND HARDSHIPS—AMENDMENT

Mr. PROXMIRE. Mr. President, I submit an amendment, intended to be proposed by me to the bill (H. R. 8381) to amend the Internal Revenue Code of 1954 to correct unintended benefits and hardships and to make technical amendments, and for other purposes, which would bar the deduction of gifts from income tax as an ordinary business expense. I ask unanimous consent that the amendment be held in the Secretary's office until the bill has been reported, and that it then be printed and lie on the table.

This might be called the Goldfine amendment because it goes without saying that the immediate irritant which has prompted my amendment is the activity of Mr. Bernard Goldfine, who has been flitting among public officials bearing gifts with the thoroughness but not the innocence of a honeybee pollinating an orchard.

For a long time I, like many other Americans, have been aware of the growing practice of purchasing business through miscalled gifts, with the Federal Government a silent contributing partner in the operation. Mr. Goldfine brings to the level of consciousness the realization that it is time to stop the practice, and for that I thank him.

There is no doubt that a gift to a public official is not properly, though it may be legally, deductible.

If it is given to gain a business advantage through political influence, it is against public policy, a kind of dressed-up gilded bribe.

If it is not given to gain a business advantage through political influence it is not a business expense.

In either case, it is not, morally in the one case or legally in the other, deductible.

I would go further than that. I would make it illegal for anyone to give anything of value to a public official with whom he has business, and for the official to take it. That is what my previous bill (S. 3306), which I introduced in February would provide.

But what of gifts to private persons? It is the gift which involves the expectation of some business return or benefit to the given which is corroding and corrupting American business life. That is the gift which I wish to deny the blessing and the subsidy of the Federal Government, granted in the form of an income-tax deduction.

I take this action for three reasons.

First, every such gift is partly a present from the American taxpayer.

If the giver is an individual in the highest-income bracket, he will pay no more than a dime of each dollar of the cost. The taxpayer picks up the rest.

If the giver is a large and profitable corporation, the taxpayer pays more than half.

I say that is wrong. The whiskered gentleman who spreads joy with his gifts should be Santa Claus—not Uncle Sam.

Second, businessmen should be liberated from a costly and tyrannous requirement which they cannot shake off by themselves.

To many small-business men, who are not in top-income brackets, this is a major drain of resources. What may have originated in good will is perpetuated virtually under duress. I speak as a small-business man, and as one who has talked to hundreds of other small-business men. They will regard this amendment as a deliverance.

Third, the forced gift—which is not really a gift but a bribe, or a form of tribute payment—perverts the spirit of giving and corrupts the gift receiver.

The VICE PRESIDENT. The amendment will lie on the table and be printed, as requested by the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point two admirable articles by Sylvia Porter, one from last night's Evening Star, and the other from the Evening Star of the previous day.

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

GOLDFINE'S TAX DEDUCTIONS

(By Sylvia Porter)

The tax accountants of millionaires are neither ignorant nor stupid. They can't be.

Undoubtedly, Bernard Goldfine's tax accountants knew or should have known all the ins and outs of the laws and rules governing income tax deductions for business gifts and entertainment when they charged off as business expenses gifts and favors for Sherman Adams.

The fundamentals are simple:

(1) Gifts and favors are deductible as a business expense if they are "ordinary and necessary" in the conduct of business and trade.

(2) To be deductible, the gift must involve the expectation of some return or benefit to the giver—either tangible or intangible.

(3) Sums spent for political influence to enable a taxpayer to get a business advantage are not deductible for reasons of public policy.

Under these circumstances, the charge-off of the gifts and favors for Sherman Adams is indefensible. For Mr. Goldfine has vehemently denied he expected any return from Mr. Adams, and, in fact, he has insisted every gift was strictly personal.

Hundreds of millions of dollars are spent by businessmen, professionals, tradespeople in every field each year on business gifts and entertainment. The money is spent properly; the understanding of mutual benefit is clear; most of the deductions are allowed.

CONFUSION MOUNTS

But confusion about the whole situation has been aroused by the Adams-Goldfine mess. Because the interest is so intense, I have been checking with Leon Gold, leading tax authority of the Research Institute of America, on the intricacies of the giving of deductible gifts by businessmen to each other, to employees and to customers, and by businessmen to people in public life.

Today's column deals with angles bearing on the Adams-Goldfine situation. Tomorrow's will touch on deductions millions of you might claim.

Because sums spent by taxpayers for bribes and political influence to help the taxpayer get a business advantage are not deductible for reasons of public policy, here are some claims for deductions which have been denied:

Payments to a politician for using his influence to obtain State contracts for the taxpayer.

Payments to a State legislator to get the insertion of certain provisions desired by the taxpayer in a State contract.

Money spent by a salesman to entertain county and town officials, even though the entertainment was in line with long-established customs which the salesman couldn't ignore, the entertainment was not contrary to the public interest and there was no idea of corruption on the taxpayer's part.

Payments made to civilian inspectors to encourage their approval of contracting work done by the taxpayer.

Payments made to a public relations man who used his influence to get the taxpayer out of labor trouble.

A $100 Christmas gift certificate given to the director of the State highway patrol by an auto dealer who sold cars to the State.

Money spent for a car given to a politician whose influence helped the taxpayer get a State contract.

Money spent by a lawyer to develop political influence which would increase his law practice.

LINES ARE CLEAR

The lines are delicate but clear. As Mr. Gold remarked:

"If influence is what you're after, public policy will prevent you taking a deduction for a gift. If you're not looking for influence, it's questionable whether you can find a reasonable basis for claiming a deduction for a gift or favor to a public official."

It is likely that Mr. Goldfine's tax accountants didn't even know what the various checks to hotels and stores represented. But Mr. Goldfine knew and didn't stop the claim for a business expense deduction. The deductions are indefensible.

DEDUCTIBLE BUSINESS EXPENSES

(By Sylvia Porter)

A sales supervisor was permitted by the Treasury to deduct as business expenses on his income tax the cost of entertaining his subordinates and of gifts to them and their families. The theory behind the deduction was that the sales supervisor's earnings depended, in part at least, on how much his subordinates produced and thus, the entertainment and gifts were legitimate business expenses.

But the president of a corporation was denied an income-tax deduction for the money he spent giving a Christmas party to the corporation's employees. The Tax Court ruled that the president threw the party to sell himself to the employees and this entertainment wasn't connected with the president's business or trade.

These two cases are an illustration of the subtle lines drawn by the authorities on tax deductions for business expenses. As I reported in yesterday's column, the uproar over the gifts Bernard Goldfine gave to Sherman Adams and his chargeoff of these gifts and favors as business expenses on his income tax have created immense confusion over what is and is not permissible under the tax law and tax regulations.

But, in the words of Leon Gold, leading tax man of the Research Institute of America, "The principles of the tax law on deductions for business expenses are clear even though the applications can be awfully cloudy." In brief, the basic principles are:

To be deductible as a business expense, gifts and favors must be ordinary and necessary in the conduct of business or trade.

They must involve the expectation of some business return or benefit to the giver—tangible or intangible.

The expenses must not violate a sharply defined public policy.

For instance, Mr. Gold points out, the courts have held that you, as a businessman, can deduct the costs of entertaining customers and prospective customers—and the fact that the customers are also your friends doesn't by itself bar a deduction for entertainment expenses.

You can deduct the cost of tickets for the theater, athletic contests, etc., dinners, drinks, automobile expenses and maintenance, telephone and telegraph charges.

You can deduct the cost of Christmas presents to buyers if such gifts are a trade practice necessitated by competition in your field.

You can deduct gifts to customers of subscriptions to magazines, Christmas presents, flowers for those who are ill or have died.

And the business expense deduction is not limited to customers. The courts have permitted deductions for expenses of entertaining manufacturers in order to get special attention in the handling, shipping and selection of materials. And deductions for entertaining railroad traffic agents to insure fast freight. And deductions for the cost of entertaining people in the know to get needed business information.

But the lines, as I stressed above, are delicate, subtle.

While the Tax Court has permitted one taxpayer to deduct the cost of entertaining railroad traffic agents to insure fast freight, it has denied a deduction to another company for gifts given to railroad employees to obtain preferential treatment. The outlays, said the court, weren't ordinary and necessary business expenses.

While it has allowed a deduction to one taxpayer for Christmas gifts to office building employees, in another case, it has disallowed deductions for Christmas gifts to elevator operators as not ordinary and necessary business expenses.

While it has allowed deductions by optometrists for kickbacks on eyeglasses to prescribing oculists, it has disallowed deductions by an abortionist for payments made to persons who sent him patients on the basis that the expenses violated a clear-cut public policy.

The fundamental tests are simple. Is the expense ordinary and necessary in your business? Do you expect a business benefit from it? Is the expense in line with an accepted practice or policy?

"If the answers are yes," said Mr. Gold, "you surely may claim a deduction and fight for it, if questioned.

"As for Mr. Goldfine, once he said his gifts to Mr. Adams were purely personal, he severed the business connection vital to sustain the deduction he claimed."

RESERVE FORCES FACILITIES ACT OF 1958—AMENDMENTS

Mr. PURTELL submitted amendments, intended to be proposed by him, to the bill (H. R. 13015) to authorize certain construction at military installations, and for other purposes, which were referred to the Committee on Armed Services, and ordered to be printed.

AUTHORIZATION FOR COMMITTEE ON BANKING AND CURRENCY TO FILE REPORT—ADDITIONAL COSPONSORS OF RESOLUTION

Mr. MONRONEY. Mr. President, I ask unanimous consent that the Committee on Banking and Currency have until midnight Saturday, July 12, 1958, to file a report together with individual views on Senate Resolution 264, which urges a high level study of an International Development Association, and that the names of the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alabama [Mr. SPARKMAN], the Senator from Illinois [Mr. DOUGLAS], the Senator from Pennsylvania [Mr. CLARK], the Senator from Wisconsin [Mr. PROXMIRE], the Senator from Connecticut [Mr. BUSH], and the Senator from New Jersey [Mr. CASE], appear on the resolution as cosponsors of the measure to be reported by the committee; and that the measure lie on the table all day Monday, July 14, 1958, in order to permit others who wish to cosponsor to add their names.

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

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

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

By Mr. JAVITS:

Addresses delivered by him and Senator DOUGLAS before the NAACP 49th annual convention at Cleveland, Ohio, on July 9, 1958.

OPPOSITION OF ADMINISTRATION TO INCREASE IN CHILDREN'S BENEFITS

Mr. NEUBERGER. Mr. President, on several occasions during the present session of Congress I have called attention to the need for legislation to increase the authorization for the maternal and child health services, services for crippled children, and child welfare services, in the Department of Health, Education, and Welfare. I have introduced Senate bill 3504 and Senate bill 3925, cosponsored by other Senators, to increase to $25 million a year the authorizations for these 3 important services to children, which for many years have been pegged at $16,500,000, $15 million, and $12 million, respectively. Since introducing these bills, I have had assurances of support from both sides of the aisle.

In the House of Representatives, which must initiate the social-security legislation to which this increase might be added, Representatives EUGENE J. MCCARTHY and ROBERT W. KEAN have introduced companion bills to Senate bills 3504 and 3925. The chairman of the House Ways and Means Committee, Representative WILBUR MILLS, has allocated an afternoon of the very limited available hearing schedule to this particular aspect of social-security legislation. Representatives of many organizations long active on behalf of the Nation's health have appeared to testify about the needs of many American children which are not now being met.

I have been pleased and encouraged to see all this conscientious and promising attention being given to the needs of existing Government programs that surely stand at the top of our social and humanitarian priorities. If there is one national resource that no American would want to neglect, it is America's needy children.

However, Mr. President, I am sorry to find that the national administration does not agree with this estimate of the importance of the maternal and child health, crippled children's, and child welfare services. In reporting on my bills to the chairman of the Senate Committee on Finance, the eminent Senator from Virginia [Mr. BYRD], the Department of Health, Education, and Welfare submitted a brief, formal statement to the effect that although my interest and that of my Democratic and Republican cosponsors in these programs was appreciated, our action was untimely.

Without submitting any information either to explain the present needs and capacities of the Department with respect to these programs or otherwise to justify its conclusions, the Department simply resorted to the emptiest sort of an administrative form. This form letter devotes 3 paragraphs to stating the provisions of the bills themselves, 1 sentence to expressing the appreciation of our interest which I have mentioned, and 2 sentences to stating the Department's position, in the following words:

> Because of other budgetary priorities, however, the Department believes that legislation increasing the authorizations for the three grant programs provided for by title V is untimely. We would, therefore, recommend against enactment of these bills at this time.

Mr. President, I do not believe that this statement of the administration's position will fully satisfy those who are familiar with the financial difficulty confronting the States which rely on Federal grants to help support children's programs that are constantly growing in costs and in the volume of services, in the numbers of children, and in the need for more trained personnel. I do not believe, Mr. President, that the reasons I have quoted from the administration's report to the Senate Committee on Finance will prove entirely persuasive to those who are concerned with these programs. I, personally, fail to understand when a moderate and necessary increase in authorizations for programs of this kind becomes timely, rather than untimely. Perhaps some dramatic proof of need is required. I suppose that 1 week before the launching of the first Soviet sputnik, an increase in funds for basic research for our participation in the International Geophysical Year would also have been untimely.

Although the administration cites only "timing" as the basis for its opposition to the increases I have proposed in children's services, it seems to me that such increases could never be more timely than when we have just seen a 26-percent increase in child population in the last 8 years, and when an additional increase of 17 percent is expected by 1965. It may be, from the point of view of the Bureau of the Budget, that it is growth of our child population that is untimely.

In Minnesota, Mr. President, a new program for open heart surgery which offers new hope to children with crippled hearts, and to their parents, is languishing because of lack of funds. I believe that these children, whose only opportunity for a life like that of other children depends on this surgery, would consider an increase timely.

Among the witnesses who appeared before the House Ways and Means Committee in behalf of an increase, during the recent social security hearings, were Dr. Paul Harvey, of the American Public Health Association, and Mrs. Richard G. Radue, of the National Congress of Parents and Teachers. They related how, in spite of an increase to 77 percent in State and local support of maternal and child health services, crippled children's services, and child welfare programs, States are still unable to provide some much-needed services. In Florida, children with epilepsy and with hearing defects cannot be cared for. In Kentucky, cardiac and rheumatic fever clinics have not been established because funds do not exist. Similar needs reported across the country cannot now, and never will, be met, unless the authorization is raised. If our scientific miracles are to benefit all our children, we must replace the present authorizations, under which the Senate has already appropriated the ceiling amounts, with new, adequate sums.

Mr. President, in order that Members will have an opportunity to compare the views of the Department of Health, Education, and Welfare on this question with those of expert witnesses on the needs of the three child-service programs I have mentioned, I ask unanimous consent to have printed in the RECORD the Department's report on Senate bills 3504 and 3925, followed by a statement by Dr. Martha M. Eliot, professor of maternal and child health, Harvard School of Public Health and vice chairman of the American Parents Committee; and, I may add, until 1956 Chief of the Children's Bureau in the Department of Health, Education, and Welfare.

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

DEPARTMENT OF HEALTH,
EDUCATION AND WELFARE,
Washington, June 19, 1958.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate,
Washington, D. C.

DEAR MR. CHAIRMAN: This letter is in response to your requests for reports on S. 3504 and S. 3925, bills to increase the amounts authorized to be appropriated for each fiscal year for the programs of maternal and child health services, services for crippled children, and child welfare services provided for by title V of the Social Security Act.

S. 3504 would provide for increasing the amounts authorized for annual appropriation under title V of the Social Security Act as follows: Part 1, maternal and child health services, from $16,500,000 to $25 million; and part 2, services for crippled children, from $15 million to $25 million.

S. 3925 would provide for increasing the amount authorized for annual appropriation under title V, part 3, child welfare services from $12 million to $25 million.

We appreciate the interest in and support for the activities in these 3 grant programs which the sponsors of these bills have expressed through the introduction of S. 3925 and S. 3504.

Because of other budgetary priorities, however, the Department believes that legislation increasing the authorizations for the three grant programs provided for by title V is untimely.

We would, therefore, recommend against enactment of these bills at this time.

The Bureau of the Budget advises that it perceives no objection to the submission of this report to your committee.

Sincerely yours,
ELLIOT L. RICHARDSON,
Assistant Secretary.

STATEMENT BY DR. MARTHA M. ELIOT, PROFESSOR OF MATERNAL AND CHILD HEALTH, HARVARD SCHOOL OF PUBLIC HEALTH, AND VICE CHAIRMAN, AMERICAN PARENTS COMMITTEE, BEFORE THE HOUSE COMMITTEE ON WAYS AND MEANS, JUNE 17, 1958

Mr. Chairman, I am happy to appear before this committee to speak briefly in favor of raising the statutory ceilings for the grants-in-aid for the maternal and child health, crippled children's, and child welfare programs provided for in title V of that act. My colleagues on this panel of witnesses represent only a few of the many professional and citizens' organizations and individuals who have given support to these programs for many years, and who would be here if your time permitted. You have heard already from some and others will be heard later.

We are appearing to request that the provisions of H. R. 12834 and H. R. 12871 be incorporated in any bill which your committee prepares to amend the Social Security Act at this session of Congress. These bills propose to raise the amounts authorized for appropriation, for maternal and child health from $16.5 million to $25 million, for crippled children from $15 million to $25 million, and for child welfare from $12 million to $25 million.

The need to act now is very great because of a shortage of funds to meet the costs of care of crippled, mentally retarded, and other handicapped children whose care is being denied or dangerously delayed for this reason. Federal appropriations for the maternal and child health and crippled children's programs are now at the ceilings. More funds cannot be appropriated until the Congress raises these ceilings. It should be pointed out that the States and localities have increased their funds for these programs proportionately more than the Federal funds have been increased.

The last increase in the amount authorized for the two health programs was made by the Congress in 1950, 8 years ago. In 1956 there was a small increase authorized for the child welfare services.

Several factors combine at this time to produce this urgent need for increased funds for all three of these programs:

1. There has been an unprecedented increase in the child population under 18 years of age from 47 million in 1950 to 59 million in 1957 (26 percent in 8 years). By 1965, the Bureau of the Census estimates, there will be 70 million in this age group (an additional 17 percent in the next 7 years).

2. The costs of care and services have mounted very rapidly. Hospital costs have increased from an average $17 a day in 1950 to $25 in 1956, or 47 percent; salaries for medical officers in State health departments have gone up 63 percent; salaries for public health nurses, 74 percent; salaries for child welfare workers, 33 percent.

3. Recent developments in techniques and measures in medical and surgical care and in rehabilitation of handicapped children have opened the way to restore to wholly normal life or to a life of self-support and satisfactory usefulness, children who have until now been considered hopelessly crippled or with but a few years to live.

4. The very high individual cost of certain types of such care must be met. This includes open heart surgery; fitting prosthetic devices to child amputees and the years of training required for learning to use the devices effectively; provision of hearing aids for young children and followup over many years; treatment of emotionally disturbed children; care and training of mentally retarded children.

NOTE.—These costs may be as high as $2,000 to $3,000 or more for one child—amounts that are prohibitive for many, if not most families.

5. The continuing great inequality in the geographic distribution of the basic preventive and treatment services for children, and the special life-saving and restorative procedures which are available only in selected metropolitan centers.

This inequality will be overcome only by the addition of many more qualified professional workers in local communities and by increasing special facilities and services in States or in regional centers to serve children from many States.

6. An increase in infant mortality (deaths under 1 year) occurred in 1957 (reported by the National Office of Vital Statistics). This is the first such increase in 21 years.

Perinatal mortality (deaths of infants at and around birth) is the fourth highest cause of death in the United States today.

Though the increase in infant mortality was slight (1 percent), these two facts together are a warning that great vigilance and greater effort are required to maintain our standards of infant and maternal care, and to extend and improve the regular preventive services, especially in areas where the economic and social needs are greatest.

7. The unprecedented increase in juvenile delinquency makes it most urgent that both the child welfare and child health programs be given added Federal and State resources to bolster the preventive social and mental health services that should be a part of all the community activities made possible under the provisions of title V of the Social Security Act.

These are in essence some of the reasons why I believe that the ceilings on Federal funds must be raised now. There are, indeed, many children who are not benefiting from the kind of help we know how to give but are not giving because of lack of funds.

Lastly, may I suggest that the committee may wish to follow the plan used in 1950 when the increase in authorization was spread over 2 years. For example: one-third of the increase in authorization might be provided for in 1959, two-thirds in 1960, and the full amount in 1961. This would have the advantage of giving the States in advance a basis for whatever legislative action may be necessary to meet the matching requirements in this title of the Federal act.

SUPPORT IN OREGON FOR NEW VERSION OF HUMPHREY-NEUBERGER WILDERNESS BILL

Mr. NEUBERGER. Mr. President, inasmuch as the revised wilderness bill soon will come before the Senate Interior and Insular Affairs Committee, I desire to call to the attention of the Senate a most forceful editorial in support of the new bill, which was published in the Bend Bulletin, of Bend, Oreg., for July 5, 1958. The author of the editorial, Mr. Robert W. Chandler, editor of the Bend Bulletin, is a young man who has had extensive experience camping and hiking in the vast forest solitudes near his own central Oregon community. He strongly backs the revised bill, which has been thoroughly redrafted by the distinguished junior Senator from Minnesota [Mr. HUMPHREY] and myself, with the assistance of the Wilderness Society and many other outstanding conservation groups.

I ask unanimous consent to have the editorial printed at this point in the body of the RECORD.

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

[From the Bend Bulletin of July 5, 1958]

THE WILDERNESS BILL

Back in the last session of Congress Senator HUMPHREY introduced the so-called wilderness bill, which this newspaper, along with a number of foresters and forestry groups, opposed.

Opposition to the bill was quite widespread. Both the major land-management agencies of the Federal Government—Agriculture and Interior—objected to it.

There was one basic reason for the immediate opposition to the measure. Most of the opponents feared the freezing of large acreages into a permanent wilderness status by legislative means.

Of course, there are large wilderness areas already. But they have been created by administrative action, which is considerably more flexible than legislative action by Congress.

The need for this flexibility has been obvious during recent years. New methods of handling forests and regrowth problems, along with new means of forest utilization, have made a considerable difference in forest planning, for example. Vast areas which once were considered useless from a commercial point of view—the lodgepole pine and mountain hemlock of central Oregon included among them—are gaining in potential value each year.

At the same time this newspaper for many years has taken a back seat to no one in pointing up the need to preserve various unique features for the benefit of later generations. Many of these features are located within shouting distance of Bend.

True, they have limited use at the present time. But that use is increasing. An increasing number of persons are discovering the enjoyment of recreation areas minus automobiles, motorboats, electric lights, and some of the other doubtful advantages of civilization.

Sponsors of the original wilderness bill have made sincere efforts to meet the original objections expressed to the measure.

Revisions have been made, particularly, that do not put such a hard-and-fast "freeze" on the resources locked up in the wilderness area. As far as this newspaper is concerned, most of the objectionable features either have been removed or so toned down as to make the present version of the bill entirely acceptable.

One of the problems in determining Federal policy on such knotty questions as a wilderness system has been the multiplicity of management of federally owned or federally managed lands.

This Humphrey bill, in support of which Oregon's Senator NEUBERGER has been most active, is an attempt to set up a workable national policy. It deserves support.

The VICE PRESIDENT. Is there further morning business? If not, morning business is concluded.

STABILIZATION OF PRODUCTION OF COPPER, LEAD, ZINC, AND OTHER MINERALS FROM DOMESTIC MINES

Mr. JOHNSON of Texas. Mr. President, I ask that the unfinished business be laid before the Senate.

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 4036) to stabilize production of copper, lead, zinc, acid-grade fluorspar, and tungsten from domestic mines.

The VICE PRESIDENT. The pending question is on agreeing to the amendment of the Senator from Delaware [Mr. WILLIAMS].

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Aiken	Fulbright	Morse
Allott	Goldwater	Morton
Anderson	Green	Mundt
Barrett	Hayden	Murray
Beall	Hennings	Neuberger
Bennett	Hickenlooper	O'Mahoney
Bible	Hill	Pastore
Bricker	Hoblitzell	Payne
Bridges	Hruska	Potter
Bush	Ives	Proxmire
Butler	Javits	Purtell
Capehart	Jenner	Revercomb
Carlson	Johnson, Tex.	Robertson
Carroll	Johnston, S. C.	Russell
Case, N. J.	Jordan	Saltonstall
Church	Kennedy	Schoeppel
Clark	Knowland	Smathers
Cooper	Kuchel	Smith, Maine
Cotton	Langer	Smith, N. J.
Curtis	Lausche	Sparkman
Dirksen	Long	Stennis
Douglas	Malone	Symington
Dworshak	Mansfield	Thurmond
Eastland	Martin, Iowa	Thye
Ellender	Martin, Pa.	Watkins
Ervin	McClellan	Wiley
Flanders	McNamara	Williams
Frear	Monroney	Young

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Tennessee [Mr. GORE], the Senator from Florida [Mr. HOLLAND], the Senator from Washington [Mr. JACKSON], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], the Senator from Georgia [Mr. TALMADGE], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

The Senator from Minnesota [Mr. HUMPHREY] is absent because of illness in his family.

Mr. DIRKSEN. I announce that the Senator from South Dakota [Mr. CASE] is absent on official business.

The PRESIDING OFFICER (Mr. CHURCH in the chair). A quorum is present.

ACCEPTANCE OF DECORATIONS FROM FOREIGN COUNTRIES BY CERTAIN RETIRED PERSONNEL OF THE UNITED STATES GOVERNMENT

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that notwithstanding the unanimous-consent agreement on the minerals bill, the Senate proceed to the consideration of Calendar 1464, S. 3195, with the understanding that the time for its consideration be limited to not more than 5 minutes. It is hoped that we may be able to proceed to the consideration of the bill, accept an amendment to it by the Senator from Kentucky [Mr. COOPER], and pass it. The distinguished former Senator, Warren Austin, is included in the bill. The Senators from Vermont [Mr. AIKEN and Mr. FLANDERS] have discussed the bill with me.

The Senator from Vermont [Mr. FLANDERS] must leave the Chamber by 11:30 this morning. I have also discussed the matter with the minority leader and, so far as I know, there is no objection to the bill. Therefore, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1464, S. 3195, notwithstanding the unanimous-consent agreement on the minerals bill.

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

The LEGISLATIVE CLERK. A bill (S. 3195) to authorize certain retired personnel of the United States Government to accept and wear decorations, presents, and other things tendered them by certain foreign countries.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. JOHNSON of Texas. Mr. President, the bill applies only to retired personnel. The Senator from Kentucky desires to offer an amendment. I am informed that the committee is delighted to accept it. If the Senator will send his amendment to the desk, I hope the Senate will include it in the bill.

Mr. COOPER. Mr. President, I send an amendment to the desk and ask that it be stated. I thank the distinguished majority leader for accepting the amendment. It adds one name to the list of distinguished recipients. He is Adm. Gene Markey, a distinguished resident of Kentucky.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 23, immediately preceding the name "McDaniel, Eugene F.", it is proposed to insert the following under the appropriate headings:

Name	Date of retirement	Donor Government	Award	Remarks
Markey, Gene 81910	Nov. 1, 1953	France	Legion of Honor	Reason for award unknown.
		Italy	Order of the Star of Italian Solidarity.	Do.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. COOPER].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed as follows:

Be it enacted, etc., That the following-named retired personnel of the Government of the United States are hereby authorized to accept and wear such decorations, orders, medals, emblems, presents, and other things as have been tendered as of the date of approval of this act by the foreign government or foreign governments immediately following their names, and that the consent of Congress is hereby expressly granted for this purpose as required under clause 8 of section 9, article I, of the Constitution of the United States:

MEMBERS OF CONGRESS

Name	Date of retirement	Donor government	Award	Remarks
Brewster, Ralph Owen	Dec. 31, 1952	Philippines	Military Merit Medal	For service to the Philippines.
Johnson, Edwin C	Jan. 2, 1955	Italy	Star of Italian Solidarity, Second Class.	For service to Italy.

WHITE HOUSE

Name	Date of retirement	Donor government	Award	Remarks
Crim, Howell G	Dec. 31, 1957	Belgium	Regent's Medal First Class	Token of good will.

UNITED NATIONS

Name	Date of retirement	Donor government	Award	Remarks
Austin, Warren R.	Jan. 22, 1953	Cuba	National Order of Merit, Carlos Manuel de Cespedes.	Token of good will.
		Dominican Republic	National Order of Merit, Juan Pablo Duarte.	Token of good will.

DEPARTMENT OF AGRICULTURE

Name	Date of retirement	Donor government	Award	Remarks
Bishopp, Fred C.	June 30, 1953	Great Britain	King's Medal for Service in the Cause of Freedom.	For perfecting DDT, an insecticide.
Gray, Roy B.	May 31, 1954	France	Order of Officer du Merite Agricole	For advisory service to Dr. Oleg Yadoff in connection with dust insecticides and fungicides.
Kotok, Edward I.	May 31, 1951	France	Croix du Chevalier de la Merite Agricole.	In recognition for forestry work and for interest in international forestry.
McDonald, Murl	Aug. 31, 1953	Lebanon	Medal of Merit	In recognition for pioneer program in Lebanon of tests and demonstrations in forage crops to increase the supply of food for livestock.
Potter, Charles E.	Aug. 31, 1951	Latvia	Order of Three Stars, Officer's Cross	In appreciation for valuable service rendered in fostering friendly relations between Latvia and the United States, particularly in the field of 4-H Club work.
Warren, Gertrude L.	Dec. 19, 1952	Latvia	Order of Three Stars	In appreciation for valuable service rendered in fostering friendly relations between Latvia and the United States, particularly in the field of 4-H Club work.
Watts, Lyle F.	June 30, 1952	France	Croix du Chevalier de la Merite Agricole.	In recognition for forestry work and for interest in international forestry.
Wilson, Dr. Milburn L.	June 30, 1953	France	Officer of the Merite Agricole	Honored for his contributions to agriculture.

CANAL ZONE GOVERNMENT

Name	Date of retirement	Donor government	Award	Remarks
Dowd, Dr. Frederick F.	July 31, 1949	Republic of Panama	Order of Vasco Nunez de Balboa	Fostering cordial relations between Panama and the United States.
Lombard, Eugene C.	Mar. 31, 1956	Republic of Panama	Order of Vasco Nunez de Balboa	Fostering cordial relations between Panama and the United States.
Paul, Seymour	Mar. 31, 1950	Republic of Panama	Order of Vasco Nunez de Balboa	Fostering cordial relations between Panama and the United States.

CIVIL AERONAUTICS BOARD

Name	Date of retirement	Donor government	Award	Remarks
Chamberlain, John M.	Jan. 2, 1958	Italy	Order of Merit	In recognition of the assistance rendered to Registro Aeronautica Italiano in developing airworthiness regulations.

DEPARTMENT OF COMMERCE

Name	Date of retirement	Donor government	Award	Remarks
Dunlap, William A.	Dec. 31, 1952	Dominican Republic	Order of Merit "Juan Pablo Duarte"	In appreciation of services rendered to President Trujillo during his visit to Jacksonville.
Hote, J. F.	July 1, 1949	France	Chevalier de l'Ordre du Merite Maritime.	Token of good will for services rendered in connection with maritime activities.
Morse, Humtington T.	June 30, 1954	France	Legion of Honor, Degree of Officer	Token of good will for services rendered in connection with maritime activities.
		Netherlands	Commander in the Order of Orange Nassau.	Token of good will for services rendered in connection with maritime activities.
		Norway	Knights Cross, First Class, of the Royal Order of Saint Olav.	Token of good will for services rendered in connection with maritime activities.
Mulroy, Thomas B.	Dec. 31, 1956	France	Chevalier in the French National Order of the Legion of Honor.	Token of good will for services rendered in connection with maritime activities.

GOVERNMENT PRINTING OFFICE

Name	Date of retirement	Donor government	Award	Remarks
Nikula, August	June 30, 1951	Finland	Order of the White Rose of Finland, Knight.	Token of acknowledgment for his endeavors to alleviate the sufferings caused by Communist aggression among the civilian population of Finland.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Name	Date of retirement	Donor government	Award	Remarks
Coffey, Erval R.	July 1, 1954	Thailand	The Most Noble Order of the Crown of Thailand.	In recognition of his services as Chief, Public Health Division, United States Mission to Thailand.
Forbes, Mary D.	Aug. 1, 1954	Greece	The Golden Cross of the Royal Order of the Phoenix.	In recognition of her services as Director of the Nursing Section, American Mission for Aid to Greece.
Murdock, John R.	Aug. 1, 1956	Dominican Republic	The Order of Merit Juan Pablo Duarte in the Grade of Commendador.	In recognition of his services as Assistant Director of the Pan American Sanitary Bureau and the organization of the Division of Malaria of the Health Ministry of the Dominican Republic.
Warner, Estella F.	Jan. 1, 1956	Lebanon	The Order of the Cedars les Chevaliers.	In recognition of her services rendered to that country as Regional Public Health Representative under the Point IV program in the Middle East.

DEPARTMENT OF INTERIOR

Name	Date of retirement	Donor government	Award	Remarks
Demaray, Arthur E.	Dec. 8, 1951	Sweden	Order of the Knight of Vasa	For services in connection with visit of the Crown Prince and Princess of Sweden to the United States in 1926.

INTERNATIONAL COOPERATION ADMINISTRATION

Name	Date of retirement	Donor government	Award	Remarks
Schenck, Hubert G.	Mar. 1, 1954	China	Decoration of Ching Hsing (Auspicious Star).	Reason for award unknown.

DEPARTMENT OF JUSTICE

Name	Date of retirement	Donor government	Award	Remarks
Goss, Paul H	Dec. 31, 1954	Mexico	Gold Watch	Reason for award unknown.
Newport, Roy B	Oct. 31, 1956	Mexico	Gold Watch	Reason for award unknown.
Nichols, Louis B	Nov. 20, 1957	Greece	Cross of Taxiarch or Our Order of the Phoenix.	Reason for award unknown.
Starr, George J	Jan. 6, 1947	France	Medal of Honor of the Municipal and Rural Police of the Ministry of the Interior of the Republic of France.	Reason for award unknown.
Watkins, W. Frank	Mar. 31, 1949	Norway	Knight's Cross, First Class, Royal Order of Saint Olav.	Reason for award unknown.
Wells, Richard H	Sept. 30, 1951	Mexico	Gold Watch	Reason for award unknown.

NATIONAL LABOR RELATIONS BOARD

Name	Date of retirement	Donor government	Award	Remarks
Murdock, Abe	Dec. 16, 1957	Philippines	Military Merit Medal	Reason for award unknown.

SMITHSONIAN INSTITUTION

Name	Date of retirement	Donor government	Award	Remarks
Zetek, James	May 31, 1956	Republic of Panama	Vasco Nunez de Balboa	For outstanding work in the entomological and general biological fields and for his contribution to international relations.

DEPARTMENT OF STATE

The awards tendered to personnel of the Department of State were given as tokens of good will by the donor governments.

Name	Date of retirement	Donor government	Award	Remarks
Armour, Norman	Dec. 31, 1945	Haiti	Order of Honor and Merit, Grand Cross.	
Atherton, Ray	Aug. 31, 1948	China	Order of the Golden Grain	
Bell, George L	Aug. 1, 1953	France	Legion of Honor, Officer	
Blake, Maxwell	Jan. 31, 1941	Italy	"Ordini della Corona d'Italia," Grand Officer.	
Boal, Pierre de L	July 31, 1947	Great Britain	Silver Jubilee Medal	
		Serbs, Croats and Slovenes, now Yugoslavia.	Order of St. Sava, Third Class	
		Peru	Order of the Sun Commander	
		Peru	Gold Medal Commemorative of 1st Centenary of Battle of Ayachucho.	
		Italy	Order of the Crown	
Bowers, Claude G	Oct. 1, 1953	Chile	Grand Cross Orden al Merito	
Brooks, C. C	Oct. 31, 1954	Peru	Peruvian Centennial Independence	
Caffrey, Jefferson	Feb. 28, 1955	Cuba	Grand Cross of National Order of Merit Carlos Manuel de Cespedes.	
		Venezuela	Third Class, Bust of Boliver	
		Colombia	"Order of Boyaca" Grade of Grand Official.	
Caldwell, John Kenneth	Oct. 31, 1945	Czechoslovakia	Cross of War	
Cole, Felix	Oct. 31, 1952	Poland	Order of Polonia Stituta	
		Latvia	Order of Three Stars, Third Grade	
Corcoran, William W	Nov. 30, 1947	France	Medaille de Sauvetage	
Culbertson, Paul T	Aug. 31, 1953	Portugal	Order of Christ, Commander	
Davis, John K	Feb. 1, 1943	Great Britain	King George Jubilee Medal	
Dawson, William	Dec. 31, 1946	Ecuador	Grand Cross of the "Orden al Merito"	
Dearing, Fred Morris	June 30, 1938	Colombia	Grand Cross of the Order of Boyaca	
		Portugal	Military Order of Christ	
de Barneville, Maurice F	Dec. 2, 1952	France	Legion of Honor	
Donnelly, Walter J	Dec. 31, 1952	Cuba	National Order of Merit, Carlos Manuel de Cespedes, Commander.	
		Colombia	Order of Boyaca	
Frost, Arthur C	Dec. 31, 1947	Chile	Order of "Al Merito"	
Frost, Wesley	Dec. 1, 1944	Great Britain	Silver Jubilee Medal	
Fullerton, Hugh S	Dec. 31, 1948	Lithuania	Order of Vytautas the Great, Class III	
Goold, Herbert S	Mar. 1, 1943	Finland	Commander of the White Rose, Second Class.	
Greene, Winthrop S	May 31, 1951	Chile	Order of "Al Merito," Caballero	
Grew, Joseph C	Oct. 1, 1945	Belgium	Crown of Belgium, Grand Officer	
		Finland	Order of the White Rose	
		Peru	Order of the Sun of Peru	
Harrison, Randolph, Jr	July 31, 1952	Italy	Order of the Crown of Italy	
Henry, Frank Anderson	Mar. 1, 1946	Chile	Order of "Al Merito"	
Henry, R. Horton	Apr. 30, 1950	Cuba	National Order of Merit, Carlos Manuel de Cespedes, Officer.	
Hester, Evett D	Sept. 30, 1950	France	Order of the Imperial Dragon of Annam, Knight.	
Hornbeck, Stanley K	May 1, 1947	Siam	Order of the White Elephant, Third Class.	
Hunt, Leigh W	May 31, 1947	Belgium	Order of the Crown, Chevalier	
Kelly, Robert F	Apr. 1, 1945	Latvia	Order of the Three Stars	
		Latvia	Latvian Jubilee Medal	
		Poland	Officer's Cross of Order of Polonia Restituta.	
Kemp, Edwin Carl	Jan. 31, 1947	Tunisia	Cross of the Grand Officer of Nichan Iftikhar.	
Kirk, Alexander C	Sept. 30, 1946	Belgium	Croix d'Officier de l'Ordre de la Cournne.	
Klieforth, Alfred Will	Oct. 31, 1950	Austria	Austrian Service Order	
		Latvia	Order of the Three Stars of Latvia	
Lane, Clayton	Sept. 30, 1947	Poland	Commander's Cross of Order of Poland Restituta.	
		Poland	Officer's Cross of Order of Polonia Restituta.	
McGurk, Joseph F	Apr. 30, 1947	Bolivia	Order of the Condor of the Andes	
Maynard, Lester	Dec. 31, 1937	Egypt	Order of the Nile	
Memminger, Lucien	Sept. 1, 1944	Italy	Silver Medal	
Merrell, George R	May 16, 1952	Ecuador	National Order "Al Merito," Commander.	
Messersmith, George S	Aug. 31, 1947	Austria	Austrian Service Order, Great Cross	
		Belgium	Olympic Medal	
		Belgium	Order of the Crown, Commander	
Miller, David Hunter	Jan. 31, 1944	France	Medal bearing profile of Lafayette issued on 100th Anniversary of Lafayette's death.	

DEPARTMENT OF STATE—Continued

Name	Date of retirement	Donor government	Award	Remarks
Molesworth, Kathleen	Dec. 31, 1955	Cuba	National Order of Merit, Carlos Manuel de Cespedes (Officer).	
Nester, Alfred T.	May 31, 1955	Tunisia	Order of Nichan Iftikar Commander.	
Norweb, R. Henry	Sept. 30, 1948	Chile	Order "Al Merito," Commander.	
Patton, Kenneth S.	Dec. 31, 1945	Yugoslavia	Order of St. Sava.	
Quarton, Harold B.	Nov. 30, 1949	Estonia	Estonian Liberty Cross.	
Quirin, Harry Arnold	Aug. 31, 1953	France	Certificate of the Legion of Honor.	
Russell, H. Earle	Sept. 30, 1950	Morocco	Order of Ouissam Alaouite, Commander.	
Saugstad, Jesse	Jan. 29, 1954	Netherlands	Commander in the Order of Orange Nassau.	
		Norway	Knights Cross, First Class, of the Royal Order of Saint Olav.	
Schoenfeld, Rudolph E.	Feb. 26, 1955	Hungary	Cross of Merit Class II.	
Sholes, Walter H.	Feb. 28, 1947	Sweden	Commemorative Medal.	
Simmons, John F.	Jan. 31, 1957	France	Legion of Honor, degree of Commander.	
		Italy	Grand Officer of the Order of "Al Merito della Republica de Italia."	
		Japan	Grand Cordon of the Order of Sacred Treasure.	
		Netherlands	Order of Orange-Nassau, grade of Grand Officer.	
		Norway	Grand Cross of the Order of Saint Olav.	
		Portugal	Grand Officer of the Military Order of Christ.	
Sokobin, Samuel	Oct. 31, 1947	China	Chia Ho (Insignia of Fourth Class).	
Southard, Addison E.	June 1, 1943	Ethiopia	Order of the Holy Trinity.	
Tewksbury, Howard H.	Apr. 1, 1952	Cuba	National Order of Merit, Carlos Manuel de Cespedes, Officer.	
Thurston, Walter C.	Aug. 31, 1953	Costa Rica	Commemoration Medallion.	
		Brazil	Order of the Southern Cross, Grade of Commendador.	
Vallance, William Roy	Dec. 31, 1957	Cuba	Order of Lanuza.	
		Peru	Order of the Sun.	
Walker, Jay	Oct. 31, 1953	Tunisia	Order of the Nichan Iftikhar, Officer.	
Waller, George Platt	Sept. 30, 1950	Luxembourg	Order of the Oak-Leaved Crown.	
Waterman, Henry S.	Nov. 30, 1946	Cambodia	L'Ordre Royal de Cambodge, Commander.	
Wheeler, Leslie Allen	July 31, 1951	Ecuador	"Al Merito Agricola," Commander.	
White, John Campbell	Oct. 1, 1945	Czechoslovakia	Order of White Lion, Class IV.	
		Estonia	Estonian Liberty Cross.	
Wiley, John C.	Apr. 30, 1954	Peru	Order of the "Sol".	
Wilson, Edwin C.	Oct. 31, 1949	France	Cross of Commander, Legion of Honor.	
		Ecuador	National Order "Al Merito," Commander.	

TARIFF COMMISSION

Name	Date of retirement	Donor government	Award	Remarks
Durand, E. Dana	June 16, 1952	Poland	Order of "Polonia Restituta," grade of Commander.	Reason for award unknown.

TREASURY DEPARTMENT

Name	Date of retirement	Donor government	Award	Remarks
UNITED STATES COAST GUARD				
Jacobs, Donald G. (Captain). 1105	Aug. 1, 1951	Portugal	Gold Medal of "Courage, Abnegation, and Humanity."	The award was made for Captain Jacobs' services as Commanding Officer of the U. S. C. G. Cutter *Bibb*, during the rescue of the crew of the Portuguese schooner *Gaspar*, during a gale off the Newfoundland Banks on Sept. 18, 1948.
Lieberson, William (Lieutenant Commander). 2058	Feb. 1, 1957	Greece	Gold Naval, Medal, First Class.	For distinguished services rendered to the Merchant Marine and for the Best Organization of the Greek Maritime Services.
McCabe, George E. (Rear Admiral). 1080	Mar. 1, 1954	Korea	Order of Military Merit, Ulchi with Silver.	For service as Chief of the United States Coast Guard Advisory Group which was sent to Korea to organize and train the Korean Coast Guard, which is now the Republic of Korea Navy.
United States Secret Service				
Anheier, Harry D.	Dec. 14, 1956	Norway	St. Olav Medal.	In recognition of services rendered in a supervisory capacity during assignment to the protection of Her Royal Highness the Crown Princess Martha and the Royal Family during their stay in the United States during World War II.
Barker, William R.	Feb. 28, 1954	Norway	St. Olav Medal.	In recognition of services rendered in a supervisory capacity during assignment to the protection of Her Royal Highness the Crown Princess Martha and the Royal Family during their stay in the United States during World War II.
Callaghan, Thomas J.	Sept. 30, 1945	China	Order of the Cloud and Banner.	In recognition of services rendered during Madame Chiang Kai-shek's visit in the United States during 1943.
Maloney, James J.	Mar. 31, 1951	Norway	St. Olav Medal.	In recognition of services rendered in a supervisory capacity during assignment to the protection of Her Royal Highness the Crown Princess Martha and the Royal Family during their stay in the United States during World War II.
		China	Order of the Cloud and Banner.	In recognition of services rendered during Madame Chiang Kai-shek's visit in the United States during 1943.
Peck, Albert L.	Mar. 31, 1944	Norway	St. Olav Medal.	In recognition of services rendered in a supervisory capacity during assignment to the protection of Her Royal Highness the Crown Princess Martha and the Royal Family during their stay in the United States during World War II.
Rowland, Thomas H.	May 31, 1945	Norway	St. Olav Medal.	In recognition of services rendered in a supervisory capacity during assignment to the protection of Her Royal Highness the Crown Princess Martha and the Royal Family during their stay in the United States during World War II.
Wilson, Frank J.	Dec. 31, 1946	Norway	St. Olav Medal.	In recognition of services rendered in a supervisory capacity during assignment to the protection of Her Royal Highness the Crown Princess Martha and the Royal Family during their stay in the United States during World War II.
		China	Order of the Cloud and Banner.	In recognition of services rendered during Madame Chiang Kai-shek's visit in the United States during 1943.
Bureau of Customs				
Kirwin, Edwin B.	Aug. 1, 1949	France	Palme d'Acadamie.	Reason for award unknown.

UNITED STATES INFORMATION AGENCY

Name	Date of retirement	Donor government	Award	Remarks
Wright, Irene	Apr. 2, 1954	Cuba	National Order of Merit, Carlos Manuel de Cespedes.	Work in Cuban history.

DEPARTMENT OF THE AIR FORCE

Name	Date of retirement	Donor government	Award	Remarks
General				
Chidlaw, Benjamin W. 23A	May 31, 1955	France	Croix de Guerre with Palm	For meritorious service.
Kenney, George C. 2A	Aug. 31, 1951	France	Aviation Badge	For meritorious service.
Spaatz, Carl A03706	June 30, 1948	Norway	Grand Cross of the Royal Order of St. Olav.	For meritorious service.
Lieutenant General				
Craig, Howard A. 17A	June 30, 1955	Dominican Republic	Merito Aero, Primer Clase (1st Class).	For meritorious service.
		Peru	Peruvian Aviation Cross	For meritorious service.
Harper, Robert W. 53A	June 30, 1954	France	French Legion of Honor (Degree of Officer).	For meritorious service.
		Greece	Cross of Grand Commanders of the Royal Order of Phoenix.	For meritorious service.
		Greece	Royal Order of George I	For meritorious service.
		Brazil	Brazilian Aviation Badge (Pilot)	For meritorious service.
Schlatter, David M. 62A	July 31, 1957	Italy	Order of Merit, Italy	For meritorious service.
		Greece	Greek Grand Cross of the Order of the Phoenix.	For meritorious service.
Timberlake, Patrick W. 83A	Aug. 30, 1957	Greece	Grand Cross of the Royal Order of the Phoenix.	For meritorious service.
Major General				
Bertrandias, Victor E. AO267231	Feb. 28, 1955	France	Legion of Honor Degree of Officer	For meritorious service.
Bevens, James M. 208A	Jan. 31, 1951	Chile	Honorary Pilot Wings	For meritorious service.
Born, Charles F. 365A	Oct. 31, 1955	Argentina	Pilot Wings	For meritorious service.
Boyd, Albert 424A	Oct. 31, 1957	France	Aeronautical Medal	For meritorious service.
		France	Brevet Militarire de Pilote D'Avion	For meritorious service.
Butler, William O. AO5245	Jan. 31, 1946	Chile	Chilean Aviation Badge	For meritorious service.
Chauncey, Charles C. 14A	Oct. 31, 1951	Greece	Cross of Grand Commander of Royal Order of George I.	For meritorious service.
Doyle, John P. 274A	June 30, 1956	France	Croix de Guerre with Palm	For meritorious service.
Gates, Byron E. 186A	May 31, 1955	Greece	Cross of Commanders of the Royal Order of George I.	For meritorious service.
		Argentina	Air Force Wings	For meritorious service.
Grow, Malcolm C. 27A	Nov. 30, 1949	France	Medal of Aviation	For meritorious service.
Hale, Willis H. 19A	Oct. 31, 1952	Panama	Order of Vasco Nunez de Balboa	For meritorious service.
Hansell, Haywood S. AO17468	Dec. 31, 1946	Italy	Commander of the Order al Merito della Republica, Italy.	For meritorious service.
Hoag, Earl S. 56A	Feb. 28, 1953	Turkey	Air Force Wings	For service with American Mission for aid of Turkey.
Lee, Morris J. 556A	Dec. 31, 1955	Netherlands	Order of Orange-Nassau, Grand Officer.	For meritorious service.
McBlain, John F. 203A	Oct. 31, 1956	Greece	Cross of Commanders of the Royal Order of George I.	For meritorious service.
McDaniel, Carl B. 65A	Nov. 30, 1953	France	Aviation Badge	For meritorious service.
McDonald, George C. 69A	Oct. 31, 1950	Brazil	Order of Aeronautical Merit	For meritorious service.
		Brazil	Pilot Wings	For meritorious service.
Richardson, William L. 86A	July 31, 1954	Dominican Republic	Decoration of the Air Merit	For meritorious service.
Stowell, James S. 72A	May 31, 1955	Liberia	Star of Africa (Rank of Knight Commander).	For meritorious service.
		Greece	Royal Order of George I	For meritorious service.
		Greece	Cross of Grand Commanders of the Royal Order of Phoenix.	For meritorious service.
Thomas, Charles E., Jr. 192A	Jan. 31, 1955	China	Pao-Ting with Banner	For meritorious service.
		China	Air Force Wings	For meritorious service.
Wade, Leigh AO403535	Nov. 30, 1955	Greece	Royal Order of George I	For meritorious service.
Walsh, Robert L. 43A	Feb. 28, 1953	Mexico	Military Medal for Merit First Class	For meritorious service.
		Peru	Aviation Cross	For meritorious service.
		Uruguay	Honorary Pilot Wings	For meritorious service.
		Venezuela	Air Force Cross, First Class	For meritorious service.
Webster, Robert M. 21A	Oct. 31, 1954	France	Croix de Guerre with Palm	For meritorious service.
Brigadier General				
Beam, Rosenham 104A	June 30, 1951	Chile	Military Medal, Second Class	For service as Commander, Caribbean Air Command.
		Panama	Order of Vasco Nunez de Balboa	For service as Commander, Caribbean Air Command.
Caldwell, Charles H. 256A	Feb. 28, 1951	Greece	Cross of Commander of the Royal Order of George I.	For meritorious service.
		Argentina	Order of Liberation of San Martin, Grade of Grand Officer.	For service as Military Attaché to Argentina.
Grover, Orrin L. 329A	Aug. 30, 1957	Iraq	Gold Medal, Iraq	For meritorious service.
Keeney, Douglas AO114138	Sept. 30, 1955	Peru	Aviation Cross	For meritorious service.
Kiel, Emil C. 154A	July 31, 1953	Colombia	Honorary Pilot Certificate	For meritorious service.
		Ecuador	Abdon Calderon, First Class	For meritorious service.
		Chile	Military Medal, Second Class	For meritorious service.
		Colombia	Order of Boyaca	For meritorious service.
		Peru	Aviation Cross	For meritorious service.
		Paraguay	Honorary Pilot Wings	For meritorious service.
		Greece	Cross of Commanders of the Royal Order of George I.	For meritorious service.

DEPARTMENT OF THE AIR FORCE—Continued

Name	Date of retirement	Donor government	Award	Remarks
Brigadier General—Con.				
Knapp, Robert D. 150A	Sept. 30, 1953	France	Croix de Guerre with Palm	For meritorious service.
Mara, Cornelius J. AO223516	Apr. 30, 1953	Guatemala	Military Merit, 2d Class	For meritorious service.
Moore, Aubrey L. 402A	Mar. 31, 1953	Greece	Cross of Commanders of the Royal Order of George I.	For meritorious service.
Rives, Tom C. AO6526	June 30, 1949	Finland	Cross of Liberty with Sword, Class IV.	For meritorious service.
Rose, Franklin AO166159	July 31, 1956	Italy	Order of Al Merito della Republica Italiana.	For meritorious service.
Sorensen, Edgar P. AO6354	Aug. 31, 1948	Mexico	Order of Military Merit, 1st Class	For meritorious service.
Woodbury, Murray C. 415A	Jan. 31, 1954	Panama	Order of Vasco Nunez de Balboa (Cohendador).	For meritorious service.
Colonel				
Ames, Richard A. 1797A	Apr. 30, 1957	France	Croix de Guerre with Palm	For meritorious service.
Baily, William 808A	June 30, 1955	France	Medal for Physical Education and Sports.	For meritorious service.
Baisley, Herbert K. 705A	Sept. 30, 1954	Ecuador	Abdon Calderon	For meritorious service.
Balchen, Bernt 23100A	Oct. 31, 1956	Sweden	Royal Order of the Sword, Knight Commander.	For meritorious service.
Brause, Jacob L. AO176623	July 31, 1954	Italy	Star of Solidarity, Third Class	For meritorious service.
Brownfield, Ralph O. 399A	Mar. 31, 1957	Iceland	Icelandic Order of the Falcon, Commander North Star.	For meritorious service.
Bundy, John H. 484A	Feb. 28, 1954	France	Aviation Badge	For meritorious service.
Covington, William E., Jr. 1237A	May 31, 1957	Syria	Medal of Merit with Palm	For meritorious service.
		France	Croix de Guerre with Palm	For meritorious service.
Evans, Floyd E. AO138814	July 31, 1952	France	Medal of Pilot	Recognition of excellent services performed in connection with French Air Force.
Hall, Melvin A. AO507671	Apr. 27, 1945	France	Legion of Honor degree of Knight Commander.	For meritorious service.
Hankins, Milton T. 254A	Oct. 31, 1955	Belgium	Croix Militaire lere Classe	For meritorious service.
Hansen, George W. 401A	Aug. 31, 1951	Thailand	Coronation Medal	For meritorious service.
		Thailand	Honorary Membership in the Royal Thai Air Force.	For services as Air Attaché to Thailand.
		Thailand	Most Noble Order of the Crown of Thailand, Second Class.	For services as Senior Military and Air Attaché to Thailand.
Hodgson, Jack C. 193A	July 31, 1953	Italy	Order of the Crown of Italy	For meritorious service.
Jackson, Nelson P. 659A	Aug. 31, 1954	France	Croix de Guerre with Palm	For meritorious service.
Kolb, Julius A. 307A	May 31, 1951	France	Croix de Guerre with Palm	For outstanding contribution toward liberation of France during World War II.
Lingie, David G. AO11939	Dec. 31, 1947	Finland	Cross of Liberty with Sword, Class IV.	For services rendered in the interest of Finland.
Logan, Arthur L. 2303A	Jan. 31, 1957	Korea	Pilot Wings	For meritorious service.
MacReady, John A. AO234616	June 29, 1948	France	Croix de Guerre with Palm	For meritorious service.
Monahan, John W. AO10920	June 30, 1946	France	Croix de Guerre with Palm	For meritorious service.
Olsthun, Sidney 459A	Aug. 20, 1957	Norway	Air Force Wings	For meritorious service.
Riggs, Basl. L. 275A	June 30, 1956	France	Medal of Aviation	For meritorious service.
Seebach, Charles M. 116A	July 31, 1953	France	Medal of Aviation	For meritorious service.
Short, Charlie AO900636	Mar. 31, 1956	France	Legion of Honor (Chevalier)	For meritorious service.
Stinson, David R. AO11266	Oct. 31, 1948	France	Croix de Guerre with Palm	For meritorious service.
Towner, Milton M. 330A	July 31, 1957	France	Croix de Guerre with Palm	For meritorious service.
Travis, William L. 1007A	Mar. 31, 1956	Korea	Pilot Wings	For meritorious service in cooperation with the Republic of Korea Air Force.
Turner, Louis P. 352A	May 20, 1957	France	Croix de Guerre with Palm	For meritorious service.
Wilson, Joseph A. 152A	Nov. 30, 1950	Portugal	Medal of Military Merit	For meritorious service.
Lieutenant Colonel				
Baker, Edwin F. AO476458	May 31, 1957	France	Croix de Guerre with Palm	For meritorious service.
Blanchard, Frederick W. AO1703884	Oct. 31, 1955	Italy	Cross of War Merit	For meritorious service.
Carlos, Lloyd P. 5722A	Oct. 31, 1952	Greece	Royal Order of George I	For meritorious service.
Porter, George W. 2178A	Sept. 30, 1957	Greece	Gold Cross of the Royal Order of George I.	For meritorious service.
Roe, William T. AO1280067	Aug. 31, 1955	Peru	Peruvian Aviation Cross, Second Class.	For meritorious service.
Valle, Calixto C. 2376A	Jan. 31, 1957	Argentina	Aviation Badge	For meritorious service.
		Bolivia	Honorary Military Pilot Wings	For meritorious service.
Major				
Drake, Fred C. AO884183	Jan. 31, 1955	Greece	Golden Cross of the Royal Battalion of Phoenix.	For meritorious service.
		Greece	Medal of Meritorious Service	For meritorious service.
Duwe, George L. AO272655	Aug. 12, 1945	France	Croix de Guerre with Palm	For meritorious service.
Kleiderer, Eugene L. AO789920	Sept. 28, 1949	France	Croix de Guerre with Palm	For meritorious service.
McCoubrey, James A. AO419821	Aug. 31, 1949	France	Croix de Guerre with Palm	For meritorious service.
Zercher, Harold W. AO809407	Jan. 31, 1957	Paraguay	National Order of Merit	For meritorious service.

DEPARTMENT OF THE AIR FORCE—Continued

Name	Date of retirement	Donor government	Award	Remarks
Captain				
Robison, Keith G. 16778A	Nov. 25, 1957	Greece	Officers Cross of the Royal Order of the Phoenix.	For meritorious service.
Master Sergeant				
Richardson, William S. AF6650861	Aug. 31, 1956	Greece	Military Cross of Class C	For meritorious service.
Rinn, Raymond AF6272878	Sept. 30, 1956	China	Mao Chi	For meritorious service.

DEPARTMENT OF THE ARMY

Name	Date of retirement	Donor government	Award	Remarks
Truman, Harry S., Col.	Jan. 31, 1953	Liberia	Centennial Medal	Token of good will.
General				
Bolte, Charles L. O6908	Apr. 30, 1955	Brazil	Order of Military Merit, grade of Grand Officer.	Reason for award unknown.
		Mexico	Military Merit, 1st Class	For his outstanding work to the Armed Forces of United States and Mexico.
Clark, Mark W. O5309	Oct. 31, 1953	Japan	Order of the Rising Sun, Grand Cordon.	Reason for award unknown.
Dahlquist, John E. O7120	Feb. 29, 1956	Mexico	Military Merit, 1st Class	For his meritorious work in strengthening the relations between the Armies of his country and Mexico.
Devers, Jacob L. O2599	Sept. 30, 1949	Argentina	Order of General San Martin, degree of Gran Oficial.	For his service in Europe during the late war and his cooperation with Latin American countries since the war.
Eichelberger, Robert L. O2624	Dec. 31, 1948	Italy	Military order of Italy, degree of Grand Officer.	In recognition of his outstanding merits in the war operations in the Pacific Theater.
Gruenther, Alfred M. O12242	Dec. 31, 1956	Greece	Grand Cross of the Royal Order of George I.	Reason for award unknown.
		Portugal	Great Cross of the Military Order of Aviz.	Reason for award unknown.
Haislip, Wade H.	July 31, 1951	Brazil	Order of Military Merit, degree of Commander.	Cooperated with Brazilian personages in the United States.
		Chile	Medal of Military Merit, 1st Class	For distinguished services rendered to the Chilean Army.
Handy, Thomas T. O4665	Mar. 31, 1954	France	Legion of Honor, grade of Grand Officer.	Reason for award unknown.
		Mexico	Military Merit, First Class	For strengthening the bonds of friendship which exists between the United States and Mexico.
Hodges, Courtney H. O2686	Jan. 31, 1949	Argentina	Order of General San Martin, degree of Gran Oficial.	He was first high-ranking United States official to greet Argentine Minister of War on the latter's arrival in New York in April 1948.
Hull, John E. O7377	Apr. 30, 1955	Brazil	Order of Military Merit, degree of Grand Officer.	Reason for award unknown.
		Japan	Order of the Rising Sun, 1st Class	For services rendered to Japan.
		Peru	Military Order of Ayacucho, grade of Commander.	For services rendered to Peru.
Ridgway, Matthew B. O5264	June 30, 1955	Argentina	Sword of San Martin	As a memento of his visit to Argentina in July 1949.
		Argentina	Order of General San Martin, degree of Grand Officer.	Reason for award unknown.
		Cuba	Order of Military Merit, 1st Class	Reason for award unknown.
		Mexico	Great Cross of the National Order of the Aztec Eagle.	In recognition of his contribution to the cause of Mexican-American friendship.
		Monaco	Grand Cross of the Order of St. Carlo	Reason for award unknown.
		Morocco	Grand Croix de l'ouissam Alaouite	Reason for award unknown.
		Panama	Order of Vasco Nunez de Balboa, degree of Grand Officer.	Reason for award unknown.
		Portugal	Grand Cross of the Military Order of Avis.	Reason for award unknown.
Smith, Walter B. O10197	Jan. 31, 1953	Chile	Medal of Military Merit, 1st Class	For distinguished services rendered to Chile.
		Thailand	Order of the White Elephant	Reason for award unknown.
Van Fleet, James A. O3847	Mar. 31, 1953	Iran	Order of Yomayoon grade One	For participation in the burial ceremonies of the late Reza Shah.
Wedemeyer, Albert C. O12484	July 31, 1951	Argentina	Order of General San Martin, degree of Gran Oficial.	As Director of Plans and Operations, GS, USA, he assisted and advised the Argentine Minister of War in matters relating to joint problems between Argentina and the United States.
		Brazil	Order of Military Merit, grade of Commander.	Reason for award unknown.
		Chile	Medal of Military Merit, 1st Class	For distinguished services rendered to Chile.
Lieutenant General				
Aurand, Henry S. O3784	Aug. 31, 1952	Argentina	Order of General San Martin, degree of Gran Oficial.	As Chief, Logistics Division, GS, USA, he aided and advised the Argentine Minister of War and his assistants during their visit in April 1948, in matters pertaining to the Arms Standardization Program during several lengthy discussions.
Bolling, Alexander R. O7548	July 31, 1955	Argentina	Order of General San Martin, degree of Gran Oficial.	As Acting Director of Intelligence, GS, USA, was responsible for the planning and execution of all details pertinent to the visit of the Argentine Minister of War to the United States in April and May 1948.
		Brazil	Order of Military Merit, degree of Commander.	Accompanied the Brazilian Minister of War from Brazil to the United States during the latter's visit in April 1949.
		Chile	Medal of Military Merit, 1st Class	For distinguished services rendered to Chile.
		Portugal	Military Merit, 1st class	Reason for award unknown.
Brooks, Edward H. O6657	Apr. 30, 1953	Ecuador	Abdon Calderon, First Class	In recognition of important services to the Armed Forces of Ecuador.
Bull, Harold R. O3707	July 31, 1952	Chile	Medal of Military Merit, First Class	For distinguished services rendered to Chile.
Burress, Withers A. O4812	Nov. 30, 1954	Chile	Military Medal, Second Degree	Reason for award unknown.
		France	Legion of Honor, degree of Officer	Reason for award unknown.
Crittenberger, Willis D. O3548	Dec. 31, 1952	Argentina	Order of General San Martin, degree of Grand Officer.	As Commander-in-Chief, Caribbean Defense Command, was in contact with all of Latin America and during his visit to Argentina as guest of Argentine Army, between Nov. 25 and Dec. 8, 1948, was decorated.
		Brazil	Order of Military Merit, degree of Grand Officer.	Reason for award unknown.
		Colombia	Order of Boyaca, degree of Grand Officer.	Reason for award unknown.
		Mexico	Military Merit Medal, First Class	Reason for award unknown.
Eddy, Manton S. O4655	Mar. 31, 1953	Chile	Medal of Military Merit, First Class	For distinguished services rendered to Chile.
		France	Legion of Honor, degree of Grand Officer.	Reason for award unknown.

DEPARTMENT OF THE ARMY—Continued

Name	Date of retirement	Donor government	Award	Remarks
Lieutenant General—Con.				
Hickey, Doyle O. O10123	July 31, 1953	Japan	Order of the Rising Sun, Second Class	In recognition of services rendered to Japan while General was attached to the Far East Command.
Huebner, Clarence R. O4552	Nov. 30, 1950	France	Legion of Honor, degree of Grand Officer.	Reason for award unknown.
		Vatican	Cross of Magistral Knight of the Sovereign Military Order of Malta.	Reason for award unknown.
Keyes, Geoffrey O3561	Oct. 31, 1950	France	Legion of Honor, rank of Commander	Reason for award unknown.
		Vatican	Order of Saint Gregory the Great	For outstanding merit in behalf of the Christian religion.
Larkin, Thomas B. O3785	Dec. 31, 1952	Chile	Medal of Military Merit, First Class	For distinguished services rendered to the Chilean Army.
Lewis, John T. O7000	Sept. 30, 1954	Brazil	Order of Military Merit, grade of Officer.	Reason for award unknown.
McBride, Horace L. O4430	June 30, 1954	Brazil	Order of Military Merit, grade of Commander.	In appreciation of his efforts towards an effective cooperation between Brazilian and American officers, and thus contributing to the achievement of a more perfect understanding among them and a closer friendship between the Armies of the two countries.
		Chile	Military Medal, First Class	For services rendered to Chile while serving as Commander in Chief, Caribbean Command.
		Panama	Order of Vasco Nunez de Balboa, grade of Grand Officer.	For services rendered to Panama while serving as Commander in Chief, Caribbean Command.
Morris, William H. H. O3102	Mar. 31, 1952	Ecuador	Abdon Calderon, First Class	For outstanding services rendered to the Ecuadorean Armed Forces.
		Panama	Order of Vasco Nunez de Balboa, grade Grand Officer.	In recognition of his merits rendered to the Republic of Panama.
Major General				
Akin, Spencer B. O2916	Mar. 31, 1951	Chile	Medal of Military Merit, Second Class	For distinguished services rendered to Chile.
Armstrong, George E. O16548	July 31, 1955	Chile	Military Medal, Second Class	For distinguished services rendered to Chile.
Barr, David G. O10313	Feb. 29, 1952	China	Special Grand Cordon Pao Ting Medal, First Class.	Reason for award unknown.
Burns, James H. O2332	Dec. 31, 1944	Finland	Cross of Liberty with Sword, Class I	In recognition of services rendered in the interests of Finland during the Russo-Finnish War, 1939–40.
Evans, Vernon O3818	Jan. 31, 1953	Iran	Merit Decoration, Second Class, First Type.	For his untiring efforts, willingness, attention to duty, cooperation and exceptionally meritorious service in the performance of service to the Iranian Army.
Frederick, Robert T. O17196	Mar. 31, 1952	Greece	Grand Commander of the Order of George the First.	Reason for award unknown.
Gallagher, Philip E. O11249	Feb. 28, 1957	France	Legion of Honor, grade of Officer	For services rendered while serving as Commanding General of USAREUR Communications Zone.
Grow, Robert W. O4621	Jan. 31, 1953	Iran	Homayun, Second Grade	For services performed as Chief of the United States Military Mission with the Iranian Army from November 1946 to September 1948.
Hertford, Kenner F. O15120	July 31, 1955	Brazil	War Medal	For valuable services rendered to Brazil from June 1941 to May 1946.
Homer, John L. O3115	Sept. 30, 1950	Mexico	Military Medal, First Class	In virtue of the praiseworthy demonstration of friendship and consideration given to the Armed Forces of the Mexican Government.
Hyssong, Clyde L. O8386	July 31, 1949	Finland	Order of the Lion of Finland, Commander, First Class.	Reason for award unknown.
Irvine, Willard W. O5838	Apr. 30, 1952	Venezuela	Watch	Reason for award unknown.
Irving, Frederick A. O5261	Aug. 31, 1954	Brazil	Merito Militar	Reason for award unknown.
		Chile	Military Medal, First Class	Reason for award unknown.
		France	Legion of Honor, degree of Commander.	Reason for award unknown.
		Netherlands	Silver Medal of Gratitude	For meritorious contribution to the Netherlands cause during World War II in New Guinea.
Leavey, Edmond H. O8559	June 30, 1949	France	Croix de Guerre with Palm	Reason for award unknown.
Lewis, Robert H. O2051	May 31, 1946	Panama	Military Order of Vasco Nunez, degree of Grand Officer.	Reason for award unknown.
Livesay, William G. O4603	June 30, 1950	Chile	Medal of Military Merit, Second Class.	For distinguished services rendered to Chile.
MacMorland, Edward E. O4653	July 31, 1952	Finland	Cross of Liberty with Sword, Class III	In recognition of services rendered in the interests of Finland during the Russo-Finnish War, 1939–40.
Maddocks, Ray T. O7291	June 30, 1951	Brazil	Order of Military Merit, degree of Commander.	As Director of Plans and Operations, GS, USA, and in charge of the Joint Brazil-United States Military Commission, he has cooperated with the Brazilian Government and assisted them in general matters of interest to Brazil and the United States.
		Chile	Medal of Military Merit, Second Class.	For distinguished services rendered to Chile.
Maris, Ward H. O6718	Nov. 30, 1952	Italy	Order to the Merit of the Italian Republic, degree of Grand Officer.	For services rendered to the Government of the Republic of Italy.
Muller, Walter J. O12224	Nov. 30, 1956	Morocco	Order of Ouissam Alaouite Cherifien, rank of Grand Officer.	In consideration of his merit.
Nold, George J. O8888	July 31, 1955	France	Legion of Honor, grade of Officer	For services rendered while serving as Director, Joint Construction Agency, Paris, France.
Porter, Ray E. O7168	June 30, 1953	Chile	Medal of Military Merit, Second Class.	For distinguished service rendered to Chile.
		Colombia	Orden de Boyaca, grade of Grand Officer.	Reason for award unknown.
		Ecuador	Abdon Calderon, 1st Class	For outstanding services to the Ecuadoran Armed Forces, on having invited many officers and enlisted personnel to take the different courses which are given in the Panama Canal Zone and the Military Schools in the Caribbean.
		Panama	Orden de Vasco Nunez de Balboa, grade of Grand Officer.	Reason for award unknown.
Prentiss, Louis W. O14672	Apr. 30, 1956	Greece	Cross of Commander of the Order of the Phoenix.	For gestures of courtesy and appreciation in recognition of the services performed on the occasion of the visit of the Royal Greek entourage to Washington on Oct. 28, 1953.
Roberts, Frank N. O12734	Nov. 30, 1957	Greece	Grand Cross of King George I, grade of Commander.	For services rendered while serving as Chief of Staff, Allied Forces Southern Europe.
		Italy	Order to the Merit of the Italian Republic, grade of Commander.	For services rendered while serving as Chief of Staff, Allied Forces Southern Europe.
Robinson, Bernard L. O12652	Oct. 31, 1957	Netherlands	Order of Orange-Nassau, grade of Commander.	Reason for award unknown.
Standlee, Earle O16530	Apr. 30, 1957	Korea	Taeguk Distinguished Military Service Medal.	In recognition and appreciation of his outstanding and exceptionally meritorious service rendered to the Republic of Korea while serving as Chief Surgeon of Headquarters Army Forces Far East and Eighth United States Army.
Streit, Paul H. O6254	Mar. 31, 1953	Chile	Military Medal, Second Class	For distinguished services rendered to Chile.

DEPARTMENT OF THE ARMY—Continued

Name	Date of retirement	Donor government	Award	Remarks
Major General—Continued				
Vaughan, Harry H. O205101	Jan. 31, 1953	Argentina	Order of General San Martin, degree of Gran Oficial.	Reason for award unknown.
		Cuba	Medal of Military Merit	Reason for award unknown.
		Dominican Republic	Juan Pablo Duarte	Reason for award unknown.
		France	Legion of Honor, grade of Commander	Reason for award unknown.
		Guatemala	Merito Militar, First Class	In behalf of his personal merits and as a demonstration of the friendship and close relationship between the military forces of Guatemala and the United States.
		Italy	Star of Italian Solidarity	Reason for award unknown.
		Mexico	Military Merit, First Class	Reason for award unknown.
		Netherlands	Order of Orange-Nassau, with Swords, grade of Officer.	Reason for award unknown.
Watson, Leroy H.	Nov. 30, 1953	Japan	Order of the Rising Sun, Third Class	Reason for award unknown.
Weart, Douglas L. O3774	Aug. 31, 1951	Chile	Military Medal, Second Class	Having afforded invaluable facilities and attentions to components of the Army of Chile, by which they have contributed to the mutual understanding and appreciation of both institutions, which is directly beneficial to continental harmony.
Brigadier General				
Armstrong, Clare H. O5318	Mar. 31, 1953	Luxembourg	Commandeur de l'Ordre Grand-Ducal de la Couronne de Chene.	Reason for award unknown.
Beukema, Herman O3790	Aug. 31, 1954	Chile	Military Merit, Second Class	Reason for award unknown.
Bixby, Ernest A. O12273	Nov. 30, 1955	France	Legion of Honor, rank of Officer	Reason for award unknown.
Bixel, Charles P. O168088.	July 31, 1957	Korea	Ulchi Distinguished Military Service Medal with Gold Star.	In recognition and appreciation of his outstanding and exceptionally meritorious service while serving as Chief of Staff and Army Member of the United Nations Command Military Armistice Commission and later as Deputy Chief of Staff, Headquarters, United States Army Forces Far East and Eighth United States Army during the period Sept. 1, 1955, to Dec. 18, 1956.
Brown, Wyburn D. O12260	June 30, 1951	Colombia	Order de Boyaca, grade of Commander.	General Brown demonstrated special interest in the improvement of the military forces of Colombia.
Cassidy, John F. O12718	Aug. 31, 1954	Vatican	Order of St. Gregory the Great	He deserved well of the good of the Catholic Church and its institution.
Cheadle, Henry B. O3584	Apr. 30, 1951	Hungary	l'Orde de Merite Hongrois	Reason for award unknown.
Cole, John T. O5256	May 31, 1953	China	Chinese Armored Force Combat Badge.	For his glorious activity as a combat commander in ground combat against an armed enemy of Allied Nations during the period of 1942–45 in the European theater.
Crowell, Evans R. O7387	Aug. 31, 1954	Paraguay	National Order of Merit, grade of Gran Oficial.	Reason for award unknown.
English, Paul X. O3472	July 31, 1946	Finland	Cross of Liberty with Sword, Class III	In recognition of services rendered in the interests of Finland during the Russo-Finnish War, 1939–40.
Ferrin, Charles S. O4980	Nov. 30, 1952	Mexico	Decoration of Military Merit	For his praiseworthy work of bringing closer together the Armies of Mexico and the United States.
Ford, William W. O12667	Aug. 31, 1954	France	Legion of Honor, grade of Officer	For his services as Commanding General, Advance Section, USAREUR.
Hare, Ray M. O6943	July 31, 1953	France	Legion of Honor, grade of Chevalier	Reason for award unknown.
Hines, Charles O2866	Oct. 31, 1946	Finland	Cross of Liberty with Sword, Class II	In recognition of services rendered in the interests of Finland during the Russo-Finnish War, 1939–40.
Hines, Frank T. O26457	May 31, 1944	Italy	Order of the Crown of Italy	Reason for award unknown.
Holly, Joseph A. O12360	Jan. 31, 1951	Netherlands	Order of Orange-Nassau, with Swords, degree of Commander.	Reason for award unknown.
Kingman, Allen F. O4749	May 31, 1953	Argentina	Order of General San Martin, degree of Comendador.	As Foreign Liquidation Commissioner, he handled detailed negotiations with the Argentine Government for the sale of arms and equipment to that country.
		Peru	Military Order of Ayacucho, degree of Commander.	Reason for award unknown.
Kreidel, Francis A. O39553	June 30, 1957	Korea	Ulchi Distinguished Military Service Medal with Gold Star (Second Award).	For exceptionally meritorious conduct in the performance of outstanding service to the Republic of Korea as the Provost Marshal General, United States Army Forces, Far East, and Eighth United States Army (Rear) during the period Oct. 21, 1954, to Jan. 15, 1957.
Marston, Morrill W. O7126	July 31, 1953	Greece	Cross of Grand Commander of the Royal Order of George I.	In recognition of the efficient assistance he gave His Majesty.
McCloskey, Manus O260	Apr. 30, 1938	Italy	Order of the Crown of Italy, degree of Ufficiale.	In recognition of "his services in connection with the relief of his Artillery Brigade by the Artillery of the 8th Italian Division on the Vesele River in September 1918."
Molitor, Eric S. O12115	Aug. 31, 1954	Italy	Cross for War Merit	For service rendered with the 88th Division in Italy during World War II.
O'Hare, Joseph J. O4488	Feb. 28, 1953	Cuba	Order of Military Merit, First Class	Reason for award unknown.
		France	Legion of Honor, degree of Commander.	For services rendered while serving as United States Military Attaché.
Peabody, Paul E. O4912	Mar. 31, 1950	Mexico	Military Medal of Merit, First Class	Reason for award unknown.
Perry, Basil H. O5236	July 31, 1953	Luxembourg	Croix de Guerre 1940–45	In recognition of his services to the Grand Duchy of Luxembourg during the military operations in September 1944, which resulted in the liberation of Luxembourg from the Nazis and during the defense of Luxembourg in December 1944 in the Battle of the Bulge.
Reimel, Stewart E. O7449	Feb. 28, 1946	France	Legion of Honor, rank of Knight	For services rendered to the Government of the Republic of France.
Renfrow, Louis H. O160948	Feb. 1, 1957	France	Legion of Honor	Reason for award unknown.
		Guatemala	Merito Militar, 2d Class	For demonstration of friendship and close relationship between the military forces of Guatemala and United States.
		Italy	Italian Solidarity Star	Reason for award unknown.
		Morocco	Commander de Ouissam Alaouite Cherifien.	Reason for award unknown.
Roberts, William L. O3597	Sept. 30, 1950	Korea	Medal of National Construction Merit	For meritorious service as the first chief of the United States Military Advisory Group to the Republic of Korea.
Robinett, Paul M. O10258	Aug. 31, 1946	Tunisia	Grand Cordon of Nichan Iftikhar	Reason for award unknown.
Shekerjian, Haig O3089	Sept. 30, 1946	Finland	Cross of Liberty with Sword, Class III	In recognition of services rendered in the interests of Finland during the Russo-Finnish War, 1939–40.
Slocum, LeCount H. O9716	July 31, 1954	France	Legion of Honor, grade of Chevalier	For services rendered while serving as Chief of Staff of the USAREUR at Orleans, France, during the period July 1951 to June 1953.

DEPARTMENT OF THE ARMY—Continued

Name	Date of retirement	Donor government	Award	Remarks
Brigadier General—Con.				
Stack, Robert I. O7585	July 31, 1953	France	Legion of Honor, grade of Chevalier	For exceptional war services rendered in the course of the operations of the liberation of France.
		France	Croix de Guerre with Palm	For exceptional war services rendered in the course of the operations of the liberation of France.
		Morocco	Order of Ouissam Alaouite Cherifien, grade of commander.	For valor and for services rendered in North Africa in 1943.
		Tunisia	Order of Nichan-Iftikhar, degree of Commander.	Reason for award unknown.
Sweany, Kenneth S. O15251	Nov. 30, 1955	Haiti	Grand Cross of the National Order of Haiti.	Reason for award unknown.
Tate, Foster J. O12287	July 31, 1949	France	Legion of Honor, degree of Commander.	Reason for award unknown.
Thompson, James V. O16826	July 31, 1957	Bolivia	Order of the Condor of the Andes, grade of Commander.	Reason for award unknown.
Thorpe, Elliott R. O11167	Nov. 30, 1949	Thailand	Most Noble Order of The Crown of Thailand, degree of Knight Commander.	Reason for award unknown.
Troper, Morris C. O902843	Nov. 19, 1952	France	Legion of Honor, grade of Officer	Reason for award unknown.
Walsh, Orville E. O12094	May 31, 1954	Morocco	Order of Ouissam Alaouite Cherifien, grade of Grand Officer.	In consideration of his merits.
Young, Gordon R. O3531	May 31, 1951	Brazil	Medal of Military Merit	In recognition of his arranging a citizen's reception upon the occasion of the visit to the United States by the President of Brazil on or about May 18, 1949.
		Panama	National Order of Vasco Nunez de Balboa, degree of Grand Officer.	Reason for award unknown.
Young, Mason J. O3788	July 31, 1953	France	Legion of Honor, degree of Officer	Reason for award unknown.
Colonel				
Adams, Edward F. O15326.	Sept. 30, 1954	Venezuela	Order of the Liberator, degree of Officer.	For services rendered while serving as Army Attaché.
Andrus, Burton C. O6991.	Apr. 30, 1952	Brazil	Order of Military Merit, degree of Officer.	Reason for award unknown.
Baird, Willett J. O16499.	July 31, 1956	France	Legion of Honor, Grade of Chevalier	For the reorganization and equipping of French Forces during World War II and also as a token of good will.
Bambace, Felix S. O56797.	Sept. 30, 1957	Italy	Star of Italian Solidarity, Third Class	Reason for award unknown.
Barker, Maurice E. O6779.	Aug. 31, 1948	Finland	Cross of Liberty with Sword, Class IV	In recognition of services rendered in the interests of Finland during the Russo-Finnish War, 1939-40.
Benitez, Enrique M. O4841.	Apr. 30, 1951	Guatemala	La Crux de Servicios Distinguidos	Reason for award unknown.
		Venezuela	Orden de Libertador	Reason for award unknown.
Berry, Logan C. O15752.	Sept. 30, 1954	Mexico	Mexican Medal Merito Militar	Reason for award unknown.
Bidwell, Bruce W. O15552.	Sept. 30, 1954	Netherlands	Order of Orange-Nassau with Swords	For service rendered while serving as United States Army Attaché.
Billing, Albert E. O8394	July 31, 1953	Ecuador	Abdon Calderon, First Class	Colonel Billing served as Chief, USA Mission to Ecuador, and contributed much in promoting cooperation and mutual understanding between the Armed Forces of the two countries. He also demonstrated sincerity and high esteem towards the Ecuadoran Armed Forces.
Blanchard, Wendell O15528	July 31, 1954	Belgium	Order of Leopold, degree of Officer, with Palm.	For war service in 1944-45 notably, during the battle of Bastogne, per Royal Decree No. 1941, dated June 22, 1953.
		Belgium	Croix de Guerre with Palm	For war service in 1944-45 notably, during the battle of Bastogne, per Royal Decree No. 1941, dated June 22, 1953.
Boichot, Donald F. O320119	Apr. 30, 1957	China	Financial Medal, First Grade, Second Class.	Rendered the good merit of assistance for the transportation of gold to the interior during the war against Japan.
Booth, Lucian D. O2228	June 30, 1942	Finland	Cross of Liberty with Sword, Class II	In recognition of services rendered in the interests of Finland during the Russo-Finnish War, 1939-40.
Buck, Walter A. O15665	June 30, 1953	Sweden	Royal Order of the Sword Knight Commander, Second Class.	Reason for award unknown.
Burrill, Joseph R. O15680	Sept. 30, 1954	Finland	Order of the White Rose of Finland	For services rendered while serving as Army Attaché.
Busbey, George W. O15639	Aug. 31, 1954	Paraguay	National Order of Merit, grade of Grand Official.	Has rendered important services to the Nation's Armed Forces, meriting national recognition.
Carter, Maynard H. O15077	July 31, 1953	Iran	Decoration of Merit, Second Class, First Type.	For exceptionally meritorious conduct in the performance of service during the period from Oct. 10, 1950, to May 6, 1952, while serving as Deputy Chief of Mission and Chief of Staff and such rendered services of exceptional value to the Iranian Army.
Clement, Joseph T. O14022	Jan. 4, 1921	Italy	Order of the Crown of Italy	Reason for award unknown.
		Rumania	Order of the Crown of Rumania, degree of Officer.	Reason for award unknown.
Crawford, David J. O14916	May 31, 1953	Brazil	Order of Military Merit, grade of Officer.	Reason for award unknown.
		Chile	Medal of Military Merit, Second Class.	For distinguished services rendered to Chile.
Davis, Merle H. O9832	July 31, 1953	Finland	Cross of Liberty with Sword, Class IV.	In recognition of services rendered in the interests of Finland during the Russo-Finnish War, 1939-40.
Drury, Frederick W. O12333	July 31, 1953	Iran	Taj Medal, third degree	For participation in the funeral of the late Reza Shah the Great, as a representative of the American Government.
Enderton, Herbert B. O15149	July 31, 1954	Ecuador	Abdon Calderon, First Class	Service as Military Attaché of the USA in Ecuador, Colonel Enderton helped increase friendly relations between members of the National and North American Armed Forces.
Farrar, Conway F. O41625	Aug. 31, 1952	Peru	Military Order of Ayacucho, grade of Officer.	Reason for award unknown.
Follansbee, Conrad G. O15973	Jan. 31, 1954	Haiti	Order of National Honor and Merit, grade of Commander.	Reason for award unknown.
Forde, Harold M. O16409	June 30, 1956	France	Legion of Honor, grade of Chevalier	For services rendered while serving as Assistant Army Attaché to France.
George, William S. O18304	Sept. 30, 1956	Greece	Cross of the Commander of the Royal Order of Phoenix.	In recognition of services rendered to the Greek Prime Minister.
Gibney, Jesse L. O12216	Aug. 31, 1953	Greece	Greece War Cross, Class III	As a member of the American Military Mission in Greece has rendered precious and invaluable service to the Greek Army and has contributed greatly to the reorganization and training thereof.
Grailing, Francis J. O15826	July 31, 1954	Netherlands	Order of Orange-Nassau with Swords, degree of Commander.	Reason for award unknown.
		Brazil	Order of Military Merit, degree of Officer.	For services relating to the visit of the Brazilian Minister of War.
		Denmark	Order of Dannebrog, degree of Commander.	Reason for award unknown.
Griffiths, David W. O12040	Mar. 31, 1950	Greece	Commander Cross of the Order of Phoenix.	Reason for award unknown.

DEPARTMENT OF THE ARMY—Continued

Name	Date of retirement	Donor government	Award	Remarks
Colonel—Continued				
Harris, Lee V. O10823	Aug. 31, 1954	Viet-Nam	National Order of Viet-Nam, grade of Commander.	For services rendered while serving as American Military Attaché to the Government of Viet-Nam.
Hayne, Frank B. O6446	Nov. 30, 1947	Finland	Officer's Cross of the White Rose of Finland.	Reason for award unknown.
Hinckle, John T. O15539	Aug. 31, 1954	Iran	Medal of Merit, Type One of Second Grade.	In appreciation of the services and in view of Colonel Hinckle's capability. For services rendered while serving as Army Attaché from Nov. 21, 1950, to Mar 3, 1953.
Hirschfelder, Chester J. O6124	July 31, 1949	France	Legion of Honor, grade of Chevalier.	As a token of gratitude from the French Government for his splendid service in France during the two World Wars.
Hocker, Woodson F. O16879	July 31, 1957	Brazil	Thaumaturgo de Azevedo Medal	For good will purposes and in appreciation of services rendered while serving as Army Attaché.
		Brazil	Marechal Caetano de Faria Medal	For good will purposes and in appreciation of services rendered while serving as Army Attaché.
		Brazil	Marechal Hermes Medal	For good will purposes and in appreciation of services rendered while serving as Army Attaché.
		Brazil	Order of Military Merit, grade of Officer.	For good will purposes and in appreciation of services rendered while serving as Army Attaché.
		Brazil	Medalha Marechal Souza Aguiar	For good will purposes and in appreciation of services rendered while serving as Army Attaché.
Huthsteiner, George E. O5592	Sept. 30, 1943	Estonia	Decoration of the Eagle, Third Class.	Reason for award unknown.
		Finland	Officer's Cross of the Order of the White Rose.	Reason for award unknown.
		Latvia	Order of the Three Stars, Second Class.	Reason for award unknown.
Jacoby, Benjamin O109164	May 14, 1946	China	Cravat of the Order of Cloud and Banner.	Reason for award unknown.
Johnson, Leonard M. O15921	July 31, 1954	Sweden	Royal Order of the Sword, Knight Commander, Second Class.	Reason for award unknown.
Jones, Malcolm D. O16435	June 30, 1956	Portugal	Medal of Military Merit, First Class.	For services rendered to the Government of the Republic of Portugal while serving as Army Attaché.
Jones, Melvin H. O199266	Aug. 31, 1955	Colombia	Order of Merit, General Jose Maria Cordoba, grade of Knight Commander.	In recognition of services rendered in completing a study and making recommendations for the reorganization of the Logistics System of the Colombian Armed Forces.
Kane, Francis B. O14922	Apr. 30, 1953	Portugal	Medal for Military Merit, Second Class.	Colonel Kane revealed himself to be an officer of outstanding merit and his sterling qualities of loyalty, honesty, and dignity rendered him worthy of the high regard in which he was held not only by his comrades of the Portuguese Army but also by society circles in Lisbon where he was esteemed by all as a friend and as a gentleman. Colonel Kane served as Military Attaché to the Embassy of the United States of America in Portugal.
Kaylor, John P. O16909	July 31, 1957	Mexico	Military Merit, First Class	For his meritorious work in strengthening the relations between the armies of the United States and Mexico.
Kluss, Walter L. O10032	Feb. 28, 1949	Italy	Order "Stella della Solidarietá' Italiana."	Reason for award unknown.
Leakey, Frank N. O16578	June 30, 1956	Peru	Military Order of Ayacucho, grade of Officer.	For meritorious service rendered while serving as Army attaché.
Mabie, Russell L. O15626	Aug. 31, 1954	Panama	Orden de Vasco Nunez de Balboa, grade of Commander.	In recognition of his merits per citation dated June 18, 1951.
Marsh, James H. O14610	Feb. 28, 1953	Venezuela	Order of Francisco de Miranda, Second Class.	Reason for award unknown.
McCarthy, Charles W. O16667	Nov. 30, 1956	Chile	"Al Merito Bernardo O'Higgins," grade of Commander.	Reason for award unknown.
		Chile	Medal of Military Merit	Reason for award unknown.
McFarland, John A. O16489	July 31, 1956	Peru	"El Sol del Peru" grade of Commander (The Sun of Peru).	For his merits and services.
		Peru	Military Order of Ayacucho, grade of Officer.	Reason for award unknown.
McHugh, Harry D. O15758	Sept. 30, 1954	Bolivia	Order of the Condor of the Andes, degree of Commander.	For service in Bolivia with United States Army Mission.
McMahon, Bernard B. O7040	Mar. 31, 1953	Finland	Order of the White Rose of Finland, grade of Commander.	As a token of good will.
Melton, Eldridge O223067	Mar. 1, 1954	Thailand	Order of the Crown of Thailand, Second Class.	Reason of award unknown.
Middleton, John W. O12135	Aug. 31, 1954	Nepal	Prasiddha Pravala Gorkha Dakshina Bahu (The Famous Order of the Right Hand of the Ghorkas).	Reason for award unknown.
Miles, John W. O469133	Nov. 30, 1955	Peru	Military Order of Ayacucho, grade of Officer.	For meritorious service while serving as Officer-in-Charge of Inter-American Geodetic Survey, Peru Project.
Miller, Art B., Jr. O297489	Apr. 30, 1950	Brazil	Order of Military Merit, degree of Cavalier.	Reason for award unknown.
Miller, Harry W. O16005	July 31, 1954	Ecuador	Abdon Calderon, First Class	For services rendered while serving as Army Attaché.
		Ecuador	Al Merito, grade of Commander	For services rendered while serving as Army Attaché.
Mills, William H. O16376	July 31, 1956	Chile	Military Medal, Second Class	For having rendered valuable facilities and courtesies to components of the Army of Chile, whereby they have contributed to the mutual understanding and esteem of the two institutions, a circumstance which directly promotes continental harmony.
Mitchell, Lawrence C. O5304	Feb. 28, 1953	Syria	Decoration of the Syrian Merit, First Class.	In appreciation of his high services rendered to the Syrian Government.
Miter, Frank F. O16477	June 30, 1956	Portugal	Medal of Military Merit, First Class.	Reason for award unknown.
O'Malley, Joseph H. O19061	Aug. 31, 1956	Peru	Order Militar de Ayacucho, degree of Commander.	Reason for award unknown.
Oyster, Dalies J. O15456	Aug. 31, 1954	Italy	Cross for War Merit	For service rendered with the 88th Division in Italy during World War II.
Pettit, Frank A. O16092	July 31, 1955	Peru	Military Order of Ayacucho, grade of Officer.	For distinguished services rendered while serving as Director General of the Inter-American Geodetic Survey to Peru.
Pharr, Marion M. O10215	July 31, 1953	Greece	The Commander of the Royal Order of George I.	The Greek decoration was conferred upon Colonel Pharr by His Majesty the King of the Hellenes, in recognition of the efficient assistance he gave his Majesties during his recent visit to Austria.
Pierce, Wilbur R. O15160	May 31, 1954	Venezuela	Order of Francisco de Miranda, Second Class.	Reason for award unknown.
Pohl, Marion G. O17176	June 30, 1955	Italy	Officer of Merit of the Republic	For services rendered while serving as Army Attache.
Potter, Harold E. O8043	Jan. 31, 1950	Netherlands	Order of Orange-Nassau, with Swords, grade of Commander.	Reason for award unknown.
Prince, Eugene O135384	Feb. 28, 1953	Chile	Medal of Military Merit, Second Class.	For distinguished services rendered to Chile,
Reid, Alexander D. O15234	Oct. 31, 1954	Venezuela	Order of Francisco de Miranda	For services as Chief, United States Army Mission to Venezuela.
Riley, Lowell M. O8654	June 30, 1952	France	Legion of Honor, Grade of Officer	Reason for award unknown.
		Rumania	Commemorative Medal, Carol I	Reason for award unknown.
Sadtler, William F. O14917	July 31, 1953	Finland	Cross of Liberty with Sword, Class IV.	In recognition of services rendered in the interest of Finland during the Russo-Finnish War 1939–40.

DEPARTMENT OF THE ARMY—Continued

Name	Date of retirement	Donor government	Award	Remarks
Colonel—Continued				
Sapia-Bosch, Timoteo A. O9805	July 31, 1953	Greece	Distinguished Service Medal	For rendering in the sphere of his competence invaluable services to the Armed Forces of Greece as a member of the American Military Mission in Greece.
Schaffer, William H. O15364	Aug. 31, 1953	Cuba	Distinguished Service Medal	Colonel Schaffer has efficiently cooperated to strengthen the good bonds of friendship existing between the Government of his country and the Cuban Government.
Schroeder, August H. O137514	Nov. 16, 1956	France	Legion of Honor, grade of Chevalier	In 1945-46, Colonel Schroeder took an essential part in the reestablishment of navigation on the Rhine River. He also created between the United States, French, and British authorities excellent relations based on mutual confidence and close cooperation through his magnificent leadership.
Shaw, Lawrence E. O16858	Mar. 31, 1956	Venezuela	Decoration of the Order Francisco de Miranda, Second Class.	For exceptional services while in the performance of official duty as Army Attaché to the American Ambassador to the Government of Venezuela.
Shipp, William E. O4455	Aug. 31, 1954	Spain	Cross of Military Merit with White Distinctive, Third Class.	For services rendered to Spain while serving as United States Army Attaché.
Smith, Douglas O15699	Aug. 31, 1954	Argentina	Order of General San Martin, degree of Comendador.	As a member of the Inter-American Defense Board he cooperated with Argentine authorities in many ways. He was tour director for a group of 12 Argentine high-ranking officers who visited the United States in November 1947.
Smith, Harvey H. O10155	Feb. 29, 1952	Greece	Royal Order of George I, degree of Commander.	Reason for award unknown.
Sottong, George V. O288253	Aug. 31, 1957	Belgium	Military Cross, First Class	Reason for award unknown.
Tait, David S. O901853	July 31, 1954	Japan	Order of the Rising Sun, Third Class	For service rendered to the Government of Japan.
Trimble, Ford O28761	Sept. 30, 1954	Norway	Commander's Cross of the Royal Norwegian Order of Saint Olav.	For services rendered to the Government of Norway while serving with Headquarters Allied Land Forces, Norway.
Waltz, Welcome P. O5429	Oct. 31, 1952	Greece	Knight's Order of Phoenix	As a member of the American Military Mission in Greece has rendered precious and invaluable service to the Greek Army and has contributed greatly to the reorganization and training thereof.
Wedemeyer, William A. O15011	Sept. 31, 1954	Panama	Military Order of Vasco Nunez, degree of Commander.	Reason for award unknown.
Whitcomb, John C. O5321	Oct. 31, 1951	Peru	Military Order of Ayacucho, grade of Officer.	For distinguished services as Chief of the USA Mission to Peru.
Withers, William P. O12742	Aug. 31, 1954	China	Chinese Armored Force Combat Badge.	Being admired by the officers and soldiers of Chinese Armored Force for his glorious activity as a combat commander in ground combat against an armed enemy of Allied Nations during the period of 1942-45 in the European Theater.
Lieutenant Colonel				
Alba, Bienvenido M. O16939	Aug. 31, 1955	Philippines	Bronze Cross Medal	For heroism in rescuing a fellow officer from enemy artillery fire on Apr. 8, 1942, in Bataan.
		Philippines	Wounded Soldier's Medal	For wounds received as a direct result of enemy action in Manila, Philippines, in August 1942.
Boone, William E. O199358	Aug. 1, 1955	Dominican Republic	Order of Merit of Juan Pablo Duarte	The Government of the Dominican Republic awards this decoration to its meritorious servants, as well as for services rendered to humanity.
Earl, Edwin O. O29097	Apr. 30, 1957	Greece	Distinguished Service Medal	As a member of the American Military Mission in Greece has rendered precious and invaluable service to the Greek Army and has contributed greatly to the reorganization and training thereof.
Hubard, Randolph B. O17714	Jan. 31, 1950	Italy	Cross for War Merit	For service rendered with the 88th Div in Italy during World War II.
Hughes, James R. O20343	Dec. 31, 1957	Brazil	Order of Military Merit, degree of Cavaleiro.	Reason for award unknown.
Reed, Ralph E. O450670	June 30, 1957	Bolivia	Military Engineer and Military Professor.	For services rendered to the Government of Bolivia.
Turner, Robert G. O16809	July 31, 1957	Greece	Greek War Cross, Class B	For services rendered as a member of the JUSMAPG Detachment, attached to the I Mountain Division.
Vance, William W. O51693	Oct. 31, 1950	Greece	Gold Cross of the Order of Phoenix	Reason for award unknown.
Warren, Kenneth D. O885755	June 30, 1955	Italy	Cross for War Merit	For service rendered with the 88th Division in Italy during World War II.
Major				
Lobianco, Frank E. O346946	Mar. 31, 1951	Greece	War Cross, Class III	For precious and invaluable service to the Greek Army and has contributed greatly to the reorganization and training.
Yanisch, Otto F. O300523	Apr. 26, 1957	Czechoslovakia	Order of the White Lion, Fifth Class	For service rendered as Chief, Restitution Branch, Land Bavaria of the Office of the United States Military Government in Germany.
Captain				
Burchett, Harry P. O2012787	Aug. 31, 1957	Haiti	Order of National Honor and Merit, grade of Officer.	For services rendered to the Government of Haiti while serving with the Inter-American Geodetic Survey.
Master Sergeant				
Bottomstone, Charles A. RA6846229	Sept. 30, 1953	Greece	Distinguished Service Medal	For rendering competent invaluable services to the Government of Greece.
Currie, John T. RA15109865	Jan. 31, 1952	Greece	Distinguished Service Medal	For rendering competent invaluable services to the Government of Greece.

UNITED STATES MARINE CORPS

General				
Noble, Alfred H. O717	Nov. —, 1956	France	Legion of Honor	For service to the Allied Cause during two World Wars and for his sympathy to France and its people.
Shepherd, Lemuel C., Jr. O889	Dec. —, 1955	Argentina	Order of Naval Merit, Grade of Grand Official.	Token of good will.
		Brazil	Order of Naval Merit, Grade of Grand Official.	Token of good will.
		Spain	Grand Cross of Naval Merit	Token of good will.
Lieutenant General				
Puller, Lewis B. O3158	Nov. —, 1955	China	Special Cravat of the Order of Cloud and Banner.	Token of good will.
Rockey, Keller E. O838	Sept. —, 1950	France	Legion of Honor, Grade of Officer	For service rendered to the Allied Cause in the Pacific during World War II and to the French Forces in the Far East.

UNITED STATES MARINE CORPS—Continued

Name	Date of retirement	Donor government	Award	Remarks
Brigadier General				
Bard, Elliott E. O4418	July —, 1957	Korea	Ulchi Distinguished Military Service Medal.	For exceptionally meritorious service to Republic of Korea, Aug. 2, 1955, to June 8, 1956.
Deakin, Harold O. O4991	July —, 1957	Greece	Gold Cross of King George the First	For service as Planning Officer, United States Naval Group, American Mission to Greece, April 1947 to June 1949.
Harris, Harold D. O3969	Jan. —, 1950	Morocco	Order of Ouissam Alaouite, Degree of Commander.	For services on staff of United States Naval Forces, Eastern and Mediterranean, at London, England. Served at Paris, France, in connection with conferences thereat November 7-10, 1948. Was at Port Lyautey, French Morocco, November 14-18; temporary duty Naval activities and administrative inspection.
Hays, Lawrence C., Jr. O5624	Sept. —, 1957	Brazil	Order of Naval Merit, Grade of Officer	For services rendered to the Brazilian Marine Corps during his tour of duty as a member of the United States Naval Mission to Brazil.
Peterson, Robert L. O4330	May —, 1948	China	Special Cravat of the Cloud and Banner.	For services to the Republic of China in its program for training and building up of Chinese Armed Forces.
Colonel				
McQuillen, Francis J. O4081	Mar. —, 1957	Thailand	Order of the Crown of Thailand, Second Class.	For service as United States Naval Attaché and Naval Attaché for Air to Thailand, May–November 1950.
		Thailand	Coronation Medal	For service as United States Naval Attaché and Naval Attaché for Air to Thailand at the time of the King's Coronation, May 1950.
Raciot, Arthur O798.	Jan. —, 1935	Santo Domingo	Order of Merit, Juan Pablo Duarte	For services rendered in the military education and guidance of officers performed as CO of the Cadets of the Dominican Republic at Haina, District of Santo Domingo, while serving on active duty attached to the 2nd Mar Brig in Santo Domingo, October 1923 to October 1924.
Lieutenant Colonel				
Seibert, Charles J., Jr. O5419	Aug. —, 1956	Brazil	Order of Naval Merit, Degree of Officer.	For services rendered to the Brazilian Navy during tour of duty as Marine Member, United States Naval Mission to Brazil, June 1950 to September 1953.
Captain				
Duggan, William E. O38220	June —, 1952	Thailand	Order of the White Elephant, Fourth Class.	Was instrumental in the recruiting and training of 35 Thailand students who were in the United States. These students infiltrated into Thailand where they helped organize an underground movement which rendered valuable assistance to the Allies.
		Thailand	Santimala (Peace) Medal	Was instrumental in the recruiting and training of 35 Thailand students who were in the United States. These students infiltrated into Thailand where they helped organize an underground movement which rendered valuable assistance to the Allies.

DEPARTMENT OF THE NAVY

Fleet Admiral				
Halsey, William F., Jr. 5035	Mar. 1, 1947	Argentina	Grand Cross of the Order of Naval Merit.	Occasion of a visit to Buenos Aires.
Admiral				
Badger, Oscar C. 7626	June 1, 1954	Brazil	Order of Naval Merit (Grand Officer).	Token of good will.
Carney, Robert B. 9612	Aug. 1, 1955	Spain	Gran Cruz del Merito Naval con distintivo blanco.	Token of good will.
		Thailand	Most Exalted Order of White Elephant (first class).	Token of good will.
		Cuba	Order of Naval Merit (first class)	Token of good will.
		Colombia	Order of Boyaca (Grand Cross)	In recognition of interest in the Colombian Navy.
		Argentina	Grand Cross of the Order of Naval Merit.	Token of good will.
		Italy	Grand Cross of the Order of Merit	As Commander in Chief of the Allied Forces, Southern Europe.
		Greece	Royal Order of George the First	Token of good will.
		Morocco	Order of Ouissam Alaouite Cherifien (Grand Cross).	Occasion of a visit to Port Lyautey.
		Saudi Arabia	Sword	Token of good will.
		Finland	Cross of Liberty with Sword, Class II	Token of good will.
Conolly, Richard L. 8678	Nov. 1, 1953	Netherlands	Order of Orange-Nassau (Grand Cross).	Token of good will.
		Tunisia	Order of Nichan Iftikhar (Grand Officer).	Token of good will.
		Italy	Military Order of Italy (Grand Officer).	Token of good will.
Du Bose, Laurance T. 8283	June 1, 1955	Italy	Order of Merit of the Italian Republic (Grand Officer).	As Commander, Eastern Sea Frontier.
Duncan, Donald B. 10843	Feb. 28, 1957	Cuba	Order of Naval Merit (White Ribbon) first class.	Strengthening the bonds of friendship to the Cuban Navy.
Fahrion, Frank G. 10872	May 1, 1956	Argentina	Order of Naval Merit (Grand Officer)	A tour of South America.
		Brazil	Order of Naval Merit (Grand Officer)	A tour of South America.
Fechteler, William M. 9699	July 1, 1956	Greece	Royal Order of King George the First (Grand Cross).	Token of good will.
		Italy	Order of Merit of the Italian Republic (Grand Cross).	For service as Commander in Chief Allied Forces Southern Europe.
		Morocco	Grand Cross of Ouissam Alaouite	For service in the cause of peace and freedom throughout the world.
		Tunisia	Grand Cross of Nicham Iftikhar	For service in the cause of peace and freedom throughout the world.
		Brazil	Order of Naval Merit (Grand Officer)	Token of good will.
Gardner, Matthias B. 34523	Aug. 1, 1956	Greece	Royal Order of the Phoenix (Grand Cross).	Token of good will.
Glover, Cato D., Jr. 20393	Sept. 1, 1957	France	Legion of Honor (Degree of Officer and Commander).	Assistant Naval Attaché and Naval Attaché for Air.
Hill, Harry W. 7622	May 1, 1952	France	Legion of Honor (Commander)	Token of good will.
		Brazil	Order of Naval Merit (Grand Officer)	Token of good will.
Kirk, Alan G. 7002	Mar. 1, 1946	Luxembourg	Order of Grand Ducal of the Coronna de Chene (Grand Cross) and Croix de Guerre.	In recognition of meritious military service.
		Belgium	Order of Leopold	Military service during World War II.

DEPARTMENT OF THE NAVY—Continued

Name	Date of retirement	Donor government	Award	Remarks
Admiral—Continued				
Radford, Arthur W. 9643	Aug. 1, 1957	Peru	Peruvian Cross of Naval Merit (Grand Cross) with White Badge.	Token of good will.
		Brazil	Order of Naval Merit (Grand Cross)	Token of good will.
		Ecuador	Order of Abdon Calderon (first class)	Token of good will.
		Italy	Knight of the Grand Cross of the Order of Merit of the Republic of Italy.	Token of good will.
		Colombia	Order of Boyaca (Grand Cross)	Token of good will.
		Morocco	Order of Ouissam Alaouite (Grand Cross).	Token of good will.
		Spain	Grand Cross of Naval Merit with White Insignia.	Token of good will.
		Thailand	Order of the White Elephant (first class).	Token of good will.
		Ethiopia	Order of Menilek (second class) (Grand Cordon).	Occasion of a visit to United States by the Emperor of Ethiopia.
Struble, Arthur D. 9122	July 1, 1956	China	Precious Tripod	For service as Commander, United States Seventh Fleet.
Turner, Richmond K. 6312	July 1, 1947	Japan	Imperial Order of the Sacred Treasure (third class).	Occasion returning ashes of late Ambassador Saito to Japan.
Vice Admiral				
Baker, Wilder D. 8703	Aug. 1, 1952	Brazil	Order of Naval Merit (Commander)	For service as Commandant, Eleventh Naval District.
		Mexico	Military Merit (first class)	Token of good will.
Barbey, Daniel E. 7930	June 30, 1951	Dominican Republic	Order of Merit Juan Pablo Duarte	Occasion visit of three Dominican ships to San Juan, P. R.
		Dominican Republic	Order of Cristobal Colon	Occasion visit of three Dominican ships to San Juan, P. R.
Boone, Joel T. (MC) 8566	Dec. 1, 1950	France	Medal of Honor of the Medical Service in Gold.	For service in improvement of the Medical Services of the Armed Forces.
Dyer, George C. 34727	Feb. 1, 1955	Peru	Peruvian Naval Cross of Merit	For services rendered to the Peruvian Navy.
		France	Legion of Honor (Commander)	Token of good will.
Greer, Marshall R. 34763	July 1, 1953	Chile	Order of Merit (Grand Officer)	For distinguished service to Chile.
Hanson, Edward W. 7634	Feb. 1, 1951	Panama	Vasco Nunez de Balboa	Token of good will.
		Chile	Chilean Military Medal of the Navy (first class).	Official visit to Chile.
Hardison, Osborn B. 9722	Jan. 1, 1955	Peru	Peruvian Cross of Order of Naval Merit (Grand Officer).	For services rendered to the Peruvian Navy.
		Cuba	White Order of Naval Merit (first class).	For outstanding service to the Cuban Navy.
		Chile	Medal of Merit (Grand Officer)	Token of good will.
		Mexico	Special Medal of Merit	For services rendered to the Mexican Navy.
		Brazil	Order of Naval Merit (Grand Officer).	For services rendered as Aide to President Dutra during his visit to the United States.
Hillenkoetter, Roscoe H. 20485	May 1, 1957	France	Legion of Honor (Officer)	As Naval Attaché at United States Embassy in France.
Inglis, Thomas B. 17084	Jan. 1, 1952	Peru	Peruvian Cross of Naval Merit (Grand Officer).	Cooperation with the Peruvian Navy.
		Denmark	Order of Dannabrog (Knight Commander).	Cooperation with the Danish Navy.
Johnson, Felix L. 56043	Sept. 1, 1952	Brazil	Order of Naval Merit (Commander)	Token of good will.
		France	Legion of Honor (Commander)	In appreciation for services rendered the Allied Cause during World War II.
		Chile	Military Order (First Class)	Promotion of good will.
Lovette, Leland P. 17002	June 30, 1949	Brazil	Order of Naval Merit (Grand Officer)	For services rendered to the Brazilian Navy.
Murphy, Marion E. 5768	May 1, 1957	Cuba	Order of Naval Merit (first class)	Token of good will.
Smith, Allan E. 9035	Feb. 1, 1954	Thailand	Most Noble Order of the Crown of Thailand (second class).	Token of good will.
Stokes, Thomas M. 57766	July 1, 1956	Tunisia	Nichan-Iftikhar (Grand Officer) First Class.	Occasion of a visit of the U. S. S. Salem to Tunis.
Thurber, Harry R. 34578	June 30, 1953	China	Order of Yyn Hui Grand Cordon, second class (Cloud and Banner).	Token of good will.
Whitehead, Richard F. 13464	June 1, 1955	Brazil	Order of Naval Merit (Grand Officer)	For services rendered to Brazilian Navy.
Wilkins, Charles W. 58917	Dec. 1, 1957	Ecuador	Order of the Abdon Calderon (first class).	As Director of Pan American Affairs.
		Cuba	Order of Naval Merit (first class)	Token of good will.
		Argentina	Order of Naval Merit (Grand Officer)	Token of good will.
		Brazil	Order of Naval Merit (Commander)	For services rendered to Brazil.
		Brazil	Medallion of the Superior School of War (Honorary Degree of course of instruction).	Completion of course of instruction at the Superior School of War.
		Haiti	National Order of Honor and Merit (Grand Officer).	Token of good will.
Rear Admiral				
Adell, Cecil C. 57434	June 30, 1952	Brazil	Order of Naval Merit (Commander)	Token of good will.
Ansel, Walter C. 34566	June 30, 1949	China	Special Cravat Order of Cloud and Banner.	In appreciation of his help to the Chinese Government.
		Brazil	Order of Naval Merit (Commander)	Member, United States Naval Mission to Brazil.
Armstrong, Henry J., Jr. 61068	June 30, 1957	Venezuela	Order of the Liberator (Official)	For service as United States Naval Attaché.
Barbaro, Joseph R. 24838	June 30, 1952	Chile	Medal of Merit (Bernardo O'Higgins) (Commander).	Token of good will.
		Peru	Peruvian Cross of Order of Naval Merit (Commander).	For service during World War II.
Bowman, Roscoe L. 56762	June 30, 1950	Brazil	Order of Aeronautical Merit	For services as United States Navy member (Air) Joint Brazil.
Brown, Martin V. 63643	Oct. 1, 1954	Brazil	Order of Naval Merit (Commander)	For services rendered to the Brazilian Navy.
Carpenter, Charles L. 60331	June 10, 1956	Spain	Spanish White Naval Cross of Merit (third class).	As Aide to the Spanish Minister of Marine during a visit to the United States.
		Peru	Peruvian Navy Cross (Commander)	Member of the United States Naval Mission to Peru.
Clark, David H. 34555	June 30, 1953	Chile	Military Medal (second class)	For distinguished service to the Chilean Navy.
Comp, Charles O. 57499	June 30, 1952	Chile	Military Medal (second class)	For distinguished service to the Chilean Navy.
Dalton, Carl M. 61162	June 30, 1957	Peru	Peruvian Cross of Naval Merit (Commander).	For services rendered to the Peruvian Navy.
Decker, Benton W. 20450	June 30, 1949	Vatican	Medal of St. Sylvester (Knight Commander).	For service as Commander Fleet Activities in Japan.

DEPARTMENT OF THE NAVY—Continued

Name	Date of retirement	Donor government	Award	Remarks
Rear Admiral—Con.				
Dreller, Louis 34020	July 1, 1951	Philippines	Legion of Honor (Officer)	For service to the Philippines.
Evenson, Marvin P. 60367	June 30, 1956	Brazil	Order of Naval Merit (Captain)	For services rendered to the Brazilian Navy.
		Brazil	Honoris Causa	For services as Chief, Navy Section, United States Military Mission to Brazil.
Ferris, Floyd F. 57032	June 30, 1952	Spain	Cross of Naval Merit (third class)	Token of good will.
		France	Legion of Honor (Officer)	For service during World War II.
		Denmark	Order of Dannebrog	For services rendered to the Danish people.
Fitzgerald, Phillip H. 59667	June 30, 1955	Peru	Peruvian Cross of Naval Merit (Commander).	Training officer and technical advisor for the Latin American Countries.
		Chile	Medalla Militar de la Armada (second class).	Token of good will.
		Colombia	Naval Order Admiral Padilla (Officer)	For service to the Colombian Government.
Fluegel, Fred C. 67786	June 30, 1956	Greece	Royal Order of the Phoenix (Commander).	For service with the Chief of Navy Section Joint United States Military Aid Group to Greece.
Furlong, William R. 5179	Aug. 1, 1946	Finland	Cross of Liberty with Sword, Class I	Token of good will.
Gallaher, John F. 60233	Aug. 1, 1956	Sweden	Order of the Sword (Knight Commander).	Token of good will.
Gordon, Howard W., Jr. 61147	June 30, 1957	Chile	Naval Military Medal (second class)	Chief Staff Officer to Commander Philadelphia Group, Atlantic Reserve Fleet.
Griggs, Gale E. 60195	June 30, 1956	Greece	Royal Order of the Phoenix (Commander).	For duty as Naval Attaché, Athens, Greece.
Harrison, Beverley R., Jr. 58403	June 30, 1953	Argentina	Order of the Liberator San Martin (Knight Commander).	Senior Naval Adviser, Buenos Aires, Argentina.
Haven, Hugh F. 20460	July 1, 1954	France	Legion of Honor (Officer)	Token of good will.
Heckey, Albert R. 61189	June 30, 1957	Peru	Peruvian Cross of Naval Merit	For service as a member of the United States Naval Mission to Peru.
		Philippines	Bronze Anahaw Leaf—Philippine Legion of Honor (Officer).	Token of good will.
Jalbert, Horace H. 8658	Jan. 1, 1951	France	Legion of Honor (Officer)	For service during the two World Wars.
Kauffman, Roland P. 57634	Dec. 1, 1952	Tunisia	Order of Nichan Iftikhar (Commander).	Token of good will.
Kaufman, John H. 71459	Sept. 1, 1955	Peru	Peruvian Cross of Naval Merit (Commander).	For cooperation with Peruvian Navy during training, San Diego, California.
Lee, John E. 63331	Oct. 1, 1957	Peru	Peruvian Cross of Naval Merit (Knight Commander).	Token of good will.
Markey, Gene 81910	Nov. 1, 1953	France	Legion of Honor	Reason for award unknown.
		Italy	Order of the Star of Italian Solidarity.	Do.
McDaniel, Eugene F. 61534	June 30, 1957	Korea	Ulchi Distinguished Military Service Medal.	For service as Naval Liaison Officer, Headquarters, Eighth Army.
McIlhenny, Harry H. 61535	June 30, 1957	Brazil	Order of Naval Merit (Commander)	Senior United States Naval Advisor, Brazilian Naval War College, United States Naval Mission.
Mercer, Preston V. 58615	June 30, 1954	Spain	Naval Merit Cross	United States Naval Attaché, Madrid.
Miller, Daniel B. 60455	June 30, 1957	Chile	Order of Naval Merit (Second Class)	Service to the Chilean Navy.
Morris, Robert M. 58138	June 30, 1953	Finland	Cross of Knight of the White Rose (Second Class).	Assistance during visit of Finnish vessel to New York, 1937.
Neblett, Thomas B. 61195	June 30, 1957	Italy	Order of Merit	United States Naval Attaché, Rome, Italy.
Parker, Charles W. 61474	June 30, 1957	Peru	Peruvian Cross of Naval Merit (Commander).	For cooperating with Peruvian Navy training, San Diego, California.
		Netherlands	Order of Orange-Nassau, Commander).	United States Naval Attaché and Naval Attaché for Air, The Hague.
Rakow, William M. 73110	June 1, 1956	Cuba	Order of Naval Merit (First Class)	United States Naval Attaché and Naval Attaché for Air.
Riggs, Whitaker F., Jr. 57731	Jan. 1, 1950	Mexico	Medal of Special Merit	United States Naval Attaché, Mexico City.
Russillo, Michael P. 61521	Jun. 30, 1957	Spain	Spanish White Naval Cross of Merit (Third Class).	Senior Member, Spanish-United States Navy Ad Hoc Trn Study Committee, 1955.
Sapero, James J. (MC) 70646	Nov. 1, 1955	Egypt	Order of El-Maaraf	Services rendered to Egypt.
Saunders, Willard A. 61250	July 1, 1957	Brazil	Order of Naval Merit (Commander)	Token of good will.
Schuirmann, Roscoe E. 7884	June 30, 1951	Chile	Order of Naval Merit (First Class)	Token of good will.
Sima, Frederick F. 59317	June 30, 1957	Argentina	Order of Naval Merit (Commander)	Token of good will.
Spanagel, Herman A. 8654	June 30, 1949	Chile	Order of Military Merit (First Class).	Token of good will.
Stone, Earl E. 17056	Jan. 1, 1958	France	National Order of Legion of Honour (Officer).	Assistance in training French Navy.
		Peru	Peruvian Cross of Naval Merit (Grand Officer).	Cooperation with Peruvian Navy.
Taylor, Ford N. 60534	June 30, 1956	Morocco	Order of Ouissam Alaouite (Commander).	Token of good will.
Theiss, Paul S. 7860	June 30, 1949	Japan	Imperial Order of the Rising Sun (Fourth Class).	Occasion of the return of ashes of Ambassador Saito to Japan.
Thorington, Alexander C. 59385	June 30, 1955	Belgium	Military Cross (First Class)	Token of good will.
Wirth, Theodore R. 57210	June 30, 1951	Brazil	Naval Merit of Honor (Commendador).	Token of good will.
Wood, Hunter, Jr. 59391	June 30, 195[illegible]	Peru	Naval Cross of Merit	For cooperation with Peruvian Navy during training, San Diego.
Young, Edward W. 58820	June 30, 1954	Chile	Military Medal of the Navy (Second Class).	For distinguished service to the Chilean Navy.
Zahm, John C. 61312	June 30, 1957	Brazil	Order of Naval Merit (Commander)	United States Naval Mission to Brazil services to Brazilian War College.
Captain				
Anderson, Edward R. 60114	July 1, 1955	Mexico	Military Merit (Second Class)	Token o good will.
Barbot, Leon J. 61328	June 30, 1957	Japan	Third Order of the Sacred Treasure	Token of good will.
Bibby, Lowe H. 33311	May 1, 1954	Brazil	Order of Military Merit (Officer)	Chief, Military Mission to Brazil tour of duty.

DEPARTMENT OF THE NAVY—Continued

Name	Date of retirement	Donor government	Award	Remarks
Captain—Continued				
Donaho, Doyle G. 61091	June 30, 1957	Haiti	Honor and Merit (Commander)	Token of good will.
Fairbanks, Douglas E. 105759	Oct. 1, 1954	Italy	Order of San Georgino of Antiochia (Grand Officer).	Charitable work in Italy.
		Italy	War Cross of Military Valor	Services during War World II.
		Belgium	Order of the Crown (Officer)	For international philanthropic and diplomatic activities.
		Great Britain	Order of the British Empire (Civil Division) (Knight Commander).	Promotion of Anglo-American affairs.
		Italy	Order of the Star of Italian Solidarity (Second Class).	Chairman of Care Commission (Civilian capacity) Italian food relief.
		Greece	Order of King George the First	Charitable services to Greece during World War II.
		Great Britain	The Grand Priory in the British Realm of the Venerable Order of St. John of Jerusalem (Officer).	For public service in behalf of charity and the unfortunate.
Fleck, Harold R. 34481	Apr. 1, 1955	Morocco	Order of Ouissam Alaouite (Officer)	For meritorious service.
Gade, John A. 18358	Oct. 1, 1953	Sweden	Royal Order of the Sword (Knight Commander) (Second Class).	Token of good will.
Gardiner, Josef M. 70227	Jan. 1, 1955	France	Legion of Honor (Officer)	Token of good will.
Greenacre, Alvord J. 60183	June 30, 1956	Argentina	Commemorative Medal Antarctic Distinguishing Device.	Services as a member of the Antarctic forces.
		Mexico	Mexican Naval Medal (Merito Especial).	Token of good will.
Hudson, Homer B. 58060	June 30, 1953	Sweden	Royal Order of the Sword (Knight Commander).	Token of good will.
Islev-Petersen, Harold J. 78085	July 1, 1956	Peru	Peruvian Cross of Naval Merit (Commander).	For services to the Peruvian Navy. Engineering adviser.
Jarrell, Henry T. 61436	Jan. 1, 1948	Spain	Cross of Naval Merit (Third Class)	Token of good will.
Kirten, William, Jr. 59544	June 30, 1955	Mexico	Order of Special Merit	Token of good will.
Lee, Charles L. 58739	June 30, 1954	Greece	Royal Order of the Phoenix	Service as a member of mission on aid to Greece.
Linson, Ross G. 72429	Mar. 1, 1956	Brazil	Order of Naval Merit (Knight)	Services to Brazilian Navy.
Mathews, Laurance O., Jr. 63317	Feb. 1, 1957	Finland	Order of the White Rose (Commander).	Token of good will.
McCaffree, Burnham C. 60445	June 30, 1956	Mexico	Order of Military Merit (Second Class).	Token of good will.
Pryce, Roland F. 61239	June 30, 1957	Greece	Royal Order of the Phoenix (Cross of the Commander).	Token of good will.
Simpson, Robert T. 71536	Feb. 1, 1957	Chile	Military Medal (Second Class)	Distinguished service to the Chilean Navy.
Sisson, Thomas U. 58578	June 30, 1954	Morocco	Order of Ouissam Alaouite (Cherifien).	Director of Naval Activities, Port Lyautey, Morocco.
Smith-Hutton, Henri H. 57756	June 30, 1952	France	Legion of Honor (Commander)	United States Naval Attaché, Paris, France.
Stickney, Fred R. 59375	June 30, 1955	Brazil	Order of Naval Merit (Commander)	Services rendered Brazilian Navy, Sub-Chief United States Naval Mission to Brazil.
Suits, Willard J. 57773	June 30, 1952	Chile	Military Medal (Second Class)	Distinguished service to the Chilean Naval Commission.
Thew, Joseph P. 58538	June 30, 1954	Japan	Order of the Sacred Treasure (Third Order of Merit).	Token of good will.
Tibbitts, Frank P. 59671	June 30, 1955	Sweden	Royal Order of the Sword (Knight Commander).	Token of good will.
Zollars, Allen M. 61578	July 1, 1957	Chile	Navy Military Medal	Chief, United States Naval Mission to Chile.
Commander				
Hathaway, Marvin F. 70982	Apr. 1, 1956	Brazil	Order of Naval Merit (Official)	For services rendered to the Brazilian Government.
Pilson, Louis J. 168274	June 1, 1957	Peru	Peruvian Cross of Naval Merit (Officer).	Token of good will.
Reynolds, Harry O. 73971	July 31, 1953	Chile	Naval Military Medal (Third Class)	Liaison officer for vessels being transferred to South American countries.
Ruff, Robert R. 203373	Feb. 28, 1957	Brazil	Order of Naval Merit (Officer)	Token of good will.
Lieutenant Commander				
Beck, George W., Jr. 487249	Sept. 1, 1957	Brazil	Order of Naval Merit (Officer)	For services rendered to the Brazilian Navy.
Bell, William E. 291761	July 1, 1956	Peru	Peruvian Cross of Naval Merit (Commander).	For services rendered to the Peruvian Navy.
Chaney, Clarence M. 355524	Sept. 1, 1954	Korea	Order of Military Merit, Chung Mu with Gold Star.	For service to the Republic of Korea Navy.
Gibson, James B. 168264	Mar. 1, 1956	Venezuela	Medal of Naval Merit	Member of United States Naval Mission, Caracas, Venezuela.
Gratz, Richard A. 183592	Oct. 1, 1946	France	French Medaille de l'Aeronautique	Token of good will.
Jackson, Walter 293952	Jan. 1, 1955	Peru	Peruvian Cross of Naval Merit (Officer).	For cooperation with the Peruvian Navy.
Odietus, Michael G. 202337	Sept. 1, 1957	Peru	Peruvian Cross of Naval Merit (Officer).	For cooperation with the Peruvian Navy.
Lieutenant				
Dubler, Francis J. 198092	June 1, 1956	Chile	Military Medal (Third Class)	Services to Chilean Naval Commission.
Harris, Vernon Ray 309715	July 1, 1956	Colombia	Naval Order (Almirante Padilla) 1823-1947.	Assisted in the modernization of the Arc Antioquia and Arc Caldas.
Jones, Evan E. 310202	Mar. 1, 1956	China	Breast Order of Yun Hui	Adviser in designing and building the training school.
Maxwell, Raymond E. 136831	Mar. 1, 1956	Peru	Peruvian Cross of Naval Merit (Gentleman).	Cooperation with the Peruvian Navy.
Lieutenant Junior Grade				
Connell, Clyde E., Jr. (MC) 272987	Aug. 1, 1954	Egypt	Medal Commemorative of the Fight against Cholera.	Participation in the fight against cholera.

Mr. MANSFIELD. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FLANDERS. Mr. President, I am very grateful to the Senate for passing the bill, particularly because it includes former Senator Warren Austin, who has retired, and who would very much appreciate having personal custody of certain decorations which have been granted to him by foreign countries.

It is, I believe, a proper procedure that, so long as officials are in service, they should not hold personal possession of decorations awarded to them by foreign countries, but when they have retired—as former Senator Austin has, after years of brilliant service in this body and after other years of brilliant service, including service as the first Ambassador of the United States to the United Nations—they should have personal possession of such decorations. I am very glad indeed that by the vote of the Senate, former Senator Austin has been given the privilege of having in his personal possession the decorations awarded to him.

SUSPENSION OF EMPLOYMENT OF CIVILIAN PERSONNEL IN INTEREST OF NATIONAL SECURITY—REFERENCE OF HOUSE AMENDMENT TO COMMITTEE

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1411) to amend the act of August 26, 1950, relating to the suspension of employment of civilian personnel of the United States in the interest of national security, which was, to strike out all after the enacting clause and insert:

That the act of August 26, 1950, chapter 803 (64 Stat. 476), is hereby amended to read as follows: "That, notwithstanding the provisions of section 6 of the act of August 24, 1912 (37 Stat. 555), as amended (5 U. S. C. 652), or the provisions of any other law, the head of any department or agency of the United States Government may, in his absolute discretion and when deemed necessary in the interest of national security, suspend, without pay, any civilian officer or employee of the Government. To the extent that such agency head determines that the interests of the national safety and security permit, the employee concerned shall be notified of the reasons for his suspension and within 30 days after such notification any such person shall have an opportunity to submit any statements or affidavits to the official designated by the head of the agency concerned to show why he should be reinstated or restored to duty. The agency head concerned may, following such investigation and review as he deems necessary, terminate the employment of such suspended civilian officer or employee whenever he shall determine such termination necessary or advisable in the interest of the national security of the United States: *Provided*, That any employee having a permanent or indefinite appointment, and having completed his probationary or trial period, who is a citizen of the United States whose employment is suspended under the authority of this act, shall be given after his suspension and before his employment is terminated under the authority of this act, (1) a written statement within 30 days after the suspension of the charges against him, which shall be subject to amendment within 30 days thereafter and which shall be stated as specifically as security considerations permit; (2) an opportunity within 30 days thereafter (plus an additional 30 days if the charges are amended) to answer such charges and to submit affidavits; (3) a hearing, at the employee's request, by a duly constituted agency authority for this purpose; (4) a review of his case by the agency head, or some official designated by him, before a decision adverse to the employee is made final; and (5) a written statement of the decision of the agency head: *Provided further*, That any person whose employment is so suspended or terminated under the authority of this act may, in the discretion of the agency head concerned, be reinstated or restored to duty, and if reinstated or restored, by action of the agency head under this proviso or pursuant to determination and decision of the Civil Service Commission under section 4, shall be allowed compensation for all or any part of the period of such suspension or termination in an amount not to exceed the difference between the amount such person would normally have earned during the period of such suspension or termination, at the rate he was receiving on the date of suspension or termination, as appropriate and the interim net earnings of such person: *Provided further*, That nothing contained in this act shall be deemed to require the suspension of any civilian officer or employee prior to hearing or termination: *Provided further*, That to the extent consistent with the interest of the national security in the light of the facts and circumstances of the particular case, the department or agency head concerned shall utilize, in lieu of other provisions of this act or any Executive order issued under this act, the provisions of section 6 of the act of August 24, 1912 (Public Law 623, 83d Cong.), and section 14 of the Veterans' Preference Act of 1944 in connection with the suspension or termination of employment of any civilian officer or employee.

SEC. 2. Nothing contained in this act shall impair the powers vested in the Atomic Energy Commission by the Atomic Energy Act of 1954 or the requirements of section 161 of such act that adequate provision be made for administrative review of any determination to dismiss any employee of such Commission.

SEC. 3. As used in this act, "national security" means all governmental activities of the United States Government involving the national safety and security, including but not limited to activities concerned with the protection of the United States from internal subversion or foreign aggression. All employees of any department or agency of the United States Government are deemed to be employed in an activity of the Government involving national security.

SEC. 4. It shall be the duty of the United States Civil Service Commission, upon the request of any employee, to review the decision, under this act and under any Executive order issued pursuant to this act, of the agency head concerned in the case of such employee with respect to the validity, truth, and merits of the charges made and with respect to the procedures followed. The Commission shall prepare a written opinion and decision in each such case containing its recommendations with respect to the decision of the agency head. The Commission shall transmit its opinion and decision to the agency head concerned for action in accordance therewith. The determination by the Commission of any question or other matter connected with such review shall be final and conclusive. If any member of the Commission does not concur in such opinion and decision, he may file a dissenting opinion.

Mr. JOHNSTON of South Carolina. Mr. President, the Senate passed S. 1411, and the House has amended it. It is now an entirely new bill. I ask unanimous consent that the amendment of the House of Representatives to S. 1411 be referred to the Committee on Post Office and Civil Service for study.

Mr. CARLSON. Mr. President, I have no objection to having the amendment referred to the committee, for study, but I hope that after it has been considered, it will be reported to the Senate, so that action may be taken on it during this session of Congress.

Mr. JOHNSTON of South Carolina. It is my hope that we will report it back promptly. We will probably have a meeting of the committee on Thursday.

I ask that the House amendment be referred to the Committee on Post Office and Civil Service for study.

The PRESIDING OFFICER. Without objection, the amendment of the House of Representatives to S. 1411 will be referred to the Committee on Post Office and Civil Service, as requested by the Senator from South Carolina.

AMENDMENT OF SMALL BUSINESS ACT OF 1953—CONFERENCE REPORT

Mr. CLARK. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7963) to amend the Small Business Act of 1953, as amended. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 10, 1958, p. 13383, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. CLARK. Mr. President, this is a good report and a good bill. The House receded on 10 of the 14 differences of opinion between the two Houses.

I ask unanimous consent that a statement clarifying and explaining the conference report may be printed in the RECORD at this point.

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

STATEMENT ON CONFERENCE REPORT, H. R. 7963, SMALL BUSINESS ADMINISTRATION

H. R. 7963, the bill which rewrites the Small Business Act, as reported by the conferees, is a good bill. The bill makes four major changes in existing law:

1. It removes the time limit on the life of the Small Business Administration, and this agency would become a permanent part of the Federal establishment;

2. It increases the revolving fund for business loans by $295 million, which amount is estimated to be sufficient through fiscal year 1959;

3. It raises the maximum loan limit for business loans from $250,000 to $350,000; and

4. It directs the Small Business Administration to assist small firms in obtaining Government research and development contracts and in realizing benefits from Government research and development contracts.

The Senate made 14 substantive amendments to H. R. 7963, as passed by the House. Ten of these amendments were accepted by the House conferees without amendment. The conferees made four substantive changes in the bill as passed by the Senate, and these changes are as follows:

1. The Senate amendment which would enable small-business concerns to obtain a fair share of Government sales was amended to make certain that existing preferences pertaining to the disposal of Federal property would not be disturbed.

2. The Senate amendment which deleted a House provision requiring the establishment of variable size standards for the purposes of Government procurement, within 60 days after enactment, was amended to accept a portion of language recommended by the House of Representatives. This language requires that the definition of small-business concerns, for procurement purposes, shall vary from industry to industry to the extent necessary to reflect differing characteristics of such industries and to take proper account of other relevant factors.

3. As passed by the Senate, H. R. 7963 contained a provision authorizing the Small Business Administration to permit employees to take training courses with payment of salaries and expenses by the SBA during the period of training. Subsequent to passage of H. R. 7963 by the Senate, a general training bill covering all Federal employees was enacted. For this reason, the Senate Conferees agreed to delete this provision of the bill.

4. The Senate amended a provision of H. R. 7963 to retain provisions of existing law setting a maximum interest rate of 6 percent on business loans made by the Small Business Administration. As passed by the House, this maximum rate had been lowered to 5 percent. The House conferees were adamant on this provision of the bill, and the conference finally agreed to accept 5½ percent as a maximum interest rate on the SBA portion of business loans.

I believe that the conference has produced a good bill, and I recommend that the Senate approve the conference report.

Mr. CLARK. Mr. President, I move that the Senate agree to the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

STABILIZATION OF PRODUCTION OF COPPER, LEAD, ZINC, AND OTHER MINERALS FROM DOMESTIC MINES

The Senate resumed the consideration of the bill (S. 4036) to stabilize production of copper, lead, zinc, acid-grade fluorspar, and tungsten from domestic mines.

Mr. WILLIAMS. Mr. President, as I understand it, the Senate is now operating under a unanimous-consent agreement.

The PRESIDING OFFICER. The Senator is correct.

Mr. WILLIAMS. Each side is limited to 15 minutes of debate on the pending amendment.

The PRESIDING OFFICER. The Senator is correct.

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

Mr. BIBLE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order, so that the Senator from Delaware may be heard.

Mr. WILLIAMS. Mr. President, the pending amendment proposes to strike the price support for tungsten from the pending bill. In my opinion, there is no justification for including tungsten in the bill even if the bill is to be enacted. Yesterday, during the debate, the question was raised as to whether the bill as reported by the committee had the complete endorsement of the various departments of the administration. I said at that time that I felt there was some misunderstanding in that regard because I could not conceive of the departments of the Government having endorsed the bill as it was reported by the committee.

I have taken the matter up with the various departments, and I have letters from them. I was correct in my statement of yesterday, because according to the letters I have received the departments have not endorsed the bill with the prices as was reported by the committee. I shall read from the first letter I have before me. It comes from the Department of Commerce, and reads as follows:

I will read my question first. This is what I asked the Department:

> Does the Department endorse the subsidy formula recommended in this bill and do you recommend its enactment?

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

Mr. WILLIAMS. Not now.

Mr. BIBLE. I merely wish to ask a short question. To whom did the Senator say the letter was addressed?

Mr. WILLIAMS. The letter was addressed to Sinclair Weeks, the Secretary of Commerce.

Mr. BIBLE. I thank the Senator.

Mr. WILLIAMS. In his reply, which I received late yesterday afternoon, the Secretary said:

> I assume you are aware that certain amendments in this respect were added to the bill in the form in which it was reported out by the Senate committee on July 3. For your information, we do not favor these amendments.

I next quote from a letter I wrote to the Department of the Interior, in which I asked the same question; namely, whether they endorsed the bill as it was reported by the committee. Yesterday afternoon I received a reply from the Department of the Interior. My letter was addressed to Secretary Seaton. The reply I received was signed by Acting Secretary of the Interior Chilson. He said:

> The Department recommends the enactment of S. 4036, if amended to conform substantially to the administration's proposal as presented by Secretary Seaton to the Senate Interior and Insular Affairs Committee on June 19. Amendments to the bill by the committee have increased the stabilization payments specified in the Department's June 19 proposal. We believe these increases are not needed to achieve the objectives of the program.

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

Mr. WILLIAMS. I yield.

Mr. ROBERTSON. Is the Senator from Delaware aware of the fact that our stockpile objective has been cut from 5 years to 3 years; that the metals covered by the bill are in excess of a 3-year demand; and that tungsten is in excess of a 5-year demand by 170 percent—170 percent of a 5-year program—and that the program has been reduced to 3 years?

Mr. WILLIAMS. I am not aware of the percentage, but I know that the Senator is correct in his statement that tungsten is in oversupply. The supply exceeds the programed amount by far. A question was raised by the committee as to the method of financing. The statement was made yesterday that the Secretary of the Treasury had endorsed the financing arrangements of the committee bill. I expressed some doubt at the time as to whether the Treasury had done so. I had written to Secretary of the Treasury Anderson. My letter was dated July 1. His reply was sent to my office yesterday afternoon. I shall read one part of it:

> The provision establishes no new lending agency. This type of financing is justifiable only where the program involved contemplates repayments. In this particular case funds borrowed from the Treasury would be used to make subsidy payments which would not be repaid. In these circumstances there is no justification for this type of financing and the Treasury is opposed to it.

Likewise, I have received a letter from the Bureau of the Budget. I had asked them the same question; namely, whether the Bureau favored the method of financing contained in the bill as reported by the committee. I quote from their answer:

> The Bureau does not favor the creation of a borrowing authority for this program, and would strongly recommend that appropriations be used to finance the program.

Mr. President, I raise this point to clear up any doubt that the bill can be offered to the Senate as an administration-recommended bill. It is not. There is not a single agency which favors the bill as it is presently before the Senate. All are in favor of the bill being amended to correct some of the extravagant ideas of the committee.

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

Mr. BIBLE. Mr. President, I yield 2 minutes from my time to the Senator from Montana.

Mr. MANSFIELD. When did the Senator from Delaware get these letters?

Mr. WILLIAMS. Yesterday.

Mr. MANSFIELD. The Senator will recall that yesterday we tried to learn if he had any information in this respect. I suggest that, in all fairness, these letters be printed in full in the RECORD, so that all Senators can have on tomorrow, at least, if not today, the opportunity of seeing just what they contain. I think we are entitled to all the information.

I point out, in contrast to what the Senator from Virginia [Mr. ROBERTSON] said, that so far as tungsten is concerned, this is not a stockpiling program. We can buy tungsten from Korea and elsewhere; we can pay for it under the aid program; but it seems we cannot afford to spend $7 million to take care of our own producers.

Two years ago, 700 tungsten mines were operating in the United States. Do Senators know how many tungsten mines are operating in this country now? There is only one in the domestic tungsten industry.

Mr. BIBLE. Mr. President, I yield myself 1 minute, to amplify the request of the Senator from Montana. May we not only have the letters introduced made a part of the RECORD in full, but may we have them made available to us during the course of the day? I think, in fairness, we should see the letters in their entirety, so that we may be able to guide ourselves accordingly as we proceed in the debate.

Mr. WILLIAMS. I fully agree with the Senator's suggestion. I am surprised that the members of the committee did not know this to start with. They stated on the floor yesterday that the bill had the complete endorsement of the Government agencies. If the committee did not know, why did they not so state? I am perfectly willing to make the letters available. I said yesterday, as appears in the RECORD, that I would either retract my statement or prove it. I had been told what was in the letters, and when I reached my office I read their contents. They completely support my statements that this bill as reported was not endorsed by the agencies.

But again I say it is the responsibility of the committee, when they report a bill to the Senate, to make certain they know the position of the departments concerned.

I made my inquiry on July 1, after I learned that the bill would soon be considered by the Senate. I asked certain questions, all of which will be placed in the RECORD. But it was not my responsibility to contact the members of the committee late yesterday afternoon. Surely the committee likewise should have verified what they were talking about or just admitted that they were not sure.

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

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

The PRESIDING OFFICER. The Senator from Delaware has 5 minutes remaining of the time which he allotted to himself.

Mr. WILLIAMS. I am perfectly willing to reserve my 5 minutes and let the opposition take whatever time they wish, to reply to what I have said thus far. I reserve the remainder of my time.

Mr. BIBLE. Mr. President, I yield myself 2 minutes. First, I wish to clarify the RECORD on one point. If I understood the Senator from Delaware correctly—and I think I did—he said he was surprised that the members of the committee were not aware of the opposition of the Secretary of the Interior, as evidenced by the letter from which he has read 1 or 2 sentences, and which he received yesterday. We do not have the benefit of the letter which was received yesterday. But I think a careful study of the RECORD will clearly indicate that the Senator from Colorado [Mr. ALLOTT], the Senator from Utah [Mr. WATKINS], the Senator from Montana [Mr. MANSFIELD], and I all said we had no question whatever that there was a difference of opinion in one particular area, and that was the difference in the price of lead, of zinc, and fluorspar.

The RECORD is replete with the statements of the Senator from Colorado, the Senator from Montana, the Senator from Utah, and myself. I simply want to have the RECORD clear on that one point.

I now yield 2 minutes to the Senator from Montana.

Mr. MANSFIELD. Mr. President, I think I should state to the Senate that the bill was presented to the Committee on Interior and Insular Affairs by the Secretary of the Interior. The pending proposal has the approval of the Acting Secretary of State. One of the Assistant Secretaries of Commerce, Sinclair Weeks to the contrary notwithstanding, appeared before the committee in favor of the bill.

Mr. President, I think it is about time we began to take care of our own for a change. There is no difference, so far as I can see, between the committee's viewpoint and the administration's viewpoint in the matter of tungsten. The price is agreed on as to tungsten, and in the field of copper, as well.

There is a slight difference in the fields of fluorspar, zinc, and lead. But I say that even in those fields the administration goes 95 percent of the way.

But does not Congress have any responsibility? What are we? Are we a bunch of robots? We have responsibilities to our own people and our own economy. I think the committee did right, under the chairmanship of my colleague, the distinguished senior Senator from Montana [Mr. MURRAY], in putting into the bill floor prices in the fields of zinc, lead, and tungsten, prices which will give stability to the industry, result in a stabilization of the economy, and, in turn, furnish employment to those longest and hardest hit segments of our economy. I certainly think the committee did the right thing.

I, for one, do not believe we should take everything from the administration as is, simply because it comes from the administration. I would say the same thing about a Democratic administration that I am now saying about a Republican administration.

Furthermore, a year ago the administration submitted a price proposal which was contained in a bill reported by the Committee on Interior and Insular Affairs. Why did they, in an era of great depression, lower the prices, so far as they were concerned, in the fields of lead and zinc? Why was it a good, sound price a year ago, but is not a good, sound price today?

I pointed out in the Senate yesterday that one of the few lead mines remaining in southeastern Missouri will close down on July 12—tomorrow—after 240 years of operation. Why? Not because they do not have the ore bodies there, but because production costs are high, and the price paid for lead today is too low to enable the mine to produce it.

I also wish to call attention to the fact that when I was in the School of Mines, at Butte, Mont., it was brought to my attention by my instructors that only 1 out of 4,000 prospects develops into anything worthwhile. These people take chances.

I think we should recognize that this segment of our economy should be given some assurances. If we can give assurances to the Koreans, the Turks, and the others in the field of mineral developments, I think we can, for a change, take a little interest in the development of our own mineral resources which will benefit our own people.

The PRESIDING OFFICER. The time yielded to the Senator from Montana has expired.

Mr. BIBLE. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Nevada is recognized for 3 minutes.

Mr. BIBLE. Mr. President, the pending amendment is the so-called tungsten amendment, which would strike from the bill the provision for stabilization payments for tungsten.

Let me echo the sentiments which have been expressed so eloquently and so persuasively by the junior Senator from Montana [Mr. MANSFIELD].

Those engaged in the tungsten industry are this very day fighting for their very existence. Today, only one tungsten mine is in operation in the entire United States. Two years ago, 700 tungsten mines were in operation.

My native State of Nevada is the largest tungsten producer in the Nation. In second place is the State of California; in third place is the State of North Carolina; next come Colorado, Arizona, Utah, and Idaho, I believe, and Montana, which have some tungsten properties.

In my State only a year or a year and one-half ago there were five tungsten-producing communities in operation and supporting payrolls, which not only helped the general economy of the area but also helped the tax structure. Just 1 week ago the oldest tungsten mine in the entire Nation, a mine which has operated, with only 1 short period of interruption, I believe, since 1911, closed its doors; and only 2 or 3 watchmen now remain there, in hopes that something can be done to restore that industry.

Mr. President, the Senator from Delaware [Mr. WILLIAMS] has made much of the fact that the stockpiles are full. He has quoted Dr. Flemming. Dr. Flemming did appear before our committee early in 1957, and did say that the defense needs and the minimum objectives of the stockpiles had been met. But he also said that, in his considered judgment, it was in the best interests of our national security to keep the mines open and going, so as to have a sound mobilization base.

The PRESIDING OFFICER. The time the Senator from Nevada has yielded to himself has expired.

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

The PRESIDING OFFICER. The Senator from Nevada is recognized for 2 additional minutes.

Mr. BIBLE. Mr. President, insofar as tungsten is concerned, the pending bill is not a stockpiling program bill. It is a stabilization-price program bill, which has as its objective keeping in existence a very much skeletonized tungsten industry—which must exist—by assuring a price of $36 a unit, which certainly is the bare minimum.

The total cost to the United States taxpayers to keep this industry in existence this year and each of the 5 following years will be a maximum of $7 million a year.

Let me also say that these prices and this maximum liability will be incurred only if actual sales are made by the tungsten producers to the fabricators and to the domestic market in the United States.

Admittedly, the tungsten industry cannot compete with the importations of cheap tungsten from overseas.

So this is an honest and a sincere effort to try to keep open a critical strategic industry, so the mines will not close, never to reopen, but will be ready, in case of need, to help and to assist us in matters affecting the national security.

Mr. President, let me inquire how much time remains under my control.

The PRESIDING OFFICER. Three minutes remain under the control of the Senator from Nevada.

Mr. BIBLE. I yield 1 minute to my distinguished senior colleague, the Senator from Nevada [Mr. MALONE].

Mr. MALONE. Mr. President, I prefer to wait until Senators on the other side have used more of their time.

Mr. BIBLE. Then, Mr. President, I reserve the remainder of the time under my control.

Mr. WILLIAMS. Mr. President, how much time remains under my control?

The PRESIDING OFFICER. Ten minutes.

Mr. WILLIAMS. Mr. President, I do not believe I shall need all of that time. If I do not, and if Senators on the other side of the question wish to have more time, I shall be glad to yield some time to them.

At this time I yield myself 5 minutes.

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

Mr. WILLIAMS. Mr. President, in speaking of the need for the minerals covered by the bill, reference has been made to the testimony of Dr. Flemming in 1957. Yesterday I placed Dr. Flemming's statement in the RECORD; and I repeat it now, as follows:

> Tungsten on hand exceeds both the minimum and long-time stockpile objectives. The inventory plus orders is larger than the total 5-year requirements. There is clearly no defense justification for a continuation of this program because even without any access to either domestic or foreign sources of supply in the event of war, we would have enough in the stockpile to meet total requirements for approximately a 5-year period.

That statement was made in 1957 by Dr. Flemming, then the Director of the Office of Defense Mobilization.

This week, under date of July 7, I have received a letter from the General Services Administration, signed by Mr. Floete, the Administrator. I shall read now from Mr. Floete's letter in answer to the same question and before the debate concludes, I shall place all the letters in the RECORD.

Mr. Floete said:

> Total Government inventories of lead, zinc, acid-grade fluorspar, and tungsten trioxide exceed the stockpile objectives for these materials. Government inventories of copper exceed the interim basic stockpile objective.

In the next paragraph he states:

> Government inventories exceed the objectives originally established for * * * tungsten trioxide by 7½ million short ton units.

In other words, our maximum stockpile objectives of tungsten today are exceeded by 7½ million short ton units; and clearly no justification could possibly be made for a continuation of the purchases of tungsten.

The pending bill proposes that the Government pay a subsidy up to $18 a ton to the producers of tungsten whenever they sell it for any price below $36 a ton. In other words, they could sell it for $18 a ton and then bill Uncle Sam for the difference. There will be no incentive to the producer of tungsten to try to get a stabilized market or to try to get a good price for the tungsten he produced because under the bill, even if he sells his tungsten for $18 a ton or $20 a ton, he will receive a total return of $36 a ton. In such case, he will simply submit the invoice to Uncle Sam, and Uncle Sam will graciously write out a check large enough to pay for the difference between the price at which the tungsten is sold and the guaranteed price of $36 a ton.

Mr. President, I say there is no justification for such a program. This is simply the Brannan plan for the mining industry. The Treasury should not be burdened with such an expensive program, especially when the stockpiles already are sufficient.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a report or table submitted by the Department of Commerce, dated July 8, which shows the prices received for tungsten during the last 5 years. The table shows that in 1958 the price was between $10 and $12.50 a ton, although the price is subject to a tariff of approximately $7, which would result in a total price of approximately $17 or $18.

This bill allows domestic producers to meet foreign competition and bill the differential to the taxpayers.

Once this formula for subsidizing American industry is adopted there will be no limit to the number of industries coming under the subsidy umbrella.

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

Range of prices, tungsten concentrates in short-ton units, foreign wolframite at United States ports (less duty of $7.93)

	1953	1954	1955	1956	1957	1958
January	$46.50-$52.50	$21.00-$24.00	$25.75-$31.50	$33.50-$34.00	$27.25-$27.25	$11.00-$12.50
February	40.00- 46.00	16.00- 20.00	30.00- 33.50	33.50- 34.00	26.25- 26.50	11.00- 12.00
March	40.00- 44.00	15.00- 18.00	27.50- 33.50	34.00- 34.50	21.75- 22.75	10.00- 12.50
April	41.00- 42.00	16.00- 31.00	27.50- 31.00	33.25- 33.75	20.00- 20.75	10.00- 12.50
May	41.00- 42.00	24.00- 29.00	30.00- 31.00	33.00- 30.50	19.25- 19.75	10.00- 12.50
June	41.00- 43.00	23.00- 25.50	32.50- 33.00	33.00- 33.50	17.75- 19.00	------------
July	42.00- 43.00	22.00- 23.00	32.00- 33.00	33.00- 33.50	15.75- 17.50	------------
August	42.00- 43.00	24.00- 25.00	32.50- 32.50	30.50- 32.00	13.50- 15.75	------------
September	41.00- 43.00	23.50- 26.00	33.50- 34.00	32.00- 32.25	12.75- 14.75	------------
October	38.00- 42.00	24.00- 25.75	34.00- 34.50	30-50- 31.00	12.75- 14.25	------------
November	28.00- 36.00	24.75- 25.50	33.50- 34.00	27.50- 27.50	12.00- 14.00	------------
December	24.00- 28.00	25.50- 27.75	33.00- 33.50	28.75- 28.75	12.00- 13.25	------------

Sources: Jan. 1, 1953-April 1955, Engineering and Mining Journal Mineral and Metal Marks, Weekly. May 1955 to present, Engineering and Mining Journal, Monthly.

Note that the tungsten prices are essentially the prices of imports, before application of duties ($7.93 per short-ton unit), since domestic producers shipped almost their entire output to the Government until mid-1956 under considerably higher price-support programs.

Mr. WILLIAMS. The purpose of the pending bill is to pay the differential between the foreign import price and the $36 a ton price. This is nothing more than an indirect method of dealing with a tariff by eliminating the tariff on these products and putting the burden on the American taxpayers.

As the Senator from Ohio [Mr. LAUSCHE] suggested yesterday, if we are going to have this kind of program for tungsten, lead, zinc, fluorspar, copper, and other minerals, why should we not have it for pottery, textiles and all other products of industries which are in trouble as a result of foreign importations?

Only yesterday in the debate the point was made by the Senator from West Virginia [Mr. HOBLITZELL] that next year he may ask for the inclusion of coal and aluminum in such a program. The Senator from Illinois [Mr. DIRKSEN] served notice that he will ask the committee next week to give consideration to reporting to the Senate a measure which will also put metallurgical fluorspar under this same formula. This is the opening wedge. Once we establish this formula and this method of dealing with products, we open the door.

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

Mr. WILLIAMS. I yield myself 1 more minute.

Once we open the door, we are in serious trouble. I frankly think that what is now proposed is not the method by which to deal with the present problem.

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

Mr. WILLIAMS. I yield to the Senator from Ohio.

Mr. LAUSCHE. With reference to the letters which the Senator from Delaware mentioned, are the statements contained in those letters in accord with what is contained on page 9 of the report, which states:

> This new section 404 in lieu of section 406 as found on page 14 is self-explanatory, and there is ample precedent for this method of financing a program such as the minerals stabilization program.

Then it lists public works or facilities, low-rent housing, slum clearance and urban renewal, farm housing, Federal home-loan bank, and so forth.

Mr. WILLIAMS. The Department points out in its reply that a precedent was set when Congress established loan authorities, but it also points out that the other loan authorities which have been established are for the purpose of disbursing loans to individuals or corporations or for the purpose of buying goods.

The loaning authorities would have something to show for the money, it would be in the form of inventories or would be covered by notes. In this case the expenditures will be made for the subsidies, and there will be nothing to support the loans. The Treasury Department insists that we should deal with it as a direct appropriation if the bill is to be passed.

The PRESIDING OFFICER. The Senator from Delaware has 4 minutes remaining to him.

Mr. WILLIAMS. I yield myself 2 more minutes, and I yield now to the Senator from Ohio. I have promised to yield also to the Senator from Utah.

Mr. LAUSCHE. In the discussion of yesterday I heard the Senator from West Virginia [Mr. REVERCOMB] indicate that he contemplated supporting the bill, but expected next year to ask that similar treatment be accorded to coal and aluminum.

In Ohio many coal mines are not operating, and many men are out of work. If this precedent is established, I do not see how in the future we can escape according similar treatment to other industries. I think the signs are before us. It is being said, "We will go along with you in the case of lead and zinc, tungsten, fluorspar, and copper this year. Next year we will expect you to go along with us regarding other commodities which are in a depressed condition." I happen to think it cannot work.

Mr. WILLIAMS. Mr. President, how much time do I have remaining? Do I have 2 minutes more?

The PRESIDING OFFICER. The Senator from Delaware has 2 minutes remaining.

Mr. WILLIAMS. I yield 2 minutes to the Senator from Utah [Mr. WATKINS].

Mr. WATKINS. Mr. President, I have been very much interested in the remarks of the Senator from Delaware. In view of the reference to lead and zinc as coming under the general description which the Senator applied to all the other metals, I wish to make it clear that the lead and zinc industry has been before the Tariff Commission twice.

Back in 1953 and 1954 that industry was in distress. The industry then tried to operate under the stockpiling program. It got along fairly well by high-grading, which is an operation whereby ores which are high grade in character are taken out of a mine, and the inferior ores are left. Under those circumstances virtually no development work is done to keep the mine operating in the future.

The industry was before the Tariff Commission again in 1957–58.

Twice the Tariff Commission found that the industry was in distress and was threatened by foreign imports. The industry has gone the full route in 1954, and again this spring when the Tariff Commission declared the industry was in distress as a result of foreign imports.

We do not produce domestically enough lead and zinc to take care of the needs of our country. The percentage of domestic production to our consumptive needs has been reduced from 60 percent self-sufficiency 2 decades ago to about 50 percent today. The industry is gradually going out of business.

I also wish to point out that the President of the United States recognized the fact that the Tariff Commission had made findings relative to lead and zinc. He was trying to give relief. He, without doubt, agreed that the industry needed relief. Instead of going via the tariff or quota route, however, he through his Secretary of the Interior proposed such a program as that now under consideration by the Senate.

With respect to the other metals in this bill, they have not gone through that particular process. But they are in distress, and in order to meet an emergency situation, it was felt desirable to handle them in a different manner than the way in which the lead and zinc metals were handled, which had gone through the regular escape-clause process.

The members of the Finance Committee voted to put the peril-point and escape-clause provisions into effect when and if an industry should get into a distressed condition caused by foreign imports. The lead and zinc industry has been in a distressed condition, and has appealed to the Tariff Commission twice.

The conditions reflected in the figures mentioned by the Senator from Delaware yesterday were the very ones under which the industry could not operate. But tungsten is in the bill. I urge the Senate to accept the bill as reported.

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

THE MINERAL BILL

Mr. BIBLE. Mr. President, I yield 2 minutes to my senior colleague from Nevada. Then I shall yield to the Senator from Colorado.

Mr. LANGER. Will the Senator yield one-half a minute to me?

Mr. BIBLE. I have yielded to the Senator from Nevada. I think he will yield for a question.

Mr. LANGER. How many miners are out of work?

Mr. MALONE. There are 1,400 out of work in Ely, Nev., alone. The mining business is down and out. I have no more time to yield.

Mr. President, there is a deliberate plan, since 1934, to divide our markets and wealth with foreign nations. The plan is deliberate to destroy the small-business men and investors and workingmen of this Nation. The planners started in 1934. We are living on a war economy now. Yesterday there was put in the 1934 trade agreements bill, which will come to the floor soon, an amendment that the President, in order to bypass the recommendation of the Tariff Committee and destroy an industry, must first have the approval of the majority of the two Houses of Congress.

Under the 1934 Trade Agreements Act, the mineral industry has been practically driven out of business through cheap labor nations imports, that can happen to the chicken industry, in which the Senator from Delaware is interested.

The Congress has been trained for 24 years to depend upon the decision of the Executive before he votes. The Constitution of the United States does not so provide. The constitutional responsibility of Congress is to regulate the national economy, and not the Executive. It is directed to regulate foreign trade through adjusting the duties or tariffs. The Congress' constituted responsibility was turned over to the President in 1934 to regulate foreign trade. It is unconstitutional, of course, but the matter has not come before the Supreme Court.

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

Mr. MALONE. Mr. President, I ask unanimous consent to place in the RECORD a short statement as if I had debated it on the floor, along with tables. But I wish to say, in closing, that the textile industry, machine tool, crockery, and hundreds of other industries are being driven to the breaking point. The Government through its international policy is buying tungsten for example from foreign countries at $58 a unit. That is only one example. It is such policies together with the free trade policy inaugurated in 1934 that makes the special legislation necessary.

The PRESIDING OFFICER. Without objection, the statement of the Senator from Nevada may be included in the RECORD at this point.

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

STATEMENT BY SENATOR MALONE

I ask unanimous permission to insert in the RECORD at this point the following material:

A dispatch from the Pioche (Nev.) Record, June 26, 1958.

A dispatch from the Nevada State Journal of August 25, 1957.

Table 1, Salient Statistics, pertinent information:

[From the Pioche Record of June 26, 1958]

"NEVADA-MASSACHUSETTS TUNGSTEN MINE WILL CLOSE DOWN ON JUNE 30

"Pershing County's big tungsten mine, owned by the Nevada-Massachusetts Co., will shut down for an indefinite period on Monday, June 30. The announcement was made last week following a conference of Charles Segerstrom, Jr., Sonora, Calif., president of the company, and union officials.

"Continued low demand for tungsten during the recession, a price below $20 a unit for the concentrate, failure of the Government to support the industry and widespread importations from abroad are the causes.

"The economies of both Pershing and Humboldt Counties, as well as that of the State of Nevada, will be adversely affected by the shutdown, as they have already been by mining contraction. Pershing County felt the effect this year through reduction of tax receipts from mining production. So has the State. Considerable out-of-Tungsten shopping has taken place in Lovelock. That will be missed. School population reduction will cause a loss of school revenue from the State. Possible shrinkage in taxable valuation in the camp will count up. Lovelock has lost the benefit of the tungsten operation at Toulon and just now the iron ore industry is at a very low ebb.

"Humboldt County will be affected largely through loss of trade. Already suffering from the closedown of the big Getchell mine and the reduced operation at Tungsten, the complete shutdown will have a further detrimental effect on Winnemucca trade. With lights of Winnemucca visible in Tungsten at night because of its nearness, much of the payroll has been spent in the Humboldt County seat.

"SHUTDOWN IS DIFFERENT

"This shutdown will be different from any in the mine's history that started during World War I. One shutdown took place when the mill was enlarged during the 1930's. Another one occurred when the flotation plant was being prepared for operation. A third occurred when the old gravity concentration plant burned.

"OPERATED DURING DEPRESSION

"During the depression of the 1930's, the company continued to operate the mine for the benefit of the small force of employees. A large fortune in concentrates was stored during a period when low wages and other costs encouraged a kind of family relationship in the operation under the late Charles Segerstrom.

"Nevada-Massachusetts is the oldest tungsten producer in the United States. Its production record is among the top three districts in the country. It has been the only tungsten mine of large size operating in Nevada. With its closure on June 30 there will be virtually no production.

"Nevada historically has been the largest producer in the United States. As recently as 1956 there were 139 tungsten producing properties in the State. The placing of a Federal floor of $62 a unit encouraged the development in Nevada and all over the country. Everything but the local mine soon stopped when Congress refused to renew the floor or place a protective tariff or quota on imports. It is understood the United States continues to pay more than double the market price on a contract with the Republic of Korea.

"Mining people blame the Federal Government's policies, in addition to the flooding of the market, for the tungsten industry's predicament. While paying a high price for the metal and allowing foreign concentrates to pile up the inventories, the Government prohibited the airplane manufacturers from using desired quantities of the heat resistant metal.

"PROGRESSIVENESS BACKFIRES

"It is interesting to note that the progressiveness of the Nevada-Massachusetts Co. will have considerable to do with its shutdown. It pioneered the black or tungsten light by which the huge numbers of tungsten deposits were easily discovered by prospectors. It also took the lead in tungsten flotation and other recovery methods that made possible the building and successful operation of large and small producers that became its competitors.

"During the last 30 years, managers of the Tungsten operation have been Ott Heizer, who recently died, Glenn Emminger, who retired a few years ago, and Eldrige Nash. During the wartime operation, it was found possible to do a huge amount of open-pit mining. Such was supported by Government bonuses for the much-needed metal.

"The Stank mine, from which Emil Stank, now at the Silver Star Rest Home near Steamboat Springs, Reno, and Phil Forge, spending the summer in Lovelock, attracted attention during World War I through their profitable shipments of ore.

"The Humboldt mine, to the north, across the canyon, at one time was owned by the late L. A. Friedman, C. H. Jones and associates. It was combined with the Stank property that eventually reached the peak 275-man operation.

"Unlike other mining properties of this area, it has gone deep. Last reports were that the Humboldt mine was being operated below the 2,000-foot level. In the 1930's, it was only down 600 feet.

"GOVERNMENT IMPROVEMENTS HELP

"During World War II, the Federal Housing Administration built 50 houses in Tungsten. The improvement converted it from a mining camp into a mining town. Company provisions of school facilities and a recreation hall, together with the conduct of one of the best mining camp boarding houses, has made it outstanding. In recent years, a modern mining access road was built from Mill City to Tungsten. High school children have been brought to Lovelock by school bus, the road making the trips easier as well as giving the town better access to the outside."

[From the Nevada State Journal of August 25, 1957]

"RENO BUSINESS

"'Take Nevada. Gambling is legal in that State and so is mining. Right now the latter appears more of a risk.

"'Production of lead, zinc, and tungsten has almost ceased in Nevada because of low prices for the metals. The tungsten industry, which was employing 1,350 a year ago, now has fewer than 100 on its payrolls. Output has declined from 3,185 tons a day in June 1956 to less than 100 tons.'

"The above quotation is from last Sunday's New York Times. The story in the financial section, headed 'Metal Weakness Has Wide Effect,' starts out:

"'It is a far piece from Wall Street to Winnemucca, Nev. But not so far that a current of industrial development hasn't had an impact in both places.'

"The story details the activities in tungsten, lead, copper mining, using both Anaconda and Kennecott as examples, among others. It is not a pretty picture that is painted.

"On Sunday, August 11, section 10 of the New York Times was a 16-page advertisement for the Republic of Korea, describing the reconstruction and rehabilitation of that nation. In the advertisement there are three pictures of a giant tungsten mine, the largest in Korea. Says the advertisement, in part:

"'Largest exportable product, dollarwise, is tungsten ore, and the reserve of 155,000 metric tons should last for 30 years, even with expanded production. Also exploitable are iron ore, bismuth, gold, fluorspar, amorphous graphite, goaline, and talc.'

"In this land of free enterprise, where the workingman's taxes are the prime support of the Government, it is sometimes hard to follow the line of reasoning that takes the tax money of the American workingman, sends it across the Pacific to develop by slave labor that which in turn deprives the American workingman of the opportunity of earning the money with which to support free enterprise, prevents him from maintaining the American standard of living, and, at the same time, deprives a State of the income from its producing mines."

"Perhaps, at the moment, although it does have a serious effect on the economy of Nevada, this policy does not seem too important. But, if it is allowed to spread much further, it will defeat the very purpose for which it is being used, and free enterprise will be doomed. When that occurs, then the citizens of what today is the world's richest and strongest nation, can take their places alongside the men and women of Korea and Africa, and the Communist-dominated countries where the price of a package of American cigarettes constitutes a day's wages.

"Nevada is a small State populationwise, so small, in fact, that it can be used as an example of what can happen to the more populated States of this great Nation unless something is done to prevent the taxing of the American workingman to provide someone else with the means with which to kill the free enterprise system.

"Perhaps it is not the function of Reno business to go into world or even national economic factors, but when Nevada is being drained of one of its industries, ultimately the effect on Reno, and on every community in the State, could be disastrous. Should it spread throughout the Nation, it could be fatal to the American way of life * * * and free enterprise.

"Nevadans put their time, effort, and money into the development of tungsten mines in this State because of Public Law 733, a law that set up a stockpile of tungsten and other ores until such time as a long-range mining program could be promulgated. To fulfill the obligations of Public Law 733 requires money. The Senate has approved a bill that appropriates the $30 million required to keep faith with the American mining industry. The House of Representatives has consistently refused to do so. The United States Government has binding contracts that require some $90 million worth of tungsten * * * most of which, of course, will be purchased from across the seas. If it is necessary to force the workingmen of this free Nation to a living scale like that of Communist-dominated nations to indicate to the House of Representatives that its Members have an obligation to the Americans who elected them, then we may as well turn over to the Communists our way of life and adapt ourselves as best we can to their ideology.

"First we should notify the men and women in the House of Representatives that taxes, too, must come down to that level, that junkets to foreign lands, $25,000 a year salaries, and huge expense accounts, plus the privilege of living in a free world will go out with free men, free women, and free enterprise.

"The condition of the mining industry in Nevada, the effect of that condition on the economy of the State, should be sufficient warning to thinking Americans to halt that type of governmental insanity."

"TABLE 1.—*Salient statistics of United States tungsten concentrate in thousands of pounds of contained metal*

Year	Production	Imports [1]	Consumption [2]	Price per short-ton unit WO_3 [3]	Ad valorem equivalent tariff	Remarks
					Percent	
1920	206	4,203	4,404	$7.26	----------	
1921	----------	2,257	2,257	3.15	----------	
1922	----------	2,908	2,907	4.02	178	Tariff of $7.14 per short-ton unit WO_3.
1923	229	79	304	8.33	86	
1924	538	142	677	8.51	84	
1925	1,133	1,694	2,817	11.07	64	
1926	1,315	2,884	4,175	11.23	64	
1927	1,108	2,198	3,290	10.37	67	
1928	1,150	2,969	4,106	10.40	66	
1929	790	6,446	7,154	13.13	53	
1930	668	3,695	4,642	12.09	59	Tariff increased to $7.93 per short-ton unit.
1931	1,336	167	679	11.02	69	
1932	377	92	370	9.19	75	
1933	852	311	548	9.58	70	
1934	1,950	847	2,341	14.57	47	
1935	2,279	813	2,373	13.37	50	
1936	2,486	3,586	6,149	14.83	51	
1937	3,331	5,561	9,027	19.50	36	
1938	2,897	163	3,059	17.31	38	
1939	3,429	1,485	----------	17.11	----------	Consumption not available.
1940	4,873	5,610	9,955	20.61	34	
1941	6,420	11,522	16,699	23.41	32	
1942	8,978	14,326	17,389	24.12	----------	Under Government control.
1943	11,473	19,445	19,313	25.08	----------	Do.
1944	9,765	18,396	19,165	23.35	----------	Do.
1945	5,389	4,774	14,146	23.21	----------	Do.
1946	4,671	6,896	6,458	20.17	32	
1947	3,026	6,018	7,812	23.43	24	
1948	4,033	7,548	8,853	26.27	20	Tariff lowered to $6.027.
1949	2,896	6,274	4,958	26.38	25	
1950	3,965	16,147	6,597	28.25	16	Tariff raised to $7.93.
1951	5,914	6,376	11,410	61.02	11	
1952	7,233	17,416	8,634	63.44	----------	
1953	9,259	28,060	7,734	62.46	----------	
1954	13,166	24,092	4,037	62.61	----------	
1955	15,833	20,700	8,967	61.79	----------	
1956	14,376	20.807	8,596	55.00	----------	
January 1957	1,095	1,972	806"	----------	----------	

[1] General imports (1920–29). Imports for consumption (1930–55).
[2] Apparent consumption (1920–38). Reported consumptien (1940–55).
[3] Reported value f. o. b. mines. A short-ton unit equals 20 pounds of tungsten trioxide (WO_3) and contains 15.862 pounds of tungsten (W). A short ton of 60 percent WO_3 contains 951.72 pounds of tungsten.

"JUNE 26, 1957.

"A short ton unit of WO_3 is 20 pounds which contains 15.862 pounds of tungsten metal.

"At the close of purchase program under Public Law 206, March 31, 1957, the stockpile received 2,996,447 units or 45,523,649 pounds metal.

"Under Public Law 733, 283,463 units were purchased or 4,506,000 pounds metal—making a total of 50,029,000 pounds of metal that went into the stockpile from domestic production.

"Total inventory (stockpile, DPA, CCC, and Interior):

	"Mar. 31, 1957	End of fiscal 1957 (estimated)
Total inventory	140,222,000	149,388,000
	Percent	*Percent*
Minimum objective	301.5	321.3
Long-term objective	149.2	158.9
Domestic production	35.0	----------

"There is still for future delivery on foreign contracts approximately 1,156,000 units or 18,380,000 pounds of metal.

"There are still 10 foreign contracts outstanding, 6 will expire in 1957, 3 in 1958, and 1 in 1959. It seems doubtful if all of them can make full delivery before expiration."

A further amendment to the 1934 Trade Agreements Act inserted yesterday in the Senate Finance Committee of which I am a member was to direct the President to consider the national economy as well as national defense before trading an industry to foreign nations.

Mr. BIBLE. Mr. President, I yield the time remaining to me to the senior Senator from Colorado [Mr. ALLOTT].

Mr. ALLOTT. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 1 minute.

Mr. ALLOTT. First I should like to address myself to the remarks of the Senator from Delaware [Mr. WILLIAMS]. I hope the Senator will correct the misimpression which I am afraid prevails.

Is it not correct to say that yesterday the facts which were given to the Senator on the floor of the Senate by me are the facts as they exist today? Did I not give the Senator from Delaware on the floor yesterday the true and full facts about the bill and about the position of the Secretary of the Interior with respect to the bill?

Mr. WILLIAMS. Definitely yes, so far as the Senator from Colorado is concerned, and I have already so stated.

Mr. ALLOTT. Very well. I wanted to straighten that out.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that we may be permitted to continue 1 additional minute.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Delaware? The Chair hears none, and it is so ordered.

Mr. WILLIAMS. The point at issue is not whether the Department recommended the proposal originally. The point at issue is that the commitee raised the amounts of the subsidy in the bill as reported. It is that point to which the Department took exception.

It should be emphasized that the Senator from Colorado in his remarks pointed that fact out as he was making his statement.

Mr. ALLOTT. Did not the Senator from Montana, the Senator from Nevada, and the Senator from Utah state similar facts, and were they not accurately reported to the Senator from Delaware?

Mr. WILLIAMS. I do not remember the Senator from Utah being in the discussion, but I do not think it was quite that clear, no. I think the Senators will admit they were under the impression that the Department had endorsed this proposal.

Mr. President, I ask unanimous consent that we may be permitted to continue for 2 additional minutes, to clear this point up.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senators be permitted 1 additional minute. It is time to come to a vote, and I want the RECORD to be clear. Everything I said yesterday was true. Everything the Senator from Illinois [Mr. DIRKSEN], the Senator from Utah [Mr. WATKINS], the Senator from Nevada [Mr. BIBLE], and every other Senator said on the floor in favor of the bill was the truth as we understood it, and it is true today as it was true yesterday.

Mr. WILLIAMS. It was true as the Senator understood it.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana that an additional minute be allowed?

The Chair hears none, and without objection the additional minute is granted.

Mr. ALLOTT. Mr. President, may I ask what became of my minute?

The PRESIDING OFFICER. The Senator from Colorado used his minute. The Senator has an additional minute extended to him by unanimous consent.

Mr. ALLOTT. That being the case, and the Senator from Delaware having answered my question and that of the Senator from Montana, I should like to say two things to my colleagues in the Senate in the 1 minute I have.

The first is that this bill is no "lush" bill. This is simply a "bread and water" bill to lift the mining industry off the floor or from below the floor.

The second thing I wish to say is that the amendment of the Senator from Delaware is far deeper in scope than the question of stockpiling tungsten. It is not a question of paying a "lush" price, but a question of paying a minimum price. The real question is, Are we going to give the industry an opportunity to exist by means of a stabilization plan, or are we going to give the industry an opportunity to exist by means of tariffs and quotas? Tariffs and quotas have been barred; therefore, the only choice for us is to provide for a minimum mineral industry under this bill.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. CLARK in the chair). Without objection, it is so ordered.

The question is on agreeing en bloc to the amendments offered by the Senator from Delaware [Mr. WILLIAMS]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD (when his name was called). On this vote I have a pair with the senior Senator from Virginia [Mr. BYRD]. Were he present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I therefore withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Tennessee [Mr. GORE], the Senator from Florida [Mr. HOLLAND], the Senator from Washington [Mr. JACKSON], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], the Senator from Georgia [Mr. TALMADGE], and the Senator from Texas [Mr. YARBOROUGH], are absent on official business.

The Senator from Virginia [Mr. BYRD] and the Senator from Minnesota [Mr. HUMPHREY] are absent because of illness in their families.

I further announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Tennessee [Mr. GORE], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Washington [Mr. JACKSON], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], the Senator from Georgia [Mr. TALMADGE], and the Senator from Texas [Mr. YARBOROUGH] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from South Dakota [Mr. CASE] is absent on official business.

The Senator from Vermont [Mr. FLANDERS] is necessarily absent.

The result was announced—yeas 25, nays 57, as follows:

YEAS—25

Aiken	Douglas	Potter
Beall	Frear	Purtell
Bricker	Jenner	Revercomb
Bridges	Lausche	Robertson
Bush	Long	Saltonstall
Butler	Martin, Pa.	Smith, Maine
Capehart	Mundt	Williams
Carlson	Pastore	
Cotton	Payne	

NAYS—57

Allott	Ervin	Kennedy
Anderson	Fulbright	Knowland
Barrett	Goldwater	Kuchel
Bennett	Green	Langer
Bible	Hayden	Malone
Carroll	Hennings	Martin, Iowa
Case, N. J.	Hickenlooper	McClellan
Church	Hill	McNamara
Clark	Hoblitzell	Monroney
Cooper	Hruska	Morse
Curtis	Ives	Morton
Dirksen	Javits	Murray
Dworshak	Johnson, Tex.	Neuberger
Eastland	Johnston, S. C.	O'Mahoney
Ellender	Jordan	Proxmire
Russell	Sparkman	Thye
Schoeppel	Stennis	Watkins
Smathers	Symington	Wiley
Smith, N. J.	Thurmond	Young

NOT VOTING—14

Byrd	Holland	Magnuson
Case, S. Dak.	Humphrey	Mansfield
Chavez	Jackson	Talmadge
Flanders	Kefauver	Yarborough
Gore	Kerr	

So Mr. WILLIAMS' amendments were rejected.

Mr. MANSFIELD. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. BIBLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. GOLDWATER obtained the floor.

Mr. BIBLE. Mr. President, may we have order, so that Senators may be heard?

The PRESIDING OFFICER. The Senate will be in order. Senators will refrain from conversation on the floor. The Senate will be in order.

Mr. WILLIAMS. Mr. President, I call up my amendment 7–10–58–L.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 13——

The PRESIDING OFFICER. The clerk will suspend. The Senate will be in order. Senators will refrain from conversation, so that the reading of the amendment may be heard. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 13, beginning with line 3, it is proposed to strike out all of section 404 down to and including line 2 on page 14.

Mr. WILLIAMS. Mr. President, I should like to ask for the yeas and nays on the amendment. I will explain my amendment later.

The PRESIDING OFFICER. Is the request sufficiently seconded?

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the yeas and nays may be ordered on the amendment.

Mr. ALLOTT. I object.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. GOLDWATER. Mr. President, I wish to speak briefly in favor of the pending bill.

Mr. BIBLE. Mr. President, may we have order so that the Senator from Arizona may be heard?

The PRESIDING OFFICER. The Senate will be in order.

Mr. GOLDWATER. Mr. President, I wish to speak briefly in favor of the pending bill, not only because of my natural interest in the mineral development in my State of Arizona, which produces almost 35 percent of the nonferrous metals developed in this country, but also because of my interest in what is happening to the men who work in the mines of the Nation.

On May 29, I said on the floor of the Senate:

> There are several alternatives which can be considered by the Congress. I know that none of us would countenance lowering American wages to meet competition. We can, then do 1 of 3 things: We can set import quotas or we can enact protective tariffs or we can subsidize our domestic producers. Of course, we could just sit by and watch our domestic producers flounder and disappear, while we spent hours on the floor of the Senate debating about where we could send another shipload of American economic aid or where we could enter into another trade agreement to gain the confidence of another doubtful ally. We could choose the last-mentioned course, Mr. President, but I, for one, do not care to work myself into a frenzy over foreign economies while our own is suffering from competition over which it has no control.

What we are faced with today—and we may as well recognize it—is the fact that the present administration, as is true of previous administrations, is dedicated to the idea that the American taxpayers and American industry must create business all over the face of the globe regardless of what such action does to our own industry.

I speak specifically this morning about copper, because copper is of such particular interest to my State. Approximately 16,000 persons are employed in the mining of copper. The attitude of the administration—and it is the same attitude as that of previous administrations—is that the responsibilities of Congress under the Constitution are to be negated. I refer particularly to section 8, article I, of the Constitution which provides that "the Congress shall have power to lay and collect taxes, duties, imposts, and excises." We no longer seem to have that power, and the administration no longer seems to care whether we have it. The administration seems to have no interest in whether our mines stay open and our mining industry continues, so long as the low-wage industries of foreign countries can continue their growth.

Because of world conditions over which I certainly have no control, and over which the Senate apparently has no control, and because the administration has usurped a responsibility reposed in Congress by the Constitution, I must take the position of favoring the passage of the pending bill, even though I am basically opposed to the Government's supporting any industry.

I come to that conclusion reluctantly, but I come to it because I am becoming a little tired of seeing unemployment created in the United States by the action of the administrative branch of our Government. I believe it is about time that I review my principles in that regard and depart a bit from them, even though I do not like to do so. We have already accepted that approach in the operations of other mineral industries.

I might explain what the copper situation is today. The copper industry finds itself with about 175,000 tons of domestic copper overhanging the market. Whose fault is that? It is at least to a small extent the fault of the producers. However, it is to a major extent the fault of the Government, which, during a period of years, particularly during wartime, encouraged discovery and opening of new mines. In my State of Arizona eight large producing mines have been added since World War II.

My main purpose in supporting the pending bill is to voice, in my feeble way, support of a measure which will help the men who work in the mines. In Arizona alone, the mining output fell from a total of $85,348,000 in the first quarter of 1957, to $65,250,000 in the first quarter of 1958. That is a drop of 23.5 percent.

I recently stood on the Senate floor and related to my colleagues how the economy of Arizona is expanding, in spite of the fact that copper production has fallen off 25.3 percent. The economy of Arizona is the fastest growing economy in the United States, but we cannot sit idly by and say that because the total economy is good, we can neglect a segment of it.

Mineral production in Arizona fell from a total of $479,550,000 in 1956 to $360,626,000 in 1957.

Salaries paid to miners will drop this year approximately $20 million from a total of about $95 million paid in 1957.

Earlier in the session, I called attention to the competition which an American copper miner faces from overseas. I desire to refresh the minds of my colleagues with the figures I used at that time.

In South America, the daily wage rate paid a copper miner in Bolivia is $1.04, without fringe benefits. In Chile, the daily wage rate is $1.78, with some fringe benefits. In Peru, the daily wage rate is slightly in excess of $1.57, with fringe benefits such as overtime, vacations, holidays, and seventh day pay bonus included.

Let us turn to Africa and consider Rhodesia. Mind you, Mr. President, we are promoting production all over the world, but we are not promoting better living conditions at the same time. In Rhodesia, a copper miner is paid 80 cents a day, without fringe benefits. That is the rate paid to a native Rhodesian laborer for copper mining.

In North America, we find a copper miner in Mexico being paid $2.30 a day, with fringe benefits, such as seventh day pay.

Now, let us look at the United States, particularly my State of Arizona. The rate paid a copper miner in Arizona today is $19.36 a day. That is more money paid in a day than some copper miners in other countries of the world earn in a month. Yet, with all our interest in foreign trade, with all our interest in lower tariffs, designed to enable foreign producers to grow, we do not seem to be accomplishing at the same time what we have done in this country, namely, raising the living standards of mine workers. That is the chief reason for my concern about the situation in the copper industry today.

The copper program is a 1-year program; it is not a continuing program; it is an effort to get 175,000 tons of copper off the back of the copper market. If Congress will pass this measure, I believe the industry itself—the producers themselves—will then take it upon themselves to make certain that the supply of copper is made consonant with the demand for copper. I think they will make a stronger effort to create a desire for copper, such as the aluminum industry has done for its product. I can see no reason why my wife cannot wrap her leftover food in, for instance, copper foil as well as aluminum foil. I see no reason why copper should not be used, instead of chrome, as trim on automobiles, or even used along with chrome. I do not want to knock chrome. I do not want to tell those concerned with automobile manufacturing in Detroit—with the exception of one individual—what to do. But I suggest that copper would be an innovation, and they might find a better market for their cars.

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

Mr. GOLDWATER. I yield.

Mr. MANSFIELD. I am delighted that the Senator from Arizona is bringing out pertinent aspects of the copper situation, especially that this is a 1-year, 1-shot proposal; that it calls for the Government to stockpile or to purchase something on the order of 150,000 tons; and that the price at which copper will be bought will not exceed 27½ cents a pound. It is the kind of proposal on which the Government cannot lose. It means that the inventory will be built up and that the strategic reserve will be strengthened that much further, and that help will be given to an industry which has been the longest and the hardest hit of any in this country.

The Senator's State of Arizona, one of the great copper-producing States, my State of Montana, and the State of the distinguished senior Senator from Utah [Mr. WATKINS] have been adversely affected. So far as the mining camps are concerned, we all know, on the basis of personal experience, that they are dependent normally upon one commodity—copper; and that when the copper industry runs down, everything connected with copper goes down with it, including business in the surrounding areas. The result is chaos.

I point out to come of my colleagues who have been talking about other industries that it is impossible to transplant or to transform a mine, once a mine has been closed. The timbers cave in, the mine fills with water, the breasts and the walls fall in. It is an expensive proposition to get a mine into operation again.

So I am happy that the Senator from Arizona is pointing out significant aspects of the copper situation and how it differs from the production of the other four metals which are included in the bill under discussion.

Mr. GOLDWATER. I am grateful to the Senator from Montana for his observations. I may say that, to my knowledge, the picture with respect to unemployment in the copper-mining industry in his State is the worst of any of the States in the West.

Mr. MANSFIELD. There is no question about it. In Butte, the number of unemployed constitutes 63 percent of the miners who formerly worked in the mines, going back to a year ago last January. The number of unemployed craftsmen, machinists, and others who worked in and around mines, is in excess of 75 percent. So the Senator is absolutely correct. Butte is the hardest hit, most depressed area in the entire Nation.

Mr. GOLDWATER. With respect to the unemployment in the copper-mining industry, the bill provides for the expenditure of $82,500,000 for 1 year only. This is not to be a continuing program. I will not vote for a continuing program. Neitheir will I vote for a continuance when the provisions of the bill expire in 1 year, because I have confidence that the producers, once they get 175,000 tons of copper off their necks, can operate within the confines of the law of supply and demand. The $82,500,000 will buy 150,000 tons of copper at 27½ cents a pound.

I call attention to a statement I made earlier that in Arizona alone we will lose, this year, about $20 million in payrolls. In other words, about 25 percent of this $82,500,000 will be lost in one State. If the $82,500,000 is voted, I feel certain that it will be paid back in taxes over a long period of time.

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

Mr. GOLDWATER. I yield.

Mr. MANSFIELD. The Senator is absolutely correct. When a mine is in production and miners are at work, business is functioning. Taxes will be paid on the county, State, and national levels. But if a mine is closed, and when depreciation is taken into consideration, there is nothing to be paid in taxes. The net result is that everyone loses, and no one gains.

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

Mr. GOLDWATER. I yield.

Mr. WATKINS. I think the Senator from Arizona was in error when he said that the copper would be bought at 27½ cents a pound. The bill provides that it shall be brought at the market price, not to exceed 27½ cents a pound.

Mr. GOLDWATER. The Senator is correct. I am glad he corrected my oversight.

Mr. WATKINS. Is it not likely that this possibility will occur: That the buying of 100,000 or 150,000 tons of copper will put something in the stockpile which, in future years could possibly bring about a net profit to the United States Treasury, since the copper will be bought at the market price now when the market is depressed? If the industry gets back on its feet, and it does not become necessary to put the copper on the market, it can conceivably be sold at a price considerably higher than the Government paid for it, and a good profit can be realized, including the shortage and any interest which may be involved.

Mr. GOLDWATER. I think there is soundness in the Senator's argument. However, I would not want to advocate the pending bill for that reason.

I do not like to see the Government continue in the business of buying. I think if we would protect our markets with tariffs, we would not have to do what is now proposed to be done. But the Government has refused to protect our markets, so it is necessary to adopt this method. It is not a case of realizing a profit or sustaining a loss. It is a case of doing something to help an industry which, not slowly but very rapidly, is going down hill.

With this great surplus hanging over the market, there is no way in the world to let the price rise to a figure which would enable a copper mine to be a profitable operation.

Mr. WATKINS. I did not intend to use the statement I made as an argument for voting for the bill; I was trying to combat the idea that there might be a heavy loss from the purchase. I was trying to refute the statement that the Government might sustain heavy losses in connection with these programs. Certainly copper keeps well in storage; and so far as that is concerned, there will be no loss.

Mr. GOLDWATER. Mr. President, the Senator from Utah has made an excellent point.

Mr. WATKINS. It has also been argued that this program is a giveaway program. But it is not, Mr. President.

In my State we have one of the largest copper mines in the world. Today, thousands of men there are unemployed. Their unemployment has a serious effect on the schools, because of the decline in tax receipts. That situation also affects the State adversely in numerous other ways.

If we wish to do something to put people back to work, this program is one of the best ways to do so. It will relieve the heavy surplus hanging over the market, and unemployed copper miners can be put back to work. The result might not be full operation, at a level comparable to that which existed during the Korean war; but it will restore a high level of employment and will be a great help.

Mr. GOLDWATER. Mr. President, Utah and Arizona produce approximately 55 percent of all the nonferrous metals produced in the United States.

At this time I yield to my distinguished senior colleague [Mr. HAYDEN].

Mr. HAYDEN. Mr. President, I wish to commend my colleague [Mr. GOLDWATER] and to concur in all he has said with respect to the copper situation in the State of Arizona and in the Nation in general. He has correctly stated the facts.

I wish to address myself very briefly to the pending amendment of the Senator from Delaware [Mr. WILLIAMS], who offered it apparently with the idea that he is doing a favor to the Senate and to the House Appropriations Committees, by restoring their jurisdiction over appropriations.

I wish to point out that, as has been clearly indicated, the bill is a one-shot operation; it provides, in part:

> The Secretary is hereby authorized and directed to establish and maintain a program to purchase not more than 150,000 short tons of refined copper produced from ores mined in the United States, its Territories, and possessions, of such types as he deems desirable meeting the same specifications for purchases of refined copper as are or may be in effect pursuant to the Strategic and Critical Materials Stockpiling Act. Such purchases shall be made at the market price, but not to exceed 27½ cents per pound.

So as a result of one of the programs and as a result of these expenditures, the Government will obtain copper.

These is ample precedent for this program. The precedent is to be found in the Defense Production Act. Under that act, the Government has purchased copper and other strategic minerals which today belong to the United States. They have been set aside for use in time of war, if unfortunately, war should ever occur.

Let me also point out that in time of war, no metal is so important as copper.

Therefore, as a result of this program, the Government will have copper which can be used when needed; and once the copper is in the stockpile, certainly the Government will be able to sell it, if that is desired, when the market conditions are right.

There is no other way to handle this matter, because such a program cannot be handled efficiently on the basis of annual appropriations.

Mr. GOLDWATER. Mr. President, I thank my distinguished senior colleague for his remarks. He has lived in Arizona all his life, as I have; and he knows full well the importance of keeping the mines open and the men at work.

In that respect I wish to refer briefly to something the Senator from Montana mentioned, when he alluded to the closing of mines. In the very famous town of Tombstone, Ariz., there is one of the largest silver mines ever discovered. But the mine became flooded at a time when we did not have sufficient pumps and did not know enough about pumping. Today, despite the fact that that mine is one of the largest silver mines ever discovered, it is impossible to reopen the mine, because it has been flooded. Once such a mine is closed and becomes flooded, it is impossible to reopen it.

NET COST OF A COMMODITY—FOREIGN VERSUS DOMESTIC—THE CONSTITUTION

Mr. MALONE. Mr. President, will the Senator from Arizona yield to me?

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). Does the Senator from Arizona yield to the Senator from Nevada?

Mr. GOLDWATER. I yield.

Mr. MALONE. If 27½ cents a pound is paid for the copper, is not the ultimate cost of the copper to the Nation reduced through State and Federal taxes when the mines are in operation? Will not the ultimate cost be reduced by the amount of the taxes which the State and the Nation will collect, to say nothing of the increased employment—and the decreased unemployment compensation?

Mr. GOLDWATER. Certainly.

Mr. MALONE. Are those taxes being collected today?

Mr. GOLDWATER. Not to so great an extent. Taxes on $20 million will be lost because of decreased mine employment in Arizona.

Mr. MALONE. If the 27½ cents-a-pound is paid for foreign copper, to a foreign producer, then the result is that those payments leave the United States, then neither the States or the United States will receive any taxes on the production of that copper; is that correct?

Mr. GOLDWATER. The Senator from Nevada is absolutely correct.

Mr. MALONE. Therefore, when 27 cents a pound is paid to United States concerns which produce the copper in this country, the eventual cost to the Nation will be considerably less than that, as a result of the taxes paid by the copper producers to the States and the Nation.

Mr. GOLDWATER. Indeed so. In fact, I think the argument the Senator from Nevada is making can be applied equally well not only to other minerals, but also to all other commodities produced in this country.

Mr. MALONE. That is correct.

It has been a policy of all the recent administrations beginning with that of Mr. Roosevelt and Mr. Truman, and including that of our own President, to ask for a continuation of the 1934 Trade Agreements Act—so-called reciprocal trade program—which, in fact, is not reciprocal, but is operated to divide the American markets among the foreign nations at the expense of the United States.

On yesterday our Senate Finance Committee wrote into the free-trade bill—the 1934 Trade Agreements Act—a provision to the effect that the President can no longer trade part or all of a domestic industry for his foreign policy, upon his own decision; that if he ignores the recommendation of the Tariff Commission in the case of copper or tungsten or any other metal or material, before he can proceed, he must obtain a majority vote of both Houses of Congress. Is the Senator from Arizona aware of that amendment on the part of the committee?

Mr. GOLDWATER. Yes, I am; and I wish to compliment the committee for having taken that very constructive forward step.

Mr. MALONE. I have worked 12 years to reach even that advance toward this construction. However, now it is in the Senate bill. I think the Senate will support it.

If that is the case, and if relief under the escape clause is requested, and if the Tariff Commission recommends a tariff on copper, for instance, or on whatever other commodity is being dealt with, sufficient to equal the difference between the cost of production in the United States and the cost of production in the chief competing country, and if the administration cannot get a majority of both Houses of Congress to vote to override the Tariff Commission recommendation, then the amount so arrived at by the Tariff Commission will become the tariff and the producers of that commodity will be back in business; will they not?

Mr. GOLDWATER. That is correct.

Mr. MALONE. And that would apply to all the metals covered by this bill, would it not?

Mr. GOLDWATER. Yes.

Mr. MALONE. If that be true, and if we can make this small step toward a return to the Constitution of the United States, this bill should not be needed at all. In that connection let me say that in the morning newspapers I read articles to the effect that there is the threat of a veto of the 1934 Trade Agreements Act—so-called Reciprocal Trade—as now proposed by the Senate. If the bill were vetoed, it would be a godsend. Then the American workingmen and investors would be back in business competing for an American market.

Mr. GOLDWATER. Mr. President, I am always happy to see a return to the principles and provisions of the Constitution of the United States. I know of no document finer than the Constitution, and I should like to see it adhered to completely, although that has not been done recently. I think the action taken on yesterday was a step in the right direction.

Mr. MALONE. Does not article I, section 8, of the Constitution provide that the Congress shall regulate foreign trade and shall adjust the duties, imposts, and excises, which we call tariffs, sufficiently to regulate the national economy?

Mr. GOLDWATER. That is correct. In fact, earlier in the debate I read a portion of section 8 of the Constitution.

Mr. MALONE. Yes. Does not article II, section 2, of the Constitution put the entire foreign policy of the country in the hands of the Chief Executive?

Mr. GOLDWATER. That is correct.

Mr. MALONE. Then the Constitution pointedly separates the fixing of foreign policy from the regulation of the national economy, does it not?

Mr. GOLDWATER. That is correct.

Mr. MALONE. If that is true, and if a majority of the Senate and the House of Representatives wanted to change that constitutional provision, would not an amendment to the Constitution be the proper way to proceed, rather than an attempt to evade the Constitution by means of the 1934 trade agreements thus evading the Constitution.

Mr. GOLDWATER. Yes, that would be the proper way to proceed, rather than by means of the shenanigans we have witnessed during the past number of years.

Mr. MALONE. I think that is a correct word. A new generation of citizens, reporters, and even Senators, has been raised since 1934 who never heard of the Constitution of the United States as being important in the matter of foreign trade.

Mr. GOLDWATER. I think they have heard it; but if they have heard it, they do not understand it.

Mr. MALONE. If one goes to a book store in downtown Washington, and this is also true in New York, which is about the second most dangerous city to the Constitution of the United States, and asks a clerk for a copy of the Constitution, the clerk will look at the person in amazement, but will agree to get it on order. That is about the only way one can buy the Constitution.

Mr. GOLDWATER. I wish to conclude by saying on the floor of the Senate what I said in committee while discussing the bill. I have never heard so many eloquent arguments for a return to tariffs as I have heard in committee and on the floor. I care not how one may seek to reduce, boil down, or distill the question, one gets back to the fact that there is only one solution for the protection of most industries, and that is a tariff. I do not believe a tariff is a long-range solution, because I hope foreign countries will raise their wages and standards of living. When that occurs and there is a worldwide base that is comparable with standards in this country, then I think we can do away with tariffs. Up to the present time we have had eloquent arguments for tariffs. However, with the clear evidence that the administration does not intend to provide tariff protection, I shall support the pending bill.

Mr. President, I have been discussing the advisability, to my mind, of putting tariffs on minerals in order to protect them. I recognize we are not going to get tariffs from this administration. We have taken a step forward in the bill being reported to the Senate by the Finance Committee, but I desire to indicate to this body what the rest of the world thinks about so-called free trade. I shall read into the RECORD something I read on May 29. The article is entitled "Duty, Bounty Plan Set for Australian Copper Price." It reads as follows:

John McEwen, Australian Trade Minister, announced that the Commonwealth Government, after an inquiry by the Tariff Board, has decided to introduce a combined duty and bounty scheme to stabilize the Australian price of copper to producers at 37.186 cents per pound.

Mr. McEwen said copper block, ingots, and pigs would be admitted free of duty under all columns of the tariff when the determined world price of copper was 30.9 cents per pound. When the determined price was less than 30.9 cents per pound the duty would increase by $2.25⅜ a ton for each Australian pound by which the price fell below 30.9 cents per pound.

With the addition of freight landing charges this should result in a landed duty-paid cost of not less than 32.115 cents per pound. This protection would be supplemented by a bounty of 5.07 cents per pound on copper sold on the local market.

Mr. McEwen said the current world price of about 24.79 cents per pound posed serious problems for Australian copper-using industries, which faced competition from imported copper products.

The Tariff Board had recommended that the copper industry should be assisted by a duty only, but the Government had decided that assistance should be partly by duty, partly by bounty.

The largest producer, Mount Isa Mines, did not seek assistance from the Board, but had provided confidential information on its operations.

The Tariff Board said in its report that two major underground mines, Mount Isa and Peko, could continue to operate profitably on the basis of disposal of 40 percent of their production on the home market at close to 37.186 cents per pound, and the sale of the remainder abroad at around 27.045 cents per pound.

Mr. President, that is merely one little bit of evidence of what the rest of the world is doing about so-called free trade. I have said to this body before that I believe the average tariff in the United States is about 8 percent. In my own business I import not a large amount of foreign articles, probably from $150,000 to $200,000 worth a year. I cannot tell what duty I pay, because it is a cost of doing business and it is a cost of the merchandise.

Mr. President, I ask unanimous consent that there may be included in the RECORD at this point in my remarks a statement by A. B. Parsons, who is a mining engineer and a mineral economist, and who appeared before the Minerals Subcommittee of the Senate Committee on Interior and Insular Affairs to testify on a long-range minerals program.

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

STATEMENT BY A. B. PARSONS FOR PRESENTATION BEFORE THE SUBCOMMITTEE OF THE SENATE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS ON A LONGE-RANGE MINERAL PROGRAM

My name is Arthur B. Parsons. I am a mining engineer and mineral economist, residing in Oakland, Calif. I am appearing today in behalf of the Arizona Copper Tariff Board, the Arizona Small Mine Operators Association, and the domestic copper mining industry in general.

In 1951 and 1952 I was Director of the Program Development Division of the Defense Materials Procurement Agency, generally known as the DMPA. As you know, 95 percent of the work of this agency had to do with metals and minerals in the category known as "critical and strategic."

Stated briefly, the function of the DMPA was to assure the Nation, insofar as possible, an available supply of these metals and minerals in adequate quantity to meet 5 years of defense needs. The problem of procurement required that new sources be found. New deposits had to be opened and equipped for production. Facilities at mines already operating had to be expanded. To accomplish these objectives, the Government extended various kinds of financial help to private industry as an inducement to engage in new enterprises. A cardinal principle guiding the whole effort was: "Get it in the United States if reasonably possible." The next preferred sources were Canada and Mexico; and a not-so-good third choice was the rest of the Western Hemisphere. The reason for this sequence of preference can be stated in one word, "submarines." As your committee well knows, during critical months of World War II, 85 percent of the cargo vessels coming from Africa were sunk by submarines.

I mention these things because, in my opinion, one of the basic and compelling reasons for developing a long-range mineral program is "national security." If the threat of war were wiped out, there would be far less urgent need for your deliberations here today. I do not mean to imply that the domestic mining industry, as such, is not a highly important part of the economy; and that in the public interest must be preserved. But national security is basic.

A long-range mineral program is essential but it presents more than one problem; in fact, many problems because there are at least a dozen metals and minerals of high strategic importance. I do not suggest that there are no elements of similarity in the situation of the various metals; but I do not know of two sets of conditions that are precisely alike. A few of the circumstances that vary are:

1. Normal ratio of domestic output to imports.

2. Potential expansion at producing domestic mines.

3. Existence of low-grade domestic resources.

4. Potential supplies from foreign mines.

5. Geography, political as well as physical, of foreign sources.

6. Relative cost of production in various countries.

7. Wage-scales and living standards in countries that are potential producers.

8. Relative hazards of procurement, including transportation.

9. Consideration of international relations.

The list could be expanded; but the foregoing point up the complexity of the matter.

On the other hand, one vital condition may be mentioned that is essential to a sound long-range program for any strategic metal. Assuming that domestic deposits actually exist that can be made to yield a substantial proportion of domestic requirements, at feasible cost, the producing industry must be maintained as a healthy, vigorous, going part of the domestic economy. The Federal Government can take various measures to provide a climate in which an industry of this kind can thrive. One of these measures will be pointed out in the discussion of copper that follows. But again I must stress the belief that the selection of the best medicine depends on the particular metal concerned, even though the malady may be the same.

The case for copper mining is particularly strong. The arguments are persuasive why Congress should not only safeguard the domestic industry but should make every effort to strengthen and foster it. The industry has the equipped capacity to meet current demand in full; and for the next few years it surely can provide at least 80 percent of domestic requirements. Copper mining is a long-established, sound, and substantial business. Including smelting and refining, it represents a capital investment, on a replacement basis, of about $2.2 billion in facilities, plant, and mine development. The domestic industry spends an estimated $500 million annually in operating expense in addition to large amounts required annually to keep plant and equipment up to date. In normal times it gives employment directly to at least 50,000 people and indirectly to many additional thousands. It is an important user of fuels, electricity, cement, explosives, steel, machinery, automotive equipment, and power shovels. It generates large tonnages of long- and short-haul freight. It pays substantial taxes to local, State, and Federal Governments. For several States, tax payments by the industry constitute a substantial proportion of their total revenues. As an important segment of the economy of the Nation, copper mining merits the attention of Congress; but over and above all this is its preeminent position as a supplier of the most nearly indispensable strategic metal—in short, copper mining's leading role in national security. This, in my opinion, is an overriding consideration in any long-range mineral program.

You have heard a detailed account of the deplorable condition presently existing in the principal copper-mining States. Arizona in particular has been discussed; but the situation is equally serious in Utah, New Mexico, Michigan, Montana, and Nevada. It is estimated that payrolls usually totaling $250 million annually have been reduced by 20 percent, or $50 million as a consequence of shutdowns and curtailment of output at domestic mines. Part of this results from the actual layoff of 7,000 men; part results from the shortening of the workweek at many properties, sometimes to as few as 4 days per week. You have heard described the distressing effects of this reduction on the mining communities themselves and on the surrounding regions. You have heard discussed the bad effects of shutdowns on the physical condition of the mines; and the threat of resulting waste of valuable ore reserves. The domestic industry is, in fact, demoralized.

However, I shall not dwell on these phases of the problem. Instead, I shall endeavor to describe the reasons for the existing unhealthy situation; and will then suggest what I regard as the most practical and effective measure available to Congress for alleviating the ills of the domestic copper industry. Again, I stress the fact that I would not propose this particular prescription for more than a few strategic metals; but for copper I regard it as being ideal. It is the first necessary step in a long-range program for copper, as I see it.

The general business recession of 1957–58 and the consequent shrinkage in industrial consumption no doubt has contributed to the drastic decline in the domestic market price for copper. However, trouble in the copper market started early in 1956, long before any softness appeared in the economy as a whole. In other words, one must look deeper than the slump of 1957–58 to diagnose the predicament of the domestic copper-mining industry. Primarily the deterioration is the result of surplus production generated by the existence of about 400,000 tons of annual capacity in the world in excess of the present rate of demand. Several significant facts, however, should be noted:

1. So far as the productive capacity of domestic mines is concerned, almost all of the expansion came about through the action of the Federal Government, following commencement of hostilities in Korea. To induce domestic companies to expand their facilities and to launch the exploitation of numerous new copper deposits, the Government preferred financial aid of various types, primarily commitment-to-purchase contracts at a floor price. Other forms of aid, widely accorded, were the privilege of rapid amortization of the capital cost of new facilities; and financial assistance in the form of loans.

2. At present domestic producing capacity and domestic demand are in close balance. Consequently, the 400,000-ton surplus exists entirely at foreign mines.

3. The present position is aggravated and the outlook for the future is darkened by the fact that a further expansion of 600,000 annual tons in equipped capacity is definitely projected for foreign properties.

4. Such curtailment as was effected during 1957, in an attempt to balance output with demand, was at mines in the United States. The deterioration in the domestic market has been a direct result of imports forced on the market by foreign producers at progressively lower prices.

All the evidence points to the conclusion that foreign copper will be forced on the domestic market in increasing quantities; and that it will displace domestic production in substantial quantity. The reasons why most foreign producers will choose not to curtail output are various; but one is that, for the most part, they can produce so cheaply that they can make a profit at prices so low that at least one-third of the domestic production cannot survive if it must compete.

The accompanying table summarizes the situation as it will exist in 1961. The year 1961 is selected for the purpose because, between now and then, the great bulk of the projected new foreign productive facilities will be ready for operation. The figures necessarily are estimates; but they have been made after long and careful consideration of historical statistics and of facts well known to those who are engaged in the copper-mining industry or are close students of it.

Free-World copper position in 1961

[In tons]

	United States domestic	Foreign
Expectable demand	1,300,000	1,900,000
Equipped capacity at indicated cost:		
Below 17 cents	260,000	1,950,000
Between 17 and 25 cents	584,000	825,000
Above 25 cents	450,000	128,000
Total	1,294,000	2,903,000
Deficit or excess capacity over demand	[1] 6,000	[2] 1,003,000

[1] Deficit.
[2] Excess.

NOTE.—All figures relate to newly mined copper.

To arrive at the figures for expectable demand, the actual annual world consumption from 1910 to 1957 was plotted on graph paper and a trend line was established. This trend line, when extrapolated to 1968, showed world demand in 1961 to be 3,200,000 tons. Significantly, this figure is about 50,000 tons more than the corresponding figure established by the so-called Paley report issued in 1952 by the President's Materials Policy Commission. This fact tends to confirm the view that 3,200,000 tons is, at least, not too low. The division of total demand, between foreign and domestic categories, is based on the assumption that the approximate ratio of consumption existing in 1956 and 1957 will obtain in 1961.

The tonnages for equipped productive capacity are based on past performance for individual mines now producing and on firm plans, publicly announced, for expansion of facilities and for the equipment of new properties.

The allocation of the individual mines to 1 of the 3 cost groups is based on common knowledge of informed people in the copper-mining industry, including engineers, economists, and executives, supplementing such information as is disclosed in published company reports. The significant facts shown by the table are these:

1. By 1961 the mines of the world will have an equipped capacity to produce 1 million tons more copper than will be needed.

2. This surplus, in its entirety, represents foreign capacity in excess of foreign demand.

3. After matching total foreign demand, there remains foreign capacity of 875,000 tons at a cost of under 25 cents per pound. The plain and ominous fact is that this tonnage hangs over the United States domestic market.

4. Only 260,000 tons of United States capacity (representing a single mine, incidentally) can achieve a cost competitive with the great bulk of foreign capacity.

5. One-third of the domestic capacity, or 450,000 tons, has a cost above 25 cents.

The conclusion is inescapable that if events are permitted to take their course the group of mines representing this 450,000 tons cannot survive. Moreover, the entire domestic industry will feel the effects. A partly moribund industry will lack the incentive to search for new deposits; to develop and exploit those that already are known but that are not producing; and to convert near ore into ore. Natural resources will be wasted. The Nation as a whole will suffer.

The foregoing leads to this vital question: Assuming that Congress views such an eventuality with alarm, what can it do by way of remedy? It is too much to expect that any enactment by Congress can completely cure the trouble; but Congress can take a specific action that will alleviate the gravity of the situation.

As is well known, Congress has before it now a number of identical bills dealing with the import tax on copper. With your permission, I will describe them briefly; try to explain why they are sound, reasonable, and desirable; and why they offer the best prospect for lessening the threat to the domestic industry caused by the huge excess supply of foreign copper that threatens the domestic market.

The bills now pending before the Senate and the House would do three things:

1. Reestablish the excise tax on imports of copper at the rate of 4 cents per pound;

2. Increase the peril-point price, below which the tax becomes effective, from 24 cents to 30 cents per pound; and

3. Provide that the tax be lifted automatically whenever the market price is at or above the peril point.

The domestic copper industry was first threatened with a flood of low-cost foreign copper about 1931, following a period of great expansion in productive capacity in Chile, Canada, and Africa. Faced with this situation and recognizing the importance of maintaining the health of the domestic mining industry, Congress in 1932 enacted an excise tax of 4 cents per pound on imported metal. Since that time the tax has been suspended for certain periods by Congress, and the rate has been reduced by Executive action under the terms of the Reciprocal Trade Agreements Act. However, Congress has consistently retained the tax since its original enactment, even though in the interval it has made a thoroughgoing revision of the Internal Revenue Act. By enacting the pending legislation, Congress would only be reaffirming its basic policy, and would merely reestablish a rate that is more nearly in line with the needs of the present situation than the 1.7 cents scheduled to go into effect on July 1. It is worthy of note that when the 4-cent import tax was enacted copper was selling for about 5.5 cents per pound, so that on an ad valorem basis the duty was, roughly, 75 percent. On the basis of the 25-cent price prevailing today, the 4-cent rate is only 16 percent ad valorem.

To what extent a reestablished 4-cent rate would be effective in attaining the desired objective no one can say with assurance. That it would be helpful no one questions. Certainly it is not extravagant.

The principle of the peril-point price is not new. In the legislation of 1951 Congress provided, in effect, that the import tax would become effective only if the price should fall below 24 cents per pound. Similar provision was made in the legislation of 1953, 1954, and 1955. The reasoning was simple and logical. Congress desired to permit foreign copper to come in duty free so long as it did not thereby inflict serious injury on the domestic industry. It was believed that a practical and rational measure of such possible injury was the ruling price. So long as the price was not unduly depressed, reasoned Congress, the domestic industry should have no cause for complaint. Only in the event of a drop below the peril-point price did the duty become operative.

What the bills now pending provide is simply this: That the peril-point price be increased from 24 cents to 30 cents. It is evident that a peril point of 24 cents would be meaningless to those domestic producers (representing one-third of the total capacity) whose costs are in excess of that figure.

A reasonable basis for determining the appropriate peril point is to relate it to comparative production costs in 1951 (when first enacted) and in 1957. The Arizona Department of Mineral Resources has developed a set of well-authenticated figures in which the percentage increases in the principal elements of production cost are combined. The result is a weighted overall percentage of 33.1. Applying this to 24 cents, the comparable peril-point price in 1957 would have been 32 cents. As of today, the figure would doubtless be somewhat higher; certainly 30 cents is anything but exorbitant.

The last provision is the only one of the three listed that is new. It should meet universal approval, even among foreign producers who might be inclined to oppose the bills. It provides this: If for any reason the domestic market improves and the price advances above the peril point, the import tax will be lifted automatically; and the domestic market will be open to foreign copper on exactly even terms.

The authors of the pending bills—and the domestic industry agrees—make it clear that they do not propose to exclude foreign copper by erecting a prohibitive tax wall. The duty would be in effect only when it was needed to give high-cost domestic producers a more nearly even break.

Taken in combination, the three provisions may be described as follows:

They constitute a method of handicapping, so to speak, to make competition between foreign and domestic producers in the domestic market more nearly even. The 4-cent tax is like added weight assigned to the stronger horse in a race by an official handicapper. In combination, the peril point and the automatic on-off features say, in effect, "If the domestic horse gets stronger, we will remove the weight from the foreign horse."

In my opinion, the enactment of the pending bills is the one practical, fair, and reasonable measure available to Congress to further a sound program for copper. The reasons may be summarized as follows:

1. The domestic industry is able, and will continue to be able, to supply 80 percent or more of the expected demand.

2. Such demand can be met by output of long-established mines and mines that have been brought in in the last 5 years at the urgent request of the Federal Government.

3. The current excess equipped capacity of the world (400,000 tons annually) and the prospective equipped capacity in 1961 (600,000 additonal tons annually) is, and will be, at foreign mines.

4. The great bulk of foreign copper can be produced much more cheaply than 80 percent of domestic production—and the remaining 20 percent is from a single domestic mine.

5. The chief reason for this production-cost advantage is lower wage scales and lower standards of living in countries having the big productive capacity.

6. The proposed rates—4-cent tax and 30-cent peril point—are modest.

7. Under the 3-point plan, foreign copper has duty-free access to the domestic market when the price is high enough to let the domestic mining industry live; and the arrangement to lift the duty is automatic.

8. Largely because of point 7, the proposed plan will minimize possible interference with foreign trade and any resulting harm to international relations.

To repeat: It seems to me that the enactment of pending bills, now before Congress, is a first and essential step in a long-range program as it relates to copper.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that another article, entitled "The Importance of Copper Mining to the State of Arizona," which was compiled by the Arizona Department of Mineral Resources, be included in the RECORD at this point as a part of my remarks.

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

THE IMPORTANCE OF COPPER MINING TO THE STATE OF ARIZONA

(Compiled by the Arizona Department of Mineral Resources, Phoenix, Ariz., April 1957, a State department created by act of the legislature in 1939)

For more than 80 years the copper mines of Arizona have poured a ceaseless stream of metal into the Nation's industries. The State has for 47 years ranked as the leading copper producer in the United States, its output, up to the end of 1956, amounting to 15,227,088 tons of copper worth $5,539,384,518. Arizona is today maintaining her place in spite of the tremendous quantities already produced, and there is no reason to believe that she cannot continue as the leader for many years to come. Nature has made her one of the world's most important sources of copper.

The record of Arizona's steady growth and progress is closely linked with the development of her copper industry. This has been achieved through decades of courageous and unremitting effort, and perseverance in the face of repeated discouragements. It took courage, capital, determination, and hard work, and the people of Arizona have proved themselves willing and able to supply all these prerequisites. Thousands of them have spent a lifetime in helping to build up the communities of which they are so justly proud. Their accumulated savings have been invested in homes or businesses in the various mining towns throughout the State; and the lifeblood of all those towns is copper.

Contrary to a general impression in other parts of the country, the mining towns are not temporary excrescences of tents or tin shacks huddled indiscriminately in the desert. Instead, they are substantial, orderly, established communities which will compare favorably with towns of equal population anywhere in the United States. They have their schools, banks, churches, and public buildings. Their roots extend down into the earth; to the bodies of copper-bearing ore which nourish them. Any disturbance or damage to those roots is immediately reflected in the community which springs from them. This was forcefully and unpleasantly demonstrated during the years from 1932 to 1935, and the memory of those years still strikes fear into the hearts of Arizona's mining population. A cessation, or even curtailment of operations, would create serious economic problems for these communities. If the mines close, they are done for.

In 1956, the copper mining and smelting industry payroll in Arizona totaled over $90 million. Statistics showed that the average weekly earnings of those employed in the Arizona copper mines and smelters were higher than the national average for nonferrous mines and higher than for any other industry in the State. Fringe benefits are adding over $15 million to the annual labor cost of the copper mining and smelting industry.

Arizona copper mines spent over $24 million in Arizona for Arizona grown or manufactured supplies and equipment in 1956, thus contributing substantially to the larger cities where supply and machinery headquarters are located. Most large national manufacturers maintain Arizona offices because of the mining business.

The mining industry is Arizona's largest taxpayer. An annual average of almost $16 million was paid for taxes within the State for the past 6 years. No other industry contributes nearly as much in taxes. Mining alone carries about 22 percent of the total State tax load.

Expenditures made by the mining companies for supplies and equipment rank second only to those made in payment of wages and salaries. Items needed in the operation of mines, mills, and smelters cover nearly every imaginable list of commodities, the bulk of which are produced in Eastern, Southern or Midwestern States, or in the nonmining portions of the Western States.

Another direct beneficiary is the transportation industry. The railroads and truck lines receive a large volume of business through the movement of copper ores and metal as well as supplies and equipment. Copper mining has brought the railroads to

Arizona and furnished the bulk of the freight which kept them going and expanding.

Agricultural, lumber, and livestock producers in nonmining portions of Arizona derive a large share of their income from the copper industry which furnishes a ready market for much of their product; and all of these industries are hard hit when mining is curtailed.

The copper companies are heavy purchasers of electrical power which is generated at irrigation storage dams. The large power purchases by the copper mining companies have made cheaper power and increased water supply for agriculture and industry.

The copper mining industry has a vital and far-reaching effect on the economy of the whole State of Arizona and on every industry and community within its borders. It is the only industry which creates a new and indestructible wealth which remains permanently in circulation.

Copper is equally vital to the Nation's security. Recalling the almost fatal effect of submarine destruction of metal shipments on the high seas, it is vitally necessary that this country keep its domestic mines in operating condition at all times. This means that they must be kept producing for, in any possible emergency, time may be of the essence and it takes a long time to restore an idle mine to production.

Copper ores and minerals are of no practical value until they have been converted into metallic copper. So long as they remain locked in the earth they represent nothing more than so much idle wealth. They earn no interest, furnish no employment, produce no benefits to anyone. They are dead and wasted assets.

An active mining industry is the agency which converts potential wealth into actual and tangible assets and, in the process of conversion, the benefits derived therefrom are distributed widely among other industries and businesses. Those which benefit indirectly are countless, and the direct beneficiaries of the copper industry are likewise numerous. In 1956 it was estimated that the 15,900 copper mining and smelting employees affected the livelihood of 225,000 persons in Arizona.

In the past 4 decades the average grade of copper ore in Arizona has been steadily declining from a content of 50 pounds per ton of ore to less than 20 pounds per ton. This, together with steadily increasing wages which have quadrupled during the same period, naturally leads to higher production costs, in spite of technological improvements in mining and metallurgy.

With the 50-cent dollar of the present day, compared to the purchasing power of the dollar at the time the 4-cent import duty was originally enacted, the 24-cent deadline under the provision of the latest suspension act, would be the equivalent of 12 cents a pound for copper 25 years ago. There is no doubt that a drop below 32 cents per pound for copper could ruin the domestic copper industry unless it were protected from the competition of foreign metal for available domestic markets.

Consideration should be given also to the fact that in addition to Arizona, there are 10 other Western States, as well as Michigan, Missouri, Pennsylvania, Tennessee, and Vermont which produce varying quantities of copper and which furnish corresponding support to other industries. There is not one single State in the Nation which does not benefit to some extent by the sale of its products to those engaged in the production of copper.

FOREIGN NATIONS NEED NOT KEEP THEIR AGREEMENTS MINERALS IN STORAGE

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

Mr. GOLDWATER. I yield.

Mr. MALONE. I should like to ask the distinguished Senator from Arizona if he knows whether any nation in the world today, regardless of whether it is a party to the multilateral trade agreements at Geneva or the bilateral trade agreements made by the Secretary of State, uses either tariffs, import permits, exchange permits, manipulation of the value of their money in terms of dollars, or many other subterfuges for trade advantages—either one or all of the methods I have mentioned?

Mr. GOLDWATER. Mr. President, I wish I had the knowledge to answer that question completely. I am discussing this matter with a man whom I consider to have a greater fund of knowledge on the subject than anybody in this body, and I believe anybody in the United States; but I can say I have heard that is the case.

Mr. MALONE. I will tell the distinguished Senator that is the case. Furthermore, the Secretary of State, Mr. Dulles, testified, under my questioning, before the Senate Finance Committee 2 weeks ago that the 36 competitive foreign nations, sitting in Geneva, dividing our markets among them through multilateral trade agreements, do not have to keep their part of the agreement so long as they can show they are short of dollar payments, which they can show until our markets and wealth are divided equally among them. Does the Senator know that?

Mr. GOLDWATER. Yes, I understand that to be the case.

Mr. MALONE. The division of the wealth and markets of this country among the nations of the world is just an international socialistic scheme.

I am sure I am right when I say that neither the distinguished Senator from Arizona nor the Senator from Nevada believes in subsidies, but the American industries must be kept alive until they can be protected.

If we were suddenly to have peace and would not have to spend the taxpayers' money on defense, every industry in the United States would have to go out of business or be paid subsidies, under the present 1934 Trade Agreements Act as extended.

So in the absence of these nations keeping their treaties, and in the absence of proper tariffs or duties, as the Constitution provides, to equal the difference between the effective wages and the taxes and the cost of doing business in the United States as compared to the cost of doing business in the chief competing country on each commodity, we shall have to go the subsidy route to keep the small-business men of the United States alive until Congress makes up its mind to return to the Constitution of the United States in its regulation of foreign trade.

Mr. GOLDWATER. At the opening of my remarks, I said that the subsidization of any business in the United States is against my principles. I shall vote for the bill because it calls for a 1-year program, rather than a continuing program. The bill is specifically aimed at the excess copper overhanging the domestic market. I feel once the excess copper is removed, the producers themselves will be able to operate under the law of supply and demand.

I might say that the law of supply and demand was upset a bit by the unusual situation of two world wars, following by a long cold war, in which producers were urged to bring in new mines. I feel that by 1970 or 1975, we shall have to have more copper mines in this country.

At the present time, if we can remove the overhang on the market the law of supply and demand will work, and I think the Government will have no need or excuse for going into the copper business after this year.

Mr. MALONE. The Senator speaks specifically of copper, but there is a lot of tungsten in private storage now. Congress passed what was called the Malone-Aspinall Mineral Purchase Act in 1953 which provided a set price on about seven minerals to make up for the difference in each case between the cost of production in the United States and abroad.

Mr. GOLDWATER. I would not agree completely with that statement.

Mr. MALONE. I have not finished the statement.

Mr. GOLDWATER. The tungsten supply is in stockpile, whereas copper is actually hanging over the market.

Mr. MALONE. The Senator is not fully informed. There is a Government stockpile, but there is also a stockpile by each producer.

Mr. GOLDWATER. I am aware of that.

Mr. MALONE. Tungsten is in exactly the same position.

Mr. GOLDWATER. I will not agree with that, but the Senator has his own opinion on the subject.

Mr. MALONE. In my own State I know of one producer—and I could probably name 50 others upon proper investigation—who has about $150,000 worth of tungsten in private storage, which cannot be sold except at a terrific loss. It is hoped that Congress will do something about the matter, or operate under the provisions of the Constitution of the United States so that the tungsten can be sold.

I agree with the distinguished Senator as to copper, but some of the other minerals are in exactly the same position. The other mines are shutting down, while the copper mines are only slowed. Copper will have to be sold at an unprofitable price in domestic production, if the bill is not passed.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. President, this amendment would strike from the bill section 404, which proposes to authorize the Secretary of the Interior to borrow from the Treasury $350 million and in turn to use that money to make subsidy payments.

In the discussion yesterday a question was raised as to whether the financing program as provided for in the bill had been approved by the Department. I think the Senator from Illinois [Mr. DIRKSEN] and other Senators made the statement that there was an understanding that the Treasury Department had endorsed this financing proposal.

I desire to read at this time the statement of the Senator from Illinois, as found on page 13354 of the RECORD:

On balance, after careful study, the Secretary of the Treasury told me—and he stated that I was free to make this statement publicly—that he felt that this was the best approach thus far. For that reason, he endorses the pending bill. He recognizes that we must have these materials. We must keep the domestic minerals industry alive.

The only question is how to do it most efficiently and at the least cost. In the judgment of the Treasury Department, the financing provision in the pending bill is the best of the three methods which we might pursue.

I think the Senator from Illinois will admit that there was a misunderstanding on his part, because the Treasury Department has clearly taken a position that it not only does not favor the financing under the bill but opposes it.

I addressed a question to the Secretary of the Treasury, Mr. Anderson in a letter dated July 11. I will read my question and his reply:

Section 404 of this bill directs you as the Secretary of the Treasury to loan $350 million apparently to anyone the Department of the Interior designates as being charged with the lending authority.

a. Would these loans be included as a part of the national debt and subject to the ceiling?

b. Do you think it is necessary to establish this new lending agency?

c. Do you approve of this type of financing?

The reply, signed by Mr. Robbins, Acting Secretary of the Treasury, comments:

Section 404 in the bill as reported would authorize the Secretary of the Interior to obtain funds for stabilization payments by borrowing from the Treasury rather than by direct appropriations. As the committee report points out, this procedure has been used many times before. The loans from the Treasury to the Secretary of the Interior would not be a part of the national debt subject to the ceiling, but of course borrowings by the Secretary of the Treasury to enable him to make these loans would come under the debt ceiling just as in the case of borrowings to carry out an appropriation. The provision establishes no new lending agency. This type of financing is justifiable only where the program involved contemplates repayments. In this particular case funds borrowed from the Treasury would be used to make subsidy payments which would not be repaid. In these circumstances there is no justification for this type of financing and the Treasury is opposed to it.

It is very clear that the Treasury Department does not support this section of the bill, as it was indicated on the floor yesterday.

To support the committee position, their report cites certain other examples wherein other lending authorities have been established and authority conferred upon other agencies of Government to borrow money from the Treasury Department and then to disburse the money. In each instance when that has been done, the loans, whether they were FHA or Farmers Home Administration or various other types, were made by the agencies and the money in turn was loaned either to a business operation or to an individual, or the money was used for the purchase of specific products which were put in the inventory of the lending agency. The agency then had something tangible to show for the loan. Conceivably, when the inventory was sold or the loan repaid the agency in turn could repay the Federal Treasury.

In this instance there is not a Senator on the floor who will argue that the money will ever be repaid to the Treasury. It is not intended that the money shall be repaid to the Treasury. Nothing in the bill so requires.

If the producer of tungsten should sell his tungsten at $20 a ton, he would bill the Federal Government for the additional $16, and he would get a check. He would be under no obligation from that moment forward to ever make any repayment at all. The subsidy is really a grant at the expense of the taxpayers.

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

Mr. WILLIAMS. I yield.

Mr. MANSFIELD. As I recall, the distinguished senior Senator from Arizona [Mr. HAYDEN], who was on the floor at the time the amendment was offered, made the statement that this was not an unusual procedure, and that under the Defense Production Act, title III, title 50 of the appendix, United States Code, section 2094, there is a precedent for what is being attempted in the pending legislation.

I should like to point out that insofar as material in the field of minerals is concerned, if it is put into a stockpile that does not mean it represents a loss, because the time may come when supplies on hand will be scant and the stockpile will have to be moved in order to take care of difficulties inherent at a particular moment.

I point out also that so far as buying 150,000 tons of copper is concerned, at prices up to 27½ cents a pound, the United States Government is obtaining this commodity at a very good bargain price, in my opinion.

The purpose, of course, is to stabilize the market and to give some soundness to the economy of the mining industry in a period of great stress and turmoil.

On the basis of what the chairman of the Appropriations Committee said earlier this afternoon, there is nothing untoward in the procedure outlined. So far as subsidies are concerned, I, for one, am far more willing to see subsidies paid than to see tariffs imposed. What we are proposing is an attempt to help a local economy which needs help, and which, in my opinion, is entitled to help.

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

Mr. WILLIAMS. In a moment. I should like to reply to the Senator from Montana with respect to the statement made by the chairman of the Appropriations Committee.

The chairman of the Appropriations Committee has cited as an example an instance in which subsidies were paid through loans made by an agency from the Federal Government. The procedure in the instance which he cited, under the Defense Production Act was entirely different. As he says, the Defense Production Agency took the money borrowed from the Federal Treasury and bought the minerals. But it had an inventory. It had something tangible in the way of a stockpile. Conceivably the inventory might be liquidated at a future date at a higher price, in which case the Government would make money. If it were liquidated at a lower price, the Government would lose money.

Mr. MANSFIELD. Is not that being done in the case of copper?

Mr. WILLIAMS. That is true. With respect to that portion of the bill relating to copper, there would be something tangible, and there is a precedent for it. But there is no precedent for the remainder of the bill, under which a $350 million revolving fund could be used.

There is no precedent. Those subsidies are never to be repaid; nor are they ever intended to be repaid to the Federal Treasury. When the Department of the Interior borrows the money and makes subsidy payments, the money is gone forever. The only way the Treasury Department can ever be reimbursed is by a direct appropriation by Congresss. This proposal involves only a deferred appropriation, to be made at some future date, to pay for something which, apparently, we are ashamed to put a price tag on today. I think the Senator from Montana will agree that this is an entirely different picture from the stockpile program.

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

Mr. WILLIAMS. I yield.

Mr. DIRKSEN. Inasmuch as the distinguished Senator from Delaware alluded to an observation which I made yesterday, it requires some clarification.

First of all, the question involved here is, Shall we pay a subsidy?

The second question is, What shall we use for money? Obviously if we are to subsidize, we must have money.

With regard to the first point, I rechecked with the Treasury Department this morning. I spoke to Assistant Secretary Robbins, and in addition, I talked personally with Secretary Anderson, not more than an hour ago.

The Treasury Department supports the idea of a subsidy; and there is nothing in the letters alluded to by the Senator from Delaware to indicate otherwise.

Mr. WILLIAMS. The statement which I read from the Treasury Department did indicate that the Department was not opposing the bill.

Mr. DIRKSEN. That is correct.

Mr. WILLIAMS. The financing provision is what we are now discussing. The pending amendment deals only with the financing arrangement; and, with respect to the financing arrangement, not only does the Treasury not approve the proposed plan, but it opposes it.

Mr. DIRKSEN. Let it be perfectly clear that the Treasury Department supports the idea of paying a subsidy in order to maintain a vital industry. When we pay a subsidy we must pay it in money. The question is, Where are we to get the money? We might obtain a direct annual appropriation from the Congress year after year to cover the requirements and demands of the bill.

There is another way to do it. The Secretary of the Interior might issue bonds, and the Treasury Department might buy the bonds and make the cash so released available to the Interior Department for that purpose.

So the question which is being labored by the Senator from Delaware is this: Are we to use an annual appropriation to pay the subsidy, or are we to use the bond system, whereby the agency issues bonds and the Treasury buys them and, at some later time, obtains a direct appropriation in order to meet the cost of the bond issue, if so desired.

So what we have before us is a choice between an immediate appropriation, annual in nature, and a deferred appropriation. I emphasize the fact that the Treasury supports the idea of a subsidy for this industry; and on that basis the amendment offered by the Senator from Delaware ought to fail. I intend to vote against it.

Mr. WILLIAMS. Mr. President, as I stated in my explanation, the Treasury Department does not oppose the principle of the subsidy. But I think it should be clear that the Treasury Department is not asking that the subsidy be adopted. The entire letter from the Treasury Department will be incorporated in the RECORD. I asked the Department this question:

> Does your Department endorse the subsidy formula recommended in this bill, and do you recommend its enactment?

The reply of the Department was:

> The subsidy formula is a matter which is not a primary responsibility of the Treasury Department. The Treasury Department does not oppose the subsidy in this case where it appears that it is required by important objectives of national policy.

I think it should be made clear that the Treasury Department is deferring to the Secretary of the Interior. It is not opposing the subsidy; on the other hand, it is not asking us wholeheartedly to embrace it. It is simply not opposing it. I interpret that to mean that the Treasury Department must be for it, although its position is rather lukewarm.

However, with respect to the financing arrangement, the Treasury Department clearly states not only that it does not approve it, but that it actively opposes the financing arrangement on the basis that it would establish an undesirable precedent. Previous loan authorities conferred upon Government agencies have been conferred only in cases in which there was something tangible to show for the loan.

I think we are in complete agreement on the point that the Treasury Department does oppose the financing arrangement in the bill. That was the point on which the misunderstanding arose yesterday.

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

Mr. WILLIAMS. I yield.

Mr. DIRKSEN. I ask, in all good grace, would the Senator support amendatory language, if his amendment were adopted, to provide for an annual appropriation to cover the cost involved in the bill?

Mr. WILLIAMS. Even if this provision were stricken from the bill, I would not support the bill because I think it would establish a new procedure. However, if this provision were stricken from the bill I would not oppose such a course. After all, we should not pass a bill unless we provide enabling authority. I would not oppose the inclusion of language such as that suggested by the Senator from Illinois, although I would vote against the final passage of the bill. I am not trying to destroy the bill by indirection. If we are to have a program it should be conducted on the basis of the sound principle of annual appropriations, as has always been the case, and not on the basis of loans carried as assets in a department when everyone knows that the moment the money is paid out, there are no assets with which to repay the loan. It is a farce.

The committee struck out the appropriation feature. It should be reinstated if this amendment is adopted; and I would not oppose such a course, but I would oppose the bill.

Mr. DIRKSEN. It would not make any difference what kind of financing arrangement the bill contained; the Senator from Delaware would still oppose the bill.

Mr. WILLIAMS. That is correct; and I assume that no matter what financing arrangement the bill might provide, the Senator from Illinois would be for it.

The question is this: If we are to establish such a program, why should it not be put on a sound business basis? I think the Senator from Illinois will admit that he was in error yesterday when he gave the impression that the Secretary of the Treasury had endorsed the financing arrangement.

Mr. DIRKSEN. The Senator from Illinois was partially in error. He was in error with respect to the financing arrangement.

Mr. WILLIAMS. That is what I said.

Mr. DIRKSEN. With respect to the question of the subsidy, the Senator from Illinois was absolutely correct. He believed at the time that he was making that clear, and regrets that he did not make it clear.

THE CONGRESS TRAINED TO TAKE ORDERS FROM EXECUTIVE—24 YEARS' TRAINING

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

Mr. WILLIAMS. I yield.

Mr. MALONE. Is the Treasury Department, whose every whim the Senator is so keen to follow, the same Treasury Department which condoned and approved giving $3½ to $5 million a year to foreign nations to buy such material?

Mr. WILLIAMS. The Senator from Nevada may have voted for it, although I do not know. Under the foreign-aid program we did not create an agency through which the State Department had the authority to borrow money for such expenditures and could then deceive the taxpayers into thinking it was not costing them any money.

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

Mr. WILLIAMS. If we pass the pending bill authorizing the expenditure of $350 million, we should be willing to go before the Appropriations Committee and request the Appropriations Committee to approve such an appropriation, and then let the Congress act upon the appropriation each year. We should not do it by indirection as is proposed here. There will not be one dime in assets back of the bonds. It is all a farce, and I say let us stop it before such an unsound proposal is launched.

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

Mr. WILLIAMS. I yield.

Mr. MALONE. I have never voted for the billions of dollars to Europe and Asia to buy their goods or for them to build up credits against our gold. However, the proposition is simply that the 1934 Trade Agreement Act as extended by a Congress seemingly afraid to regain its constitutional responsibility continued to give its authority to the President to regulate foreign trade. I should like to have the Senator understand that since that time the administration must seemingly approve everything Congress does before it votes. The Congress has transferred all of its real authority to the executive branch of the Government. All they have left is to approve appointments and appropriate money. In that field the Congress is never over 5 percent out of line with the White House recommendations.

Therefore, in order to preserve American industry, Congress must regain its constitutional responsibility to regulate foreign trade or provide subsidies to present American small business. We cannot allow a $20 man in the United States to compete with a $2 man somewhere else in the world by lowering his standard of living. Inasmuch as we have adopted the White House free trade policy, and Congress has consistently voted for that free trade policy, we must make a choice and either try to preserve a strategic industry through subsidies or regain its constitutional responsibility by returning to the 1930 Tariff Act, by allowing the 1934 Trade Agreements Act to expire.

Mr. WILLIAMS. Is the Senator asking me a question, or is he making a speech?

Mr. MALONE. I am asking the distinguished Senator from Delaware if we are talking about the same Treasury, from which we are taking orders, and the same Cabinet and the same President, whom the Senator from Delaware is trying to defend, and whether Congress has any authority left.

Mr. WILLIAMS. My answer would be——

Mr. MALONE. I ask the Senator to wait a moment.

Mr. WILLIAMS. I thought the Senator had finished his question. Is he making a speech now?

Mr. MALONE. Call it a speech if you wish but I am asking if he believes that Congress will ever get its feet on the ground and run its own business as the Constitution directs or take orders from the President.

Mr. WILLIAMS. I am not proposing my amendment on the basis of the fact that the Secretary of the Treasury is asking for its adoption. I served notice last week that I was opposed to the financing arrangement contained in the pending bill. I am glad the Secretary of the Treasury has affirmed my position. However, I would have taken my position in opposition to the financing arrangement even if the Secretary of the Treasury had been in favor of it. The proposal is unsound. It is not a sound financing arrangement. I compliment the Secretary of the Treasury for his stand and for favoring a sound financing arrangement. It is only proper that the Secretary of the Treasury should not advocate an unsound arrangement.

Furthermore, the Secretary of the Treasury was quoted very affirmatively and strongly on the floor of the Senate as being in favor of the proposed financing arrangement. That inference was in error.

I shall read again what the Senator from Illinois said on the floor yesterday. He said:

In the judgment of the Treasury Department. the financing provision in the pending bill is the best of the three methods which we might pursue.

That does not correctly reflect the Secretary's attitude. The Bureau of the Budget also opposes the arrangement.

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

Mr. WILLIAMS. I promised to yield first to the Senator from Colorado.

Mr. ALLOTT. Mr. President, I should like to have the Senator's permission to make an observation, rather than confine myself to a question. I should like to read into the RECORD some testimony which bears directly on the point we are discussing.

Mr. WILLIAMS. I yield for that purpose.

Mr. ALLOTT. I should like to read this testimony so that the matter may be completely cleared up, although it is now pretty well cleared up. Some Senators were in error yesterday and thought the situation was a little bit different. However, I am reading from the hearings of the Subcommittee on Mines and Mining of the Committee on Interior and Insular Affairs of the House of Representatives. It concerns the position of the Secretary of the Interior, who has jurisdiction in the field with which the Committee on Interior and Insular Affairs is concerned. I quote as follows:

Mr. DAWSON. Looking at this matter realistically, we are up against a pretty tough proposition in the way of appropriations, and we have some concern of going before the Appropriations Committee every year and asking for subsidy money to support mines.

In the bill introduced by the gentleman from Colorado there is a provision calling for lending authority on the part of the Department. Have you had an opportunity to go into that phase of the problem?

Secretary SEATON. I have not had an opportunity, as I said, to study the bill introduced by the distinguished gentlemen from Colorado, but I can repeat my testimony before the Senate committee on June 19 when I was asked a similar question.

I said that, on reflection, the Department of the Interior would have no objection whatever to the granting of the borrowing authority so that we could carry on the program on a continuous basis for the 5-year period.

Mr. DAWSON. You say you would have no objection?

Secretary SEATON. None whatsoever, sir.

Mr. DAWSON. Would you give a favorable answer in a report on a bill with such a provision in it?

Secretary SEATON. Would I?

Mr. DAWSON. Yes.

Secretary SEATON. Yes, sir.

That pretty well clears up the situation. There is no question that the Secretary of the Treasury does not approve the program. However, there is no question that the Secretary of the Interior believes it is most advisable. He stated that he would write a report approving it. The situation has been cleared up, I believe. I thank the Senator from Delaware for yielding.

Mr. WILLIAMS. There is no question about where the Secretary of the Interior stands. He approves of the financing arrangement because it would enable him to bypass the Appropriations Committees and would obviate the necessity of justifying the expenditures. I suppose most of the departments would like to have a blanket continuing authority by which they could go directly to the Treasury for whatever money they need to spend. It would be much easier to do it that way. The Secretary of the Interior, in a letter which I have before me also said he wanted the prices lowered and that he did not favor the bill as reported by the committee with the price arrangement it contained. I also asked the Secretary of the Interior if he approved the financing arrangement under the bill as it was reported by the committee, and his answer was in the affirmative. That is exactly what the Senator from Colorado has stated in quoting the Secretary of the Interior. However, during the colloquy yesterday, the Senator from Connecticut [Mr. BUSH] and I were addressing ourselves to the question of whether the Secretary of the Treasury approved of the financing arrangement, and we were given the impression that the Treasury Department and the Bureau of the Budget were in favor of the financing arrangement. To that extent those who so quoted the Secretary of the Treasury were in error.

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

Mr. WILLIAMS. I yield.

Mr. BUSH. Mr. President, I should like to observe for the RECORD that to me it was inconceivable that the Secretary of the Treasury should recommend the kind of loan proposed in the bill. No security whatever would be given. The money would be paid out as a subsidy, and there would be no way of having it paid back to the Treasury. In the letter which the Senator from Delaware holds in his hand, the Secretary of the Treasury objects to such an arrangement, as I understand.

Mr. WILLIAMS. That is correct.

Mr. BUSH. The Secretary of the Treasury objects to that kind of arrangement. When we have established pipelines to the Treasury in connection with other legislation, such as housing legislation, we have provided that the loans be secured by mortgages, either directly or indirectly, if not actually collateralized. In others words, the assets bought with the borrowed money produce revenue which in turn retires the debt. There is no possibility of retiring the debt under the pending bill. It is absolutely a fallacious way of financing.

Furthermore, it is not a question of what the Secretary of the Interior thinks about the financing arrangement. The Secretary of the Treasury is the responsible officer in Government in connection with such financial transactions. I wish to join other Senators in commending the Senator from Delaware for his fight on this proposal, and he certainly has my full support.

Mr. WILLIAMS. I should like to read the question which was asked of the Director of the Bureau of the Budget. I addressed a letter to Mr. Brundage on July 1. I asked him:

Do you approve of this type of financing?

This correspondence will be incorporated in the RECORD, but I wanted to read this part now. I was referring to the bill now before the Senate. I asked the Director of the Bureau of the Budget if he approved the type of financing provided in the bill as reported. I have received his reply:

The Bureau does not favor the creation of a borrowing authority for this program, and would strongly recommend that appropriations be used to finance the program.

So we have the Director of the Bureau of the Budget, who is the spokesman for the President, and the Secretary of the Treasury, the Treasury being the most responsible agency in connection with this matter, both strongly opposing this provision of the bill and in favor of my pending amendment.

Yesterday it was clearly the view of the members of the committee who favor the bill that they were doing so with the support of the Treasury Department. Some of us, including the Senator from Connecticut [Mr. BUSH], said at the time that we could not conceive of that being true in the light of the fact that there would be no possible method of repayment. It now develops that we were correct in our reasoning and that the Treasury Department and the Director of the Bureau of the Budget are not in accord with this provision.

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

Mr. WILLIAMS. I yield.

Mr. BUSH. In the testimony which the distinguished and able Senator from Colorado read from the House record, objection was expressed to going before the Committee on Appropriations every year with this kind of matter. But that is exactly what the Committee on Appropriations is for. This is exactly the kind of legislation which should be considered by the Committee on Appropriations every year. This is the kind of matter which should not be bypassed by a pipeline into the Treasury.

Mr. WILLIAMS. That is correct. I think when we vote on the amendment, the question should not be whether we are for or against the bill. I speak as one who is against the bill. But still, in all fairness, if the bill is to be passed and the amendment is successful, the next amendment should be to reinstate the committee amendment, which would provide for direct appropriations. I certainly would not oppose including that in the bill, even though I shall vote against the bill. I am not trying to destroy the effectiveness of the bill by indirection; I am trying to make certain that even if the bill shall be passed, it shall contain provision for orderly procedure, and not establish a precedent of operating through a lending agency, which is nothing but a farce.

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

Mr. WILLIAMS. I yield.

Mr. LAUSCHE. I subscribe to what has been said by the Senator from Delaware and the Senator from Connecticut. The fund which is proposed to be established is supposed to be a revolving fund. That should mean that whatever is paid out will eventually come back. But nothing will come back into this fund; therefore, there will be no money with which to pay the debentures or the bonds which will be sold to the Treasury.

In the face of this anomalous and unprecedented action, under which the Secretary of the Interior will sell certificates to the Treasury, and the money will be used for the payment of subsidies, what reason can the Senator from Delaware assign for the adoption of such an anomalous program to finance this project?

Mr. WILLIAMS. It is the ease with which the money can be obtained. This process will avoid putting a price tag on the program today or next year. The appropriations can be deferred until 5 years from now. Then Congress can say, "We do not like the program, but the money has been spent and it must be paid." We would then pay off the worthless notes which the Department of the Interior has given to the Treasury. From the day they are given, they will be worthless.

The reason why some persons say this is a revolving fund is that there is one little section which can be, in effect, interpreted as providing for a revolving fund. The payments for lead, zinc, fluorspar, and tungsten are to be direct subsidy payments, and there will be no assets to show for them. Those notes will be worthless.

But one section authorizes the purchase of 150,000 tons of copper, and that copper would be in inventory and would be, to that extent, an asset for this fund.

But when the copper is sold by the Secretary, he can take the proceeds from the copper and use them to pay more subsidies on the other metals and liquidate the program as to them, and no funds for them would remain.

But until he sold the copper purchased under one section—$80 million out of $350 million—he would have an inventory to show. If it were all on the same basis, the situation would be different. But the remainder of the $270 million will be direct payments for which there will be no assets. Even the $80 million, if it is liquidated during the 5 years, can be disbursed, and there will be no receipt for it.

Mr. LAUSCHE. Am I correct in my understanding that if the normal procedure were followed in this instance, an expenditure would be shown for 1959 of $300 million more than will be shown if the proposed method is followed?

Mr. WILLIAMS. Not exactly. This is a 5-year program.

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

Mr. WILLIAMS. I yield.

Mr. BIBLE. I wish to clarify one point about the financing. I think the cost in the first year will be $155 million, because that includes $82,500,000 for the stockpiling of copper, which is a 1-year program. After the first year, the maximum liability would be in the neighborhood of $70 million.

Mr. WILLIAMS. For 5 years it would be $350 million, the amount which is authorized in the bill.

Mr. LAUSCHE. Basically, the Committee on Appropriations is established as the central agency of the Senate to which fiscal matters go for approval. It is sound procedure to have a central fiscal agency to screen all matters. In this instance, however, we are deciding that we shall bypass the Committee on Appropriations and authorize the Secretary of the Interior to sell notes to the Secretary of the Treasury, and thus not have the transaction appear as an expenditure.

Mr. WILLIAMS. That is true; and it will be done with the full knowledge of Congress. The notes will not be worth the paper on which they are written. Nothing will be repaid to the Treasury, because as the money is paid in subsidies, there will be no assets left, and there will be no claim on anybody for the money.

For the first year, the amount will be $155 million, $80 million of which will be for copper. That copper can be sold during the life of the 5-year contract, and that money can, in turn, be used in payment of other subsidies during the 5 years.

If we do not adopt the amendment, we might as well say we are appropriating beyond any recall $350 million; but the expenditures will be made over a 5-year period, with $150 million to be spent this year, and $70 million for each of the years thereafter, and there will not be enough money for the program even then, unless the copper is sold during the life of the program.

Mr. LAUSCHE. In my opinion, we are asked to adopt a practice which is frequently used by city councils and State legislatures, namely, spending money but deferring the date of financing the expenditures until some future time, when there will be new Senators and new Representatives.

We are assuming the prerogative of giving away $350 million, but we are saying, in effect, "Let the Congress 5 years from now appropriate the money and, if necessary, impose new taxes to finance the program."

Mr. WILLIAMS. That is correct. So far as this Congress is concerned, we have authorized payments to this group, but we are not accepting the responsibility for appropriating the funds. A future Congress will be required to furnish the money to pay for what we do here today.

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

Mr. WILLIAMS. I yield.

Mr. DWORSHAK. I find myself in quite a predicament or dilemma at this time. The RECORD plainly shows that for several years I have fought for equality and for stabilization in the domestic minerals industry. I have pointed out in the past that a quarter of a billion dollars was expended in 1947 and 1948 to expand the production of minerals in foreign countries. This subsequently has become a serious competitive factor, so far as our domestic mining industry is concerned, as imports have been dumped in this country resulting in depressed prices and widespread unemployment.

I am in a dilemma, because although I believe the President erred in not accepting the recommendations of the Tariff Commission for slightly higher duties on lead and zinc, probably some other approach must now be used. But as a member of the Appropriations Committee, I do not intend to resign from that committee or to shirk my responsibilities in connection with the work of the committee.

I wish to point out that when this peculiar, if not unconstitutional, financing section is included in the bill, it constitutes a subterfuge designed to circumvent the orderly procedures usually followed by Congress.

If the program is a meritorious one—and undoubtedly it has much merit—then certainly there is no reason to remove it from control and supervision by the Appropriations Committees, and to place the program in a vulnerable position, where it will attract opposition from Representatives who represent nonmining States, who will contend that preferential treatment is being accorded the mining industry.

I sincerely believe that the insertion of this section constitutes a disservice to the mining industry because it provokes opposition. Senators should know that in the House of Representatives this part of the bill will arouse much opposition, not because of the merits or lack of merits of the program, but, rather, because this part of the bill proposes a devious financing plan which is frowned upon in all cases because any such provision virtually means that the Congress is abdicating its authority and power over the appropriations required to implement such programs—and, in fact, all programs.

I realize that the Senator from Delaware is opposed to this program. Although I am not opposed to the program—even though in my opinion it is only of secondary importance because it is predicated upon the President's refusal to follow the escape-clause provisions of the Trade Agreements Act, nevertheless I wish to emphasize that I believe the insertion of this financing provision renders a real disservice, because if this provision remains in the bill we are liable to end up with no program whatsoever for the domestic mining industry.

I am reluctant to disagree in this regard with other members of the Committee on Interior and Insular Affairs, of which I am a member. Representing, as I do, the great mining State of

Idaho, I am naturally reluctant to oppose this proposal. On the other hand, I realize that if we are to have such a program based on long-range planning, we should not resort to devious and, as I have stated, unwise financing plans which might very well result in the defeat or rejection of the entire program. This would mean no relief of any kind at this time for the lead-zinc mining industry.

Mr. WILLIAMS. Mr. President, I thank the Senator from Idaho. I agree fully that the pending question is not whether one is in favor of or is opposed to the pending bill. I realize that the Senator from Idaho is definitely in favor of a program which he thinks will be of assistance to the mining industry.

I happen to be opposed to the pending bill; and I believe that the weak financing plan included in the bill would constitute a dangerous precedent.

So I believe the pending amendment should be accepted by the committee. When it is accepted, then, as one who is opposed to the bill, I would say—if I were a member of the committee—that the next amendment in order would be one to reinstate section 406 of the bill. I refer to the original section 406, which authorizes the necessary appropriations. Thereafter we could proceed to discuss the bill on its merits.

I do not believe the pending amendment relates to the merits of the bill. This amendment proposes to correct the unsound financing formula provided by the committee's bill.

Furthermore, to Senators who are in favor of the bill, I say that this provision may invite a Presidential veto, because, as stated yesterday on the floor of the Senate, I cannot conceive that the Treasury Department ever would be in favor of a bill which included such an unsound financing provision.

The Senate should reject this part of the bill by agreeing to the pending amendment.

Mr. WATKINS obtained the floor.

Mr. MANSFIELD. Mr. President, before the Senator from Utah proceeds, will he yield to me?

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Utah yield to the Senator from Montana?

Mr. WATKINS. I yield.

Mr. MANSFIELD. Mr. President, so far as we are concerned, we have been considering the bill on the basis of its merits.

So far as the Treasury is concerned, let me say there is very little difference, if any, between annual appropriations and the procedure now called for by the bill.

Furthermore, it is my understanding that this method of financing was originally proposed by the Secretary of the Interior.

So I hope that the Senator from Utah [Mr. WATKINS], who has done such great work on the bill, will bring out some of the facts in connection with these matters.

Mr. WATKINS. Mr. President, first of all we should keep in mind the purpose of the bill. The bill seeks to revive a dying industry which is basic to the welfare of the country, first, in an economic sense, and, second, for national defense.

We wish to obtain relief which will be effective.

I have heard a number of my colleagues who have had experience in banking and business matters in the East—and let me say that the bill is a business bill—discuss the bill at some length. Let me say that I am sure that at times they have had to consider, in connection with their business experience, the making of loans.

Mr. WILLIAMS. Mr. President, will the Senator from Utah yield to me?

Mr. WATKINS. Not at the moment, Mr. President; I have only a few minutes in which to speak. I wish to make my argument, and then yield the floor.

Mr. President, if a mining company's officials were to say to a banker, "We wish to finance a 5-year operation, and we are going to obtain from the Congress annual appropriations to keep this program going, so we shall receive fair prices for what we produce," how much money would the banker be likely to lend on such a basis? He would say, "We have read the RECORD in the case of tungsten, and all you have is an authorization bill which may not mean much in actuality. Congress nominally had promised to buy a certain amount of tungsten at a certain price; but the House of Representatives absolutely refused to make the necessary appropriations, although the Senate twice voted for them."

Mr. President, this is a business proposition. If we are going to try to do anything for those engaged in this industry, let us provide a program which will work. No company can proceed on a year-to-year basis in the case of a long-range operation, possibly involving millions of dollars in investment, if it has to come to Congress each year for an appropriation. Let us be frank about this matter.

The mining operators have no confidence in a measure which would require them to come to Congress each year for an appropriation with which to operate. They might as well let their mines close and fill up with water. I have served in the Senate for 12 years, and I know what such an arrangement involves.

This is a 5-year emergency program designed to save an industry which is basic to the welfare of the Nation. It is a peculiar kind of industry, requiring long-range planning and financing. Furthermore, not only is it related to the national defense; it also is related to the economy of the East—the economy of Connecticut, the economy of Delaware, and the economy of all the other areas in which are located factories which must obtain the basic materials. If the minerals industry of the United States once ceases operations, the foreign producers will take over the market, as they have done in the case of tin, which is not produced in the United States. If that happens, all of us will have to "pay through the nose," in the long run.

So this program is in the interest of all the States, not merely the 27 States which produce lead and zinc.

This program is a business proposition. But a business—especially a business like mining—cannot be operated successfully on the basis of annual financial uncertainty over a period of 5 years. This industry has been living from hand to mouth for years, and it can no longer proceed on that basis. If we are to provide any dependable relief whatever for the industry, we must provide relief on which the industry can count, relief which will provide some stability.

When the Secretary of the Treasury said he is in favor of this subsidy program, but is opposed to the proposed method of financing, I wish to say that, in my opinion, I do not believe he is in favor of the program, because the program will not work under the alternative year-to-year, hand-to-mouth financing. We know that; we have been through that experience. The miners themselves have been through it. So we have good reason to say that we doubt very much that such a program will work.

Mr. President, I am ready to have the vote on the amendment taken.

Mr. President, I ask unanimous consent to have printed in the RECORD, as a part of my remarks, marked extracts from reports on lead and zinc submitted by the United States Tariff Commission to the President of the United States.

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

1. That, as a result in part of the customs treatment reflecting the concesions granted thereon in the General Agreement on Tariffs and Trade, the articles described in paragraphs 391 and 392 of the Tariff Act of 1930 (except Babbitt metal, solder, lead in sheets, pipe, shot, glaziers' lead, and lead wire) are being imported into the United States in such increased quantities, both actual and relative to domestic production, as to cause serious injury to the domestic industry producing like or directly competitive products.

* * * * *

Decline in employment especially large in some States: The drop in employment in lead and zinc mining and milling between the first quarter of 1952 and October 1953 was especially pronounced in New Mexico (where it declined 88 percent), in the Tri-State district (64 percent for the entire district; 74 percent in Oklahoma, 33 percent in Kansas, and 8 percent in southwest Missouri), in Nevada (58 percent), in Arizona (45 percent), in Utah (40 percent), in northern Illinois and Wisconsin (40 percent), in California (37 percent), and in Colorado (34 percent). Employment declined most sharply in the Western States. Many of the lead and zinc mines in these States are located in areas where other means of livelihood are limited or nonexistent. Mine or mill shutdowns or major curtailments in such areas are a serious problem both to the worker and his family and to the supporting service industries. The worker suffers not only unemployment but also consequent severe depreciation or total loss of his home or other property. The mine operator also loses skilled workmen that may not be easily replaced should economic conditions permit resumption of operations at a later time.

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14. Tariff rates recommended: The rates of duty recommended by the Commission on unmanufactured lead and zinc articles, except on zinc scrap, are the maximum rates possible as a result of escape clause action. The average ad valorem equivalent of the rates recommended on unmanufactured lead articles based on import values in 1953 amounts to 19.6 percent; this is 38 percent of the average ad valorem equivalent of the preagreement rates (those originally imposed by the Tariff Act of 1930) based on import values in 1939. The average ad valorem equivalent of the rates recommended on unmanufactured zinc articles based on import values in 1953 amounts to 26.3 percent; this is 39 percent of the ad valorem equivalent of the preagreement (1930) rates based on import values in 1939.

As a result of the investigation, including the hearings:

(1) The Commission unanimously finds[1] that, as a result in part of the customs treatment reflecting the concessions granted thereon in the general agreement on tariffs and trade, unmanufactured lead and unmanufactured zinc are being imported into the United States in such increased quantities, both actual and relative to domestic production, as to cause serious injury to the respective domestic industries producing like or directly competitive products.

(2) Commissioners Brossard, Talbot, and Schreiber find that, in order to remedy such serious injury, it is necessary, for an indefinite period, that unmanufactured lead and unmanufactured zinc be subject to duty at the maximum rates permissible under section 350 of the Tariff Act of 1930, as amended (see table 3 in the statistical appendix), and, in addition, that such unmanufactured lead and unmanufactured zinc be subject to quantitative limitations as set forth in table C on page 80.

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COMMISSION'S REPORT IN 1954 AND STEPS TAKEN BY THE PRESIDENT

In response to an application under section 7 of the Trade Agreements Extension Act of 1951, as amended, the Tariff Commission instituted an investigation of the lead and zinc industries in September 1953. Its report based on this investigation was sent to the President on May 21, 1954. The Commission unanimously found that the domestic lead and zinc industries had been seriously injured, and recommended increased import duties on all unmanufactured lead and zinc articles.

The Commission noted in its report, among other things, that import duties on lead and zinc had had only a minor restrictive effect on imports since the beginning of World War II; that their effectiveness had been greatly reduced by trade-agreement concessions, by the increased prices of lead and zinc in relation to the specific rates of duty, and by large duty-free importations; that imports had increased greatly beginning with World War II, and that, although imports served generally to make up the difference between domestic production and greatly increased domestic requirements for consumption and for strategic stockpiling, a part of the imports of lead in the period of about a year preceding the outbreak of hostilities in Korea in mid-1950 and a part of the imports of lead and zinc in the period after the beginning of 1952 were in excess of requirements; that, as a result of this imbalance between supplies and requirements, domestic prices of lead and zinc were sharply reduced in the face of rising costs of production, bringing about serious distress in the domestic lead and zinc mining industries; and that this distress was characterized by sharply reduced production and employment, mine closures, and financial losses.

The impact of the low lead and zinc prices in 1953 and early 1954 on the lead and zinc mining industries was not fully revealed by the statistics available at the time of the Commission's report to the President. Mine-output data were available only through February 1954. Subsequent data for the entire year 1954 revealed that mine production of both lead and zinc in that year as a whole was the lowest in 20 years (see tables 26 and 29). Mine output of lead, 325,000 tons, was 16 percent below the level of 1951, when the price of lead averaged 17.5 cents per pound. Mine output of zinc, 473,000 tons, was 30 percent below the postwar peak production in 1951, when the price of zinc averaged 18 cents per pound. Likewise, data on employment in the lead and zinc industries were available only through October 1953 at the time of the Commission's report. Later data from the Census of Mineral Industries on monthly employment during 1954 (statistics for which became available in 1957) indicate that the total number of employees in lead and zinc mining and milling continued to decline in almost every month after October 1953 until September and October of 1954, even after an upturn in market prices had occurred (see table 35). The average number of employees in September and October 1954 (about 15,850 per month)[2] was about 9,700 less than the average number during the first 3 months of 1952, when the market price of lead was 19 cents per pound, and that of zinc 19.5 cents; during September and October of 1954, the market price of lead average 14.78 cents per pound and that of zinc, 11.45 cents.

After a thorough review of the lead-zinc problem the President decided not to implement the recommendations of the Tariff Commission, explaining his decision in duplicate letters to the chairmen of the Senate Finance Committee and the House Ways and Means Committee. Instead, other steps, principally increased purchases for Government stockpiles, were taken "to strengthen and protect our domestic mobilization base for lead and zinc."

Government purchases at prevailing market prices of newly mined domestic lead and zinc for the strategic stockpile were greatly accelerated in relation to the rate of acquisitions of these metals, especially of zinc, in the immediately preceding years. The domestic market price of lead, which had risen from the low point of 12 cents per pound in April 1953 to 14 cents per pound at the time of the President's letters in August 1954, continued rising steadily to 16.5 cents in January 1956. The domestic price of zinc, which had risen from its low point of 9.25 cents per pound in February 1954 to 11 cents at the time of the President's letters, also rose steadily and reached 13.5 cents in January 1956. The increases in prices were due primarily to the influence of Government purchases for the strategic stockpile rather than the barter program discussed below.

THE SITUATION IN 1957 AND 1958

The price of lead declined to 15.5 cents per pound on May 9, 1957, to 15 cents on May 16, to 14 cents on June 11, to 13.5 cents on October 14, to 13 cents on December 2, 1957, and to 12 cents on April 1, 1958. The price of 12 cents was 25 percent below the price at the beginning of 1957. The price of zinc dropped to 12 cents per pound on May 6, to 11.5 cents on May 13, to 11 cents on June 4, to 10.5 cents on June 20, and to 10 cents on July 3, where it remained throughout the rest of the year (and was still in effect on April 1, 1958). The sharp drop in the price of zinc from 13.5 cents to 10 cents, a cut of 26 percent, occurred within a period of less than 2 months. The prices of lead and zinc as of April 1, 1958, were 2 cents and one-quarter cent, respectively, below the prices that prevailed in May 1954 when the Commission sent its report to the President in the previous escape-clause investigation. Domestic prices of lead and zinc will remain depressed until the serious imbalance between the supplies and requirements for these metals, discussed below, is corrected by the curtailment of imports.

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The lead and zinc industries in the United States are today faced with the problem of how to cope with a worldwide excess of supplies which is pressing upon large consumption markets like the United States. Meanwhile, Government stockpile purchases are coming to an end and industrial consumption is shrinking because of generally reduced industrial activity. Strong remedial measures, therefore, must be taken to prevent the critical situation of the domestic industries from becoming progressively worse.

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RECENT DETERIORATION IN FINANCIAL POSITION OF PRODUCERS

The recent declines in the market prices of lead and zinc have greatly reduced the income of the primary lead and zinc industries, especially in mining and milling. The reduction in the price of lead from 16 cents per pound in the first 4 months of 1957 to 12 cents on April 1, 1958, represents a decline of 25 percent, while the drop in the price of zinc during this period, from 13.5 cents per pound to 10 cents, is a cut of 26 percent.

Adverse effect on mining and milling. Most of the cost of producing primary lead and zinc, and—until about 1956—most of the employment in the lead and zinc industries, are accounted for by the mining and milling stages of production. Also, mining and milling, especially mining and milling of ores valued primarily for their zinc content, suffered most in 1957 as in 1953, from declines in market prices—as indicated by reductions in employment, production, and profits.

Labor cost constitutes the largest single cost element in the mining and milling of lead and zinc. It is probably close to 50 percent of the total cost. Average wages paid to production and related workers is indicative of the trend of this cost element. According to data reported to the Tariff Commission by lead and zinc mining companies, the average hourly wages paid to such workers in lead and zinc mining and milling rose from $1.95 in 1952 to $2.19 in 1956 and to $2.27 during January-October 1957. The average for this last period is 16.4 percent higher than the average for 1952.

Costs of supplies and materials and fuels were equal to almost half of total wages and salaries paid by the lead and zinc mining and milling industry in 1952, as reported to the Tariff Commission. Changes since 1953–54 in the wholesale prices of principal supplies and materials are indicative of the trend of the cost of these items. The average prices of explosives in 1957 were 13.2 percent above the average for 1953–54; prices of steel mill shapes and forms increased by 33 percent between these periods; and prices of various fuels increased from 6 to 14 percent. Wholesale prices of mining machinery and equipment in 1957 were 32 percent above the prices of comparable articles in 1953–54.

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For many areas in the United States, mine output was lower in 1957 than in 1954. In the output of lead, this was generally true for nearly all the major producing regions except the Western States, and it was true

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[1] Although Commissioners Sutton, Jones, and Dowling join in this finding, they cannot concur with the other Commissioners on the basis for such a finding. The considerations Commissioners Sutton, Jones, and Dowling deem appropriate for a finding of serious injury are set forth in their statement, which comprises the latter part of this report.

[2] Including an estimate for a relatively small number of proprietors and partners.

of Montana from among the Western States. Mine output of zinc was substantially lower in 1957 than in 1954 in New Jersey among the States east of the Mississippi, in all the West Central States, and in the two largest zinc-producing Western States of Idaho and Montana.

The largest reductions in mine output of lead and zinc occurred after the sharp price declines beginning in May 1957. Average monthly output of lead in the last quarter of the year, 24,867 tons, was about 18 percent lower than that in the last quarter of 1956. The average monthly mine output of zinc in the last quarter of 1957, 36,221 short tons, was about 24 percent below the level of output in the corresponding quarter of 1956.

Recent changes in mine output by principal regions or States: While the rate of mine production of recoverable lead and zinc in the United States as a whole declined 18 and 24 percent, respectively, between the last quarters of 1956 and 1957, the extent of the changes within individual States varied widely. The production of lead from California mines in the last quarter of 1957 was 95 percent less than that in the last quarters of 1956. In Oklahoma, output of lead dropped 92 percent between these periods; in New Mexico it declined 64 percent; in Kansas, 60 percent; in Nevada, 51 percent; in Colorado, 35 percent; in Montana, 32 percent; in New York, Tennessee, and Virginia, combined, 23 percent; in Utah, 20 percent; in Arizona, 15 percent; and in Idaho, the country's second largest producer of lead, by 12 percent. In Washington and in Missouri, mine output was slightly higher in the last quarter of 1957 than in the last quarter of 1956; the trend in production in both of these States in the last quarter of 1957, however, was downward. The relatively small production of lead in northern Illinois and Wisconsin, combined, decreased 45 percent between the last quarter of 1956 and the last quarter of 1957. In the group of States east of the Mississippi River, aggregate output of lead decreased by 38 percent between these same periods, while that in the West Central States declined by 9 percent and that in the Western States by 24 percent.

* * * * *

Mine closures and curtailments: In 1956 a total of 544 lead and zinc mines produced at least some recoverable lead and zinc. The number had declined from a total of 912 mines, similarly counted, in 1952. In both years the count includes very small operations, many that produced no more than about 1 ton of lead or zinc per year. It is apparent that many small mines with limited financial resources, with high costs, and with small or low-grade ore reserves have either discontinued operation or have been taken over by other companies. This is evident from the data previously presented indicating the increase between 1952 and 1956 in the proportion of total mine output of lead and zinc accounted for by the 10 largest companies.

In the past year the Tariff Commission received reports for 413 lead or zinc mines which in 1956 accounted for more than 99 percent of the lead plus zinc produced by the industry. By April 1957; that is, even before the sharp reductions in lead and zinc market prices began, 119 of the mines had ceased all activity and had no employees. These were extremely small operations, hardly entitled to be called mines. The remaining 294 mines had at least some employees in April 1957, but by the end of October the last month covered by the reports, almost half of these mines had either suspended operations entirely or had instituted major curtailments in operations.

By the end of October 1957 nearly all the mines in the Tri-State district, about 30 percent of the mines in the Western States, and a few of the mines in the States east of the Mississipi River were inactive. Closures were not limited to the small- and medium-size mines; operations were also completely suspended at 5 of the 34 largest lead and zinc mines in 1956. Since November 1957 additional mine closures and major curtailments (including operations in southeastern Missouri, New York, and Idaho) have been brought to the attention of the Commission.

The cessation of production at lead and zinc mines does not eliminate the cost of their maintenance and upkeep to prevent serious damage to the properties and to safeguard investments. Some mining companies, especially those from the Western States, reported that large expenditures for pumping, retimbering, and other maintenance were needed to prevent excessive damage to mine equipment and installations, as well as to underground workings, from mine flooding and cave-ins. These maintenance costs are frequently the only alternative to permanent closure of the mines and loss of ore reserves because of high costs that would otherwise be involved in restoring the mines to production. Many mines are operating today under uneconomic conditions by curtailing all but the most essential development and maintenance work. This cannot be continued indefinitely, and unless market conditions improve, more mine shutdowns and curtailments may be expected.

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Changes in employment in mining and milling: As previously noted, the decline in employment at lead and zinc mines and mills was larger than at primary lead and zinc smelters and refineries. The number of all employees at lead and zinc mines and mills in the United States declined from an average of 25,570 in the first quarter of 1952 to 17,394 in October 1953, the most recent month for which data were available to the Tariff Commission in its investigation of 1953–54. Information made available later in the 1954 Census of Mineral Industries showed that employment at lead and zinc mines and mills declined further in 1954 to a low of about 15,700 [3] in September of that year. For 1954 as a whole, employment averaged 17,016.

Employment at lead and zinc mines and mills in 1956 was less than in 1954, averaging 16,845. Although the number of persons engaged at lead and zinc mines was 17,343 in January 1957, or about 3 percent more than the average for the preceding year, employment declined steadily during the year to 12,760 in October. This represented a reduction of 4,583 in the work force within a 10-month period or a decline of 26.4 percent. The number of employees at lead and zinc mines and mills in October 1957 was 11,519 fewer than the average for 1952, a decline of 47.4 percent; this decline accounts for more than four-fifths of the total drop in employment at lead and zinc mines, mills, and primary smelters and refineries combined during the same period. The number of persons presently employed at lead and zinc mines and mills is no doubt considerably smaller than in October 1957 as a result of additional mine closures and curtailments and further reductions in development and exploration activities.

The percentage decline in employment at mines and mills has been more pronounced than that in lead and zinc mine output, a fact that appears to confirm industry reports to the Commission that, in order to reduce costs in the face of declining market prices, many mining companies have curtailed development work and exploration activities, and some have resorted to selective mining of higher grade ores.

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Employment at lead and zinc mines and mills declined most sharply in the Western States between January and October 1957. Of the total drop in employment of 4,546 at all lead and zinc mines and mills in the United States during the period, the 9 Western States combined accounted for 3,096, or 68.1 percent. The decline from January to October 1957 for these States averaged 31.7 percent and ranged from 7.0 percent in Washington to 97.0 percent in California. The Western States presently account for more than half of the country's mine output of lead and zinc. Employment declined during the period by 30.8 percent in Arizona, 25.4 percent in Colorado, 11.0 percent in Idaho, 48.6 percent in Montana, 66.2 percent in Nevada, 60.6 percent in New Mexico, and 25.6 percent in Utah.

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Many of the lead and zinc mines, particularly in the Western States, are located in areas where other means of livelihood are limited or nonexistent. Mine or mill shutdowns in such areas present a difficult problem both to the worker and his family and to the supporting service industries. In some areas the situation, if long continued, can give rise to so-called ghost towns, with the consequent severe depreciation of total loss of realty holdings in addition to the loss of income to the worker. The mine operator, on the other hand, loses skilled workmen who may not be easily replaced should economic conditions warrant resumption of operations at a later time.

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SUMMARY

Trade-agreement concessions on unmanufactured lead and zinc (all made before 1952) have reduced the 1930 rates of duty by 50 and 60 percent, respectively. Moreover, because of inflated prices in the postwar period, the tariff protection afforded by the reduced specific rates of duty has been lowered since 1930 by much larger percentages. As a result, the protective incidence of the duties has been substantially reduced.

In recent years, mine production of lead and zinc outside the United States has expanded rapidly—more rapidly than the consumption of primary lead and zinc outside the United States. In the United States, mine production declined to a very low level in 1954, and in the following 3 years exceeded the 1954 level by only small amounts. Consumption of lead and zinc in the United States—the world's largest consumer—has fluctuated from year to year, but on the whole the trend has been upward. Because of this rising trend and the additional demand created by the United States Government through purchases of these metals for stockpiling, the United States in recent years has been an attractive market for surplus world supplies of lead and zinc.

Total imports for consumption have increased greatly in the postwar period, both in absolute amount and in relation to domestic production. Imports of unmanufactured lead have increased from an average of 49,000 tons per year in 1937–39 to 317,000 tons per year during 1946–51, and to 517,000 tons per year during 1952–57. Lead imports were equivalent to about 7 percent of domestic production (from mines and scrap) in 1937–39, to 37 percent in 1946–51, and to 62 percent in 1952–57. Lead imports in 1957 reached the high level of 575,000 tons, equivalent to 70 percent of domestic production in that year. Similarly, annual imports of unmanufactured zinc increased from 43,000 tons during 1937–39, to 340,000 tons during 1946–51, and to 724,000 tons during 1952–57. These imports were equivalent to about 6, 37, and 87 percent, respectively, of total zinc production during these 3 periods. Zinc imports in 1956 (729,000 tons) and in 1957 (951,000 tons) were higher than in any previous year and were equivalent to 88 and 122 percent, respectively, of total domestic production in those years.

[3] Includes an estimate for proprietors and partners for which monthly data were not shown by the Bureau of the Census.

Competitive imports—that is, total imports minus imports for smelting, refining, and export, and minus imports for Government stockpiles—have also been large in relation to domestic production in recent years. Competitive imports of lead in the 5 years 1953–57 ranged from 409,000 tons in 1953 to an average of 462,000 tons per year during 1956–57; these amounts are equivalent to about 49 percent of domestic production in 1953 and to 55 percent in 1956 and 1957 combined. Competitive imports of zinc in 1953–57 ranged from 570,000 tons in 1955, when they were equivalent to about 70 percent of domestic production, to an average of 701,000 tons per year in 1956 and 1957, when they were equivalent to about 87 percent of domestic production.

Imports in many recent years have been more than sufficient to make up the difference between total United States production and consumption plus exports. Although much of the excess of supplies was absorbed by Government purchases for stockpiling, these stockpile acquisitions were insufficient to prevent accumulation of excessive stocks of refined metal at primary smelters and refineries in 1953–54 and again in 1957 and the early part of 1958.

The excessive supplies of lead and zinc have resulted periodically in sharp reductions in market prices. The price of lead declined from 19 cents a pound in the early part of 1952 to 12 cents in April 1953. The price of zinc declined from 19.5 cents a pound in the first 5 months of 1952 to 9.25 cents in February 1954. These price declines, in conjunction with increased costs of production, brought about the distress in the lead and zinc industries that led to the escape-clause investigation instituted in September 1953 and to the unanimous recommendation to the President by the Tariff Commission in May 1954 that import duties on unmanufactured lead and zinc be increased.

The steps taken by the President, principally accelerated stockpile purchases of lead and zinc, in lieu of increased import duties, served for a time to remove surplus supplies from commercial markets and to increase market prices. By the first part of January 1956 the price of lead had risen to 16 cents a pound, and the price of zinc, to 13.5 cents, and the prices of both metals remained at these levels throughout 1956 and the first 4 months of 1957.

The sudden suspension, at the end of April 1957, of United States Government purchases of foreign lead and zinc under the barter program precipitated the sharp price reductions beginning in May of that year. The price of lead reached its present level of 12 cents a pound on April 1, 1958, and the present price of zinc, 10 cents a pound, was reached on July 3, 1957.

The reduction in lead and zinc market prices in the United States at a time when wage rates, costs of supplies and equipment, and other expenses of production had increased substantially has resulted in distress for the lead and zinc industries, especially for the mining and milling segment. This distress is reflected in many mine closures and curtailments of operations; reduced employment and loss of wages; abandonment or postponement of essential mine exploration, development, and maintenance activities; resort to wasteful practices of selective mining of highest grade ore reserves; smelter shutdowns or curtailments of activities; accumulation of excessive stocks of unsold lead and zinc metals at primary smelters and refineries; and large financial losses or sharply curtailed profits for the producing companies.

The average number of employees in the primary lead and zinc industries declined from 42,170 in 1952 to 33,890 in 1956, and to 28,960 in October 1957, the last month for which data were available. The average number of employees at mines and mills alone declined from 24,280 in 1952 to 16,840 in 1956, and to 12,760 in October 1957—representing a total reduction since 1952 of about 11,500 employees. In addition, the number of employees at primary lead and zinc smelters and refineries declined from 17,890, in 1952 to 17,000 in 1956, and to 16,200 in October 1957—representing a total reduction since 1952 of 1,690 employees.

Although the Government barter program was resumed in December 1957, the rate of purchases of foreign lead and zinc was greatly curtailed in comparison with the rate of such purchases before the program was suspended. Government purchases of newly mined domestic zinc for the strategic stockpile were discontinued at the end of March 1958, and it is expected that such Government purchases of domestic lead will soon be discontinued also. The situation is further aggravated for the lead and zinc industries by the currently reduced rate of lead and zinc consumption in the United States, owing to the reduced general industrial activity.

Mr. WILLIAMS. Mr. President, the Senator from Utah has made the point that this program cannot work unless continuing borrowing authority can be obtained. It has worked, apparently, to rather good advantage over the past several years. It may have worked too well.

I have in my hand an excerpt from the seventh annual report of the Joint Committee on Defense Production, which was released January 16, 1958. Those statistics show—and these were purchases under our stockpile operations—that as of December 31, 1957, the total Government inventories of all 75 materials carried in various Government inventories amounted to $7,395,000,000, and an additional $1,155,000,000 was on order.

That is a substantial amount of inventory of these metals to be carrying and it shows the extent to which we have gone in bailing out an industry.

As to copper, we have 153 percent of the 3-year requirements. We have 108.5 percent of our lead requirements. We have 132 percent of our zinc requirements. We have 120 percent of our fluorspar requirements. We have 177 percent of our tungsten requirements.

I would say the taxpayers have been rather generous with the mining industry. This industry has been riding the gravy train too long. Now that they apparently have reached the point where they cannot come before the Appropriations Committee and justify their program, they are trying to get the program through some backhanded method of financing whereby they will be financed by worthless notes issued to the Treasury Department. As these notes are issued and as the money is spent, the notes will not be worth the paper on which they are written, and the money can never be repaid to the Federal Government until an appropriation is made by the Congress.

The Senator from Utah referred to the fact that perhaps the program is opposed by some from the East who are interested in having bankers make the loans. That is ridiculous.

I will join the Senator from Utah in any effort to balance the budget, so we will not have to borrow money. The only way the program can be financed is by borrowing money on notes that are not worth the paper on which they are written.

Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks a letter from the Director of the Budget and a letter from the Treasury Department opposing this provision and also stating their position in connection with the other provisions of the bill.

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

OFFICE OF THE SECRETARY OF THE TREASURY,
Washington, July 10, 1958.

Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

DEAR SENATOR: This is in response to your letter of July 1, 1958, requesting answers by the first of this week to a number of questions relating to S. 4036. Your questions and our comments upon them are as follows:

1. Does your Department endorse the subsidy formula recommended in this bill, and do you recommend its enactment?

Comment: The subsidy formula is a matter which is not a primary responsibility of the Treasury Department. The Treasury Department does not oppose the subsidy in this case where it appears that it is required by important objectives of national policy.

2. This bill proposes subsidies for the following minerals: Copper, lead, zinc, fluorspar, and tungsten. Is it not true that we have more than adequate supplies of each of these minerals in our present stockpiling program?

a. If not, name the mineral of which there is a shortage.

Comment: It is understood that other agencies will furnish this information.

3. Within the past 2 years the administration has taken a strong position against similar legislation recommending subsidies for these minerals. What has happened in the past 12 months to change the position of your Department?

Comment: It is understood that other agencies will speak for the administration on this subject, on which the Treasury has not recorded a position.

4. This bill guarantees minimum prices for each of the different minerals based upon certain delivery points. Please furnish a record showing the monthly range of comparable market prices for each of the minerals for each of the past 5 years.

Comment: It is understood that other agencies will provide the information requested.

5. S. 4036 carries an expiration date of June 30, 1963, thereby representing a 5-year program. What is the connection between this 5-year subsidy program for minerals and the administration's request for a 5-year extension of the reciprocal trade agreements?

a. Does this new mineral program represent a new formula to recompense American industry for their higher cost of production in lieu of tariffs?

Comment: It is believed that the Secretary of the Interior, speaking for the administration, answered this when he said: "The present metal market situation * * * seriously threatens a substantial part of our mining productive capacity. * * * With this in mind, the administration has sought to develop measures to preserve the mine productive capacity that will be needed by our economy when business is again in high gear. These proposals have taken the form of a stabilization program. * * * The administration's objectives in developing the plan * * * has been to create an economic bridge across the present and temporary valleys of low consumptive requirements, which we confidently expect to be corrected by the upswing in the general economy which we all contemplate. * * * We recognize that this Nation needs friends abroad and cannot stand alone. * * * In moving to assist our own industry we must make every effort to avoid aggravating the problems of our friends and neighbors. Our economic bridge is designed for just this purpose—to insure a strategically sound domestic minerals and metals production balance for the Nation without increasing the difficulties of our friends abroad."

6. Section 404 of this bill directs you, as the Secretary of the Treasury, to loan $350 million apparently to anyone the Department of the Interior designates as being charged with the lending authority.

a. Would these loans be included as a part of the national debt and subject to the ceiling?

b. Do you think it is necessary to establish this new lending agency?

c. Do you approve of this type of financing?

Comment: Section 404 in the bill as reported would authorize the Secretary of the Interior to obtain funds for stabilization payments by borrowing from the Treasury rather than by direct appropriations. As the committee report points out, this procedure has been used many times before. The loans from the Treasury to the Secretary of the Interior would not be a part of the national debt subject to the ceiling, but, of course, borrowings by the Secretary of the Treasury to enable him to make these loans would come under the debt ceiling, just as in the case of borrowings to carry out an appropriation. The provision establishes no new lending agency. This type of financing is justifiable only where the program involved contemplates repayments. In this particular case funds borrowed from the Treasury would be used to make subsidy payments which would not be repaid. In these circumstances there is no justification for this type of financing, and the Treasury is opposed to it.

7. How many different lending agencies and lending authorities are there already in existence and being operated under the various segments of our Government, and what is their total lending capacity?

Comment: It is believed that the information desired is contained in special analysis E in part IV of the budget document for 1959.

Sincerely yours,

LAURENCE B. ROBBINS,
Acting Secretary of the Treasury.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., July 10, 1958.

Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

MY DEAR SENATOR WILLIAMS: This will acknowledge your letter of July 1, 1958, relating to S. 4036 as reported by the Senate Committee on Interior and Insular Affairs. The following may be helpful in connection with the questions raised in your letter.

1. S. 4036 as introduced by Senator MURRAY on June 20 provided for a major portion of the program recommended by Secretary Seaton in testimony June 19, 1958. As introduced, the bill is supported by this administration.

2. According to the Office of Defense and Civilian Mobilization, the successor agency to the Office of Defense Mobilization, our defense needs for these materials have been adequately provided for based on an interim evaluation of stockpile objectives according to the new guidance adopted June 30, 1958, assuming a 3-year war emergency. With the exception of copper, our basic objectives for these materials are already in inventory, and our maximum objectives are in inventory or under contract. For copper, our basic objective has been met, but our maximum objective, which is not a matter of high priority, has not been reached. The Office of Defense and Civilian Mobilization is furnishing you with detailed classified information on this point.

3. The Department of the Interior, in a separate letter to you, has indicated that the purpose of these efforts is to arrest the sharp downward trend in the domestic production of certain minerals and to prevent a permanent loss of productive capacity of the mines involved. It is expected that the temporary measures proposed will serve to assist within the next 5 years in the readjustment of domestic industry to long term trends.

4. The Departments of the Interior and Commerce, in separate communications, are furnishing you with the market prices of these materials over the past 5 years.

5. The 5 year limit on the program is an approximation of the time in which world supplies would readjust to meet long term requirements. At the cessation of the program, it is expected that the growth in requirements will assure a market for both foreign and domestic output at reasonable prices. The Secretary of the Interior on July 3 in testimony before the House Interior and Insular Affairs Committee stated:

"The administration's objectives in developing the plan we are discussing today has been to create an economic bridge across the present and temporary valleys of low consumptive requirements, which we confidently expect to be corrected by the upswing in the general economy which we all contemplate.

"In designing this bridge we have kept two objectives in view: First, the development and maintenance of our domestic minerals and metals productive capacity at a level which is geared realistically to our long-term national requirements. Our second objective is to so construct the bridge that we and our friends all bear our full and fair share of the burden involved in surmounting these valleys of low consumption."

We concur in this description of the objectives of the program. In this context it is apparent that the program is not related to the extension of the Trade Agreements Extension Act, or is it a substitute for tariffs.

6. (a) All borrowings by the Treasury to implement the program would be subject to the debt ceiling.

(b) The Department of the Interior administers lending programs in connection with the Bureau of Reclamation, Bureau of Indian Affairs, and the Fish and Wildlife Service. The program called for in S. 4036 does not, however, involve loans to the public. The borrowings referred to in S. 4036 would be used to pay subsidies and to purchase copper, and to cover other costs of the program.

(c) The Bureau does not favor the creation of a borrowing authority for this program, and would strongly recommend that appropriations be used to finance the program.

7. The enclosed copy of special analysis E of the 1959 budget describes the scope of major lending programs undertaken by the Federal Government.

Sincerely yours,

ROBERT C. MERRIAM,
Deputy Director.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). The question is on agreeing to the amendment of the Senator from Delaware [Mr. WILLIAMS]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Tennessee [Mr. GORE], the Senator from Florida [Mr. HOLLAND], the Senator from Washington [Mr. JACKSON], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], the Senator from Georgia [Mr. TALMADGE], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

The Senator from Virginia [Mr. BYRD] and the Senator from Minnesota [Mr. HUMPHREY] are absent because of illness in their families.

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Tennessee [Mr. GORE]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from Tennessee would vote "nay."

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Florida [Mr. HOLLAND], the Senator from Washington [Mr. JACKSON], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], the Senator from Georgia [Mr. TALMADGE, and the Senator from Texas [Mr. YARBOROUGH] would each vote "nay."

Mr. KNOWLAND. I announce that the Senator from South Dakota [Mr. CASE] is absent on official business.

The Senator from Vermont [Mr. FLANDERS] is necessarily absent.

The Senator from Illinois [Mr. DIRKSEN] is detained on official business.

The result was announced—yeas 28, nays 54, as follows:

YEAS—28

Beall	Hoblitzell	Potter
Bricker	Hruska	Purtell
Bridges	Jenner	Robertson
Bush	Lausche	Saltonstall
Butler	Long	Smith, Maine
Cotton	Martin, Pa.	Thurmond
Curtis	Morton	Williams
Douglas	O'Mahoney	Young
Dworshak	Pastore	
Frear	Payne	

NAYS—54

Aiken	Green	McNamara
Allott	Hayden	Monroney
Anderson	Hennings	Morse
Barrett	Hickenlooper	Mundt
Bennett	Hill	Murray
Bible	Ives	Neuberger
Capehart	Javits	Proxmire
Carlson	Johnson, Tex.	Revercomb
Carroll	Johnston, S. C.	Russell
Case, N. J.	Jordan	Schoeppel
Church	Kennedy	Smathers
Clark	Knowland	Smith, N. J.
Cooper	Kuchel	Sparkman
Eastland	Langer	Stennis
Ellender	Malone	Symington
Ervin	Mansfield	Thye
Fulbright	Martin, Iowa	Watkins
Goldwater	McClellan	Wiley

NOT VOTING—14

Byrd	Gore	Kerr
Case, S. Dak.	Holland	Magnuson
Chavez	Humphrey	Talmadge
Dirksen	Jackson	Yarborough
Flanders	Kefauver	

So Mr. WILLIAMS' amendment was rejected.

Mr. MANSFIELD. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. BIBLE. Mr. President, I move to lay that motion on the table.

The motion to reconsider was laid on the table.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on final passage of the bill. The Senator from Delaware has requested them.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, I send to the desk a proposed unanimous-consent order, and ask for its immediate consideration.

The PRESIDING OFFICER. The proposed order will be read.

The proposed unanimous-consent agreement was read, as follows:

Ordered, That, effective during the further consideration of the bill (S. 4036) to stabilize production of copper, lead, zinc, acid-grade fluorspar, and tungsten from domestic mines, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 30 minutes, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 30 minutes, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement? The Chair hears none, and it is so ordered.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I should like to inform Senators that it is expected that action on the pending bill will be concluded shortly.

I have discussed with its opponents the bill relating to trading in onion futures, which will be next considered, and it is anticipated that action can be concluded upon that bill within 30 minutes. I do not anticipate a yea-and-nay vote, although there may be one in connection with that bill.

Following the disposition of the onion futures bill, it is planned that the Senate shall proceed to the consideration of the housing bill. I do not believe any great controversy is involved, or that any lengthy debate will ensue, although I am unable to speak for other Senators.

I should like to have Senators know that we hope to conclude action on the housing bill today, or late this evening, in order to avoid a Saturday session. If we are able to conclude action today, there will be no session tomorrow.

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

Mr. JOHNSON of Texas. I yield.

Mr. LANGER. Is it expected that there will be a night session?

Mr. JOHNSON of Texas. Not if it can be avoided. If we can conclude action upon the housing bill this afternoon, there will be no night session. So far as I can see now, I believe it will be possible to conclude action on the housing bill by a reasonable hour, if Senators can only restrain themselves.

DELAYS IN HANDLING CASES BEFORE THE NATIONAL LABOR RELATIONS BOARD

Mr. KENNEDY. Mr. President, in the committee report on the labor bill reference was made to the failure of the General Counsel of the National Labor Relations Board and the Chairman of the Board to make suggestions for speeding up the procedure. The General Counsel of the National Labor Relations Board has written a letter to me, as chairman of the Labor Subcommittee of the Committee on Labor and Public Welfare, giving his views on the subject.

I ask unanimous consent to have that letter, which is dated June 24, 1958, printed in the RECORD at this point as a part of my remarks. I think it will give Members of Congress an opportunity to judge the entire record.

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

NATIONAL LABOR RELATIONS BOARD,
OFFICE OF THE GENERAL COUNSEL,
Washington, D. C., June 24, 1958.

Hon. JOHN F. KENNEDY,
United States Senate,
Washington, D. C.

DEAR SENATOR KENNEDY: I wish to invite your attention to a surprising statement contained in Senate Report No. 1684 on the Labor-Management Reporting and Disclosure Act of 1958 which, in my opinion, does not reflect accurately my testimony before the Subcommittee of the Committee on Labor and Public Welfare on May 21, 1958. The paragraph in question (report, p. 27) reads as follows:

"During the hearings, the committee pressed the Board and its General Counsel to suggest provisions of the law which might be changed so as to eliminate delays in case handling without substantially affecting the present law and rights and policies established by it. Members of the committees were disappointed by the paucity of suggestions from the Board and General Counsel and the lack of evidence that they have given adequate attention to the urgent necessity to eliminate delays and thereby make possible the handling of more cases."

In inviting me to appear, your telegram of May 8 indicated that your subcommittee desired me "to give * * * information relating to effects of various pending proposals on operations of NLRB." Your telegram further stated that "the subcommittee is also interested in hearing testimony concerning administrative problems currently faced by your office." In a prepared statement submitted for the record, while emphasizing on the one hand the impropriety of my commenting on the various substantive proposals under consideration, I pointed out that there were a number of administrative matters in which the subcommittee had evinced an interest and concerning which I would be pleased to offer testimony. In this connection, I stated (report, p. 1246):

"The General Counsel's Office has had long experience with the operations of the act and that experience may be the source of some guidance to the committee particularly with respect to administrative problems. I refer to such matters as caseload and the speeding up of case handling, the expediting of enforcement of Board orders, personnel and budgetary requirements, and the general improvement of our procedures. In this regard I will also be most happy to discuss the administrative practicalities of giving effect to the various proposals contained in the bills which are under consideration by this committee.

At the threshold of my testimony I want to say that I share the concern of the committee with respect to the need for acceleration of case handling. As my later testimony will show, the Office of the General Counsel has made substantial progress in the speedup of case handling. While I recognize that there are many factors which contribute to delay, the prime factor is lack of personnel, which in turn is produced by lack of funds. No amount of statutory amendment or procedural improvement can be substituted for the overwhelming need for more funds to be spent for more people.

After thus explaining, as it were, the dichotomous position of this office with respect to substantive and administrative matters, I was personally and very kindly welcomed by you "under those conditions" (report, p. 1247). As the record will also show, other Members who questioned me similarly acknowledged and respected the fact that it was not in keeping for me to give value judgments on certain aspects of these pending legislative proposals. Concerning administrative matters, however, and particularly as they might affect the expeditious handling of cases, the record is replete with affirmative testimony on my part and I believe that even a cursory reexamination of such testimony will clearly reveal that at no point did the subcommittee find it necessary to press me in this respect. Indeed, the following brief documentation will bear out this point completely. Thus, at report pages 1258–1271 of the subcommittee hearings my testimony goes into various aspects of the problem of acceleration of case handling, including this office's great concern over this problem and the many steps that have been taken to improve case handling. As evidenced by the transcript such matters were gone into in great detail and at length for the benefit of the subcommittee. For example, I testified on actions taken as a result of the specific recommendations of the so-called Barbash report and I furnished for the record a complete documentation of these actions (report, pp. 1262–1271).

I might add that on the considered approach that actual performance is better than promises, the speeding up of case handling has been given my major attention since taking office approximately 15 months ago. All employees have been made alert to the problem and currently we have had the highest production record in the history of the Agency in terms of case closings. The subcommittee was offered arithmetical documentation in this regard but apparently accepted my narrative at face value (report, pp. 1262–1263). As illustrative of the documentation that was available, I am attaching as Appendix A, statistics showing the increase in monthly closings of unfair labor practice cases during the current fiscal year as compared with previous periods. Since, as you know, the general counsel has, under the statute, final authority on behalf of the board to investigate charges, to issue complaints, and to prosecute such complaints, this increase in productivity reflects, in substantial part, the continuing efforts of my staff in the matter of expeditious handling of cases. In addition, I pointed out in my testimony (report, p. 1262) that I ascribe considerable significance to the Manual on Case Handling which was issued in November 1957 and represented the first major documentation and revision of case handling procedures in the past 5 years. The issuance of this manual typifies the cumulative efforts of my predecessors and myself in directing searching efforts to eliminate delays and thereby make possible the handling of more cases.

I should like to advert briefly to 1 or 2 further items in connection with my testimony. In the matter of prehearing elections, a question was raised concerning whether it had been a time-saving device in representation-type cases (report, pp. 1300–

1301). In response, I pointed out that, while the prehearing election was, in fact, a substantial timesaving device, legislative changes would be required in this matter and that the Congress would have to balance administrative relief or expeditious case handling on the one hand, against hearing opportunity or due process considerations on the other. On the floor of the Senate when the Labor-Management Reporting and Disclosure Act of 1958 was being debated, various Senators, in discussing a proposed amendment to provide for prehearing elections, raised the issue in these identical terms and on that balanced judgment the Senate saw fit to strike such a provision from the final bill (CONGRESSIONAL RECORD, pp. 11322–11328, June 16, 1958).

I have also noted that the bill adopted by the Senate on June 17, 1958, requires the Board to assert its jurisdiction in the so-called no-man's land. In this connection also, the Senate has recommended that $1.5 million be added to the Board's appropriation to enable it to extend its jurisdiction into this no-man's land. The Senate's action in this respect is consonant with the practical fiscal approach first suggested by me as a solution to this problem in the event the Congress desired the Board to exercise its jurisdiction more fully. I feel the Senate's further action in recommending other necessary funds is recognition of the fact that the prime delay factor in the handling of cases has been money and personnel as I pointed out on a number of occasions.

Although the foregoing is by no means a complete recital, it is, I believe, illustrative of my testimony before your subcommittee. Accordingly, I strongly feel that the characterization in the Senate report of such testimony as indicative of a "lack of evidence" that this Agency has "given adequate attention to the urgent necessity to eliminate delays" is unwarranted and in actual conflict with the record testimony.

In requesting that you reexamine my testimony in the foregoing light, I recognize your continuing heavy responsibility and the time-consuming demands involved in the current proposed labor legislation. However, I believe that I cannot properly allow the statement in question to go unchallenged, particularly as it reflects upon the employees of this Agency who have been making strenuous and successful efforts to increase and improve our handling of cases.

Thanking you for your continued cooperation in this matter and with my warm personal regards, I am,

Sincerely yours,

JEROME D. FENTON,
General Counsel.

APPENDIX A

National Labor Relations Board—Summary of unfair labor practice ("C" type) cases closed by agency

1956	5,619
1957	5,144
Average annual (1949–57)	5,548
Average monthly (1949–57)	462
CURRENT YEAR	
July	535
August	477
September	461
October	571
November	457
December	537
January	605
February	676
March	654
April	700
May	800
Total	6,473
Average monthly	588

JUNE 1958.

THE ARMY'S MISSILE PROGRAM

Mr. THURMOND. Mr. President, on June 30 the distinguished Secretary of the Army, the Honorable Wilber M. Brucker, gave a fine summary of the Army's missile program to an audience at Fort Bliss, Tex.

I have read a great deal about the Army missile program, but I have never seen a short summary of the whole program which gave a clearer picture of what the Army is doing than is contained in these brief remarks. I believe that every Member of the Senate will be interested in reading this concise summation of one of the most important military subjects.

I ask unanimous consent that the statement by Secretary Brucker be printed in the body of the RECORD following these remarks.

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

REMARKS BY THE HONORABLE WILBER M. BRUCKER, SECRETARY OF THE ARMY, MISSILE ORIENTATION AND DEMONSTRATION, FORT BLISS, TEX., JUNE 30, 1958

It is most gratifying to see the splendid turnout we have had for the Army missile demonstration here and at White Sands. I have seen many old friends from our sister services, from the Office of the Secretary of Defense, from industry, and from the press. It is good to see you and to have this opportunity to show you our Army missiles in action.

I know this audience appreciates the fact that each missile fired here represents only the business end of a missile system. These systems are complex, including several different types of radar, computers, specialized transport and handling equipment, and highly skilled technicians. They are expensive in terms of money, materiel, and manpower.

Now tonight I want to talk to you about our Army missile program. I am going to discuss where we are, where we are going, and the tasks we must accomplish both today and in the future.

First I shall talk about our missiles in the surface-to-air category. These missiles, which contribute to the air and space defense of the continental United States and our military forces wherever they are deployed, are of critical importance. It is imperative that we maintain air and space defenses which can match an enemy's known capabilities to attack through the air or space. This we have done and are doing. The Nike Ajax batteries which are guarding so many of our cities and other key installations throughout the Nation can successfully engage and defeat any known enemy bomber in operation today. As you know, we are supplementing the Nike Ajax with the Nike Hercules, a second generation missile which has much greater range and kill probability at much higher altitudes than the Nike Ajax. The Nike Hercules will carry an atomic warhead. Whereas the Nike Ajax can destroy individual planes, the Hercules can kill whole formations of planes.

To insure an all-altitude air defense, we are also building the Hawk missile, which can destroy enemy planes coming in on the deck. The Hawk will be a deady killer and we are very pleased by its performance.

We feel the Nike Ajax, Hercules, and Hawk family will provide the best effective defense against enemy bombers of the most advanced types. However, they will not stop enemy intercontinental ballistic missiles.

The task of detecting, intercepting, and destroying a missile approaching the United States at a speed of several thousands of miles per hour is admittedly difficult. But the problem is solvable. A ballistic missile travels according to known laws of physics and follows a known, predictable trajectory. That is the Achilles' heel which will permit us to attack and destroy it.

In developing an anti-missile missile system, we are not depending solely on entirely new and unproven paths. Rather, we are starting from known baselines of the Nike Ajax and Nike Hercules systems. This is the reason we term our anti-missile missile the Nike Zeus, to indicate its kinship with the Nike family. We are developing the Nike Zeus system as a matter of high priority.

We in the Army are especially impressed with the deterrence which an effective air defense, to include an antimissile system, provides. Both the Soviets and ourselves may in the future reach a standoff position in thermonuclear attack capabilities. In short, we would both have the ability to destroy each other, and the balance of power between us would not be significantly altered by adding to an offensive capability that is already more than adequate to deliver mortal blows. In such a situation, the balance of power could be altered, however, if one side or the other develops a defensive capability significantly greater than its opponent, for by so doing one reduces the thermonuclear attack capabilities of an enemy. By developing a really effective air and space defense we would have the advantage in the diplomacy of deterrence.

So much for our surface-to-air capabilities. I would like now to discuss our surface-to-surface missile program.

Our goal in this program is to integrate surface-to-surface missiles into our Pentomic Field Army in such a way that Army commanders at all levels will have firepower of unprecedented strength, discrimination and precision immediately responsive to their command. We are progressing satisfactorily toward this goal. For several years we have had the Honest John free rocket with troop units deployed overseas. The Honest John can deliver atomic and conventional warheads. Corporal battalions, capable of attaining ranges of 75 miles with atomic or conventional payloads, are also with our Army units overseas. Some time in the 1960's we will substitute the solid-propellent Sergeant missile for the liquid-fueled Corporal. As you know, the 40th Redstone group is in the process of deploying overseas. In the field of new missiles, we are working on the Pershing, a solid-propellent, two-stage missile which will be a much better tactical weapon than the Redstone, and gain a distinct advantage in mobility and ease of handling. Other surface-to-surface missiles include the Little John, a smaller, lighter version of the Honest John; the Dart, an antitank missile, and the LaCrosse, an incredibly accurate and powerful missile for use against point targets on the battlefield.

In our surface-to-surface missile program, as in our surface-to-air program, we are projecting from accumulated successful experience and know-how. The Redstone, for instance, is one of the most carefully tested missiles in our history. The constant testing to which it was subjected permitted our scientists and engineers to rid the missile and its system of many of the bugs inherent in any missile system during the early stages of its development. Maximum use is made of computer-simulated synthetic missile firings, together with static testing, to reduce the high cost of live firings, and to permit immediate correction of design errors which become apparent between actual firings. This is why the Redstone provided such a dependable first stage for the Jupiter-C which launched Explorers I and III. The Redstone has also provided valuable experience which we utilized in building the Jupiter.

In creating our missile systems, we are always working against time—time needed to develop prototypes for components of the system, time needed to produce these components, and time needed to train soldiers to man the system. To save time, we must compress and overlap research and development, production, and training programs. Development of the Redstone and Jupiter missile systems illustrates what I mean.

During the development phase of the Redstone, Army scientists and engineers, contractor production engineers, and Army artillerymen earmarked for the first Redstone missile battalion all worked together at Redstone Arsenal. Production engineers recommended changes in prototype parts which would permit faster and cheaper production without altering the Redstone's ability to perform its intended mission. From the knowledge gained at Redstone Arsenal, the production contractors were able to start production tooling before prototypes were finished. Artillerymen familiarized themselves with the equipment they would later operate as that equipment was fabricated in prototype. Thus, when Redstone prototypes were completed, production began without delay to furnish hardware to a partially trained Redstone battalion already in existence.

It is difficult to predict future developments in the field of missiles which has seen so many dramatic advances in recent years. Scientific and technological breakthroughs undreamed of today may well inspire radical changes in future missile development. We in the Army realize we must remain flexible in our thinking and in our missile research and development program in order to take advantage of future discoveries.

Meanwhile, we have in being an experienced and seasoned organization capable of determining the future course of developments in both surface-to-air and surface-to-surface missiles. At Huntsville, Ala., is located the United States Army Ordnance Missile Command, responsible for the conduct of our entire missile research and development program. This command directs the efforts of the Army Ballistic Missile Agency and the Army Rocket and Guided Missile Agency, both at Huntsville, together with the White Sands Missile Range here, and the Jet Propulsion Laboratory at Pasadena, Calif. We also have an extensive school system to train the men who man our missile systems. The Air Defense Center here at Fort Bliss is a major unit in that training establishment. It has trained more than 55,000 officers and men for missile units since 1946. The United States Army Artillery and Missile Center at Fort Sill, Okla., has already trained more than 4,000 students in the operation of surface-to-surface missiles and is expanding its effort. The United States Army Ordnance Guided Missile School at Huntsville, Ala., trains ordnance specialists who maintain and service Army missile materiel. More than 7,000 students have completed courses at this school.

These facilities provide the base from which more and better Army missile units will emerge in the future. They constitute integrated national missile assets of unprecedented value, and will be of significant influence in the years ahead.

I want you to know that it is a distinct honor and privilege to be with you and to extend to you personally and officially a welcome to White Sands. I hope that your visit here will not only be fruitful and instructive, but that while here each of you will have an enjoyable time.

SENATOR KENNEDY'S TESTIMONY ON UNEXPENDED BALANCES BILL

Mr. PROXMIRE. Mr. President, more than a year ago the junior Senator from Massachusetts [Mr. KENNEDY] introduced and the Senate passed unanimously a bill which would require that the budgets of executive agencies be submitted on an annual basis and prohibit the carrying over of unexpended balances. This measure has had the support of many eminent people, including 49 other Senators who joined Senator KENNEDY when he introduced it.

Because the House passed the bill in a different form which required changes in the rules of the Senate, this important legislation has reached a stalemate which the Appropriations Committee is now trying to resolve. On July 8 Senator KENNEDY made a statement before that committee which is a model of terseness and clarity, and which makes the proposal which I hope the committee, in its wisdom and experience, will see fit to accept. Senator KENNEDY proposes that the committee restore the language of his original Senate bill and take the measure to conference.

The leadership Senator KENNEDY has given to the effort to bring about this much needed fiscal reform is deeply appreciated by all of us who support it. His testimony before the Appropriations Committee is another outstanding demonstration of his leadership.

Mr. President, I ask unanimous consent that Senator KENNEDY's testimony be printed in the RECORD at this point in my remarks.

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

STATEMENT OF SENATOR JOHN F. KENNEDY, DEMOCRAT, MASSACHUSETTS, BEFORE THE SENATE APPROPRIATIONS COMMITTEE URGING ENACTMENT OF LEGISLATION IMPROVING BUDGET PRACTICES AND CONTROL OF APPROPRIATIONS

I appreciate the opportunity you have provided me to comment upon this bill. It implements one of the most important recommendations of the second Hoover Commission. Its purpose has been approved by the President, the Secretary of the Treasury, the Budget Bureau, and the General Accounting Office. It changes the method of stating budget estimates to give both the executive department and the Congress a better understanding and control of expenditures. When adopted, the budget will become a modern accounting device—a useful tool to control expenditures. It will no longer be an antiquated system whose purpose seems to be to deny information and supervision to the responsible authorities.

Never before in our peacetime history have we had such large budgets. Never before in our peacetime history have we had such large carryovers from year to year. The 1958 budget carries requests for appropriations and other obligating authority totaling over $73 billion. Almost an equal amount, or some $70 billion, in appropriations and other obligating authority, was carried forward from prior years. There was, therefore, available to the Government agencies during 1958 over $143 billion. Yet actual expenditures are estimated at approximately $72 billion.

I know I need not stress to this committee the difficulty encountered in determining, with respect to any individual budget, the actual expenditures during the year, the appropriation for the year, the obligating authority for the year, and the balance of appropriations carried forward from preceding years. This bill should synthesize and simplify this problem. As matters now stand, Congress has little control over spending once the funds are voted. The system and the procedures being used might have been satisfactory when our budgets were small but they are not adequate in the age of the $70 billion budget.

Mr. Chairman, I know there is little dispute over the basic objectives of this legislation. The Senate has passed similar bills on two prior occasions. S. 434, a bill which I introduced early last year and which was cosponsored by 49 of our colleagues, passed the Senate by unanimous action on June 5, 1957. It, too, provided for improved methods of stating budget estimates. Senators STYLES BRIDGES, DENNIS CHAVEZ, SPESSARD L. HOLLAND, IRVING M. IVES, WARREN G. MAGNUSON, JOHN L. MCCLELLAN, KARL E. MUNDT, CHARLES E. POTTER, A. WILLIS ROBERTSON, LEVERETT SALTONSTALL, MARGARET CHASE SMITH, EDWARD J. THYE, and EVERETT M. DIRKSEN, all of whom are members of this committee, were sponsors of that bill.

At the same time that the Senate was considering S. 434, the House was considering an almost identical bill. The House Committee on Government Operations reported the House bill unanimously on June 13, 1957. However, on the House floor a new bill was substituted and that is the one which passed the House and has been referred to this committee.

Although this bill, like S. 434, will permit greater control of expenditures, it makes at least 6 changes in the rules of the Senate. In addition, it adopts a different system for controlling estimated annual accrued expenditures. The Citizens Committee for Reorganization of the Executive Branch of the Government states these differences as follows:

"Under S. 434, the present method of making appropriations in a budget year for not only the goods and services to be received in that year but for long-lead procurement for goods and services to be delivered in subsequent years, would be replaced by:

"(a) An appropriation for the budget year representing the goods and services to be delivered in that year, and

"(b) Contractual authority for goods and services to be ordered in that year but not delivered or rendered until subsequent years.

"Under H. R. 8002, the present method of making appropriations would, in effect, remain the same. However, there would be a limitation in each appropriation which would control the amount of goods and services to be received in the budget year.

"In other words, appropriations would be controlled on an annual basis under the limitation procedure, and in addition, orders for long-lead time procurement could be placed under the appropriation similar to the method of placing orders under contractual authority as contemplated by S. 434."

In addition, H. R. 8002 would make it possible for Congress to include in appropriations bills, amendments, recisions, or transfers of appropriations previously made, without such provisions being subject to a point of order. It is that feature of the bill which necessitates the rules changes.

In order to permit speedy action upon this eminently desirable legislation, I recommend that everything in H. R. 8002 after the enacting clause be stricken and the language of S. 434 be substituted. This would have the following advantages:

First, S. 434 has already been considered by the Committee on Government Operations of the Senate and by the Senate, and prompt action by the Senate can be anticipated. A conference committee can then speed this measure to passage.

Second, unlike the House bill, S. 434 does not require any serious revision in the rules of the Senate. The only change which S. 434 makes in the Senate rules is one which would give the Appropriation Committees of Congress authority to include contract authorizations or other legislative amendments for the forward planning of long lead-time programs in an appropriations bill.

To meet this problem S. 434 includes a specific provision changing the rules of each House of Congress.

Third, S. 434 will eliminate carryover appropriations balances. The House bill would not eliminate these balances although it would permit an annual review of them.

Fourth, the provisions of S. 434 incorporate a vastly simpler system of budget estimates. It is uncomplicated by limitations on expenditures and other devices which would have to be included in the agency accounting system to keep track of these limitations.

Mr. Chairman, I am convinced there is an urgent need for this legislation. Appropriations must be related to expenditures each year, and the agency administrative officer held accountable for the utilization of the funds in the manner directed by Congress. This will clarify the fiscal thinking of the executive department; it will result in substantial savings; it will reduce wasteful expenditures; and it will provide Congress with effective controls over all expenditures.

STABILIZATION OF PRODUCTION OF COPPER, LEAD, ZINC, AND OTHER MINERALS FROM DOMESTIC MINES

The Senate resumed the consideration of the bill (S. 4036) to stabilize production of copper, lead, zinc, acid-grade fluorspar, and tungsten from domestic mines.

Mr. WILLIAMS. Mr. President, on behalf of my colleague [Mr. FREAR] and myself, I offer the amendment which I send to the desk and ask to have stated. It is designated "7-10-58-K."

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 1, lines 8 and 9, and on page 2, line 1, it is proposed to strike out the words "acid-grade fluorspar (fluorspar containing 97 per centum or more calcium fluoride on a dry weight basis)."

On page 2, lines 5 and 6, it is proposed to strike out the words "acid-grade fluorspar."

On page 2, it is proposed to strike out all of lines 22 and 23.

On page 4, it is proposed to strike out all of lines 1 and 2.

On page 5, it is proposed to strike out all of line 3 and the first word, "tons;" on line 4.

On page 6, lines 12 and 13, it is proposed to strike out the words "fluorspar (acid grade), $13 per short ton."

On page 6, lines 21 and 22, it is proposed to strike out the words "fluorspar (acid grade), five thousand tons."

Mr. WILLIAMS. Mr. President, the purposes of this amendment is to strike the fluorspar subsidy from the bill. I advance the same arguments that were advanced in connection with tungsten. The mineral is not needed, and there is no justification for its inclusion.

I have received a letter which I shall ask to have printed in the RECORD. It is signed by Mr. Franklin Floete, Administrator of the General Services Administration, and is dated July 7, 1958. I shall read a portion of the letter:

> Total Government inventories of lead, zinc, acid-grade fluorspar, and tungsten trioxide exceed the stockpile objectives for these materials. * * *
>
> Government inventories exceed the objectives originally established * * * for acid-grade fluorspar by 480,000 short tons.

In other words, the Government already has on hand in the stockpile more than is needed. I ask unanimous consent that the entire letter be incorporated in the RECORD at this point.

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

GENERAL SERVICES ADMINISTRATION,
Washington, D. C., July 7, 1958.

Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

DEAR SENATOR WILLIAMS: Information in connection with S. 3892 is submitted as requested in your letter of June 4.

S. 3892 provides for stabilization payments to producers for copper, lead, zinc, acid-grade fluorspar, and tungsten trioxide rather than for the purchase of these materials by the Government. The bill provides that stabilization payments be made for sales of these materials, or further processing in lieu of sales, of any production up to stated annual limitations. Payments are not to be made on any material sold or eligible for sale to the Government pursuant to a contract made under the provisions of the Defense Production Act, the Strategic and Critical Materials Stock Piling Act, or the Domestic Tungsten, Asbestos, Fluorspar and Columbium-Tantalum Production and Purchase Act. The bill further provides that material so sold or eligible for sale to the Government is to be applied to reduce the annual limitations.

1. Total Government inventories of lead, zinc, acid-grade fluorspar, and tungsten trioxide exceed the stockpile objectives for these materials. Government inventories of copper exceed the interim basic stockpile objective.

2. Government inventories exceed the objectives originally established for lead by approximately 60,000 short tons, for acid-grade fluorspar by 480,000 short tons, and for tungsten trioxide by 7,500,000 short-ton units. Government inventories are approximately the same as the originally established objective for zinc and are less than the original objective for copper.

3. The prices of these materials are set forth in table I of the enclosure.

4. Information on the value of the annual limitations for the materials in S. 3892 is set forth in table II of the enclosure.

5. It is our understanding that the primary purpose of S. 3892 is to stabilize production of these materials.

This report is sent to you in advance of clearance by the Bureau of the Budget inasmuch as we understand that you have an immediate requirement for this information.

Sincerely yours,
FRANKLIN FLOETE,
Administrator.

Mr. WILLIAMS. One of the purposes of the bill is to support the price of domestic fluorspar at $53 a ton. Under that arrangement, the Government would pay as much as $13 a ton by way of subsidy. The $13 figure is $5 higher than was endorsed even by the Department of the Interior. The Department of the Interior, in a letter which I shall ask to have included in the RECORD, stated it was opposed to the price as it was increased by the committee. The bill would support a $53 price. By allowing the producers to sell fluorspar at $40 a ton, they could then bill the Government for the difference. The price of fluorspar during 1958 has averaged only $50 a ton. In 1957 fluorspar sold for between $50 and $55 a ton, with the average price nearer $50 a ton. It is proposed in the bill to establish a base price, through a Brannan subsidy formula, for this metal higher than it has been selling for in the last 3 or 4 years. And this would be done for a mineral of which, the Department says, it has more than enough to supply its needs.

We have gone through all these arguments before. I see no reason for repeating them. I ask unanimous consent to have inserted in the RECORD a list of average prices for acid-grade fluorspar for the years 1953 through 1958, as furnished by the Department of Commerce under date of July 7, 1958.

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

Price for acid-grade fluorspar f. o. b. shipping point (Kentucky-Illinois, or Rosiclare)

[Dollars per short ton, bulk, carload lots]

	1953	1954	1955	1956	1957	1958
January	60.00	57.50	47.50	47.50	51.50-55.00	50.00
February	60.00	57.50	47.50	47.50	52.50-55.00	50.00
March	60.00	55.00	47.50	47.50	54.50-55.00	50.00
April	60.00	52.50	47.50	47.50	[1] 50.00	50.00
May	60.00	52.50	47.50	47.50	50.00	50.00
June	60.00	52.50	47.50	47.50	50.00	50.00
July	60.00	52.50	47.50	47.50	50.00	50.00
August	60.00	52.50	47.50	47.50-52.50	50.00	----------
September	60.00	52.50	47.50	52.50-55.00	50.00	----------
October	57.50	47.50	47.50	52.50-55.00	50.00	----------
November	57.50	47.50	47.50	52.50-55.00	50.00	----------
December	57.50	47.50	47.50	52.50-55.00	50.00	----------

[1] From April 1957 to present, some sales reported at $55.

Source: Miscellaneous Metals and Minerals Division, BDSA, U. S. Department of Commerce, July 7, 1958.

Mr. WILLIAMS. Another feature of the pending bill is that it departs from the customary practice in that it removes any freight differential on subsidy payments. That means that the price would be based upon the shipping point, wherever that may be. To that extent the Government will be supporting a price which will go to the equivalent of $60 a ton, based on what was paid in prior years. If we pass the bill we will be establishing an entirely new freight formula as well as establishing a Brannan formula for the entire mining industry. I ask that my amendment be adopted.

Mr. BIBLE. Mr. President, I yield myself 2 minutes. The proposed legislation for the stabilization of the price on fluorspar was fully considered by the committee. The price arrived at is consistent with present prices being paid by the Government. The amendment of the Senator from Delaware should be rejected. I now yield 3 minutes to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, it should be emphasized that the purpose of the bill is to preserve the mineral industry, and that involves a subsidy. We could labor the point and fill the CONGRESSIONAL RECORD with a great many figures. However, it seems to me that the determining factor is: What does it cost to get metal out of the earth? In Colorado it costs about $48 a ton. In Illinois the cost is slightly higher. I believe it is about $49.50 a ton. The $13 differential which is provided in the bill will give the domestic producers an opportunity to bid competitively on about 60,000 tons of fluorspar.

The committee has gone into the matter very, very thoroughly. They have had the benefit of cost estimates from the industry. I sincerely hope, in order to maintain the bill as it was reported, the amendment of the Senator from Delaware will be roundly rejected.

Mr. BIBLE. Mr. President, I yield 1 minute to the Senator from Colorado.

Mr. ALLOTT. I wish to comment about the statement concerning costs that my own investigation and information from the fluorspar miners of Colorado is that the cost there is about $53 or $54 a ton, which is comparable with the price in the bill. I thought I should make that statement in connection with the previous statement made on the floor.

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

I think the Senator from Illinois made one of the best arguments for the adoption of the amendment. He said that the cost of fluorspar in his area is about $47 or $48 a ton. The bill would support the price at $53 a ton. The Senator from Colorado stated that the cost in his area was around $53 a ton.

The bill provides a bonus payment for some of the minerals, whereby the producers can draw a bonus over and above the price at which the product is sold. I am not sure what it does in this connection on fluorspar.

A freight differential is paid on shipments from Colorado because the cost is greater to put the material from that region into the finishing markets. What the bill does for fluorspar is to guarantee that industry a margin of profit. The bill guarantees that the Government will pay the producer for all he can produce and that the Government will buy it at a profit.

I have always contended that the agricultural support-price program has gone too far. But now we are starting a program for the mining industry which will make the 90-percent support price on agricultural products look like a piker. As I stated before, the suggested support of $53 a ton is higher than the average price of fluorspar in the past 4 or 5 years.

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

Mr. WILLIAMS. I yield.

Mr. BIBLE. Did I correctly understand the Senator to say that a stabilization price would be paid over and beyond the $53 a ton?

Mr. WILLIAMS. The producer can sell fluorspar for $40 a ton and collect $13. Then there is the freight-differential allowance. Does the bill provide a bonus feature of any description?

Mr. BIBLE. It does not carry any bonus feature. The maximum would be reached at $53 a ton.

Mr. WILLIAMS. But it would make no difference from the standpoint of the producer whether he sold his product to a purchaser for $53 a ton or $50. The producer would bill Uncle Sam for the $3. If a customer should say, "I think you are too hard on me; I will pay you $40 a ton," the seller would get just as much money in the end, because the taxpayers would pick up the tab for the difference, and the $13 would be paid out of the Federal Treasury. We will be supporting the industry far and beyond what they have been receiving for their product.

Mr. BIBLE. I want the RECORD to be abundantly clear that no stabilization payment of any kind or nature is proposed beyond the $53 obtained for fluorspar. I understood the Senator from Delaware to indicate that there was.

Mr. WILLIAMS. Fifty-three dollars is $3 beyond the average price at which fluorspar has been selling in the past 6 months.

Mr. BIBLE. The evidence was very clear to the committee that that was the bare minimum upon which the fluorspar industry could stay alive. In addition, it is the present contract price at which the Office of Defense Mobilization is paying for fluorspar.

Mr. WILLIAMS. The Department of Commerce furnished the report from which I am quoting and I have already asked that it be printed in the RECORD. It shows that the average price since 1957 has been around $50 a ton. Some few sales were as high as $55.

Mr. BIBLE. Mr. President, I yield 2 minutes to the Senator from Colorado.

Mr. ALLOTT. I should like to correct the RECORD on one matter. I am reading from the Bureau of Mines and Minerals Metals Commodity Data Summaries of 1958. It gives the following prices for acid-grade fluorspar:

1951	$50.55
1952	58.07
1953	59.54
1954	58.30
1955	56.54
1956	56.06
1957	55.00

I think that adequately answers the argument which has been made about prices. I hope the matter is now straight and that the Senator from Delaware understands that there are no limited tonnage payments applicable to fluorspar. I think the Senator has overlooked one important factor, namely, that there is an established market for these minerals. It simply is not possible, therefore, for a producer to dump his minerals upon somebody and then milk the Government for the money. The Secretary will not permit it, and it could not be permitted under the bill.

Mr. BIBLE. Mr. President, I am prepared to yield back the remainder of my time.

Mr. KNOWLAND. I will yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Delaware [Mr. WILLIAMS].

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. WILLIAMS. I should like to ask a question of the Senator from Nevada. In light of the fact that much was said yesterday about the Department being in favor of the bill as it was reported, I wondered if the Senator from Nevada would be willing to accept an amendment which would reinstate the bill in accordance with what the Department recommended?

Mr. BIBLE. Mr. President, the bill has had the very careful consideration of our committee. We are very familiar with the position of the Department of the Interior on fluorspar. The evidence overwhelmingly indicated that the price should be $53 a ton. We are unable to accept the amendment.

Mr. WILLIAMS. I have no further amendment to offer.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

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

Mr. WILLIAMS. Mr. President, I ask unanimous consent to have printed in the RECORD a letter dated July 9, 1958, from Secretary of Commerce Weeks, in which he takes exception to the prices to be paid as included in the bill. He clearly states that his Department does not endorse the bill as it is before the Senate.

I also ask unanimous consent to have printed also the Commerce Department's report showing price ranges of the various commodities in the bill—lead, zinc, copper, fluorspar, and tungsten. This report shows how the bill proposes to stabilize the mining industry at support price levels higher than have been received for these products over the past 4 or 5 years.

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

THE SECRETARY OF COMMERCE,
Washington, July 9, 1958.

Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

DEAR SENATOR WILLIAMS: I have your letter of July 1, 1958, inquiring about our views on a bill, S. 4036, introduced in the Senate on June 20, 1958.

This bill cited as the "Domestic Minerals Stabilization Act of 1958" provides for stabilization payments to domestic producers of ores or concentrates of lead, zinc, acid-grade fluorspar and tungsten. However, producers of copper ores are not eligible for such payments as might be inferred from the body of your letter and, therefore, copper should be considered as excluded from the following discussion. In responding to your request for information we are replying to your questions in the order in which they appear in the letter.

Question 1. Does the Department endorse the subsidy formula recommended in this bill and do you recommend its enactment?

Answer. The Department endorses the formula and recommends enactment of the bill as introduced on June 20, 1958. I assume you are aware that certain amendments in this respect were added to the bill in the form in which it was reported out by the Senate Committee on July 3. For your information, we do not favor these amendments.

Question 2. This bill proposes subsidies for the following materials: copper, lead, zinc, fluorspar and tungsten. Is it not true that we have more than adequate supplies of each of these minerals in our present stockpiling program?

Answer. The Office of Defense Mobilization has recently revised on an interim basis all National Stockpile objectives to reflect requirements for a 3-year war instead of a 5-year war. On this basis and apart from supplies in other Government inventories there is more than enough of these materials at hand to meet the maximum stockpile objectives. In this regard it should be made clear that the stabilization program is in no way related to our defense position for these minerals, that it is a measure intended to stabilize an important segment of the mining industry which is in difficulty as a result of a drastic decline in prices.

Question 3. Within the past 2 years the administration has taken a strong position against similar legislation recommending subsidies for these minerals. What has happened in the past 12 months to change the position of your Department?

Answer. In general the Department is opposed to subsidies for industry. Payments made under the bill, however, could more accurately be called stabilization payments than subsidies since they would be in effect only when certain price levels are breached, they are variable in accordance with the range of prices and limitations are applied both in amount and in quantity. Further, in considering what measures are necessary to prevent the possible loss of important mining capacity as a result of distressed conditions and to avoid the effect of such loss on a healthy growth of the national economy, the stabilization plan, as proposed, appeared to be the best of alternative solutions when the interest of the consumer, international relations and the well being of the mining industry are jointly taken into account.

Question 4. This bill guarantees minimum prices for each of the different minerals based on certain delivery points. Please furnish a record showing the monthly range of comparable market prices for each of the minerals for each of the past 5 years.

Answer. Four tables attached herewith provide the required information. Please note that the tungsten prices are essentially the prices of imports, before application of duties ($7.93 per short-ton unit), since domestic producers shipped almost their entire output to the Government until mid-1956 under considerably higher price-support programs.

Question 5. S. 4036 carries an expiration date of June 30, 1963, thereby representing a 5-year program. What is the connection between this 5-year subsidy program for minerals and the administration's request for a 5-year extension of the reciprocal trade agreement?

(a) Does this new mineral program represent a new formula to recompense American industry for their higher cost of production in lieu of tariffs?

Answer. The fact that 5-year periods were assigned to the 2 programs is a matter of coincidence.

In his statements supporting the minerals-stabilization plan, which is the basis for the bill, Secretary Seaton of the Department of the Interior has advised that a period shorter than 5 years would not provide industry with the time needed to make the necessary adjustments. He also noted that if, during the 5-year period, prices of the metals and minerals affected by the bill advanced to or above the stabilization levels the program would cease and furthermore the program would be reviewed by the Department of the Interior each year of its operation.

With regard to the 5-year extension of the Reciprocal Trade Agreements Act, I made the following statement to the Senate Finance Committee on June 20, 1958:

"Why do we need authority for 5 years to negotiate successfully with the Common Market? Because it will take the European Economic Community the next 18 months or more to work out its proposed (external) tariff rates. When these rates are known, we in this country will have to work out our list of possible United States concessions painstakingly and carefully, to insure that we screen out any which might threaten serious injury to any United States industry. This will bring us in 1961. Then will come the negotiations themselves, complex and involving many countries, and certain to take over a year. If there were no difficulties or delays at any of these stages, it might be possible to conclude negotiations by mid-1962. We should not, however, take the chance that there will be no delays.

"We need a full 5 years to insure that everything we do is done after we have studied all the facts and considered their implications.

"We must always bear in mind that it takes two to negotiate. Given our importance in world trade, our presence at negotiations of this sort is crucial to their success. Unless our presence is guaranteed by a full 5-year extension, other countries will not themselves undertake serious preparation."

The subquestion regarding establishment of a payment formula to recompense industry for higher costs of production in lieu of tariffs can perhaps be answered best by quoting from the President when he informed the chairmen of the Senate Finance and House Ways and Means Committees on June 19, 1958, that he was suspending consideration of the recommendation of the Tariff Commission for the application of increased tariffs on lead and zinc. In his letter the President said:

"A final decision will be appropriate after the Congress has completed its consideration during this session of the proposed minerals-stabilization plan which was submitted by the Secretary of the Interior with my approval. This plan offers a more effective approach to the problem of the domestic lead and zinc industries, and in view of their urgent needs, it is hoped that the Congress will act expeditiously on this plan to help assure a healthy and vigorous minerals industry in the United States."

Please let me know if I can be of further assistance to you in this matter.

Sincerely yours,

SINCLAIR WEEKS,
Secretary of Commerce.

Range of prices, tungsten concentrates in short-ton units, foreign wolframite at United States ports (less duty of $7.93)

	1953	1954	1955	1956	1957	1958
January	$46.50-$52.50	$21.00-$24.00	$25.75-$31.50	$33.50-$34.00	$27.25-$27.25	$11.00-$12.50
February	$40.00- 46.00	16.00- 20.00	30.00- 33.50	33.50- 34.00	26.25- 26.50	11.00- 12.00
March	40.00- 44.00	15.00- 18.00	27.50- 33.50	34.00- 34.50	21.75- 22.75	10.00- 12.50
April	41.00- 42.00	16.00- 31.00	27.50- 31.00	33.25- 33.75	20.00- 20.75	10.00- 12.50
May	41.00- 42.00	24.00- 29.00	30.00- 31.00	33.00- 30.50	19.25- 19.75	10.00- 12.50
June	41.00- 43.00	23.00- 25.50	32.50- 33.00	33.00- 33.50	17.75- 19.00	
July	42.00- 43.00	22.00- 23.00	32.00- 33.00	33.00- 33.50	15.75- 17.50	
August	42.00- 43.00	24.00- 25.00	32.50- 33.50	30.50- 32.00	13.50- 15.75	
September	41.00- 43.00	23.50- 26.00	33.50- 34.00	32.00- 32.25	12.75- 14.75	
October	38.00- 42.00	24.00- 25.75	34.00- 34.50	30.50- 31.00	12.75- 14.25	
November	28.00- 36.00	24.75- 25.50	33.50- 34.00	27.50- 27.50	12.00- 14.00	
December	24.00- 28.00	25.50- 27.75	33.00- 33.50	28.75- 28.75	12.00- 13.25	

Sources: Jan. 1, 1953-April 1955, Engineering and Mining Journal Mineral and Metals Marks, weekly. May 1955-present, Engineering and Mining Journal, monthly.

Prime western zinc, East St. Louis

[Cents per pound]

	1953	1954	1955		1953	1954	1955
January	12.50-13.00-12.00	10.00- 9.50	11.50	July	11.00	11.00	12.50
February	12.00-11.25	9.50- 9.25	11.50	August	11.00	11.00	12.50
March	11.25-11.00	9.25- 9.75-10.25	11.50	September	11.00-10.50-10.00	11.00-11.25-11.50	12.50-13.00
April	11.00	10.25	11.50-11.75-12.00	October	10.00	11.50	13.00-13.25-13.00
May	11.00	10.25-10.50	12.00	November	10.00	11.50	13.00
June	11.00	10.50-11.00	12.00-12.50	December	10.00	11.50	13.00

	High	Low	Average
1953	13.00	10.00	10.86
1954	11.50	9.25	10.69
1955	13.50	11.50	12.30

Prime western zinc, East St. Louis—Continued

[Cents per pound]

	1956	1957	1958		1956	1957	1958
January	13.00-13.50	13.00	10.00	July	13.00	10.00	10.00
February	13.00	13.00	10.00	August	13.00	10.00	
March	13.00	13.00	10.00	September	13.00	10.00	
April	13.00	13.00	10.00	October	13.00	10.00	
May	13.00	13.00-12.00-11.50	10.00	November	13.00	10.00	
June	13.00	11.50-11.00-10.50	10.00	December	13.00	10.00	

	High	Low	Average
1956	13.50	13.00	13.49
1957	13.50	10.00	11.40
1958	10.00	10.00	

Source: American Metal Market, 1953-57. Engineering and Mining Journal Weekly, 1958.

Common lead, New York

[Cents per pound]

	1953	1954	1955		1953	1954	1955
January	14.50-14.00	13.50-13.00	15.00	July	13.50-13.75-14.00	14.00	15.00
February	14.00-13.50	13.00-12.50	15.00	August	14.00	14.00-14.25	15.00
March	13.50-13.00-13.50	12.50-12.75-13.50	15.00	September	14.00-13.50	14.25-14.50-14.75	15.00-15.50
April	13.50-12.00-12.50	13.50-13.75-14.00	15.00	October	13.50	14.75-14.87-15.00	15.50
May	12.50-13.25	14.00	15.00	November	13.50	15.00	15.50
June	13.25-13.50	14.00-14.25-14.00	15.00	December	13.50	15.00	15.50-16.00

	High	Low	Average
1953	14.75	12.00	13.48
1954	15.00	12.50	14.05
1955	16.00	15.00	15.14

	1956	1957	1958		1956	1957	1958
January	16.00-16.50-16.00	16.00	13.00	July	16.00	14.00	11.50
February	16.00	16.00	13.00	August	16.00	14.00	
March	16.00	16.00	13.00	September	16.00	14.00	
April	16.00	16.00	12.00	October	16.00	14.00-13.50	
May	16.00	16.00-15.50-15.00	12.00-11.50	November	16.00	13.50	
June	16.00	15.00-14.00	11.50-11.00-11.50	December	16.00	13.50-13.00	

	High	Low	Average
1956	16.50	16.00	16.01
1957	16.00	13.00	14.66
1958	13.00	11.00	

Sources: American Metal Market, 1953-57. Engineering and Mining Journal Weekly, 1958.

Mr. WILLIAMS. Mr. President, I ask unanimous consent to have printed in the RECORD a letter dated July 10, 1958, from the Department of the Interior commenting on this bill. They, too, object to the high price support formula in the committee bill.

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

UNITED STATES DEPARTMENT OF THE INTERIOR,
Washington, D. C., July 10, 1958.

Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

DEAR SENATOR WILLIAMS: In response to your request of July 1, we are pleased to give you the following information as concerns S. 4036—a bill "to stabilize production of copper, lead, zinc, acid-grade fluorspar, and tungsten from domestic mines."

1. The Department recommends the enactment of S. 4036, if amended to conform substantially to the administration's proposal as presented by Secretary Seaton to the Senate Interior and Insular Affairs Committtee on June 19. Amendments to the bill by the committee have increased the stabilization payments specified in the Department's June 19 proposal. We believe these increases are not needed to achieve the objectives of the program.

The committee eliminated the Department's language which called for regular appropriations to finance the program and substituted therefor an authorization for borrowing authority of $350 million. This Department has no objection to this amendment.

2. We are advised by the Office of Defense and Civilian Mobilization that the inventories of lead, zinc, acid-grade fluorspar, and tungsten equal or exceed the maximum stockpile objectives. As to copper, we are advised that the inventory exceeds the interim basic stockpile objective established under the revised policy of June 30. We understand that ODCM has supplied you with full details.

It should be pointed out that the bill authorizes purchases only of copper and at prices not to exceed 27½ cents. Stabilization payments are to be made on the basis of actual commercial sales of the other commodities. These payments would be made only when market prices are below the stabilization prices and would be based on the difference between the price at which the material was actually sold and the stabilization price set forth in the proposed legislation. The copper purchased under the provisions of S. 4036 would be placed in the supplemental stockpile authorized by the act of July 10, 1954 (Public Law 480, 83d Cong.) as amended.

3. This Department has generally opposed direct subsidy payments to the minerals producing industries. The market situation of several mineral commodities during the past 12 months has been such that action is needed to arrest the sharp decline in domestic production and to prevent a permanent loss of substantial mine productive capacity which will be needed in the foreseeable future for the security and economic welfare of the Nation. The problem has been to determine the most practicable method of coping with the situation. After careful study of each mineral commodity, we have concluded that the plan of stabilization payments offers the best approach to the particular problems now confronting the producers of lead, zinc, fluorspar, and tungsten.

4. We understand that the Department of Commerce is supplying the information as to prices for each of the minerals.

5. There is no connection whatever between the proposed stabilization plan for minerals and the extension of the Trade Agreements Act. The need for a 5-year extension of the Trade Agreements Act was dictated by circumstances quite different from those which led to the development of the minerals program. This Department recommended 5 years as the duration of the stabilization program in order to provide a period sufficiently long to permit orderly and long-term development and planning so necessary in the mining industry. We believe that any substantially shorter period will not achieve the objective of bringing stability to the industry.

We do not conceive of this program as a permanent price-support program in lieu of tariffs. It is true that the lead and zinc industries have sought, through escape-clause action, to obtain higher tariffs on imports of lead and zinc. The President, in considering the recommendations of the Tariff Commission, deferred action pending Congressional consideration of the proposed legislation. He indicated that the proposal presented by the Department of the Interior offers a more effective approach to the problems of the lead and zinc industries.

The plan is designed for the present temporarily lowered level of economic activity in order to bridge the gap between today's surplus and tomorrow's expanded requirements. Prices of copper, lead, and zinc and some other metals have declined to points which seriously threaten a substantial part of our mine production capacity. In the judgment of this Department, the growth of our economy will in the long run demand a greater supply of minerals and will require our Nation and the other nations of the Free World to explore, develop, and make wise use of the mineral resources available to all of us. The long-range problems of the Nation with reference to minerals are likely to be the problems of shortages and rising prices, despite current surpluses, weak markets, and distress in some areas. In presenting the proposed stabilization legislation, the Department seeks to maintain our domestic minerals and metals productive capacity at a level which is geared realistically to our long-term national requirements. We have tried to insure a sound domestic minerals and metals producing balance for this Nation while minimizing as much as possible the difficulties of our friends abroad who are vitally dependent upon sales of their mineral and metal products in United States markets.

Sincerely yours,

HATFIELD CHILSON,
Acting Secretary of the Interior.

Mr. WILLIAMS. Mr. President, the bill is about to be passed which will cost the American taxpayers hundreds of millions of dollars. This is the start, as I said before, of the Brannan plan formula for the mining industry. It will be financed by worthless notes signed by the Secretary of the Interior. The Secretary of the Treasury will be commanded to put up the money for the notes. There will be absolutely no security for the notes, and can only be paid at some future date if and when Congress appropriates the money.

This is a devious scheme to avoid telling the American people that here is a $350 million subsidy for the mining industry, a subsidy for which the sponsors of the bill recognize they could never persuade Congress to appropriate money.

Mr. BIBLE. Mr. President, is the distinguished minority leader prepared to yield back the remainder of his time?

Mr. KNOWLAND. If there are no further requests, I yield back the remainder of my time.

Mr. BIBLE. I yield back the remainder of my time on the bill.

The PRESIDING OFFICER. All time has been yielded back.

Mr. WATKINS subsequently said: Mr. President, yesterday in the debate on the proposed mineral stabilization program, the statement was made that the administration was supporting payment programs for beet sugar and wool because they are produced in the Rocky Mountain region, but they are opposed to such programs if they help the Great Plains States. It appears to me appropriate that the RECORD be clear as to the reason why the special payment programs are in effect for sugar and wool and to eliminate any concept of area favoritism; and I ask unanimous consent to have the statement printed in the body of the RECORD.

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

STATEMENT BY SENATOR WATKINS

Wool and sugar are the two major agricultural commodities in which the United States is deficient in production. Both face heavy import competition with serious complications. Legislation and programs for commodities which are produced in surplus in this country just do not fit the problems with which we are confronted in the case of wool and sugar.

With wool we are dealing with an agricultural commodity in which our country is deficient in production. We produce only about one-third of our normal peacetime requirements. The foreign wool upon which we must rely to supplement our domestic production requires shipping over sealanes from 5,000 to 8,000 miles.

The cost and problems in producing wool are such that even with price support through loans and purchases at the maximum level authorized prior to the National Wool Act of 1954 the production of wool had declined over 40 percent since the beginning of World War II. Furthermore, in supporting wool prices through loans and purchases, domestic wool accumulated in the hands of the Government while imported wools supplied an increasing share of our requirements.

Under the National Wool Act, payments are made on marketings of wool by growers to bring the national average price received by all growers up to an incentive level. The price assistance necessary to encourage a larger annual domestic production which has been determined by the Congress to be in the interest of our national security and in the promotion of the general economic welfare is thus provided without (a) adversely affecting foreign trade, (b) adversely affecting the competitive position of wool with imported wool and other fibers, and (c) without having the Government become involved in the wool merchandising business.

The plan of price assistance under the National Wool Act of 1954 was developed after considerable study and with the advice and counsel of all segments of the industry. Raising the tariff as a solution would be contrary to our aims for expanding foreign trade, particularly with our friends in the Southern Hemisphere. Also, achieving higher prices for wool by increasing the tariff, would adversely affect the competitive position of wool with other fibers. As mentioned, price support through loans was not maintaining domestic production and was getting the Government more and more in the wool merchandising business while losing markets for domestic wool.

Under the National Wool Act of 1954:

1. An annual production of 300 million pounds of shorn wool—about one-third more than we are now producing—is to be encouraged as a measure for our national security and promotion of the general economic welfare.

2. An incentive price is established to encourage this larger production.

3. The price will be obtained by means of payments to growers to bring their income from wool up to the incentive level, rather than by raising prices in the free market.

4. A portion of the duties collected is appropriated to finance the payments.

Attached is an official United States Department of Agriculture release showing where the wool incentive payments went for the last year. This indicates that the payments were not limited to the Rocky Mountain region but were actually widely distributed.

The Congress did not pass a regional wool bill but a National Wool Act.

Sugar is also an import commodity in the United States. This country produces little more than one-half of its requirements and imports the balance. Domestic beet sugar is produced in 22 States from Ohio and Michigan on the east to the Pacific coast and from the Canadian to the Mexican borders. Cane sugar is produced in the States of Louisiana and Florida and the offshore domestic areas of Hawaii, Puerto Rico, and the Virgin Islands.

The sugar program is authorized under the Sugar Act of 1948.

The prime objectives of the sugar program are, as stated in the preamble of the Sugar Act, to protect the welfare of consumers of sugar and of those engaged in the domestic sugar-producing industry and to promote the export trade of the United States. The attainment of these objectives involves (1) the determination of United States total sugar requirements; (2) the establishment of quotas to the various domestic and foreign sugar supplying areas in accordance with the act; and (3) payments to domestic producers of sugar beets and sugar cane grown for the production of sugar, provided producers comply with certain labor, wage, price, and marketing requirements prescribed by law.

Under this program a processing tax is assessed on all sugar consumed in the United States and the proceeds of the tax exceed the amount of Sugar Act payments. Therefore, the program provides net revenue for the Treasury.

Normally sugar prices in the United States are somewhat higher than those prevailing in the so-called world market. During the Korean crisis and again in 1957, however, prices in the United States were kept at levels below those prevailing in the world market. Therefore domestic consumers, while ordinarily paying a moderate premium for their sugar, have been assured of adequate supplies at stable prices. Under the program domestic producers have increased the efficiency of their production to such an extent that prices of refined sugar have risen less than the general price level. Moreover, domestic prices of raw sugar are currently at substantially the same level that existed in 1947. It is evident, therefore, that the sugar program has been of benefit to domestic consumers as well as producers.

Payments under the National Wool Act of 1954—Number and amount of wool and unshorn lamb payments for the 1956 marketing year, by States and Congressional Districts [1]

State and Congressional District	Shorn wool payments		Unshorn lamb payments		Total payments
	Number	Amount	Number	Amount	
Alabama:					
1	97	$4,968.02	18	$309.22	$5,277.24
2	74	11,221.03	27	998.95	12,219.98
3	24	3,305.54	8	169.80	3,475.34
4	76	7,040.24	28	1,263.85	8,304.09
5	57	3,701.72	17	197.17	3,898.89
6	85	10,876.80	50	1,969.17	12,845.97
7	38	2,004.91	9	220.31	2,225.22
8	85	9,423.31	45	1,537.86	10,961.17
9	16	334.03	-----	-----	334.03
Total	552	52,875.60	202	6,666.33	59,541.93
Arizona:					
1	53	216,960.55	31	50,532.34	267,492.89
2	3,538	246,389.89	1,517	35,386.32	281,776.21
Total	3,591	463,350.44	1,548	85,918.66	549,269.10
Arkansas:					
1	56	2,436.10	8	210.46	2,646.56
2	166	7,863.38	59	968.23	8,831.61
3	772	44,198.18	407	9,932.11	54,130.29
4	58	1,752.35	20	294.61	2,046.96
5	53	2,286.85	28	1,026.42	3,313.27
6	66	3,254.59	25	439.16	3,693.75
Total	1,171	61,791.45	547	12,870.99	74,662.44
California:					
1	1,872	685,794.31	520	39,938.91	725,733.22
2	945	421,731.52	469	68,717.53	490,449.05
3	655	688,290.96	372	123,278.49	811,569.45
4 and 5	-----	-----	-----	-----	-----
6	315	323,165.51	171	29,182.47	352,347.98
7 and 8	150	43,573.53	96	9,140.47	52,714.00
9	-----	-----	-----	-----	-----
10	194	25,316.74	59	4,126.67	29,443.41
11	297	131,165.94	112	21,738.17	152,904.11
12	292	480,855.97	93	66,503.16	547,359.13
13	173	42,259.75	72	9,729.95	51,989.70
14	197	557,977.62	78	83,851.33	641,828.95
15 through 26	61	75,258.30	22	13,388.15	88,646.45
27	24	21,490.30	10	5,817.57	27,307.87
28	10	8,404.71	5	2,410.38	10,815.09
29	54	113,550.86	17	17,455.87	131,006.73
30	29	1,479.86	3	36.12	1,515.98
Total	5,389	3,620,315.88	2,099	495,315.24	4,115,631.12
Colorado:					
1	-----	-----	-----	-----	-----
2	929	286,621.54	623	130,697.59	417,319.13
3	1,259	711,693.28	995	167,280.42	878,973.70
4	1,478	1,260,515.15	1,057	337,374.07	1,597,889.22
Total	3,666	2,258,829.97	2,675	635,352.09	2,894,182.06
Connecticut:					
1	28	353.14	-----	-----	353.14
2	112	2,258.48	9	73.91	2,332.39
3	62	1,216.46	4	22.80	1,239.26
4	37	520.36	-----	-----	520.36
5	45	1,351.32	-----	-----	1,351.32
Total	284	5,699.76	13	96.71	5,796.47
Delaware: At large, total	52	3,274.99	28	563.87	3,838.86
Florida:					
1	1	51.80	(2)	(2)	51.80
2	-----	-----	(2)	(2)	-----
3	15	779.28	(2)	(2)	779.28
4	1	168.30	(2)	(2)	168.30
5	9	1,622.48	(2)	(2)	1,622.48
6	1	11.43	(2)	(2)	11.43
7	6	372.81	(2)	(2)	372.81
8	6	632.10	(2)	(2)	632.10
Total	39	3,638.20	(2)	(2)	3,638.20
Georgia:					
1	33	2,079.28	19	299.06	2,378.34
2	27	4,548.04	19	782.59	5,330.63
3	27	7,434.90	14	624.74	8,059.64
4	37	1,898.40	20	394.45	2,292.85
5	10	548.96	5	44.22	593.18
6	25	1,984.26	14	416.98	2,401.24
7	82	4,480.16	30	708.26	5,188.42
8	38	1,696.64	11	143.38	1,840.02
9	88	5,739.33	28	344.75	6,084.08
10	33	2,337.46	12	231.74	2,569.20
Total	400	32,747.43	172	3,990.17	36,737.60
Idaho:					
1	841	321,815.36	511	89,686.04	411,501.40
2	2,612	1,844,961.58	2,168	578,002.23	2,422,963.81
Total	3,453	2,166,776.94	2,679	667,688.27	2,834,465.21
Illinois:					
1 through 12	56	$1,030.91	4	$80.26	$1,111.17
13	100	4,409.53	7	538.18	4,947.71
14	304	12,266.29	73	4,226.18	16,492.47
15	1,710	90,860.93	624	21,747.12	112,608.05
16	2,041	69,818.25	768	12,068.75	81,887.00
17	3,069	89,653.02	1,191	22,529.02	112,182.04
18	1,525	48,033.10	728	20,977.54	69,010.64
19	2,081	79,555.08	893	18,639.26	98,194.34
20	2,344	77,376.02	1,016	16,703.51	94,079.53
21	2,292	75,187.95	1,028	15,207.36	90,395.31
22	1,964	50,018.25	661	9,847.23	59,865.48
23	1,945	63,070.42	979	14,770.18	77,840.60
24	317	8,136.64	107	1,410.54	9,547.18
25	499	17,405.63	346	8,339.30	25,744.93
Total	20,247	686,822.02	8,425	167,084.43	853,906.45
Indiana:					
1	91	2,945.93	14	451.88	3,397.81
2	2,205	73,926.84	898	14,187.93	88,114.77
3	522	24,407.08	193	3,245.94	27,653.02
4	2,319	102,192.95	1,219	20,387.54	122,580.49
5	2,830	92,930.75	1,228	17,448.64	110,379.39
6	2,531	88,202.65	1,272	25,661.08	113,863.73
7	1,104	51,471.76	626	10,879.40	62,351.16
8	619	26,063.55	393	5,989.60	32,053.15
9	1,216	53,310.01	763	13,284.48	66,594.49
10	2,566	79,695.10	1,212	18,985.01	98,680.11
11	159	4,430.12	75	819.46	5,249.58
Total	16,262	599,576.74	7,893	131,340.96	730,917.70
Iowa:					
1	3,893	251,682.45	2,100	40,362.03	292,044.48
2	3,255	117,371.18	1,573	27,800.47	145,171.65
3	3,650	188,625.64	1,803	57,689.50	246,315.14
4	5,085	365,749.22	2,622	64,527.23	430,276.45
5	1,784	125,184.35	811	20,293.14	145,477.49
6	4,299	189,590.14	2,212	50,837.11	240,427.25
7	2,221	143,935.48	1,406	37,595.91	181,531.39
8	3,084	204,500.68	1,985	56,374.51	260,875.19
Total	27,271	1,586,639.14	14,512	355,479.90	1,942,119.04
Kansas:					
1	892	73,997.69	649	18,181.81	92,179.50
2	1,086	57,830.86	720	15,847.58	73,678.44
3	1,123	49,916.65	812	15,491.36	65,408.01
4	1,375	130,954.80	1,006	28,442.87	159,397.67
5	1,324	141,445.66	1,094	44,099.52	185,545.18
6	757	88,570.14	576	27,437.56	116,007.70
Total	6,557	542,715.80	4,857	149,500.70	692,216.50
Kentucky:					
1	913	67,974.66	767	18,574.32	86,548.98
2	943	42,660.55	703	10,825.42	53,485.97
3	36	1,820.67	27	617.83	2,438.50
4	2,510	157,421.33	2,116	55,169.91	212,591.24
5	1,120	48,314.37	881	16,088.01	64,402.38
6	4,470	373,144.39	4,153	138,287.29	511,431.68
7	209	8,867.88	120	2,427.89	11,295.77
8	469	11,302.33	186	2,362.12	13,664.45
Total	10,885	711,506.18	8,953	244,352.79	955,858.97
Louisiana:					
1	-----	-----	-----	-----	-----
2	6	2,272.59	-----	-----	2,272.59
3	201	2,180.94	-----	-----	2,180.94
4	73	3,421.97	18	531.62	3,953.59
5	115	13,597.95	21	616.94	14,214.89
6	94	7,224.83	10	261.50	7,486.33
7	562	30,976.14	7	190.48	31,166.62
8	73	6,725.98	5	366.02	7,092.00
Total	1,124	66,400.40	61	1,966.56	68,366.96
Maine:					
1	105	2,845.00	4	88.18	2,933.18
2	311	10,649.76	75	723.80	11,373.56
3	268	12,978.38	122	2,109.31	15,087.69
Total	684	26,473.14	201	2,921.29	29,394.43
Maryland:					
1	272	13,087.51	157	2,711.56	15,799.07
2	217	7,559.39	51	793.54	8,352.93
3 and 4	-----	-----	-----	-----	-----
5	111	4,077.49	39	739.36	4,746.85
6	436	13,006.64	131	3,501.81	16,508.45
7	-----	-----	-----	-----	-----
Total	1,036	37,661.03	378	7,746.27	45,407.30
Massachusetts:					
1	44	1,728.03	5	55.07	1,783.10
2	54	2,221.90	4	34.28	2,256.18
3	75	2,311.11	3	147.68	2,458.79
4 and 5	29	563.17	-----	-----	563.17

[1] Source: Compiled from reports submitted by ASC county offices, Feb. 28, 1958.
[2] No unshorn lamb payments in this State.

Payments under the National Wool Act of 1954—Number and amount of wool and unshorn lamb payments for the 1956 marketing year, by States and Congressional Districts—Continued

State and Congressional District	Shorn wool payments		Unshorn lamb payments		Total payments
	Number	Amount	Number	Amount	
Massachusetts—Con.					
6 through 8	62	$1, 104. 15	4	$27. 34	$1, 131. 49
9	168	3, 148. 70	4	62. 82	3, 211. 52
10 through 13					
14	220	2, 971. 28			2, 971. 28
Total	652	14, 048. 34	20	327. 19	14, 375. 53
Michigan:					
1					
2	1, 232	196, 444. 47	552	14, 349. 25	210, 793. 72
3	1, 002	74, 368. 08	565	12, 722. 69	87, 090. 77
4	626	49, 197. 45	407	9, 538. 63	58, 736. 08
5	109	6, 046. 90	36	874. 03	6, 920. 93
6	645	77, 898. 59	381	9, 860. 78	87, 759. 37
7	440	28, 378. 28	249	4, 585. 38	32, 963. 66
8	1, 168	93, 989. 74	740	18, 874. 52	112, 864. 26
9	153	13, 429. 46	92	3, 423. 50	16, 852. 96
10	643	53, 079. 74	436	11, 552. 99	64, 632. 73
11	230	16, 851. 24	150	4, 316. 81	21, 168. 05
12	8	427. 11	1	8. 71	435. 82
13 through 17	12	559. 82	1	70. 00	629. 82
18	93	9, 345. 27	46	1, 517. 54	10, 862. 81
Total	6, 361	620, 016. 15	3, 656	91, 694. 83	711, 710. 98
Minnesota:					
1	3, 682	177, 242. 36	1, 836	32, 666. 08	209, 908. 44
2	3, 139	159, 500. 22	1, 457	35, 093. 31	194, 593. 53
3	312	14, 759. 18	97	2, 879. 35	17, 638. 53
4	22	1, 401. 95			1, 401. 95
5					
6	2, 249	96, 755. 84	1, 148	27, 106. 91	123, 862. 75
7	4, 492	300, 800. 47	2, 339	61, 241. 21	362, 041. 68
8	374	17, 212. 47	101	2, 232. 04	19, 444. 51
9	4, 332	254, 228. 45	2, 438	59, 350. 20	313, 578. 65
Total	18, 602	1, 021, 900. 94	9, 416	220, 569. 10	1, 242, 470. 04
Mississippi:					
1	150	9, 913. 88	91	1, 914. 69	11, 828. 57
2	60	3, 845. 81	42	571. 83	4, 417. 64
3	158	39, 869. 39	82	3, 878. 50	43, 747. 89
4	145	7, 160. 21	51	943. 44	8, 103. 65
5	44	2, 308. 84	23	686. 21	2, 995. 05
6	359	23, 107. 50	22	1, 024. 03	24, 131. 53
Total	916	86, 205. 63	311	9, 018. 70	95, 224. 33
Missouri:					
1 through 3	47	880. 74	7	225. 52	1, 106. 26
4	1, 575	74, 402. 25	1, 172	26, 543. 34	100, 945. 59
5					
6	4, 400	254, 422. 93	3, 073	67, 224. 94	321, 647. 87
7	2, 515	101, 502. 31	1, 279	29, 008. 68	130, 510. 99
8	719	19, 608. 02	339	4, 203. 05	23, 811. 07
9	6, 517	358, 250. 31	4, 143	85, 023. 59	443, 273. 90
10	296	8, 143. 84	171	5, 149. 50	13, 293. 34
11	2, 924	152, 733. 26	1, 748	35, 954. 37	188, 687. 63
Total	18, 993	969, 943. 66	11, 932	253, 332. 99	1, 223, 276. 65
Montana:					
1	971	573, 389. 31	742	96, 656. 34	670, 045. 65
2	2, 986	2, 093, 158. 58	2, 571	371, 878. 08	2, 465, 036. 66
Total	3, 957	2, 666, 547. 89	3, 313	468, 534. 42	3, 135, 082. 31
Nebraska:					
1	1, 165	73, 165. 78	651	17, 234. 61	90, 400. 39
2	315	67, 328. 70	184	11, 973. 89	79, 302. 59
3	1, 539	104, 176. 25	990	30, 571. 51	134, 747. 76
4	1, 920	375, 598. 98	1, 150	95, 271. 61	470, 870. 59
Total	4, 939	620, 269. 71	2, 975	155, 051. 62	775, 321. 33
Nevada: At large, total	315	533, 686. 55	179	103, 793. 07	637, 479. 62
New Hampshire:					
1	109	2, 932. 75	6	46. 59	2, 979. 34
2	115	4, 230. 60	19	259. 00	4, 489. 60
Total	224	7, 163. 35	25	305. 59	7, 468. 94
New Jersey:					
1	13	405. 13	2	82. 96	488. 09
2	25	558. 77			558. 77
3	31	928. 56			928. 56
4	18	643. 01			643. 01
5	52	2, 165. 73	2	44. 60	2, 210. 33
6	1	63. 42			63. 42
7	165	5, 370. 10	24	1, 406. 49	6, 776. 59
8	2	98. 78			98. 78
9	2	19. 92			19. 92
10 through 12	1	16. 01			16. 01
13 and 14					
Total	310	10, 269. 43	28	1, 534. 05	11, 803. 48
New Mexico: At large, total	3, 755	1, 851, 885. 69	2, 043	192, 072. 18	2, 043, 957. 87
New York:					
1	15	$387. 52			$387. 52
2 and 3	4	360. 05			360. 05
4 through 7					
8 through 14					
15					
16 through 21					
22 through 25					
26	14	281. 50	1	$9. 08	290. 58
27	7	193. 90	1	12. 92	206. 82
28	69	2, 629. 71	17	263. 14	2, 892. 85
29	234	9, 806. 97	59	954. 39	10, 761. 36
30	138	7, 046. 38	54	873. 63	7, 920. 01
31	153	8, 537. 97	25	437. 68	8, 975. 65
32	75	3, 425. 58	20	232. 79	3, 658. 37
33	158	8, 833. 74	77	1, 662. 55	10, 496. 29
34	40	1, 785. 13	8	83. 27	1, 868. 40
35	60	2, 405. 31	11	136. 05	2, 541. 36
36	668	56, 151. 20	380	12, 610. 99	68, 762. 19
37	314	19, 659. 89	181	4, 117. 72	23, 777. 61
38	99	5, 703. 16	44	733. 92	6, 437. 08
39	296	26, 606. 72	158	4, 892. 81	31, 499. 53
40	96	4, 950. 12	45	668. 91	5, 619. 03
41 and 42	53	3, 631. 56	18	343. 68	3, 975. 24
43	475	39, 292. 42	294	7, 931. 65	47, 224. 07
Total	2, 968	201, 688. 83	1, 393	35, 965. 18	237, 654. 01
North Carolina:					
1	126	2, 883. 05	61	675. 16	3, 558. 21
2	38	1, 417. 39	32	346. 28	1, 763. 67
3	14	2, 834. 75	8	95. 17	2, 929. 92
4	47	1, 375. 37	23	457. 95	1, 833. 32
5	55	1, 818. 70	30	313. 70	2, 132. 40
6	52	1, 359. 48	26	266. 02	1, 625. 50
7	5	276. 90	3	26. 91	303. 81
8	76	2, 806. 40	54	733. 56	3, 539. 96
9	714	16, 787. 08	478	5, 498. 54	22, 285. 62
10	116	3, 627. 68	54	784. 06	4, 411. 74
11	80	2, 004. 32	29	644. 08	2, 648. 40
12	131	3, 187. 76	67	743. 07	3, 930. 83
Total	1, 454	40, 378. 88	865	10, 584. 50	50, 963. 38
North Dakota: At large, total	7, 243	929, 651. 27	4, 949	192, 412. 42	1, 122, 063. 69
Ohio:					
1 and 2	95	2, 383. 76	26	278. 90	2, 662. 66
3	594	24, 980. 79	199	3, 731. 93	28, 712. 73
4	2, 841	130, 918. 79	1, 329	20, 706. 45	151, 625. 24
5	2, 259	98, 374. 49	922	14, 444. 32	112, 818. 81
6	2, 219	118, 011. 66	886	18, 175. 70	136, 187. 36
7	3, 869	252, 681. 96	1, 605	36, 739. 53	289, 421. 49
8	5, 022	415, 190. 83	2, 795	59, 077. 47	474, 268. 30
9	34	1, 175. 89	6	51. 64	1, 227. 53
10	1, 196	66, 705. 81	415	6, 420. 24	73, 126. 05
11	348	16, 663. 44	91	1, 553, 22	18, 216. 66
12	421	20, 549. 05	112	2, 105. 92	22, 654. 97
13	1, 015	82, 594. 47	361	7, 022. 52	89, 616. 99
14	212	13, 015. 78	56	943. 81	13, 959. 59
15	1, 856	224, 435. 20	389	7, 048. 53	231, 483. 73
16	521	41, 534. 89	127	2, 731. 47	44, 266. 36
17	3, 549	382, 777. 08	1, 352	28, 546. 82	411, 323. 90
18	676	88, 208. 43	125	2, 344. 46	90, 552. 89
19	92	4, 380. 15	18	203. 06	4, 583. 21
20 through 23	36	1, 062. 61	5	64. 60	1, 127. 21
Total	26, 855	1, 985, 645. 08	10, 819	212, 190. 60	2, 197, 835. 68
Oklahoma:					
1	901	57, 021. 92	526	13, 155. 04	70, 176. 96
2	469	31, 329. 88	280	8, 725. 53	40, 055. 41
3	326	22, 170. 49	185	5, 334. 82	27, 505. 31
4	277	15, 371. 14	202	3, 921. 49	19, 292. 63
5	277	16, 134. 81	199	4, 812. 35	20, 947. 16
6	871	63, 960. 99	689	19, 346. 00	83, 306. 99
Total	3, 121	205, 989. 23	2, 081	55, 295. 23	261, 284. 46
Oregon:					
1	2, 461	227, 368. 48	1, 333	34, 794. 34	262, 162. 82
2	1, 397	611, 011. 29	863	155, 837. 93	766, 849. 22
3	71	2, 751. 87	13	180. 04	2, 931. 91
4	2, 222	375, 320. 59	1, 247	47, 253. 27	422, 573. 86
Total	6, 151	1, 216, 452. 23	3, 456	238, 065. 58	1, 454, 517. 81
Pennsylvania:					
1 through 6					
7	15	566. 12	6	63. 28	629. 40
8	95	2, 692. 41	15	144. 81	2, 837. 22
9	178	6, 138. 96	41	414. 28	6, 553. 24
10	266	7, 994. 19	119	1, 505. 64	9, 499. 83
11	36	1, 606. 02	10	148. 39	1, 754. 41
12	62	4, 292. 21	12	181. 88	4, 474. 09
13	72	1, 840. 42	13	100. 66	1, 941. 08
14	64	2, 633. 53	41	461. 99	3, 095. 52
15	54	1, 757. 09	10	97. 52	1, 854. 61
16	118	3, 410. 14	48	601. 36	4, 011. 50
17	501	20, 570. 48	228	4, 846. 24	25, 416. 72
18	435	13, 898. 60	228	3, 233. 98	17, 132. 58

Payments under the National Wool Act of 1954—Number and amount of wool and unshorn lamb payments for the 1956 marketing year, by States and Congressional Districts—Continued

State and Congressional District	Shorn wool payments		Unshorn lamb payments		Total payments
	Number	Amount	Number	Amount	
Pennsylvania—Con.					
19	271	$10,186.82	121	$3,559.83	$13,746.65
20	128	4,811.48	52	656.13	5,467.61
21	120	4,531.48	37	561.79	5,093.27
22	250	8,848.96	114	1,782.18	10,631.14
23	183	7,927.56	102	1,469.59	9,397.15
24	361	15,344.02	198	2,873.39	18,217.41
25	356	15,503.80	84	1,053.36	16,557.16
26	1,402	157,304.71	317	4,785.32	162,090.03
27 through 30	61	2,291.72	10	83.19	2,374.91
Total	5,028	294,150.72	1,806	28,624.81	322,775.53
Rhode Island:					
1	23	433.27	1	6.74	440.01
2	80	1,726.19	19	182.44	1,908.63
Total	103	2,159.46	20	189.18	2,348.64
South Carolina:					
1	16	1,587.87	3	17.19	1,605.06
2	9	261.36	1	5.16	266.52
3	34	1,769.99	11	147.29	1,917.28
4	25	1,222.52	6	30.09	1,252.61
5	28	3,044.18	16	235.12	3,279.30
6	34	3,129.97	16	290.03	3,420.00
Total	146	11,015.89	53	724.88	11,740.77
South Dakota:					
1	10,496	920,794.71	7,132	244,896.09	1,165,690.80
2	2,059	1,128,397.32	1,648	187,814.74	1,316,212.06
Total	12,555	2,049,192.03	8,780	432,710.83	2,481,902.86
Tennessee:					
1	232	9,062.76	176	2,807.28	11,870.04
2	90	3,789.08	68	1,243.67	5,032.75
3	82	2,962.96	66	849.71	3,812.67
4	3,526	140,344.72	2,954	50,946.44	191,291.16
5	69	2,264.54	43	699.68	2,964.22
6	1,071	60,044.63	899	22,514.15	82,558.78
7	167	9,749.59	143	3,065.48	12,815.07
8	286	20,011.81	229	5,453.20	25,465.01
9	18	395.84	2	14.03	409.87
Total	5,541	248,625.93	4,580	87,593.64	336,219.57
Texas:					
1	192	23,047.84	80	1,815.80	24,863.64
2	40	1,202.48	2	19.17	1,221.65
3	46	1,870.72	10	208.01	2,078.73
4	573	38,846.48	285	6,459.43	45,305.91
5	214	7,381.69	38	767.01	8,148.70
6	419	37,433.36	243	5,018.78	42,452.14
7	57	3,066.73	10	427.45	3,494.18
8	49	1,543.26			1,543.26
9	1,020	26,209.83	30	474.36	26,684.19
10	2,231	443,226.55	618	20,907.45	464,134.00
11	1,748	249,053.54	643	15,533.74	264,587.28
12	430	53,902.07	256	7,279.69	61,181.76
13	706	49,247.23	459	10,436.94	59,684.17
14	844	69,290.22	147	2,478.37	71,768.59
15	212	66,478.64	49	2,025.16	68,503.80
16	779	1,610,800.27	545	161,395.26	1,772,195.53
17	1,879	426,565.85	943	40,232.72	466,798.57
Texas—Continued					
18	176	$21,838.03	112	$7,641.58	$29,479.61
19	364	129,766.56	166	16,038.30	145,804.86
20	119	18,276.20	21	325.91	18,602.11
21	8,669	4,888,376.71	4,455	375,561.88	5,263,938.59
Total	20,767	8,167,424.26	9,112	675,047.01	8,842,471.27
Utah:					
1	2,759	1,533,056.56	1,661	331,773.32	1,864,829.88
2	639	541,113.90	277	124,040.44	665,154.34
Total	3,398	2,074,170.46	1,938	455,813.76	2,529,984.22
Vermont: At large, total	253	10,581.10	64	1,171.88	11,752.98
Virginia:					
1	208	7,355.06	54	6,458.08	13,813.14
2	14	187.81			187.81
3	36	987.80	1	11.40	999.20
4	398	10,341.93	121	1,622.81	11,964.74
5	781	25,822.11	570	8,699.00	34,521.11
6	529	18,084.19	384	6,420.77	24,504.96
7	3,623	149,122.18	2,392	51,343.22	200,465.40
8	865	39,088.10	454	9,210.02	48,298.12
9	1,752	82,404.11	1,357	30,866.50	113,270.61
10	17	548.31	1	51.96	600.27
Total	8,223	333,941.60	5,334	114,683.76	448,625.36
Washington:					
1	11	155.90			155.90
2	268	17,161.99	74	3,399.52	20,561.51
3	299	14,367.64	80	1,359.59	15,727.23
4	822	318,787.16	452	84,298.17	403,085.33
5	336	60,797.32	172	14,130.02	74,927.34
6	185	6,332.60	10	151.75	6,484.35
Total	1,921	417,602.61	788	103,339.05	520,941.66
West Virginia:					
1	521	32,493.06	164	2,026.18	34,519.24
2	4,217	155,919.05	2,765	50,056.33	205,975.38
3	1,993	49,709.31	1,475	17,545.26	67,254.57
4	624	19,206.26	376	4,285.90	23,492.16
5	1,336	43,712.36	871	15,316.54	59,028.90
6	90	3,185.62	51	685.41	3,871.03
Total	8,781	304,225.66	5,702	89,915.62	394,141.28
Wisconsin:					
1	899	44,645.65	297	8,593.43	53,239.08
2	1,145	45,829.73	376	8,292.34	54,122.07
3	1,924	69,456.64	1,041	16,202.26	85,658.90
4 and 5	26	737.71	1	24.45	762.16
6	543	17,531.93	166	2,648.39	20,180.32
7	793	30,170.64	383	6,055.27	36,225.91
8	359	10,627.30	132	1,951.78	12,579.08
9	1,526	63,276.63	732	12,892.49	76,169.12
10	607	28,333.22	298	5,769.87	34,103.09
Total	7,822	310,609.45	3,426	62,430.28	373,039.73
Wyoming: At large, total	3,207	3,660,138.09	2,410	570,626.44	4,230,764.53
United States	287,224	43,792,675.06	156,817	7,832,473.61	51,625,148.57

Mr. CARROLL. Mr. President, anyone familiar with the economics of the metal-mining industry in this Nation fully understands that its present situation is desperate.

For more than 10 years some of us have sought, through legislative and executive action, to bolster the sagging fortunes of this vital industry.

The reason for this legislation before us is crystal clear. The Tariff Commission was divided. In a split decision, it recommended either higher tariffs or a quota system or both. The executive branch, under existing law, either does not know what to do or knowing what to do has refused to act following the recommendations of the Tariff Commission. The purpose of this bill has been so ably outlined by the chairman of the Interior Committee, the able senior Senator from Montana [Mr. MURRAY], and the distinguished assistant majority leader, the junior Senator from Montana [Mr. MANSFIELD], and the able junior Senator from Nevada [Mr. BIBLE], that it is not necessary for the junior Senator from Colorado to repeat the reasons offered for the passage of this proposed legislation.

As a member of the Minerals Subcommittee, I have spent considerable time working on and analyzing this bill. I am frank to say that I wish I knew of another way to solve and settle the problems of the metal-mining industry other than through this type of legislation but, to be equally candid, under existing conditions, I know of no other way at this time whereby the metal-mining industry of this Nation can be saved and the closing of the mines and the consequent growing unemployment resulting therefrom can be prevented.

Let us examine the metal-mining industry in the State of Colorado, by way of example. In the past few years many mines have closed, unemployment continues to spread, and if existing conditions continue the industry will die. This has been brought about through no fault of management or labor, but as a result of increased shipments of ores from foreign countries whose labor and other mining costs are extremely low when compared to our labor and other mining costs. These imports of foreign ore have seriously depressed the market price of domestic ore to the extent that American mines can no longer operate successfully in a free, competitive market.

This, then, is the real purpose of this proposed legislation: to support the metal-mining industry of the Nation and to stabilize the market price of lead, zinc, tungsten, and fluorspar in order to sustain an industry that is not only vital to our national defense but to the economy of more than 20 States in which these metals are mined.

Mr. President, since the last war we have appropriated millions of dollars for minerals through one technique or another, stockpiling for example, and I think that the time has come for us to try another approach to the solution of this important problem.

As I have said before, I have worked hard and thought long about the merits of this bill and I see no other alternative under present conditions and circumstances except to approve its passage. Only time, proper administration, and experience will inform us as to the wisdom of our action.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. Church in the chair). Without objection, it is so ordered.

The question is, shall the bill pass? On this question the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LAUSCHE (when his name was called). On this vote, I have a pair with the junior Senator from Tennessee [Mr. Gore]. If the junior Senator from Tennessee [Mr. Gore] were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. Chavez], the Senator from Tennessee [Mr. Gore], the Senator from Florida [Mr. Holland], the Senator from Washington [Mr. Jackson], the Senator from Tennessee [Mr. Kefauver], the Senator from Oklahoma [Mr. Kerr], the Senator from Washington [Mr. Magnuson], the Senator from Georgia [Mr. Talmadge], and the Senator from Texas [Mr. Yarborough] are absent on official business.

The Senator from Virginia [Mr. Byrd] and the Senator from Minnesota [Mr. Humphrey] are absent because of illness in their families.

On this vote, the Senator from Virginia [Mr. Byrd] is paired with the Senator from Tennessee [Mr. Kefauver]. If present and voting, the Senator from Virginia would vote "nay" and the Senator from Tennessee would vote "yea."

I further announce that if present and voting, the Senator from New Mexico [Mr. Chavez], the Senator from Florida [Mr. Holland], the Senator from Washington [Mr. Jackson], the Senator from Oklahoma [Mr. Kerr], the Senator from Washington [Mr. Magnuson], the Senator from Georgia [Mr. Talmadge], and the Senator from Texas [Mr. Yarborough] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from South Dakota [Mr. Case] is absent on official business.

The Senator from Vermont [Mr. Flanders] is necessarily absent.

The result was announced—yeas 70, nays 12, as follows:

YEAS—70

Aiken	Goldwater	Morton
Allott	Green	Mundt
Anderson	Hayden	Murray
Barrett	Hennings	Neuberger
Beall	Hickenlooper	O'Mahoney
Bennett	Hill	Pastore
Bible	Hoblitzell	Payne
Bricker	Hruska	Potter
Butler	Ives	Proxmire
Capehart	Javits	Revercomb
Carlson	Johnson, Tex.	Russell
Carroll	Johnston, S. C.	Schoeppel
Case, N. J.	Jordan	Smathers
Church	Kennedy	Smith, N. J.
Clark	Knowland	Sparkman
Cooper	Kuchel	Stennis
Curtis	Langer	Symington
Dirksen	Malone	Thurmond
Dworshak	Mansfield	Thye
Eastland	Martin, Iowa	Watkins
Ellender	McClellan	Wiley
Ervin	McNamara	Young
Frear	Monroney	
Fulbright	Morse	

NAYS—12

Bridges	Jenner	Robertson
Bush	Long	Saltonstall
Cotton	Martin, Pa.	Smith, Maine
Douglas	Purtell	Williams

NOT VOTING—14

Byrd	Holland	Lausche
Case, S. Dak.	Humphrey	Magnuson
Chavez	Jackson	Talmadge
Flanders	Kefauver	Yarborough
Gore	Kerr	

So the bill (S. 4036) was passed.

Mr. MANSFIELD. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas to lay on the table the motion of the Senator from Montana.

The motion to lay on the table was agreed to.

PERSONAL STATEMENT BY SENATOR MORSE

During the consideration of the minerals bill under a unanimous-consent agrement limiting debate,

Mr. MORSE. Mr. President——

The PRESIDING OFFICER. The Senate is operating under a unanimous-consent agreement.

Mr. BIBLE. How much time does the Senator from Oregon desire?

Mr. MORSE. I wished to speak on a matter of personal privilege.

Mr. BIBLE. I am delighted to yield 3 minutes to the Senator from Oregon.

Mr. MORSE. Mr. President, I rise to a matter of personal privilege. On July 8, 1958, I submitted for publication in the Congressional Record—and there is printed at page 13148—a very critical editorial about the senior Senator from Oregon, which was published originally in the Capital Journal, of Salem, Oreg.

It is an editorial which seeks to spread the smear that any Member of the Senate who receives a contribution in a political campaign from workers who are members of unions in some way or somehow is tarred with the brush of conflict of interest and is not a free man.

I was discussing that general subject on July 8, when I submitted the editorial for printing in the Record. I did so to give the Senate some direct information on the type of attack which is being made, unjustifiably, upon Senators in respect to campaign contributions.

I overlooked the fact that the editorial also made some unkind references to one of my dearest friends, the Senator from Michigan [Mr. McNamara]. The editorial contained the misrepresentation of fact which had previously been used by David Lawrence in one of his columns, in which he had said that in 1954 a total of $725,000 was spent by the United Automobile Workers-CIO in support of Senator McNamara in Michigan. Of course that is pure fancy; it has no basis in fact.

I regret that the statement about Senator McNamara's election was contained in the editorial of the Oregon newspaper which attacked me. If I had to do it over, I would ask to have the editorial edited in regard to any reference to the Senator from Michigan [Mr. McNamara]. I have expressed my sincere apologies and regrets to the Senator from Michigan that I inserted anything in the Record which further publicized the injustice David Lawrence had previously done to him.

All this is further evidence of the type of campaign which is being carried on in this country by those who seem to believe that Members running for Congress should not accept, through their finance committees, campaign contributions from workers. Apparently it is all right to accept campaign contributions from other sources, but it is wrong to accept such contributions from workers.

I wish to repeat what I said on July 8, namely, that those who seem to think that campaign contributions from workers or other sources buy United States Senators simply do not know the record of the United States Senate. Liberals get support from liberal sources, and conservatives get support from conservative sources. The test is: What does the man do in the Senate?

I am very proud to point to the Senator from Michigan [Mr. McNamara] as a man who demonstrates that he sits in the Senate and exercises an honest independence of judgment on the merits of issues, and votes on them accordingly without obligation to any campaign contributors as the Senator from Oregon has done for 13 years.

PROHIBITION OF TRADING IN ONION FUTURES

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of calendar No. 1661, H. R. 376, amending the Commodity Exchange Act to prohibit trading in onion futures in commodity exchanges.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (H. R. 376) to amend the Commodity Exchange Act to prohibit trading in onion futures in commodity exchanges.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry with an amendment to strike out all after the enacting clause and insert:

That (a) no contract for the sale of onions for future delivery shall be made on or subject to the rules of any board of trade in the United States. The terms used in this act shall have the same meaning as when used in the Commodity Exchange Act.

(b) Any person who shall violate the provisions of this section shall be deemed guilty of a misdemeanor and upon conviction thereof be fined not more than $10,000, or imprisoned for not more than 6 months, or both; but if such violation is committed after one conviction of such person under this section such person shall be fined not more than $10,000 and imprisoned for not more than 6 months.

SEC. 2. Section 2 (a) of the Commodity Exchange Act, as amended, is amended by striking out "onions."

SEC. 3. This act shall take effect 30 days after its enactment. With respect to violations, liabilities incurred, or appeals taken prior to such effective date, all provisions of the Commodity Exchange Act, as amended, as they existed prior to such effective date shall be deemed to remain in full force and effect for the purpose of sustaining any proper suit, action, or other proceeding with respect to any such violations, liabilities, or appeals.

Mr. JOHNSON of Texas. Mr. President, I send to the desk a proposed unanimous-consent order, and ask for its immediate consideration.

The PRESIDING OFFICER. The proposed order will be read.

The proposed unanimous consent agreement was read, as follows:

Ordered, That effective during the consideration of the bill (H. R. 376) to amend the Commodity Exchange Act to prohibit trading in onion futures in commodity exchanges, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 30 minutes, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided,* That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further,* That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 30 minutes, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided,* That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

The PRESIDING OFFICER. Is there objection to the proposed unanimous consent agreement? The Chair hears none, and it is so ordered.

Mr. POTTER. Mr. President, will whoever controls the time yield me some time?

Mr. JOHNSON of Texas. Will the Senator withhold his request until a brief statement has been made by the chairman of the committee which reported the bill?

Mr. POTTER. Yes.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the Senator from Louisiana [Mr. ELLENDER].

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

Mr. ELLENDER. Mr. President, this is a very simple bill. It contains but 3 sections. I wish to say that the Committee on Agriculture and Forestry held hearings on this bill on 2 different occasions. On the last occasion, at which time I presided, the committee found it necessary to take the House bill and change it because in its form at that time it would not accomplish what proponents of the bill expected. Let me explain. The Commodity Exchange Act was placed on the statute books for the express purpose of regulating futures in various commodities, and in 1955 onions were added to the list of commodities covered by that act.

The bill as passed by the House sought to prohibit futures trading in onions, while the Commodity Exchange Act itself was designed to regulate futures trading. The House bill, by amending the Commodity Exchange Act so that it both prohibited onion futures trading and regulated the manner in which it was to be conducted created a contradictory and confusing situation.

We also found that there was no provision for a penalty for those who violated the law, under the House provisions.

In order to conform the bill with what I thought the proponents of the bill desired, I followed the following course: The proponents, by the way, were farmers from all over the Middle West and East, where large amounts of onions are produced. In order to provide the proponents of the bill with an effective piece of legislation with teeth in it, so as to make it possible to punish violators, the Committee on Agriculture and Forestry decided to rewrite the bill.

The bill would prevent futures trading of onions. Under its provisions, anyone who engages in futures trading in violation of the law will be subject to a fine of up to $10,000 or imprisonment for up to 6 months. In case of a second violation the judge would be compelled to impose both fine and imprisonment.

Mr. President, that is about the sum and substance of the bill. The committee gave very careful consideration to this measure. There were only 3 members who voted against it as compared to 12 members of the committee who supported the bill as presented to the Senate. As chairman of the committee considering this bill, I have tried to report this bill back to the Senate in proper form for consideration by the Senate. I would, however, like to make it clear that I do not favor the subsistance of the bill because I agree with the position of the Department of Agriculture set forth in its letter on page 6 of the committee report as follows:

The prohibition of futures trading in onions could not be expected to eliminate erratic price movements traditional in the marketing of this commodity. Should H. R. 376 receive the approval of the Congress, however, we are of the opinion that its enactment would not significantly affect the marketing or distribution of onions.

I do not think that the bill will accomplish its purpose and I do not believe that it should or will serve as a precedent for similar action with respect to other commodities.

Mr. President, I ask unanimous consent to have printed in the RECORD in connection with my remarks an explanation of the technical aspects of the bill.

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

EXPLANATION OF H. R. 376

This bill would prohibit trading in onion futures. Congress brought onions under the Commodity Exchange Act in 1955 in the hope that regulation under that act would eliminate the adverse effects when speculation in onion futures was then having on case onion prices. Now, after over 2 years of regulation, it appears that speculative activities in onion futures is continuing to interfere with cash prices and the orderly marketing of onions in interstate commerce.

The committee amendment to the text of the bill does not in any way change the purpose of the bill. As passed by the House the bill prohibited trading in onion futures. However, as the bill was worded, it was necessary to refer to the provisions of the Commodity Exchange Act which prohibited onion futures trading other than by or through members of contract markets in order to understand the effect of the bill. The committee amendment would simplify this by providing for a simple and direct prohibition of onion futures trading, which is contained entirely in the bill itself.

As the bill was passed by the House, no criminal penalties were provided for its enforcement. The committee amendment provides for such penalty.

The committee amendment would further remove onions from regulation under the Commodity Exchange Act. The purpose of that act is the regulation of futures trading and, since the bill prohibits futures trading in onions, it is not appropriate to continue onions subject to the act.

As passed by the House the bill would have been effective immediately upon enactment, and traders would have been left without any means of liquidating their positions other than by delivery. Since, in probably 99 percent of the cases, actual delivery was never contemplated, this would achieve an unfair result. The committee amendment would therefore make the bill effective 30 days after enactment. Further, since the committee amendment would remove onions from the provisions of the Commodity Exchange Act, the committee amendment includes a savings clause with respect to offenses occuring before its enactment.

The PRESIDING OFFICER (Mr. FREAR in the chair). The time of the Senator has expired.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the Senator from Michigan [Mr. POTTER].

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

Mr. POTTER. Mr. President, this proposed legislation has strong support from an overwhelming majority of onion growers, shippers, and receivers in all parts of the country. It is certainly true in my own State of Michigan that more than 95 percent of all growers and shippers of onions are opposed to continued trading in onion futures, and I am reliably informed that the same is true in all other onion producing sections of the country.

Resolutions opposing trading in onion futures are on record by the National Onion Association, the American Farm Bureau Federation, 13 State farm bureau groups, from New York, Ohio, Michigan, Indiana, Wisconsin, Iowa, Minnesota, Colorado, Utah, Idaho, Oregon, Washington, and California. The United Fresh Fruit and Vegetable Association, Vegetable Growers of America, Texas Citrus and Vegetable Growers and Shippers, Western Growers Association, and numerous other farm organizations.

This is an agricultural industry which has never had any type of Government aid and has never asked for any. Growers and shippers ask only that they be allowed a free hand in meeting their marketing problems without interference from outside influences, factors unrelated to the onion industry in every way.

Futures trading in onions was instituted some 15 years ago by the mercantile exchanges over strenuous objections from the onion industry—growers and shippers alike. Growers did not need a futures market and feared that trading in futures would disrupt orderly marketing procedures. Their fears were well-grounded.

The onion industry has no criticism of futures markets in staple commodities—cotton, grain, sugar—nonperishable commodities basic to various manufacturing processes. With these commodities real economic services are rendered. Hedging on the part of both producers and buyers lends stability to the industries concerned.

In onion futures trading the opposite is true. The onion futures market renders little, if any, service to anyone except the speculator. Futures trading in onions constantly disrupts the orderly marketing of the crop. On the long side of the market, very little buying is done except by speculators. Few onions are purchased for processing of any kind and very little futures buying is done by any processors. No receiver or processor can successfully hedge against his anticipated requirements by buying futures. In buying, a purchaser has only a contract calling for delivery any time within a specified month. If he has bought 15 cars to meet his needs in March, he may get all 15 on March 1 or, just as likely, all 15 during the last 5 days of the month. The buyer, either a processor or retailer, needs regular daily supplies, so many each day during the month, but delivery within the month is at the option of someone other than himself. Further, most buyers know well that they cannot expect quality to meet their needs from board delivery onions.

In the marketing of most of the onion crop, each buyer purchases the raw product, adds his service cost and passes the raw product on to the ultimate consumer. Users of onions have little need of an opportunity to hedge their purchases and they do very little of it.

With almost 100 percent of all purchases of onion futures contracts classed as speculative, let us look at the selling side. Do growers use futures extensively to hedge? Certainly not, according to a survey of open contracts on the Chicago Mercantile Exchange as of October 31, 1957, recently prepared and released by the Commodity Exchange Authority.

This report by a government agency shows 89.6 percent of all traders were speculators. Of the remaining 10.4 percent, more than half of the short contracts, classed as hedgers, were actually contracts held by brokers based on financing contracts with growers. Under those contracts to finance a grower, there is usually no delivery of cash onions in settlement, according to the CEA report. The contract is closed out on a basis of a money settlement. The broker, through financing a grower's operation, has used the grower's onions to protect the broker's speculative position. Actually, then, less than 5 percent of the trading can be classed as true hedging. The CEA states that it does not appear that the hedging use of the futures market has been of such character as to be of importance in marketing onions.

To illustrate further how completely speculative this onion futures game is, in 1 season of 5 months' trading—I say 5 months' trading, because all trading in the crop of any one year must end in March—in 1 season's trading over 130,000 carload contracts were dealt in but only 1,300 cars of actual onions were delivered—about 1 percent. In the 1956–57 season, total actual onions handled through the futures market was only 615 cars. The total northern crop of onions would run somewhat over 50,000 cars. Yet, pressures of a system handling only 615 of these cars constantly disrupts and depresses the total cash market.

An excellent example of this disrupting influence is cited in another CEA report, one issued in March 1957. According to this report the onion futures market reached a high of $2.20 per 50-pound sack on February 4. Three weeks later, on February 25, the price of the March futures on the Chicago Mercantile Exchange registered a low of 87 cents, a drop of 60 percent. During March there was a substantial recovery with the futures expiring on March 22 at $1.58–$1.60. Quoting this CEA report:

> Price movements such as this cannot be justified by supply and demand factors and must be attributed either to manipulative activity or, as appears to be the case in this instance, to a wave of excessive speculation.

Further quoting the CEA report:

> At that time (early February) informed market opinion was expressed that this interruption in the orderly process of marketing onions would result in a delay in disposing of the old crop, with a resultant shrinkage and deterioration which might be expected to have a disastrous effect upon the market.

During the spring of 1956 a series of breaks drove the market down to 10 cents per 50-pound bag before trading ended in March. Empty new bags cost 20 cents each or twice the level of the futures market. These breaks are spectacular, but small breaks are maneuvered from time to time throughout every trading season. During the current season breaks varying from 15 cents to 30 cents per 50-pound bag in 1 day have occurred. Again quoting the CEA reports:

> It is clear that futures trading in onions has widened and accentuated price movements over short periods of time within a marketing season.

Such wild maneuvering in onion futures as I have described tends to create in the public mind distrust of all futures markets, even in the staple, large volume commodities.

Such raids on the onion futures market constantly disrupt and depress cash markets. During delivery months for several years, the futures price has been consistently below cash markets, constantly pulling them down. The only exceptions to this have been short periods, since the introduction of the current legislation, when the exchanges were attempting to make the futures picture appear attractive.

When breaks such as the one a year ago occur, growers find the value of their remaining stock on hand suddenly cut to as little as a third of its previous value, shippers find business completley disorganized and receivers suffer on all stocks on hand or shipments en route.

Several changes have been made in exchange regulations to supposedly correct the evils. None of the changes have so far eliminated the fact that the onion futures market is in the control of a small group of individuals; none of the changes have altered the fact that the onion futures can be and are frequently driven down at the whim of a small group. It must be noted, too, that no corrective changes were made until forced by the pressure of the current legislation. These changes are made only by the governing bodies of the exchanges and can be, and will be, reversed if the pressure is removed.

The nature of the commodity itself is such that it makes futures trading impractical and regulation impossible. Onions, compared to the stable futures commodities, are highly perishable. All trading in a season's crop must terminate in March. Perhaps more important is the small volume of the crop which makes control and maneuvering by a small group so easy, and regulation so impossible. The total northern onion crop of about 30 million bushels is minute compared to the volume of staples such as cotton and grains. Even then only a fraction of this 30 million bags qualifies as to variety and grade for futures trading.

The whole system of futures trading in onions with its very high percentage of speculation, involving little or no merchandise, becomes simply bets placed by two parties as to whether the price of onions will go up or down. Supposedly the broker holds the stakes, a deposit of $300 a car required with each contract, and receives a $20 fee per car for his services. In many instances the broker is one of the betting parties. This is still all good clean fun. But now comes the efforts to force the onion price to move in the direction desired, usually down. In sports, any effort to fix a game to favor a betting group becomes a national scandal. In onions, the same thing has passed as shrewd business. It has become common practice to use several devices to depress the market in a manner entirely unrelated to supply and demand. The methods are particularly effective due to the small volume and perishable nature of the commodity. Once the market is so depressed, the short operators, those who have sold futures, reap their profit by buying back at the lower prices, thus canceling out their contracts.

Due to the forces of the true supply-and-demand situation, the market gradually recovers part of the forced drop. The process is then repeated. What matter if onions are driven down to 10 cents a bag as long as a profit can be made with each maneuvered break? Onions merely correspond to poker chips in this enormous gambling operation. The difference is that as the value of the poker chips is depressed, the livelihood of the onion growers and shippers is jeopardized in a game which they do not want and have no part in.

Trading in onion futures renders no service, disrupts the orderly distribution of an item in our food supply, and seriously undermines the financial status of a segment of our farm population. The elimination of onion futures trading would fulfill the basic concept of the law, that of restraining our destructive tendencies without violating or disturbing our peaceful creative activities.

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

Mr. POTTER. I yield to the Senator from New York.

Mr. JAVITS. I thank the Senator. I should like to ask a question especially with reference to futures markets in staple commodities.

Since I represent, in part, a great trading center and a State in which there are many dealings in securities and commodities, I should like to ask the Senator if he will distinguish the unique situation of onions from the other futures trading in various commodities, minerals, metals, and so forth.

Mr. POTTER. In the first place, onions are a perishable commodity. In the second place, onions have one growing season. In the third place, there are a small number of onion growers.

The growers themselves are not particularly interested in hedging on the established market. The speculators are the ones who desire to do that. About 90 percent of the activity on the mercantile exchange is done by speculators as a means of depressing the price. For the past 6 years we have observed the market price for onions has been less than the production cost. With a small amount of money very few people can speculate in the futures of onions to the great disadvantage of the onion producers. It is a situation quite different from other market operations, due to the fact that onions are an extremely perishable commodity, there are a small number of growers, and there is a short season.

Mr. JAVITS. May I ask the chairman of the committee, so that we may have it authoritatively stated, if this is a situation uniquely applicable to the one commodity, not intended to be a precedent and not intended to be the beginning of an effort to eliminate trading in other kinds of futures of agricultural commodities?

Mr. ELLENDER. That is what I tried to impress upon the Senate. This bill should certainly not be regarded as a precedent insofar as other commodities are concerned.

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

Mr. JOHNSON of Texas. Mr. President, I yield myself a half minute.

I heartily concur in the answer given the Senator from New York by the Senator from Louisiana. This bill is not intended as a precedent with regard to any other commodity. I think it is very important and very essential that the proposed legislation be passed because of the peculiar situation.

Mr. POTTER. Mr. President, will the Senator yield me another minute?

Mr. JOHNSON of Texas. I yield the Senator from Michigan 1 additional minute.

Mr. POTTER. The onion growers themselves will state the bill is not intended to establish a precedent. Because of the unique problems of the onion industry, onion futures do not fit into the overall scheme for futures markets.

I thank the Senator for yielding to me.

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the Senator from Illinois [Mr. DOUGLAS].

Mr. DOUGLAS. Mr. President, I rise in opposition to the pending bill, which would outlaw trading in futures in onions. There is nothing wrong as such in futures trading although it is often composed with speculation. Trading in futures is a stabilizing device whereby possible future supplies are brought into relationship with the present market. Therefore futures trading is a necessary function and should not be outlawed. Its purpose is to shift the risks from those least able to take them to those who are prepared to take them. When it functions properly it protects both the individual buyer and seller against widely fluctuating prices.

I think there have been some abuses on the Chicago Mercantile Exchange in the past, in dealing with onions. Those abuses have been corrected. But there is no reason why we should destroy the institution of futures instead of purifying the institution. I believe that there are already sufficient authorities, both within the Commodity Exchange Authority and the Chicago Mercantile Exchange, to eradicate any abuses which may occur. Therefore I wish to register my opposition to the bill.

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

Mr. JOHNSON of Texas. Mr. President, I yield 3 minutes to the Senator from Idaho [Mr. CHURCH].

The PRESIDING OFFICER. The Chair informs the Senator from Texas that he has only 2 minutes remaining.

The Senator from Idaho is recognized for 2 minutes.

Mr. CHURCH. Mr. President, the pending measure is of great interest to the onion producers in the State of Idaho. Indeed, the bill now before us was introduced in the House of Representatives by the able Congresswoman from the First District in Idaho, GRACIE PFOST.

The reasons for that interest are readily apparent. Because the onion crop is relatively small in volume, this commodity is peculiarly vulnerable to the type of speculation which depends upon the ability of a small group of traders to achieve significant control of futures contracts. Because onions are highly perishable, requiring expensive and specialized storage facilities, producers are without defenses against this type of speculation.

These two factors set onions apart from other commodities which are traded on the commodity exchanges. They account for the key facts developed at the hearings on this bill: the great majority of onion futures contracts are speculative, as distinguished from hedging, in purpose; cash prices to growers have consistently shown rapid and extreme fluctuations which cannot be explained by the normal relationships of supply to demand; the growers, unable to hold their onions as a defense against an artificially depressed market, have repeatedly been forced to sell at disastrous losses, while profits to traders have been out of all proportion to any service they render to the growers or to the public; the efforts of the commodity exchanges to control or regulate the practices which yield these results have not been successful.

As a natural consequence of the abuses which have permitted a few speculators to maintain a stranglehold on trading in onion futures, and for which no other remedy has proved effective, producers are united in demanding legislation to ban such trading on the commodity exchanges.

I believe this bill is in the public interest. I urge its passage, and I ask unanimous consent to have printed at this point in the RECORD communications from the Southwest Idaho Onion Growers Association, the Idaho Grower Shippers Association, Inc., the Commissioner of Agriculture of the State of Idaho, and other growers and shippers in my State showing overwhelming support for this bill.

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

PARMA, IDAHO, *March 17, 1958.*

Senator FRANK CHURCH,
United States Senate,
Washington, D. C.:

At a meeting of the board of directors of the Southwest Idaho Onion Growers Association on March 10, 1958, the directors unanimously voted to urge the passage of Senate bill 778 and/or its companion bill, Senate bill 1514.

JAMES WAKAGAWA,
President.
JERRY D. STONE,
Secretary-Treasurer.

BOISE, IDAHO, *April 23, 1958.*

Senator FRANK CHURCH,
Senate Office Building,
Washington, D. C.:

The Idaho Potato and Onion Commission commends you for your fine efforts in getting the onion-futures bills, H. R. 376, S. 778, and S. 1514, passed by the House. Commission members and onion farmers in Idaho are disappointed in slow progress now being made in Senate Agriculture Committee. For the salvation of the onion industry in the State of Idaho please employ every effort to bring the bill out of committee.

ROBERT REICHERT,
Idaho Commissioner of Agriculture.

PAYETTE, IDAHO, *March 18, 1958.*

Hon. FRANK CHURCH,
Senate Office Building,
Washington, D. C.:

We respectfully urge you to help pass the Senate bills, S. 778 and S. 1514, eliminating the onion futures from the board trading. We strongly feel that the onion futures trading detrimental to our onion industry.

CENTRAL PRODUCE DISTRIBUTORS.
GEORGE SUGAI.
ROBERT WIENS.

SOUTHWEST IDAHO ONION GROWERS ASSOCIATION,
Parma, Idaho, February 12, 1958.

Be it resolved, That the Southwest Idaho Onion Growers Association, in annual meeting February 11, 1958, went on record as urging the Idaho Congressional delegation to continue their fight against onion futures.

JERRY STONE,
Secretary-Treasurer.

MINUTES OF EVENING DINNER MEETING HELD AT THE EASTSIDE CAFE, ONTARIO, OREG., JANUARY 23, 1958

Attendance, 53. Sterling Johnson conducting.

Sterling Johnson opened the meeting by asking Charlie Burns to introduce our guest speaker, Mr. Jack Rose, secretary of the National Onion Association.

Mr. Rose announced that the next meeting of the National Onion Association would be the first Saturday in October and would be held somewhere in the Boise valley.

Mr. Rose next spoke on the subjects of the functions of the national association and onion-futures trading.

His remarks were very interesting to the onion growers and shippers present.

A motion was made by Charlie Burns, seconded by Doug McGinnis, to the effect that the growers and shippers present, go on record as giving their continued support to and urging immediate passage of present proposed legislation banning onions from futures trading and further that those present write their Congressmen, as well as Senator ELLENDER and Representative COOLEY urging their support of the proposed legislation. Carried unanimous.

Doug Dillehay announced the coming election of new committeemen for the onion-marketing agreement.

Meeting adjourned 10:30 p. m.

IDAHO GROWER SHIPPERS ASSOCIATION,
DOUG DILLEHAY,
Assistant Manager.

J. C. WATSON CO.,
Parma, Idaho, February 11, 1958.

The Honorable FRANK CHURCH,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: We are growers and shippers of onions in southwestern Idaho and like all other onion growers we are very much concerned with the disruptive influence of the onion futures trading on our cash onion markets. It is not fair for us who produce and market onions to be at the mercy of speculators who trade in paper in Chicago.

The legislation banning this practice is up for consideration in the Senate under Senate bills 778 and S. 1514. We certainly urge your active support of this legislation in behalf of the onion growers in your State.

Yours very truly,

J. F. WATSON.

PAYETTE, IDAHO, *January 18, 1958.*

Hon. FRANK CHURCH,
United States Senator,
Washington, D. C.

Whereas futures trading in onions renders no economic service, as futures trading in other commodities does.

There are no actual onion buyers in the onions futures market, only speculators.

Any hedging value to growers is more than lost due to the depressing influence of futures trading during delivery months: Now, therefore, be it

Resolved, That the Payette-Washington County Pomona Grange No. 2, go on record as being unanimously in favor of the elimination of onions from futures trading; and be it further

Resolved, That we unanimously support House of Representatives bill H. R. 376 and the Senate bills S. 778 and S. 1514.

PAYETTE-WASHINGTON COUNTY POMONA GRANGE NO. 2,
Mrs. J. B. HOWARD, *Secretary.*

Mr. THYE. Mr. President——

The PRESIDING OFFICER. No further time is available.

The question is on agreeing to the committee amendment.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I may yield 1 minute to the Senator from Minnesota [Mr. THYE].

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THYE. Mr. President, as a member of the Senate Committee on Agriculture and Forestry, I was in support of the bill, and voted to report the bill favorably. I shall vote for the bill.

However, I fear that the bill will not accomplish what the onion growers have hoped for. The onion growers have a feeling that the bill will correct all their difficulties in the marketing of onions, and inasmuch as the onion growers of my State and of the Nation have asked for the enactment of the bill, I shall support it.

I shall watch the future development of the onion market. I hope the bill will accomplish what the growers hope for, but I fear it will not, because the onion is a highly perishable product. It is most difficult to market. An onion can break down in quality in a matter of a few days if improperly cared for.

Mr. JOHNSON of Texas. I yield 2 minutes to the Senator from Oregon [Mr. MORSE].

Mr. MORSE. Mr. President, it gives me great satisfaction to join with my colleagues this afternoon in urging passage of the pending measure to prohibit futures trading in onions. It is particularly gratifying to me for the reason that the measure now being considered is similar to the measure introduced by my colleague, Mr. NEUBERGER, which I had the honor to cosponsor. H. R. 376 was introduced in the House of Representatives by that most gracious Congresswoman, Mrs. GRACIE PFOST, to whom much credit is due for its passage in that body.

I believe that the technical amendments made by the hardworking members of the Senate Committee on Agriculture and Forestry under the able leadership of my good friend the Senator from Louisiana have done much to perfect the measure and to arrive at a basis of agreement. In my judgment, high commendation is due the committee for the careful manner in which they have labored to produce sound legislation designed to prohibit futures trading in onions.

When this bill passes, as I certainly hope it will, and as it should on the merits of the case, it will bring great satisfaction to the many Oregon farmers who have written to me of their strong desire to obtain this legislation. I have particular reference to Mr. Charles Joseph, president of the Malheur County Onion Growers; Mr. Cliff Bishop, of Ontario, Oreg., a large commercial grower; Mr. Clarence Lee, of Ontario, and Mr. Roy Aker of Salem, Oreg., to name but a few of the many who have written.

Passage of this measure will serve to demonstrate to these men and women who are engaged in the growing and shipping of onions that their voices have been heard when they came to the Congress to obtain relief from a condition which in their minds caused economic hardship.

Mr. President, I ask unanimous consent that there be inserted at this point in my remarks a statement dated August 12, 1957, submitted by Mr. Warren Farmer, of Nyssa, Oreg. This statement constitutes a very effective presentation of the point of view of many onion farmers on the subject of futures trading in onions.

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

STATEMENT OF WARREN FARMER, NYSSA, OREG., BEFORE THE SENATE SUBCOMMITTEE ON FUTURES TRADING, AUGUST 12, 1957

Honorable Chairman, Senators, and guests, I am Warren Farmer, a grower of onions in Malheur County in eastern Oregon.

This morning there were between 50 and 60 migrant workers picking up potatoes on my place. They probably harvested 4 or 5 acres of potatoes, probably 3 carloads, and I hope they got them up clean and into the packing shed without any wind burn.

My regular help supervised these migrant workers and I only hope they all did their jobs like they would if I were at home.

The reason I left in the middle of my potato operation is that I also have 26 acres of onions to sell and I want to talk to you gentlemen about selling onions.

I represent Malheur County Onion Growers Association and I am one of their directors. I also represent South Western Idaho Onion Growers, and Idaho Growers Shipper Association including Malheur County. The latter is the official organization of handlers for our district.

If you have had occasion to refer to the record of hearings held by the House Committee on this matter of onion futures you will note that Charlie Burns, of Idaho Grower-Shippers; Doug McGinnis, of South Western Idaho Growers, have testified at three separate hearings. These men didn't have time at all to get away and have asked me to represent their groups. This means that I speak for the total of 400 onion growers and 30 shipping firms.

Now about selling these onions. My crop has been very costly to grow this year. I want to get as much for it as I can. On the basis of my experience last year, it looks like

I'll have a tough deal to buck unless we can do something about futures speculation. Last year I started selling onions the first of the year at $1.10 a bag. Figures on onion supplies put out by both the USDA and the National Onion Association made the late market picture look pretty good.

At this point I decided to hold for a further market rise and didn't sell for awhile. During this time my neighbor sold his onions, and his best price was $2.50 a bag. This looked pretty good, so I got ready to go again. At about this time there was quite a flurry in onion future sales on the exchange and I found that there was little or no demand for about 10 days. My next sales, the last of February, brought me $1.55 a bag, and by the time I had cleaned up my crop I got $1.10 a bag. That's a drop of more than $1 for each 50-pound bag. I've been talking about 3-inch onions, or what we call jumbos. The medium sizes were really cheap and some of mine brought me only 10 cents a bag. All this happened while the total onion supplies were less than the normal amount usually sold during the period.

I've told just my experience, but I wasn't alone. Every grower went through the same wringer, if he didn't sell out ahead of the futures tragedy.

In connection with the effect that futures trading has on prices, we always hear that a grower can get price protection by selling his onions as futures. Here is the way this deal looks to me: It costs me about $300 to grow an acre of onions that will put off about a carload. If I hedge these onions I would have to advance $300 per car in addition to my production costs. Then if the future market should advance I would be required to put additional money to protect my original hedge. This could come at a time when I am having to meet the largest part of my cash expense. It would not be impossible for me to have $1,000 to $1,200 per acre tied up in these onions before I had an opportunity to deliver any of them. I just don't have that kind of money.

Apparently onion growers generally recognize these same difficulties I have mentioned. The Commodity Exchange Authority in its recent report on growers' use of onion hedges state that "hedging by growers does not appear to be of such character as to be of importance in the marketing of onions."

I, and all my neighbors, try to grow the most profitable crops we can pick out in order to keep our business going. We figure onions should be profitable. We study the plantings in other districts to try to decide how many we can grow and sell at a good figure. Every year in our district we have a number of growers that put in their onions for fresh market, and then plant an additional number of acres, under contract. These contracts have been provided by operators in futures, and presumably the onions are for trading purposes. I suspect this happens even more in districts nearer the exchange centers.

To us who grow for the fresh market, these look like extra onions, or surplus above the growers' best guess as to what the market will take. We don't think the futures operators will eat these onions after they are through trading. Eventually our market onions have to compete with them, and we believe it is unfair competition. It's unfair because these onions of themselves do not have to bring any actual value, but serve pretty much the same purpose as chips in a poker game.

The futures traders upset the onion market in other ways besides encouraging surplus. Some years ago I recall that our local shippers would come and buy onions at the field. Sometimes a shipper would buy up 10 to 100 cars, just before harvest at a definite price. They don't do this any more and the reason, they say, is they can't judge the market trend in terms of onion supply.

Shippers who handle our onions say that their customers won't stock up any more, and where they used to sell several cars, they now are apt to sell part cars. And then only after the main question has been answered, "What did the futures do today?"

The onion growers I know do not believe we need futures trading in this commodity. They believe it is just a disrupting influence that upsets all their calculations of supply and demand for onions. Growers, through their organization in our district, have expressed their desire every time they have met together that something be done to stop this disruption of onion markets by futures trading, and they are unanimous in expressing this desire.

We sincerely ask you members of this subcommittee to recommend passage of legislation that will stop futures trading in onions.

Mr. BARRETT. Mr. President, on behalf of my colleague [Mr. O'MAHONEY] and myself I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 3, after the word "onions" it is proposed to insert "wool or wool tops."

The PRESIDING OFFICER. The Senator from Wyoming is recognized for 15 minutes.

Mr. BARRETT. Mr. President, I shall not detain the Senate for the full 15 minutes.

I am in favor of the pending bill, but I wish to invite the attention of Senators to the fact that the wool and wool tops futures market has also operated on occasion at least to the disadvantage of the wool industry of this country.

At the outset, let me explain how wool tops may be described.

Wool tops is a process whereby after the wool is scoured it is carded and of course semiprocessed and the fibers are combed and laid parallel and twisted like a rope and it is made into long, continuous strands. Instead of using the raw wool, worsted manufacturers use this semiprocessed wool exclusively to make cloth. It used to be that the mills made their own tops, but now only a few do, and the rest buy their supplies from topmakers.

Trading in contracts for future delivery of wool and wool tops is conducted on the New York Wool Exchange, the only market of this kind in the United States. The exchange is operated by Wool Associates of the New York Cotton Exchange.

Trading in wool tops futures contracts was begun in 1931 and for wool in 1941.

Activity in the wool tops market also showed a marked increase in 1952. Volume of trading amounted to 169,845,000 pounds, or over 2½ times the earlier period (table 1).

In 1953, however, volume of trading declined substantially to 109,374,000 pounds for wool and to 111,365,000 pounds for wool tops. This was about a 56 percent decrease for wool and about 44 percent for wool tops.

Although the volume of trading in the wool futures market was only slightly less in 1956 than during the 1947–51 period, the decrease is emphasized by the relatively high levels attained during 1952, 1953, and 1954. On the other hand, while trading in wool tops was at a substantially lower level in 1956 than during the previous 4 years, it is still 41 percent above the 1947–51 period.

Mr. President, I inquired recently with reference to the possibility of manipulation in the market by dealers in wool futures and wool top futures, and a producer organization reported to me as follows:

> We cannot make a definite statement on manipulation as we have no access to futures trading records. The frequent shift of position from buying to selling, or vice versa, would indicate that manipulation may be attempted or actually carried out at various times.
>
> There has been considerable criticism that the volume of wool handled on the futures market was so small that it might lend itself to some manipulation. I feel that this is a place where perhaps the Government needs to investigate and see whether there is any justification for our feeling. Certainly there is more chance of this in the case of wool than would be true of the grain market which has much more volume.

The United States produces only about one-third of the wool that it consumes. The price of the wool is determined largely by the price of foreign wool. Down through the years the world price of wool has been traditionally accepted.

In recent years, Mr. President, 80 percent of all of the business done in the United States in the wool tops business has been carried on by only six top makers. Three of the six topmakers control more than 50 percent of the market.

I would like to clarify to those who might not be fully acquainted with the wool industry what is meant by wool tops. Wool tops, Mr. President, is the product which results from a process whereby the raw wool is scoured and carded, then combed and twisted into long continuous strands. Instead of using the raw wool, worsted manufacturers use this semiprocessed wool exclusively to make cloth.

Mr. President, these few topmakers are in a position to dominate the price of wool at the time the growers are shearing their sheep and selling their clips by reason of their ability to control the futures market. I do not charge that they do so.

I want to emphasize, Mr. President, that it is the domestic producers of this country who are affected by this manipulation of the market. Foreign wool is not involved and that is why this problem is so important to the American woolgrowing industry. The price of foreign wool is set by the world price. If a top maker buys Australian wool it is bought at the world price or just does not buy it. However, our domestic producers have no other place to sell their wool except on the American market. As you can see, Mr. President, such a situation has resulted in the condition that domestic wool on numerous occasions has sold below the world price.

Mr. President, wool is a commodity that must await its market and if there is no demand no good is accomplished by trying to push the sale of an unwanted commodity. However, under the futures system this is exactly what is being done and it is done to the great disadvantage of everyone connected with this business, especially the woolgrower.

The fact of the matter is, Mr. President, that the topmakers can depress the futures market and then go into the West and buy wool at practically their own prices.

It is estimated that two topmakers buy considerably more than 50 percent of the domestic wool clip and that the topmakers—probably five in all—buy at least 80 percent and probably more of the domestic wool clip.

Mr. President, I should like to direct a question to the chairman of the Committee on Agriculture and Forestry [Mr. ELLENDER].

I appeared before the committee and testified on behalf of this amendment some time ago. The Senator from Florida [Mr. HOLLAND] was presiding at the time. I told the committee that many of the growers in my State are anxious to have this matter thoroughly investigated and that they would like to have the committee hold hearings on the proposal to eliminate the futures market in wool and wool tops.

I am very appreciative of the fact that Mr. Henry Casso, of the staff of the committee, made an investigation of the situation. We believe that a full hearing would disclose that the market may have been manipulated to the disadvantage of the growers and producers of wool.

I should like to ask the distinguished chairman of the Committee on Agriculture and Forestry if it would be possible for him to arrange to have a further investigation made during the adjournment of Congress, and possibly hold hearings next year on a bill to prohibit futures trading in wool and wool tops.

Mr. ELLENDER. I wish to say to my good friend from Wyoming that I shall be glad to do that. We have a very competent person, as the Senator knows, an economist, on our staff.

Mr. BARRETT. Mr. Casso has done a very fine job. I am very appreciative of it. His showing so far proves the need for such hearings.

Mr. ELLENDER. We propose to send some questionnaires to various persons who deal in wool, both sellers and users, in order to get the whole picture. If it develops that there have been manipulations, as the Senator states, we shall proceed with early hearings.

Mr. BARRETT. I thank the Senator. I withdraw my amendment.

The PRESIDING OFFICER. The Senator from Wyoming withdraws his amendment.

Mr. KNOWLAND. Mr. President, I yield 3 minutes to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, first I should like to have the attention of the distinguished junior Senator from New York [Mr. JAVITS], who earlier in the discussion raised the question whether we would be establishing a precedent by the passage of the pending bill. My time is limited, but I should like to point out that the earnest suggestion of the distinguished Senator from Wyoming [Mr. BARRETT] that wool and wool tops be included and that a prohibition be imposed on their trading in futures contracts is a pretty fair indication that, so far as precedents with respect to any other commodity are concerned, particularly when there are gyrations in the market, there can be no control for the purpose of stopping of futures trading.

Mr. President, this is an extraordinary bill. The whole nub of it is contained in one sentence:

> No contract for the sale of onions for future delivery shall be made on or subject to the rules of any board of trade in the United States.

That is the end of trading in future contracts on onions. I do not know whether it has been done before. If it has it has certainly not come to my attention. The fact is that the bill refers to a single commodity. Trading in futures is to continue in butter, eggs, turkeys, sugar, rubber, lard, soybean meal, cottonseed meal, and other commodities. One commodity is selected—onions—and there is an absolute and unequivocal interdiction put upon trading in future contracts on onions.

Of course, this is not new. In a 50-year period at least 200 bills have been introduced to end futures trading on the ground, it is alleged, that manipulators manipulate the market for their benefit and to the detriment of the growers and producers.

That is understandable. Anyone can understand it. The market takes a header, and there is a great hue and cry. There is never a hue and cry when the market goes up. There have been a few drops in the onion market. There was one in 1957. There was an amazing drop in 1957. After that market gyration, the onion producers became tremendously vocal. In early 1957 the National Onion Association issued a bullish report. The reason for it was the weather condition in Texas. What happened? Onions went up from $1.15 to $2.20 for a 50-pound bag.

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

Mr. DIRKSEN. I thought I had 10 minutes.

Mr. KNOWLAND. Mr. President, I yield an additional 12 minutes to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry. I have just started to speak.

The PRESIDING OFFICER. The Chair recognizes that fact. There was a misunderstanding on the part of the Chair, apparently. The Chair thought the Senator from Illinois had been yielded 3 minutes. The Senator now has 7½ minutes remaining.

Mr. DIRKSEN. I must have more than that.

The PRESIDING OFFICER. The Senator now has almost 12 minutes remaining.

Mr. JOHNSON of Texas. I shall be glad to yield additional time to the Senator from Illinois.

Mr. DIRKSEN. Otherwise I shall be obliged to offer an amendment. I am sure we will arrange the time satisfactorily. I seem to be the only one in opposition to the bill.

What happened was that in 3 weeks the market went up from $1.15 to 2.20 for a 50-pound bag of onions. Then something happened. After a market adjustment developed, in 3 weeks the market went sharply down. As a matter of fact, it dropped from $2.20 to 87 cents for a 50-pound bag of onions.

Now we are going to cure it all. We are going to cure it by the fiat of Congress, by saying: No more futures trading in onions.

The pending bill is an extraordinary bill. I believe the passage of the bill will be a horrendous mistake on the part of Congress. I say that for a number of reasons. First, the Secretary of Agriculture recognizes that this bill would be bad in practice, and in his letter to the House committee on the 13th of March, 1957, he said that such a bill would not significantly affect the marketing or distribution of onions. If the Secretary knows what he is talking about—and certainly he would not say it except in consultation with his market specialist—then of course the passage of the bill would not raise the price of onions. I suppose anyone who knows anything about the onion market and about the futures market will agree with me on that.

The next point is that we ignore the inherent nature of the onion market and the onion. To be sure the onion is a condiment. I know this is a rather tearful subject to discuss. The fact is that there is an inelastic demand in the onion market. It is storable for only a limited period of time. It is essentially a perishable commodity. The greater part of the crop comes from Texas—that is, the early onions—and the late September onions come from northern States. When we get to the end of the market, in February or March, the crop is done. The onions are soft and squashy. In 1957 there was a late, wet spring in Texas. There were no new onions. The result was that what was left was the deteriorated, old onion crop, but that crop had a value. That is why the market went up. It was due to a weather condition, not the result, as has been alleged, of the action of manipulators in New York City or in Chicago.

It is necessary to know the nature of the onion and what we are dealing with here. That has been entirely forgotten in the debate.

In addition to the inherent nature of the onion, let us consider the period before there were futures tradings in onions.

Prior to 1940 onions were not on the futures market, and onions did not get into a volume position in futures until 1948. However, from 1930 to 1940, before they got into the futures market, there were as many gyrations in the onion market as there have been since futures trading in onions was started.

Does that mean that the pending bill is a good bill? I think it is an extraordinarily bad bill. I believe we are going to make a horrible mistake if we pass the bill. I expect to live to see the time when Congress will undertake to undo the mistake. I know when I am defeated. I go around and do a little canvassing myself, and I know when I am licked. I am licked on this bill. I know there are enough votes to pass it. I shall not ask for a yea-and-nay vote on the bill, because to do so would embarrass some of my friends. I do not intend to make a motion to recommit the bill to the committee. It would embarrass some Members of the Senate if I were to do so. I am not going to put them in that awkward position.

I expect to see the day when onions will be restored to futures trading. If we do not do that, there will have to be found a substitute for futures trading.

What is involved? Do we want the speculator or manipulator to take the risk, or do we want the grower to take the risk? If we want the onion producer or grower or wholesaler to take the risk, very well; in that case we should pass the bill. He will have no choice. Unless we devise a substitute, he is the one who will assume the risk. Obviously and certainly modest onion growers cannot accept the bill. They will be hurt under it rather than helped. As I see it, that is almost inevitable. That is why I say that we will be making a big mistake by passing the bill.

The fact is that so far as speculation in this field is concerned, beginning in 1956 we put speculative transactions in onion futures under the Commodity Exchange Authority. There is some regulation of it now. With futures trading eliminated and with no regulated substitute device provided, we will be worse off than we were before. So we may be headed into a period when some substitute marketing device will be employed, and it will not be regulated by the CEA. I think that would be a very unhappy situation. Then somebody will come before Congress, asking, of course, that we do something about it.

The Department of Agriculture has a study under way in this field. The Agricultural Marketing Service is conducting it. The study will not be completed until late in the fall. Why not let them proceed with it and then give us the whole story? Then we will be in a far better position to legislate on the subject, instead of saying, by legislative fiat, that after a given length of time there shall be no more onion contracts for future delivery under the rules of any Board of Trade.

There were three votes against the bill in the committee. The chairman of the committee was against it. I think the vote was 12 to 3. Of course, the majority prevailed. But frankly, I think the futures market has been made the whipping boy for a condition which developed in 1957, which was actually the result of the poor weather in the early onion producing areas such as those of Texas. That is the whole story.

I think what is proposed is a grievous mistake. But if the Senate is intent on making it, I want to be sure that I am on record and have had the opportunity to assert my convictions about the bill.

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

Mr. DIRKSEN. I yield.

Mr. MORTON. I associate myself with what the Senator from Illinois has said. Is not the approach which is being taken simply an effort to burn down the stable to catch the rats?

Mr. DIRKSEN. That is correct.

Mr. MORTON. The situation is under control; it is under regulation. If there has been an abuse, let us clear it up. But if we pass the bill, then let us reflect that the Senator from Wyoming is interested in wool, someone else is interested in lard, and someone else is interested in sow bellies. The farmers themselves depend on the futures market for any stability whatsoever in such crops as grains and cotton. If we start nibbling, there is no telling where we will go.

The production of onions is under regulation. If there has been an abuse, it should be checked, and those who are responsible for the abuse should be punished. But there is no sense in passing a law which provides, in effect, that because there was a wet spring in Texas, onion futures shall be ruled out of the futures trading market.

Mr. DIRKSEN. The Senator from Kentucky is correct. It points up the question which was raised by the junior Senator from New York; namely, Is this a precedent? It is bound to be a precedent. We cannot escape it. There are gyrations in the egg market, and perhaps in the butter market. The first thing we know, those interested in those commodities will be coming before Congress asking to be taken off the board, so far as their future contracts are concerned. This will be a clear-cut precedent.

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

Mr. DIRKSEN. I yield.

Mr. JAVITS. I, too, am very much troubled by the bill, for two reasons. First, the hallmark of the private enterprise economy is the right to trade in futures in commodities, securities, and everything else. Second, I am deeply troubled as to whether the bill will really do for the onion growers what its proponents hope it will do. I understand the reason for their determination to have it done.

I think the Senator from Illinois is rendering a real service in sounding a warning signal that the onion growers may return very soon to ask that the present status be restored, even though they feel strongly—and there are many onion growers in New York who feel that way—that the bill should be passed.

That was the reason for my question. I hope we may consider this unilaterally and solely as a test case.

Mr. DIRKSEN. I appreciate the statement by the Senator from New York.

Mr. President, in connection with my observations, I ask unanimous consent to have printed at this point in the RECORD a letter sent to the Senator from South Dakota [Mr. MUNDT] by Oris V. Wells, Administrator of the Agricultural Marketing Service. The letter states that a study of this subject has been undertaken by the Marketing Service.

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

UNITED STATES DEPARTMENT OF AGRICULTURE,
AGRICULTURAL MARKETING SERVICE,
Washington, D. C., April 9, 1958.

Hon. KARL E. MUNDT,
United States Senate.

DEAR SENATOR MUNDT: In accordance with your letter of April 2, the following information is submitted concerning the research on futures trading in onions being conducted by the Agricultural Marketing Service.

The Agricultural Marketing Service only recently initiated a study of futures trading in onions. In the conduct of this study, major attention is being directed to the following questions: How does the onion futures market operate and what uses are made of it by firms handling onions; who uses the onion futures market; what is the relationship between cash and future onion prices; and how and to what extent is futures trading used by growers and handlers to obtain credit? Information necessary to develop answers to these questions must be obtained from individuals and firms in the onion industry, the New York and Chicago Mercantile Exchanges, regulatory and reporting agencies such as the Market News Service, and trade sources.

It is anticipated that most of the information needed for this study will be assembled in field surveys to be conducted this summer. It is expected that preliminary findings concerning phases of this work will be available in the spring of 1959, and the entire study should be completed shortly thereafter.

If we can be of further service, please let us know,

Sincerely yours,

ORIS V. WELLS, *Administrator.*

Mr. DIRKSEN. Mr. President, I shall not offer a motion to recommit the bill. I shall let the matter stand on a voice vote on passage. But I want the RECORD to show that I am firmly against the bill.

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the Senator from Vermont.

Mr. AIKEN. Mr. President, I would not be too alarmed over the fear that if onions are removed from the list of commodities on which there can be speculation in the futures market, we shall be establishing a precedent. Onions have been on that list only a few years. Speculators as well as legitimate hedgers got along very nicely before onions were added to the list. There has been nothing but trouble for the onion growers since then.

I believe the bill is a good one and ought to be passed. If the commodity traders would conduct their operations as they ought to, they would have nothing at all to fear from the enactment of the proposed legislation. If they have other ideas, then perhaps they have something to be afraid of.

I myself think that the other commodity traders have made a great mistake in sticking out their necks for only 27 or 28 traders in onions.

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the distinguished minority leader.

Mr. KNOWLAND. Mr. President, I shall support the bill. I believe the bill as reported by the committee is satisfactory and is a step in the right direction. I think onions should be removed from commodity speculation.

Mr. JOHNSON of Texas. Mr. President, I yield to the junior Senator from Colorado as much time as he desires.

Mr. CARROLL. Mr. President, I associate myself with the statement of the distinguished Senator from Vermont. For 2 years I have been besieged with personal visits and telegrams and letters from the onion farmers of Colorado. These are farmers in several parts of my State: the Arkansas Valley, Western Slope, and several other areas. Other than potatoes, no other commodity has drawn such complaints from farmers about trading on the future markets. I think there is nothing at all to be afraid of in this bill as far as setting a precedent for other commodities now being traded on the futures market. If the speculators conduct themselves in an ethical and orderly way on other commodities there should be no need for further restrictions.

However, the gyrations of the onion futures market have been fantastic and have critically hurt the cash price received by Colorado farmers for their onion crops. I call to the attention of my colleagues the action of the market in February of last year when the price of a 50-pound sack of onions dropped from $2.20 to 87 cents in 20 days. This kind of manipulation of the market has to be prevented because it is the onion farmer who is innocently hurt by it. I think H. R. 376 effectively protects the onion farmer.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the junior Senator from Oregon.

Mr. NEUBERGER. Mr. President, when the onion growers of Oregon asked me, in the fall of 1956, to sponsor a bill to prohibit trading in onion futures in commodity exchanges, the request was made in spite of the fact that Oregon-grown onions are not traded in on the commodity exchanges. It is a fact, however—and this was the motivating one—that the fluctuations in prices, characteristic of the onion trading in these exchanges, has had a severe impact on the prices of onions in the Pacific Northwest. In my country the producers grow the sweet Spanish variety of onion, which, as I have just mentioned, has not been involved in board trading. The prices on this variety, however, are almost completely governed by the prices of the varieties which are traded in on the exchanges. For this reason, the growers from the Snake River Valley and the Lake Labish area, the two sections of Oregon where onions are grown as a commercial crop, were all in favor of prohibiting the futures trading.

Mr. President, when I say all, that is what I mean; I have yet to hear from an Oregon grower who was opposed to my measure, S. 776, or any of the other similar bills in this realm to forbid trading in onion futures.

Having assured my constituents that I would introduce such a bill, I did so on January 23, 1957, and I was joined in this by my distinguished colleague, the senior Senator from Oregon [Mr. MORSE].

FUTURES TRADING IMPOSED ON GROWERS

Futures trading in onions was instituted some 15 years ago by the mercantile exchanges over strenuous objections from the onion industry—growers and shippers alike. Growers saw no need for a futures market. They feared that trading in futures would disrupt orderly marketing procedures.

The onion industry voices no criticism of futures markets in staple commodities—cotton, grain, sugar—nonperishable commodities basic to various manufacturing processes. With these commodities real economic services are rendered. However, they are not perishable like onions. Hedging on the part of both producers and buyers lends stability to the industries concerned.

The opposite is true in onion-futures trading. The onion-futures market renders little, if any, service to anyone except the speculator. Futures in onions constantly disrupts the orderly marketing of the onion crop. On the long side of the market, very little buying is done except by speculators. Few onions are purchased for processing of any kind and very little futures buying is done by any processors. No receiver or processor can successfully hedge against his anticipated requirements by buying futures.

From the time a farmer's ground is prepared, until his last sack has been marketed, he devotes his energies to the strenuous and exacting tasks of the grower. And under the present system, many of his hours away from the field are expended in anguished study of what happens in the commodity exchanges where onions are a speculative product in futures trading.

The attitude of the growers on this subject was clearly enunciated by a resolution issued by the Malheur County Onion Growers Association, Oregon, which states:

1. Whereas onions to be delivered on the mercantile exchange are permitted to be traded 5 months ahead of planting (11 months before delivery); and

2. Whereas this early trading tends to increase plantings which lead to increased production and depressing prices at harvesttime; and

3. Whereas most onion growers cannot use the futures market for hedging because they do not have sufficient funds available to put up the original margin and meet possible margin calls; and

4. Whereas it has been possible for a trader on the exchange to corner practically all physical onions delivered on the exchange, thus creating a depressing effect on the market; and

5. Whereas these practices in the futures trading of onions has disrupted the orderly marketing of the crops and resulted in financial loss to growers: Therefore, be it

Resolved, That the Malheur County, Oreg., Onion Growers Association take immediate action for national legislation to secure permanent abolishment of onions from futures trading.

MANIPULATIONS VICTIMIZE GROWERS

I think it is revealing to note the comments that bob up in a rather extemporaneous manner, occasionally, in the bulletins issued by trading members of the board. On February 1, 1957, for an illustration, Kelly-Black Co., Inc., stated:

The price on medium onions in the cash market started gathering momentum this week. It started first at the farm level with the shippers not able to sell at the increased price that the farmers were demanding. By the end of the week he (the shipper) was able to make the receiver pay the price and the cash picture appeared to be on solid ground after the recent advance. Subsequent moves depend upon rate of movement of present supplies and weather developments in Texas.

On February 8, 1957, a bulletin from the same firm said:

The cash markets are in a turmoil after the action of the board Thursday and Friday. Up to the middle of the week, the buyers and sellers were having difficulty getting together on prices. Now no one knows what to pay or what to ask, and it will probably take a few days for this condition to correct itself. Naturally, there is much more of a tendency for the farmer to be willing to move supplies.

And then on February 15, 1957, this statement appears in that firm's bulletin:

As a clearinghouse member of the exchange, we cannot help but be aware once again of all the criticism that appeared during this past week among the growers as the market fell rapidly from its highs. Quiet has reigned, more or less, about the board for some months. Once again, they are fighting to abolish it. All business makes mistakes and, in the past, the exchange may or may not have made their share of them.

It was in those days of February last year that the price of onions declined 81 cents in one 3-day period. I am no onion trader by experience, but I am told that the market was almost completely demoralized in that month and that near panic ensued. March futures in 1957 made a high of $2.20 on February 4, were at $1.39 on February 7, were at a low of 81 cents on March 6, and then, with an awareness that burdensome supplies of onions were not on hand, closed out on March 22 at $1.60.

Spokesmen for the onion growers among my constituents charge that this decline and only partial recovery were primarily the result of futures manipulations.

Sometime ago I had a very interesting letter from a member of the Chicago Mercantile Exchange. The writer pointed to activities of growers in use of the exchange which, he charges, is manipulation by growers. Perhaps it is. However, it seems to me, Mr. President, that this is admission by an exchange member that futures trading on onions is, in fact, susceptible to manipulation. It is this very susceptibility, inherent in the system, which disturbs many of my onion-grower constituents in Oregon.

I must comment on just one other of those very rare letters of opposition to our bill which I received. It ends with the impassioned plea:

We trust you will consider not only our interest, but the interests of many who use the futures market successfully, and not take away our great American heritage of free independent enterprise.

I am sure the nearly 200 members of the Malheur County Onion Growers Association, who desire to be directly influenced by the simple law of supply and demand, were amazed to know that their wish is considered to be inimical to free enterprise.

To illustrate how completely speculative the onion-futures game is, I ask my colleagues to note these figures: In 1 season's trading more than 130,000 carload contracts were dealt in, but only 1,300 cars of actual onions were delivered—about 1 percent. In the 1956-57 season, the total actual onions handled through the futures market amounted to only 615 cars. The total northern crop of onions would run somewhat over 50,000 cars. Yet, pressures of a system handling only 615 of these cars can seriously disrupt and depress the total vast cash market.

Following last year's break in futures, cash markets for both yellow globe and western sweet Spanish dropped $1 per 50-pound bag. It is also clear that the futures market always lags behind cash markets, thus acting as a depressing factor.

It is evident that such futures breaks sometimes disrupt the markets to such an extent that the markets of our western growers, with their greater shipping costs, lag behind, or never recover with, the futures market. Due to the greater shipping distances, the effects of raids in the futures market on our western onion growers are magnified.

The united front which I have seen arrayed by Oregon growers in opposition to present practices in futures trading convinces me that it is sheer effrontery to impose on these growers a system that they wholeheartedly condemn. Here is a crop which is not supported, which does not share in price supports, and has *not* done so under either major political party. But here is an opportunity to protect these people from speculative exploitation, and to give them some control over their own market. They deserve this, I am convinced.

Mr. President, I am sure anyone who attended the very complete hearings, so wisely insisted on by the chairman of the committee, or who has read the record of the hearings, will agree fully with the following statement in the committee's excellent report:

> The testimony presented at the hearing was of exceptionally high caliber and represented in many instances a substantial amount of research and analyses on the part of the witness.

I should also like to pay my respects, at this time, to the able chairman of the Senate Agriculture and Forestry Committee [Mr. ELLENDER] and all other members for the thoroughness, fairness, and objectivity exhibited in connection with the hearings on House bill 376.

Mr. President, I have received from an influential Oregon onion grower, Mr. Cliff Bishop, of Ontario, Oreg., a letter in which he sets forth in the growers' terminology their reasons for supporting House bill 376. This letter should be read by every Member of the Senate. I ask unanimous consent that it be printed at this point.

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

APRIL 12, 1957.

The Honorable RICHARD L. NEUBERGER,
United States Senate,
Washington, D. C.

SIR: I appreciate your acknowledgment of my letter. It is a pleasure to know that we growers are at last being heard. I will herewith give you some additional information.

Now these brokers are trying to tell us how we growers can take all the gamble out of our marketing by just contracting our produce with the commodity exchange. Let's have a look at the record. I can't take your time—and space here—to show the debacle the commodity exchange has made of our marketing, each and every marketing season since they have put onions on the board.

The brokers have all the characteristics of the old-fashioned pitch men. To enlighten the Agriculture Department and Commodity Exchange Authority, we growers are not so gullible as to allow ourselves to be herded in by this bunch of brokers or "pitch men" any more. They are no good to our industry as growers, or the dealers, or trade in general—just no one but themselves. We want the commodity exchange out of our production before we have to start screaming for support prices on our produce to keep the commodity exchange from busting our markets down to below production costs each season when there is no over production.

We will just cite, as an example, the upset in the cash market through the Commodity Exchange's manipulation around February 1 of this 1956-57 season. During January 1957, the cash market was going along with a healthy feeling among all the trade. The futures market was below the cash market—which it always is, but following along. The brokers were working along getting the customers to buy, until on February 7, there was 2,450 cars traded for March delivery that one day; with a total of 7,458 cars traded during the 4-day period, February 5-7. This represented practically all of the stocks on hand in the United States at this date.

Then they lower the boom, and the few boys sold that paper so fast making their money.

They can make just as much bearing the market down as pushing it up. They dropped our market $1 per hundredweight in 3 days, February 5-8, or $300 per carload, which is production cost, harvested in the field, not on board the car. You can imagine what this would do to growers and the industry in general. During this 3 days, about 6,000 carloads were traded at $22 brokerage per car—all on paper. Possibly about 10 cars of actual onions were delivered.

The cash market has been in a demoralizing shape since this date with absolutely no excuse for it, regardless of what defense the Commodity Exchange puts up for itself.

To all intents, this amount of stocks must be delivered on the board in Chicago in about 20 trading days in March. It doesn't take any stretch of the imagination to realize that someone around Chicago is going to have to eat a lot of onions during March. This being impossible, the pile, like any perishable commodity, would very soon have an odor and the market at the same time has the odorous semblance of a woods kitten. All the trade backs away from this kind of a deal, leaving the growers and shippers with stocks on hand, holding the bag and wondering how he got into this mess.

Further, the last days in March last year, onions were 10 cents per bag on the exchange. This is one-half the cost of the empty bag out here, not delivered in Chicago. We have never had such a price, even during the 1930's, before we had the futures to deal with. I have a very vivid recollection of those days. We were commercial growers at that time. In those days, we had to put up with a depression, now we have the commodity exchange.

It is impossible for growers to get out from under with cash commodities during these wild fluctuations. The commodity exchange is only in business to collect $22 per car brokerage, buy or sell, and they love wild markets.

We growers here in Idaho and Oregon are going into a marketing agreement at the present time to market, and put out better grades, etc., and, if it comes to it, we can dump a percentage of our crop any time. We feel we are fully capable of helping ourselves without any of the manipulating of the commodity exchange boys doing it for us.

We are just asking that the Agriculture Department get the commodity exchange and their brokers out from between the growers and shippers and the cash market place.

Very truly yours,

CLIFF BISHOP,
Commercial Grower.

Mr. JOHNSON of Texas. Mr. President, I am heartily in favor of passage of the pending bill, which will prohibit trading in onion futures on any board of trade in the United States.

In the majority policy committee we carefully considered the bill, decided that its early enactment was essential, and scheduled it for consideration by the Senate.

The onion producers in my State believe that this measure will afford them much greater price security on the market. That was also the judgment of a considerable majority of the distinguished Committee on Agriculture. I hope it will be the judgment of the Senate as well.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD certain communications in regard to the bill which I have received from constituents in Texas.

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

WESLACO, TEX., *July 3, 1958.*

Hon. LYNDON B. JOHNSON,
United States Senator,
Washington, D. C.

LYNDON: I think every dirt farmer producing onions in Texas as well as any other State will appreciate your real cooperation in trying to stop trading in future onions on the New York and Chicago Mercantile Exchange, especially Chicago, and you are the boy who can do it.

LEE V. STEWART.

HEREFORD, TEX., *July 8, 1958.*

Hon. LYNDON JOHNSON,
Senator from Texas, Senate Office Building, Washington, D. C.:

As growers and shippers of onions in all parts of Texas we are vitally interested in H. R. 376 passing the Senate immediately. Onion futures trading hurts Texas farmers because being a small perishable commodity can be manipulated by the speculators. We feel you are the man that can now get this bill passed. Please advise.

GRIFFIN & BRAND.

TEXAS CITRUS & VEGETABLE
GROWERS & SHIPPERS,
Harlingen, Tex., May 21, 1958.

Hon. LYNDON JOHNSON,
Senate Office Building,
Washington, D. C.

DEAR LYNDON: We have just received a wire from JOE KILGORE in reference to the Senate Agriculture Committee's ordering the onion bill out with the penalty amendments to it that will, without question, when passed stop trading on the mercantile exchange.

This is certainly good news and we do appreciate the good work that you have accomplished for all of us on this piece of legislation.

Now, the next step is to get the thing passed and we know that you are an expert at following through on legislation that you are interested in, so we will be looking forward to having a wire from you most any day now that the bill has passed and is in conference committee and will soon be signed.

Again many thanks for your wonderful cooperation and with the writer's best regards, we are,

Sincerely yours,

AUSTIN E. ANSON,
Executive Vice President and General Manager.

Mr. JOHNSON of Texas. Mr. President, I also ask unanimous consent to have printed in the RECORD a statement by the very able Representative from the Rio Grande section of Texas, Representative JOE KILGORE, in regard to the necessity for the enactment of this proposed legislation.

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

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., July 7, 1958.

Hon. LYNDON B. JOHNSON,
United States Senate,
Washington, D. C.

DEAR SENATOR: Onion growers and shippers in Texas are deeply interested in H. R. 376.

This bill, which would, as you know, amend the Commodity Exchange Act to prohibit trading in onion futures on commodity exchanges, was passed by the House on March 13, 1958. The passage of this legislation has been a long-time goal of many producers and shippers in our State, together with those from other States.

This is the closest they have come to success—and with the adjournment nearing, you can understand their sense of urgency.

The executive vice president of the Texas Citrus & Vegetable Growers & Shippers Association, of Harlingen, Tex., Mr. Austin Anson, reiterated the views of that organization in a letter to me of March 1, 1958, as follows:

"Having contacted you many times in the past, it is needless for us to go into detail as to the needs of this bill other than to say that we in Texas have been deprived of our early markets on onions practically every year that this practice of marketing the fall and winter onions on the mercantile exchange has existed. This procedure is built up by the will of the manipulators and it goes up and down like a thermometer, only the effect is far more severe on the growers of onions."

These people are close to the problem and this is their continuing insistent recommendation. Anything you can do to bring about expeditious consideration of H. R. 376 will be appreciated by the onion industry of Texas as well as by me.

With my kindest personal regards, I am,

Sincerely,

JOE,
Member of Congress.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of the time under my control.

Mr. KNOWLAND. Mr. President, I yield 1 minute to myself.

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). The Senator from California is recognized for 1 minute.

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have printed at this point in the RECORD, in connection with my remarks, certain communications which I have received from growers in California.

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

SUNSPICED VEGETABLE, INC.,
Vacaville, Calif., July 9, 1958.

Hon. WILLIAM S. KNOWLAND,
United States Senate,
Washington, D. C.:

Sincerely hope that Senate will act favorably on S. 778 and S. 1514 banning trading in onion futures. Please push all possible.

ALBERT S. PORTER.

EL CENTRO, CALIF., *May 20, 1958.*

Hon. Senator WILLIAM KNOWLAND,
Senate Office Building,
Washington, D. C.:

We understand legislation pertaining to onion futures will be coming up tomorrow and as per previous requests would appreciate anything which can be done in support of this measure.

This bill is being watched very closely as it has the support of Western Growers Association, the United Fresh Fruit, & Vegetable Association, the National Onion Association, and many other farm groups, especially those interested in perishable commodities. Please be advised that most western onion farmers see no relationship between perishable farm commodities which there is future trading on and those items which are nonperishable farm commodities. Many thanks for your past courtesy reference this matter.

DANNY DANENBERG.

Mr. KNOWLAND. I yield 1 minute to the Senator from Colorado.

Mr. ALLOTT. Mr. President, I am in full agreement with the nearly unanimous opinion of those most concerned in Colorado that trading in onion futures should be abolished.

The onion growers of our Nation have never asked for controls such as we find today on other farm products. They have been content to face free market conditions in selling their product. They are asking only for simple justice—a free market that is really free; price governed by supply and demand. But, when manipulators are able to produce violent fluctuations in price that have been characteristic of the onion market since trading in futures began, that freedom is denied the grower.

Emphasis is needed for clarity here as to why futures trading in onions is undesirable.

Onions are produced in relatively small quantities. They are highly perishable and require expensive storage if kept for any length of time. It is virtually impossible for the farmer to withhold his production to wait for a more favorable price. Growers cannot deal in the futures themselves, and the profits are therefore all to the speculators.

The consumer never benefits from this fluctuation. Retail prices remain about the same whether the producer receives 1 cent or 4 cents a pound.

I am anxious that the Senate pass this measure at once and re-establish an equitable, free market that will act as a new incentive for our hard-pressed onion growers. By failing to pass this bill, we are, in fact, justifying the continued enrichment of traders and speculators at the expense of the onion growers, and of a large segment of our farm economy.

The PRESIDING OFFICER. If all remaining time on the amendment is yielded back, the question now is on agreeing to the committee amendment in the nature of a substitute.

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on the engrossment of the amendment and the third reading of the bill.

Mr. JOHNSON of Texas. Mr. President, the minority leader has under his control 15 minutes in opposition to the bill.

Mr. KNOWLAND. Mr. President, let me inquire whether any Senator desires to have me yield time to him. If not, I yield back the time under my control.

Mr. JOHNSON of Texas. Mr. President, I do likewise.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill (H. R. 376) was read the third time and passed.

The title was amended so as to read: "An act to prohibit trading in onion futures on commodity exchanges."

Mr. JOHNSON of Texas. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. KNOWLAND. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

HOUSING ACT OF 1958

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1766, Senate bill 4035.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 4035) to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. JOHNSON of Texas. Mr. President, it is hoped that the Senate will be able to accept some amendments offered by the distinguished Senator from Indiana [Mr. CAPEHART], and to take final action on the bill today.

Therefore, Mr. President, at this time I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, the Senator from Alabama [Mr. SPARKMAN] is present, and I am sure he is prepared to make an explanatory statement on the bill.

Mr. SPARKMAN. Mr. President, Senate bill 4035, which is now before the Senate, represents the major legislative effort of the Housing Subcommittee and one of the principal legislative products of the Senate Banking and Currency Committee. It is the result of 2 weeks of hearings and many months of preparation by the staff, by witnesses, and by the administrative agencies. It is, on balance, a good bill, and one which I hope the Senate will pass.

That there will be some constroversy over this bill, I cannot deny. I call the attention of Senators to the fact that the report on the bill contains the views of minority Members. In addition, some 10 amendments have been printed and lie at the desk. I hope Senators will have an opportunity to study, not only the report, which expresses the views of a majority of the members of the committee, but also the minority views, so that thorough discussion of the issues involved in this bill will be promoted.

This bill is divided into seven titles. Title I amends the FHA insurance programs established by the National Housing Act; title II is a new plan for elderly persons housing, and will, if enacted, create a really effective and productive program for the first time; title III contains amendments dealing with slum clearance and urban renewal; title IV contains comprehensive changes in the low-rent public housing program; title V contains provisions relating to the college-housing program; title VI deals with housing for the armed services; and title VII contains a number of miscellaneous provisions, including those on operations of the Federal National Mortgage Association, farm-housing research, and the VA direct loan program.

TITLE I.—FHA INSURANCE PROGRAMS—PROPERTY IMPROVEMENT LOANS

During the consideration of housing legislation in 1956, the committee was asked to make permanent the FHA title I, home-improvement program. At that time, the committee did not place the program on a permanent basis. However, it did extend the program until 1959. However, in Senate Report No. 2005, 84th Congress, the committee indicated its intention to consider further extension of the program 1 year in advance of the expiration date provided in the Housing Amendments of 1956. Accordingly, section 101 of this bill provides for a 1-year extension of the title I, home-improvement program, until September 30, 1960.

PAYMENT OF INSURANCE BY FHA (TECHNICAL)

Section 102 is a technical amendment recommended by the Housing Agency which relates to the handling of acquired property and payment of insurance claims by the FHA. The provisions contained in this section have already been enacted by the Congress for most of the FHA sales housing programs, and would be extended by this section to some FHA sales housing programs from which such provisions were inadvertently omitted.

INCREASES IN FHA MORTGAGE CEILINGS (1-, 2-, AND 3-FAMILY)

Section 103 increases the maximum insurable mortgage amounts applicable to 1-, 2-, and 3-family houses insured by the FHA under section 203 of the National Housing Act. The new ceilings are $22,500 for a 1-family residence, $25,000 for a 2-family residence, and $30,000 for a 3-family residence. This compares with the present ceiling on similar properties of $20,000 in the case of 1- or 2-family residences, and $27,500 in the case of a 3-family residence. The $35,000 limit applying to a 4-family residence remains unchanged.

Over the past several years there have been substantial increases in the cost of building materials, labor, and land. This amendment is designed to recognize these increases. In adopting this amendment, however, the committee feels every effort should be made to reverse the trend of higher-cost housing and builders should be encouraged to direct their efforts to providing more house for the money. There should also be a continued effort to encourage the home-building industry to concentrate on lower cost homes, where the demand and need are real and urgent.

MAXIMUM MORTGAGE FOR NONOWNER OCCUPANT

Section 103 would also make the non-owner-occupant eligible for an FHA-insured loan in an amount equivalent to that which an owner-occupant may receive. This provision would apply only to homes financed under section 203 of the National Housing Act—primarily single-family homes. As a condition to receiving the higher loan amount, the non-owner-occupant must put into escrow 15 percent of the original principal amount until such time as he sells the property to an owner-occupant. If the property has not been sold to an owner-occupant at the end of an 18-month period, the funds held in escrow would be applied to reduce the loan.

This provision would be helpful to the homeowner and the industry in two respects. First, it will avoid the duplication of closing costs which may be currently involved as a result of closing the original loan in the name of the non-owner-occupant and closing the subsequent loan in the name of the owner-occupant. Under this plan, the original mortgage would be assigned to the owner-occupant. Second, many home purchasers today already own their homes and wish to acquire larger or improved dwellings. Since most of these owners have accumulated equity in their present homes, they must utilize this equity as a downpayment on the new home. Thus, real-estate dealers and builders must accept trade-in homes in many cases in lieu of downpayments on new homes.

REGULAR RENTAL HOUSING PROGRAM

First, section 104 deletes from section 207 of the National Housing Act existing provisions relating to housing for elderly persons. The committee bill proposes a new program of mortgage insurance designed to provide housing for the elderly, which appears in title II of this bill, and which I shall discuss in more detail later.

Second, section 104 increases the insurable loan amount under FHA section 207—the regular rental housing program. Under existing law, mortgage amounts are limited by a per unit ceiling for small apartments and by a per room ceiling for large apartments. Additional allowances are made for elevator-type apartments and for construction in high-cost areas. I have prepared a table which illustrates present cost limitations on rental housing as compared with those in the committee bill which, without objection, I wish to be placed in the RECORD at this point.

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

Present and proposed maximum mortgage limits on regular FHA rental housing program

	Present law		Committee bill	
	Per room	Per unit if under 4 rooms	Per room	Per unit if under 4 rooms
Garden type	$2,250	$8,110	$2,500	$9,000
Elevator type	2,700	8,400	3,000	9,400
Increase for high-cost areas	1,000	--------	1,250	--------

Mr. SPARKMAN. Thirdly, this section of the bill amends the maximum mortgage limits for FHA insurance on trailer courts or parks. At the present time, the loan limits applicable to this program are $1,000 per space, and $300,000 per mortgage. These figures are changed by the bill to $1,500 per space, and $500,000 per mortgage.

COOPERATIVE HOUSING

Section 105 brings mortgage loan ratios for cooperative housing—section 213—generally in line with those already established for single-family housing—FHA section 203—and parallels the maximum mortgage amounts proposed for multifamily rental housing—FHA section 297.

In its desire to encourage the construction of housing by and for cooperatives, the Congress has in the past provided special inducements in FHA's cooperative housing program. These inducements have generally been more liberal mortgage terms and authority for the purchase of cooperative housing mortgages by the Federal National Mortgage Association at par.

The Housing Act of 1957 and the Emergency Housing Act of 1958 reduced downpayments for single-family houses insured under FHA section 203, but no corresponding changes were made for sales-type projects under FHA section 213. This amendment would bring mortgage loan ratios for FHA section 213 more in line with the corresponding figures in present law for FHA section 203. It provides that the cooperative housing loan may not exceed 97 percent of the FHA Commissioner's estimate of the replacement cost of the project.

The cost limits per room and per unit, as well as the allowance for elevator-type structures and high-cost areas, are also increased in the same amounts as those applicable to FHA's regular rental housing program, section 207.

In addition, this section would authorize the FHA to include such community facilities as the Commissioner deems adequate to serve the occupants as part of the mortgage security for a cooperative project. Under existing law, these additional facilities may be permitted for management-type cooperatives only. This amendment would extend similar benefits to the sales-type cooperative and to the investor-sponsored cooperative.

MORTGAGE CEILINGS FOR ALASKA, GUAM, AND HAWAII

Section 106 authorizes the FHA Commissioner to increase mortgage ceilings for mortgages insured in Alaska, Guam, and Hawaii. Under present law, the Commissioner is authorized to increase mortgage ceilings by 50 percent in the Territories of Alaska, Guam, and Hawaii because of higher costs prevailing in those areas.

It is also possible for the Commissioner to authorize special high-cost area increases within those Territories. However, he may not presently increase by 50 percent the high-cost area allowance. This section would permit the Commissioner to increase high-cost area allowances in these Territories by an additional 50 percent.

GENERAL MORTGAGE INSURANCE AUTHORIZATION

Section 107 provides an increase, on July 1 of each of the years 1959, 1960, 1961, and 1962, in the general mortgage insurance authorization which covers all FHA programs—except the property repair and home improvement program under title I of the National Housing Act, and the armed services rental housing program under title VIII of that act. No authorization is provided for the fiscal year beginning July 1, 1958, in this bill. However, a $4 billion additional authorization was provided by Public Law 85-442, effective June 4, 1958.

This section would make available an authorization of $4 billion of new FHA insurance for each of the indicated years. This sum would be in addition to authorizations becoming available during each year as outstanding insurance and commitments to insure are reduced through amortization or prepayment of mortgages or through expiration of outstanding commitments. However, the unused amount of each $4 billion increment would lapse at the end of each fiscal year, except fiscal year 1963.

REPEAL OF OBSOLETE PROVISION

Section 108 of the bill would repeal section 218 of the National Housing Act. This section deals with the transfer of application fees from one program, which is now obsolete, to other FHA programs. Since there are no fees which can be transferred, section 218 is without effect.

HOUSING IN URBAN RENEWAL AREAS

Section 220 of the National Housing Act was designed to assist the financing required for the rehabilitation of existing dwellings and the construction of new dwellings where such dwellings are located in urban renewal areas. The dwellings may either be for sale or for rent.

In regard to sales housing, section 109 would increase the maximum insurable loan amounts applicable to 1-, 2-, and 3-family residences to make them the same as the increases in ceilings proposed in section 103 of this bill for FHA section 203 housing. Costs of materials and labor in recent years have forced upward the total cost of construction, and the committee believes that mortgage ceilings should be raised upward consistent with the changes in costs.

With respect to rental housing, section 109 would increase maximum insurable loan amounts for multifamily housing in urban renewal areas under section 220. The new maximum amounts would be the same as those proposed for FHA's section 207 regular rental housing. In addition to increasing the maximum insurable loans, section 109 of the bill would revise the maximum permissible loan ratio from 90 percent of replacement cost—which may include a 10 percent allowance for builder's and sponsor's risk and profit—to 100 percent of replacement cost—excluding any allowance for builder's and sponsor's profit and risk.

This section also would amend FHA section 220 to permit the exclusion of certain land improvements as defined by the FHA Commissioner from the statutory dollar amount limitations per room and per unit presently provided in the act. This new authority would apply only to multifamily housing projects under section 220—housing in urban renewal areas. It is necessary because the redevelopment plan for this type of project frequently restricts land coverage to an unusually small percentage of the total area of the property, thus leaving a large expanse of land to be suitably landscaped and otherwise improved. In many cases, landscaping and other exterior improvements are the first to be eliminated when sponsors seek methods to reduce costs. This of course is to the detriment of the appearance of a redevelopment area. This amendment would permit the costs of landscaping and related improvements to be included as a part of the mortgage, but to be excluded from the statutory dollar amount limits per room and per unit.

RELOCATION HOUSING

Section 221 of the National Housing Act is designed to help in the financing of new or rehabilitated housing for families being displaced as a result of governmental action.

Under present law, the liberal mortgage insurance provided by section 221 housing is available to families located in a community with a federally approved workable program for community improvement who are displaced as a result of governmental action or displaced from an urban renewal area.

Section 110 would extend the benefits of section 221 to families displaced through governmental action without regard to the fact that these families live in a community which does not have a workable program, provided the displacement takes place in the environs of a community which has such a program. The family displaced within the community which has a workable program is eligible for relocation, whereas the family displaced in adjacent and contiguous communities within the metropolitan area is not eligible for the benefits of FHA section 221. The needs of these families are as great as the needs of those families displaced within the workable program area, and the committee, therefore, feels that they too should be entitled to such benefits as are available.

INCREASE IN MORTGAGE CEILINGS

Section III would increase the maximum insurable loan amount from $9,000 to $10,000 in normal cost areas, and from $10,000 to $12,000 in high-cost areas for single-family housing insured under FHA section 221.

As the urban renewal program progresses, it becomes evident that substantial numbers of persons will be displaced. For the most part, these displaced families will be low-income families. They will not be in a position to avail themselves of housing produced at normal cost levels within their respective communities. It was for this reason that mortgage ceilings at the comparatively low level of $9,000—$10,000 in high-cost areas—were established for this program. Considerable testimony produced over the past 18 months has shown that, particularly in larger cities and especially in the northern sections of the country, the existing insurable loan amounts for section 221 are not adequate to provide housing. While the committee recognizes the danger of increasing maximum amounts to the point where housing will be produced beyond the income range of displaced families, it nevertheless recognizes that unless such housing is built, it cannot be made available for these families. This increase in the maximum loan amount should encourage the production of additional relocation housing.

This section also would make the mortgage insurance programs of section 221 applicable to 2-, 3-, and 4-family dwellings. At the present time, only single-family dwellings or multifamily rental projects constructed by nonprofit corporations are eligible.

Correspondingly higher loan limits are permitted for these dwellings. The minimum downpayment for an owner-occupant would be $200 for each unit in the dwelling. Where the mortgagor is not the owner-occupant, the loan would be limited to 85 percent of appraised value. The FHA is authorized to prescribe procedures under which the owner of the 2-, 3-, or 4-family dwelling would give a priority in renting the units not occupied by him to persons displaced by urban renewal activity.

Section 111 would increase the maximum loan amount for multifamily rental projects from $9,000 to $10,000 per family unit—from $10,000 to $12,000 in high-cost areas. The purpose of the change is to make maximum cost for rental housing consistent with the higher maximum permissible for sales housing.

Section 111 would also make section 221 insurance available to private builders for the production of rental housing for displaced families. The loan amount would be determined on the same basis as under section 220 redevelopment housing; that is, in the case of new construction, the loan could be in an amount equal to the estimated replacement cost or actual certified cost—whichever is lower—exclusive of any allowance for builder's and sponsor's profit and risk. In the case of repair or rehabilitation, the loan could be in an amount equal to the Commissioner's estimate of the value of the property when the proposed repair or rehabilitation is completed. Such mortgagor corporations would also be subject to regulation by the Commissioner as to rents, sales, charges, capital structure, rate of return, and methods of operation as in the case of other FHA rental housing programs.

Under the present section 221, private nonprofit corporations and public agencies are eligible for FHA-insured mortgage loans equal to 100 percent of the Commissioner's estimate of the value of relocation housing for rent. Section 111 would place determination of loan amount on a cost instead of a value basis for new construction, but leave relocation housing produced by repair or rehabilitation on a value basis. This is the pattern followed in section 220 redevelopment housing and there is no reason why housing for displaced families should be treated differently.

COST CERTIFICATION

Section 112 of the bill would amend section 227 of the National Housing Act to conform it with amendments made to other sections of the National Housing Act by the bill. Section 227 contains the cost certification requirement for FHA-aided rental housing programs. This bill would change existing law on loan-to-value ratios and the basis for computing the ratio for section 220, 221, and 229. Changes made in loan-to-value ratios under each of these sections require corresponding changes in the cost certification section. This section would also add a new reference to make the cost certification requirement apply to the new armed services housing program proposed by this bill—section 810 of title VIII of the National Housing Act.

TITLE II—HOUSING FOR THE ELDERLY

In 1956, the housing legislation before the Senate contained provisions for a new and separate program for elderly persons housing. The provisions which were incorporated into the committee bill were taken from a bill which I introduced after the Housing Subcommittee made an extensive analysis of this problem. The provisions contained in the omnibus housing bill of 1956 were adopted by the Senate, but were objectionable to the House, and were deleted in conference. The conference substituted provisions for an elderly persons housing program, but the program thereby conceived was limited and to date has done very little toward serving the purposes for which the provisions were designed.

There is little need to point out that one of the most pressing needs in the housing field today is a program which is adequate to meet the housing needs of elderly persons.

This year, the administration for the first time has admitted that a distinct and separate program to aid the elderly is needed. This bill contains such a program. It was at my suggestion and my urging that the committee included in this bill a totally new program to aid the elderly. The provisions of the bill differ from the proposals submitted by the administration in many ways. The administration, for example, simply collected and placed in one new section the provisions of existing law which, as I have said, have not produced any significant volume of housing. The provisions in this bill would establish a new program of mortgage insurance for rental housing for elderly persons—defined as "any person, married or single, who is 60 years of age or over."

The new section would increase the dollar limit on the maximum amount of the loan for housing for the elderly to $9,000 per unit for garden-type structures, $9,400 per unit for elevator-type structures, with a permissible increase of $1,250 per room for high-cost areas.

Loans would be insured up to 100 percent of replacement cost for nonprofit corporations, and up to 100 percent of replacement cost, less any allowance for builder's and sponsor's profit and risk, for other than nonprofit corporations.

The new section 229 would provide that at least 50 percent of the units in a project be specifically designed for elderly persons and that elderly persons be given a preference or priority of opportunity to rent any unit in the project. The new section would also omit the requirement of economic soundness for FHA underwriting purposes. This requirement is not well adapted to projects of special design having a specialized purpose and which will not serve the general rental market.

FHA would be permitted, but not required, to establish rental ceilings. In actual practice, these ceilings would serve no purpose for projects owned and operated by nonprofit organizations. On the other hand, FHA would be enabled to control rents on projects owned and operated by other than nonprofit organizations.

The committee anticipates that a substantial amount of housing for the elderly will be built by nonprofit organizations. These organizations have indicated their intention to utilize, at least in part, the labor and skills of persons sympathetic to the purposes of the organizations who may wish to render services wholly or partially without compensation. In order to permit this to be done, the committee bill provides that nonprofit organizations which produce housing for the elderly need not comply with the requirements of the Davis-Bacon Act to the extent permitted by the FHA Commissioner.

NURSING HOMES

Section 229 also initiates a new system of FHA mortgage insurance designed to facilitate construction of nursing homes.

The term "nursing home" is defined as "a facility which is or will be licensed or regulated by law, which provides continuous medical and nursing care to the long-term, convalescent, infirm, or elderly patient in a homelike atmosphere, furnishing facilities and comforts normally found in a patient's home, and which provides, in addition thereto, such specialized service, equipment, and safety features as may be required for the safe, proper, and adequate care of patients at all times."

To create a conservative program and in order to avoid the danger of attracting undesirable elements into the operation of proprietary nursing homes, the bill authorizes the FHA Commissioner to insure mortgages subject to the following conditions: First, the mortgage shall be held by a mortgagor approved by the Commissioner, and the mortgagor may be restricted as to charges and methods of operation, capital structure, and rate of return; second, the mortgage shall involve a principal amount not in excess of $12,500,000 and not to exceed 75 percent of the estimated value of the property when completed; third, the Commissioner shall consult with, and secure the advice and recommendations of, the Public Health Service of the Department of Health, Education, and Welfare in carrying out the provisions of this section; and fourth, all of the standard provisions of the FHA may be made applicable to the insurance of loans on proprietary nursing homes.

TITLE III.—URBAN RENEWAL—STATEWIDE PLANNING

This section directs the HHFA Administrator to encourage the utilization of local public agencies established by the States to operate on a statewide basis on behalf of smaller communities undertaking urban renewal programs.

Most small cities have neither the trained staff nor the financial support to hire a staff to initiate and carry through an urban renewal project. A trained staff at the State level can be of great assistance by helping smaller communities initiate and complete urban renewal projects.

GRANT AUTHORIZATION

The Housing Act of 1949 assigns to the Federal Government a major role in the nationwide task of clearing slums and blight and preserving our cities. The Federal Government extends financial assistance to help the local community defray the cost of the urban renewal undertaking by making a capital grant to the community up to two-thirds of net cost. Without this financial aid, the slum clearance job would never get done.

Section 302 of the bill would increase the present $1,250,000,000 capital grant authorization by $350 million a year for each of the next 6 years beginning July 1, 1958. This amount could be further increased by $150 million in any 1 year upon a determination by the Administrator, with the approval of the President, that the additional amounts are necessary to carry out urban renewal objectives. The total additional authorization could not exceed $2.1 billion for the 6-year period. The new authorization plus the existing authorization would aggregate a total capital grant authorization of $3,350,000,000 during the 15-year period from July 1, 1949, to July 1, 1964.

As of May 31, 1958, the Urban Renewal Administration had reserved $1,169 million of the $1,196,000,000 made available to it, leaving a balance of $26.5 million available for reservation through June 30. Matched against this small balance are pending applications amounting to $260,900,000.

The status of the fund as of May 31, 1958, is as follows:

Authorized by Congress	$1,250,000,000
Released by Budget Bureau	1,195,600,000
Reservation through May 31, 1958	1,169,100,000
Balance available	26,500,000
Pending applications	260,900,000

In arriving at the amount of new capital grant authorization, the committee was impressed by the testimony of witnesses, including many mayors of cities with active urban renewal programs, who urged the continuation and expansion of the program. These witnesses pointed out that an urban renewal program cannot operate on a sporadic basis and urged that the new authorization should be sufficient to insure continuity.

Of the $350 million authorized by the Housing Act of 1957, the Budget Bureau released only $300 million which was far short of the demand. The unmet requirements at the end of this fiscal year are estimated at $250 million. If the present volume of new applications were to continue, it is possible that a $500 million capital grant authorization would be needed for next year.

I believe, therefore, that the committee recommendation is based on a reasonable forecast of future needs Anything less would be a betrayal of our promise in the Housing Act of 1949 to rid the American cities of slum and blight.

The Administration had requested the Congress to approve a 6-year program but at an annual rate of $250 million for 3 years which would be reduced to $200 million for the last 3 years. Moreover, the Administration would have increased the local share of the cost from one-third to one-half.

The committee was convinced that any reduction in the Federal share would virtually kill the program, because local communities neither have the resources nor could they expect financial help from the States in amounts sufficient to meet the requirements of this great and worthwhile program.

REPAYMENT OF UNCOLLECTIBLE ADVANCES

Section 303 would authorize the use of urban renewal grant funds to repay Treasury loans made to finance urban planning advances which are now uncollectible because of cancellation of the project.

COMMUNITY RENEWAL PROGRAMS

Section 304 would authorize planning grants for the preparation of community renewal programs, which would enable a community to survey its urban renewal needs and resources, and schedule projects.

Such programs would include, first, the identification of slum areas or blighted, deteriorated, or deteriorating areas in the community; second, the measurement of the nature and degree of blight within such area; third, determination of the financial, relocation, and other resources needed and available to renew such areas; fourth, the identification of potential project areas and, where feasible, types of urban renewal action contemplated within such areas; and, fifth, scheduling and programing such urban renewal activities.

Testimony received from city officials and others supported the proposal for expanding the use of planning assistance for the purpose of surveying the entire community and preparing plans for a long-range program of urban renewal for the community as a whole. For some communities this would be an ideal way of proceeding before undertaking a specific project.

For other communities, however, there are reasons why citywide planning is not practicable, and the community, therefore, would prefer to survey and develop plans for general neighborhood renewal, as provided in existing law. A community may also find it more practical to use planning advances to determine whether the undertaking of a specific urban-renewal project is feasible.

TECHNICAL

Section 305 would amend section 105 (b) of the Housing Act of 1949 to facilitate public improvements involving the Federal Government and the District of Columbia in connection with urban renewal projects.

RELOCATION PAYMENTS

Section 306 (a) would permit relocation payments to families and businesses displaced as a result of any governmental activity in an urban-renewal area, and as a result of a program of voluntary repair and rehabilitation in connection with an urban renewal project.

Under existing law, individuals, families, and businesses displaced from an urban renewal area are not eligible for relocation payments where their displacement results from the activity of a public body other than the local public agency—for example, where acquisition of a highway right-of-way within an urban renewal area is by the highway agency—or where displacement results from voluntary repair or rehabilitation in the urban renewal area.

This has created situations in a few communities where some displacees within an urban renewal area are receiving relocation payments, and their neighbors across the street are not. To correct this inequity, the committee approved the extension of eligibility for relocation payments to all individuals, families, and businesses displaced by governmental activity from an urban renewal area.

Section 306 (b) would give business concerns which are displaced from urban renewal areas a priority of opportunity to purchase or lease commercial or industrial facilities to become available after redevelopment.

Under existing law, a business concern displaced from an urban renewal area often suffers a loss of goodwill by being forced to vacate long-established premises in one neighborhood and to move into another where the concern may be completely unknown. The provisions of this section would afford such an establishment a priority to locate in the project area.

SPEEDUP OF URBAN RENEWAL

Many complaints were made by witnesses that urban renewal is too complex and cumbersome and overburdened with too much red tape and detailed review by the Urban Renewal Administration in Washington. The typical time to complete a project is from 3 to 5 years. Some projects started in 1950 are still incomplete.

To help reduce the time required to complete a project, section 307 would permit the Administrator to omit or simplify certain planning requirements which are unrealistic or which cause unnecessary delay. The urban renewal plan must still be found to be sufficiently complete to indicate the general nature of building requirements and density standards.

The proposed language for the statute eliminates a number of specific detailed requirements and mentions only general requirements which may be broadly interpreted by the Administrator.

NONRESIDENTIAL DEVELOPMENT

Under existing law, urban renewal projects assisted by the Federal Government must be predominantly residential, either before or after redevelopment. An exception to this requirement, up to 10 percent of the capital grant authorization, is allowed for nonresidential projects where the site includes a substantial number of slum or blighted dwellings.

Section 308 of the bill would change the exception to the predominantly residential rule by increasing from 10 to 15 percent the amount of urban renewal grant authorization that can be used for nonresidential purposes.

The present requirement that the site for nonresidential development must include a substantial number of slum or blighted dwellings would be eliminated. "Substantial" has been interpreted administratively as 20 percent of the project.

The Committee heard testimony from official representatives of many cities that there are substantial blighted areas which contain few if any substandard dwelling units. These are the areas of structurally deteriorated and functionally obsolete factories, stores, and warehouses. They drain the economic resources of cities and hinder the establishment of decent living and working environments.

The Committee agrees that the basic objective of the program is to eliminate slums and blighted homes, but we must realize that no community can survive without an orderly plan for renewing its commercial and industrial areas. Urban renewal in its broadest sense would renew the entire living environment of the community including its commercial areas where families must shop and its industrial area where families must work, as well as its residential areas where families live. It is appropriate, therefore, that a reasonable percentage of Federal assistance should be used to assist a community in renewing nonresidential as well as residential areas.

NONCASH GRANTS-IN-AID

Section 309 would permit the acceptance, as a noncash grant-in-aid, of local public improvements commenced after the approval date of the general neighborhood renewal plan or the community renewal program, provided that the loan and grant contract for the project is signed not more than 5 years after the commencement of the local public improvements to be accepted.

The period of 5 years is believed necessary to provide adequate time to the community for the carrying out of plans for development of public improvements within a proposed urban renewal area. This is particularly true under a community renewal program where the plans are developed for renewing the entire city, but the actual projects are scheduled over a long period of time, perhaps as much as 10 to 20 years.

CREDIT FOR LOCAL INTEREST PAYMENTS

Section 310 would authorize the Housing and Home Finance Agency to include an allowance for interest on local funds advanced by a city to the local urban renewal agency as an item of gross project cost for an urban renewal project. Interest on loans obtained from the Federal Government is considered a proper project cost by the Housing and Home Finance Agency, and the committee believes it only fair to permit an allowance for interest on loans from local sources as a proper project cost.

UNIFORM DATE FOR INTEREST RATE DETERMINATION

Section 311 would provide a single uniform date for the determination of the applicable going Federal interest rate. This amendment would fix the date for determining the applicable rate for all contracts as the date the contract, or amendatory contract, is authorized by the Administrator of HHFA. This change is merely technical and would not tend to increase or decrease aggregate interest payments by localities.

CREDIT FOR LOCAL PUBLIC IMPROVEMENTS

Section 313 of the bill would give a community credit as a noncash grant-in-aid, for a public improvement which was started during a time when the community was unable to obtain Federal recognition for the project because of limitations of capital grant funds.

URBAN PLANNING

Section 314 of the bill would extend the scope of the urban planning grant program—section 701 of the Housing Act of 1954—to include any group of adjacent communities, having a total population of less than 25,000, and having common or related urban planning problems resulting from rapid urbanization.

Under existing law, the Administrator is authorized to make grants for planning assistance to small cities and other municipalities. "Municipalities" has been interpreted to include only incorporated communities. This section would extend the benefits of the program to groups of small places regardless of incorporation, provided that such small places have common or related urban planning problems.

TITLE IV—LOW-RENT HOUSING—BACKGROUND

The committee has received extensive testimony, from hearings in Washington and in the field, on the difficulties confronting the low-rent public housing program. For example, of the 70,000 additional units authorized by the Housing Act of 1956, only 9,200 units have been placed under annual contributions contract, and of these, only 200 have been put under construction.

This slowdown in the program has occurred during a period when the need for low-rent housing has not lessened. The need has become more acute as a result of an increasing volume of family displacements caused by stepped-up programs of urban renewal, highway construction, and other public activities. Evidence submitted by the Housing and Home Finance Administrator shows that approximately half of the families so displaced are eligible for public housing because of their low incomes.

In considering housing needs, the Congress should keep in mind the policy statement in the historic Housing Act of 1949 committing the Federal Government to the goal of eliminating slums and blight and providing a decent home and suitable living environment for every American family. The public housing program was committed to a major part in this larger objective. Unfortunately, public housing has not made the progress it should have and recently has lapsed into a lethargic state of inactivity.

Witnesses before our subcommittee during hearings last fall testified to the harmful effects of excessive centralization. We were told that local executive directors were unable to make any important decisions without clearing them with PHA.

This was not the intent of the original Housing Act of 1937. The program was established as a local program, with local boards of directors, and locally appointed staffs. The Federal Government's part was to assist in financing the program by committing itself to paying off the initial construction and development cost. Day-to-day operations were to be the responsibility of the local authority, with overall direction from the Federal Government through the PHA.

The major emphasis in the committee bill is toward giving more responsibility to local authorities. It is the committee's intent and expectation that greater responsibility at the local level, together with the full cooperation and assistance of the PHA, will enable the program to make a sound contribution toward meeting the Nation's needs for low-rent housing.

DECLARATION OF POLICY

Section 401 of the committee bill would amend section 1 of the United States Housing Act of 1937 by adding to the declaration of policy a number of new policy objectives. In the development of low-rent projects, it would be the policy to, first, build smaller projects better related to local neighborhoods in order to avoid the institutional appearance which has often characterized such projects; second, vest full responsibility in the local housing authorities for establishing rents and eligibility requirements—subject to proposed statutory ceilings—the preparation of budgets and the control of expenditures; third, permit local housing authorities to provide such social and recreational guidance as is necessary in assisting families to become good tenants and citizens; and, fourth, indicate the Congressional intent that families whose incomes increase above the limits for continued occupancy be permitted to purchase their homes or to continue as tenants at unsubsidized rents if suitable private housing is not available. Under present law, such families must be evicted and frequently return to substandard housing.

INCOME LIMITS AND RENTS

Section 402 would permit local authorities to set rents and income limits for projects in accordance with local needs, subject to a statutory ceiling. Under existing law the PHA, by virtue of its powers of prior approval, sets both the income limits and the rents which local housing authorities must observe. Local authorities are in an excellent position to make these determinations themselves in view of their knowledge of local conditions.

The committee proposes a maximum ceiling on income limits which is the same—except in the case of displaced families—as the present statutory ceiling which governs Federal approvals. In establishing this ceiling a "determination" is made of the lowest gross rent being achieved by private enterprise for a substantial supply of standard dwellings of different sizes. This factual determination would be subject to Federal approval. For families needing a dwelling of a given size, the ceiling on income limits is determined by deducting 20 percent from the private rent "determination" and then multiplying by a ratio of 5—based upon the assumption that housing expense should approximate one-fifth of income. These are the same percentages and ratios as in the present act. The committee proposes that the 20-percent gap be waived for families displaced by urban renewal or other governmental action in order to prevent hardship to such families who cannot afford decent housing.

The committee proposes that the setting of rents be left solely to local authorities, which would be free to establish rents in accordance with the needs of low-income families in their localities. Under such a flexible policy the local authorities could establish lower rent-income ratios for large families than for small families in order to help large families meet theid budgetary needs.

This delegation of power to the local authority should not result in any drastic change in the rent schedule. Rents would need to be high enough to meet the current operating expenses of the project and yet low enough to keep within the objective of the act; that is, to house low-income families at rents they can afford to pay. Local housing authorities are under considerable pressure to serve families with the greatest housing need and at rents within their ability to pay.

ANNUAL CONTRIBUTIONS AND RESIDUAL RECEIPTS

Section 403 would provide that annual contributions for the reduction of rents be paid in fixed and definite amounts. Under existing law, annual contributions are contracted for subject to reduction each year by an amount equal to the profit—that is, residual receipts—which the local authorities make out of the current operation of their projects. Because these residual receipts are now applied to reduce the annual Federal contribution, Federal surveillance of local activities has grown far beyond that of other Federal assistance programs. If all or part of these residual receipts were used to repay project indebtedness, Federal contributions will cease at an earlier date; and, in the long run, total Federal expenditures would not be increased.

The committee bill proposes to remedy this situation by making the annual contribution a fixed and definite sum payable to local authorities each year. Profits—residual receipts—from current operations would be divided, one-third to the local housing authorities, solely for low-rent housing purposes, and two-thirds for the advance amortization of capital debt. When the capital debt of a project is liquidated, the annual contributions of the Federal Government will terminate.

Let me give you an example of how the provision would work. Suppose a housing authority had $10,000 residual receipts and an annual contributions contract for $100,000. Under present law, the Federal Government would use the $10,000 to reduce the contribution from $100,000 to $90,000. Under the proposed law, $6,700 of the $10,000 would be used for advanced amortization; the other $3,300 would go to the local authority.

Now, let us see how the Federal Government comes out on this new plan.

On the loss side, annual contributions would be increased by $10,000 a year for 40 years, or $400,000.

On the credit side, the payment of $6,700 a year toward advance amortization would result in paying off the loan in 35 years rather than 40 years. The savings here would be 5 times $100,000, or $500,000.

It can be seen that the Federal Government loses $400,000 on the one hand and gains $500,000 on the other, or a net saving of $100,000.

The bill further provides that independently audited financial statements shall, in the absence of fraud or of evidence of gross waste or extravagance, be accepted as final and conclusive by all officers of the Federal Government. This recommendation would remove one of the principal sources of disagreement and contention between PHA and local authorities, namely, that Government audits in conjunction with prior approval of local budgets and expenditures have led to an overcentralization and overfederalization of power in the public housing program.

ADDITIONAL AUTHORIZATIONS

Section 404 would amend section 10 (i) of the United States Housing Act of 1937 by increasing the authorization for new annual contributions contracts by 35,000 units to become available on July 1, 1959. As a result of restoring responsibility to local communities for the operation of their public housing, there should be a substantial demand for additional low-rent housing units, particularly in connection with urban-renewal programs. The bill, therefore, provides an authorization for an additional 35,000 units, as well as an extension of availability of existing authorizations for 1 year. This would provide for a program extending through June 30, 1962. Such an extension is essential for adequate community planning.

SALE OF PUBLIC HOUSING TO OVER-INCOME TENANTS

Under present law, families whose incomes increase beyond the maximum limits for continued occupancy must be evicted from their homes. Section 405 would amend several sections of the United States Housing Act of 1937 to permit families, whose incomes increase beyond the maximum limits for continued occupancy, to acquire their homes. This should be relatively simple in the case of projects with detached dwellings or row houses. Admittedly, it will be more difficult in the case of projects with larger buildings, where some kind of cooperative ownership would probably be necessary.

Under the committee's proposals, occupants could enter into a purchase contract for their dwelling. They would pay full local taxes, amortize the purchase price of their dwellings in 40 years, and pay interest at the cost of money to the local authority. Such families would, therefore, not receive any direct Federal or local subsidies. The bill makes it clear that the purchaser would reimburse the local authority for a pro rata share of the cost of any services furnished to him. In case of units owned cooperatively in a large project, the local authority might, for example, provide management services or furnish heat or other utilities and would be reimbursed for such costs. However, in detached units or row houses, the occupants would be free to undertake the complete maintenance of their dwellings and furnish their own utilities.

REVISION OF CONTRACTS

Section 406 would add a new section to provide for the amendment of existing annual contribution contracts upon request of local authorities. This authority will enable the reopening of existing contracts for conforming them with changes in basic law.

PROVISION FOR PUBLIC HOUSING IN URBAN RENEWAL AREAS

Section 407 would facilitate the development of low-rent housing in urban renewal areas. If the project is located within an urban renewal area, the locality must make two contributions: first, tax exemption; and, second, one-third of the loss incurred in buying, clearing, and disposing of land in the urban renewal area. This situation has caused communities to avoid the use of urban renewal sites for public housing. Yet, urban renewal sites are often the most appropriate locations for the rehousing of displaced families of low income. Such a use can keep these families in the neighborhoods to which they are accustomed and which are convenient to their places of employment.

This section would permit the HHFA Administrator to treat the local tax contribution as sufficient to satisfy a locality's one-third share of any loss attributable to purchase, clearance, and disposition of that portion of the urban renewal area used for a public housing project.

TITLE V.—COLLEGE HOUSING

The college-housing program has been useful to colleges in every section of the Nation, and the aid to educational institutions which this program has provided and will continue to provide justifies the confidence placed in the program by the Congress.

As of April 1, 1958, a total of $925 million had been authorized for this vital program. Of this total, $843 million was committed or had been used in making such loans; applications totaling $27 million were pending and $25 million had been impounded by the Bureau of the Budget. This leaves a balance of $30 million available for new applications.

At the present rate of applications for loans, not only the $30 million available, but also the $25 million impounded by the Budget Bureau could be exhausted by June 30, 1958. It is believed that many colleges are withholding applications and, in fact, are discouraged from submitting applications because of the small balance in the fund.

Section 501 of the bill, therefore, increases the college housing loan fund authorization from $925 million to $1,325 million, a total increase of $400 million. Within that total, $50 million is reserved for "other educational facilities" as presently defined, and $50 million is reserved for housing for student nurses and interns.

LOANS FOR GENERAL EDUCATIONAL PURPOSES

Section 502 adds a new section 504 to title IV of the Housing Act of 1950—college housing—to authorize the Administrator to make loans to educational institutions for the construction of new, or the rehabilitation of existing, classrooms, laboratories, and related facilities—including initial equipment, machinery, and utilities—necessary or appropriate for the instruction of students or the administration of the institution.

This section would make available $250 million for this new type of loan. Such loans would bear the same interest rate as other college housing loans, currently 3 percent, and would be made for terms not to exceed 50 years.

This program would be administered by the Housing and Home Finance Agency, with the full consultation of the Office of Education of the Department of Health, Education, and Welfare.

TITLE VI.—ARMED SERVICES HOUSING—EXTENSION OF PROGRAM TO JUNE 30, 1960

Section 601 would extend the title VIII armed services housing mortgage insurance program—Capehart housing—until June 30, 1960.

As the armed services housing program is presently constituted, it is contemplated that some 138,000 units could be produced for military personnel. On May 12, 1958, the Office of the Secretary of Defense had approved a total of 280 projects, containing 99,223 units, for development under this program; 48 of these projects, containing 9,377 units, are presently deferred pending further evaluation of need.

The Department of Defense experienced many difficulties in getting this program underway. In addition, there are many time-consuming elements of this program which must be accomplished prior to the construction of any housing units. The committee felt that this extension was warranted in order to permit the Department of Defense the necessary time to successfully accomplish the aims of this program.

Section 601 would also increase from 25 years to 30 years the maximum maturity of section 803 mortgages. Pursuant to the Emergency Housing Act, Public Law 85-364, approved April 1, 1958, the maximum statutory interest rate on section 803 mortgages was increased from 4 percent to 4½ percent. At the present time, the Commissioner of the FHA has established a 4¼-percent interest rate on these mortgages. Payment of principal, interest, and other obligations on Capehart housing are limited to an average of $90 per month—see section 405 of the Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955. There may be some difficulty in the future in meeting amortization payments unless those payments are spread over a greater number of years. Therefore, in order to provide some flexibility in meeting the higher monthly payments required by the new interest rates, the committee believes it is necessary to increase the maximum maturity to 30 years.

HOUSING FOR DEFENSE-IMPACTED AREAS

Section 602 amends title VIII of the National Housing Act by adding a new section 810 to authorize the FHA Commissioner to insure mortgages on single-family and multifamily projects, the need for which is certified by the Secretary of Defense. Insurance would be on an "acceptable risk" rather than an "economic soundness" basis. The projects would be held for rental for a period of not less than 5 years unless released by the military for sale. Priority in rental or sale is given to military personnel and essential civilian personnel of the armed services as evidenced by certification issued by the Secretary of Defense.

Except as to the conditions described above, the provisions of the regular FHA sales housing program—section 203—and of the regular FHA rental housing program—section 207—would be adopted in the new section and will determine eligibility for mortgage insurance.

This new section would also amend the appropriate sections of existing law in order to make the requirements of cost certification and the Davis-Bacon Act applicable, except that cost certification would not be applied to sales housing built under this section. It also amends section 305 (f) of the National Housing Act in order to make section 810 mortgages eligible for purchase by the FNMA under its special assistance function.

ACQUISITION OF RENTAL HOUSING PROJECTS

Section 603 would amend section 404 of the Housing Amendments of 1955 to permit the Secretary of Defense to acquire section 207 rental housing projects—FHA insured—if completed prior to July 1, 1952, and if such projects were certified by the Department as necessary for military family housing purposes. This section would also make acquisition of FHA section 207 projects mandatory if housing construction pursuant to section 803 of title VIII—Capehart housing—is built in the area of the section 207 projects covered by this section.

This provision is designed to cover a special group of rental housing projects insured under section 207 of the National Housing Act; that is, the FHA regular rental housing program. It was reported to the committee that in one or two instances regular FHA rental housing projects were constructed at or near military installations and that the FHA issued a commitment for mortgage insurance on these projects only after the Department of Defense certified the need for such housing. The Department plans to construct Capehart housing at the particular installations to which these projects are adjacent. It is reported that the Capehart housing will cause unfair competition and that occupancy in these special projects will be severely curtailed. The committee therefore felt that to be equitable, particularly since the projects were constructed on the basis of being "military housing," they should be treated similar to Wherry housing projects falling in the same circumstances.

In addition, this section makes a cross-reference to section 401 (b) of the act entitled "An act to authorize certain construction at military installations and for other purposes"—Public Law 85-241, approved August 30, 1957—so that the projects covered by this section could not be declared substandard solely because the units in these projects do not meet the minimum space requirements prescribed for military housing.

ACQUISITION OF WHERRY HOUSING PROJECTS

The committee is advised that present acquisition policies, procedures, and practices have created dissatisfaction among Wherry housing owners whose projects are being or have been acquired. This dissatisfaction in large part is attributed to an alleged reluctance on the part of the services to negotiate in good faith and with real intent to find areas of agreement with the owners.

The purpose of this amendment is to assure that in those cases where an agreement cannot be reached through negotiation between the Defense Department and the Wherry owners, and where condemnation proceedings are instituted, a final decision will be expedited by providing for the appointment of a disinterested commission to ascertain just compensation.

It requires such commission to give full consideration to replacement costs, including necessary fees and allowances recognized and allowed by FHA.

TITLE VII—MISCELLANEOUS—FEDERAL NATIONAL MORTGAGE ASSOCIATION

Section 701 of the bill would increase the limit on the amount of a loan which can be purchased by FNMA under its secondary market operations from $15,000 to $20,000 for each dwelling unit covered by the mortgage. The $15,000 limit would remain applicable to loans purchased under the special assistance function. As under present law, no dollar limit would apply to military housing mortgages insured under section 803 of the National Housing Act or to mortgages covering property located in Alaska, Guam, or Hawaii.

Section 701 would also amend section 305 (b) of the National Housing Act in order to extend for 1 year, until August 7, 1959, the requirement that the FNMA purchase mortgages at par under its special assistance functions. The Housing Act of 1956 established for 1 year a minimum purchase price of 99 percent of par for mortgages purchased under the special assistance functions. The Housing Act of 1957 required that special assistance mortgages be purchased at par and, in addition, limited the fees and charges which may be made by the FNMA to 1½ percent of the face amount of the mortgage. Under present law, these requirements would expire on August 7, 1958.

Section 701 would also increase from $200 million to $250 million the special assistance fund established for the purchase of cooperative housing loans. As previously stated, the Congress in the past has authorized the FNMA to purchase cooperative housing loans under special conditions in an attempt to popularize this type of mortgage and to aid cooperatives in their efforts to secure adequate housing. Public Law 85-107, 1957, authorized $100 million for this purpose. Of this amount, $50 million was reserved for use by consumer cooperatives of which about $12 million has been committed.

Of the $50 million which was authorized for "other" type cooperatives, there remains less than $1 million uncommitted by the FNMA. This increase of $50 million is intended to replenish the fund and to encourage the cooperative form of ownership which enables savings in costs to consumers.

FARM HOUSING RESEARCH

Section 702 would extend the farm housing research program for a period of 3 years, beginning July 1, 1959, and ending June 30, 1962, and would authorize an annual appropriation of $100,000 for the program.

The objective of this program is to improve farm housing conditions by developing data and information which will help farmers obtain better housing at lower costs. The research program authorized under this section is to be carried out by land-grant colleges under terms, conditions, and standards specified by the HHFA Administrator.

This is one of the areas in which housing has been sadly neglected. Perhaps the reason for this is that sufficient data is just not on hand so that the Congress will know and can understand farm housing needs. I personally feel that this extension and additional authorization is very vital to accomplish the aims of the program we started last season of the Congress.

SURVEYS OF PUBLIC WORKS PLANNING

Section 703 amends section 702 of the Housing Act of 1954 by adding a new subsection (f) to authorize the Administrator to use, in any one fiscal year, up to $50,000 of the revolving fund to conduct surveys of the status and current volume of State and local public works planning and surveys of estimated requirements for State and local public works.

SERVICEMEN'S READJUSTMENT ACT OF 1944

The bill would amend the Servicemen's Readjustment Act of 1944 to permit the VA to expand the existing class of "supervised lenders" to include a new category of mortgage lenders. A "supervised lender" is entitled to make a VA loan without prior approval by the VA. The new category would consist of "approved mortgagees" under the certified agency program of the FHA. The inclusion of the new category would not be automatic; each applicant must be acceptable to the VA.

This section would also amend sections 504 (c) and 514 of the Servicemen's Readjustment Act of 1944 to authorize the Administrator of Veterans' Affairs to prohibit builders and lenders from participating in the VA home loan programs, if such builders or lenders have been barred from the benefits of the National Housing Act by the Federal Housing Commissioner.

In addition, the Servicemen's Readjustment Act of 1944 would be amended to provide an additional $150 million for the VA direct home loan program. The purpose of this special authorization is to provide loans for veterans who are presently on VA waiting lists. These veterans reside in areas where private loan funds are not generally available.

Under existing law, the VA is authorized to make direct loans in an amount up to $50 million per quarter subject to an annual ceiling of $150 million. As of May 29, 1958, there were 30,611 veterans eligible for direct loans whose applications could not be processed because current authorizations were exhausted. An estimated additional authorization of $150 million would be required to dispose of this backlog.

DISPOSAL OF PROJECTS

Section 705 amends section 607 of the act of October 14, 1940—Lanham Act—to authorize the PHA Commissioner to modify the terms of any contract relating to any housing projects disposed of by him to cooperatives and also amends section 406 (c) of the Housing Act of 1956 to extend for a period of 2 years the time in which military personnel may continue to occupy war housing projects PA-36011 and PA-36012—Passayunk—which are presently owned by the Housing Authority of Philadelphia, Pa.

The bill provides a program for the benefit of elderly persons. It is a program which has been recommended by the administration, and one on which the Subcommittee on Housing has been working for several years. In this connection, I ask unanimous consent that there be printed at this point in the RECORD a column written by Peter Edson, entitled "Housing for Elderly Rising," which appeared in yesterday's Washington Daily News.

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

HOUSING FOR ELDERLY RISING

After a 2-year slow start, special housing programs for elderly people are taking hold.

Two projects have now been completed under Federal Housing Administration mortgage loan guaranties.

One is Carmel Hall in Detroit, operated by the Carmelite sisters on a nonprofit basis. They took over the old downtown Detroiter Hotel, converted it into 550 housing units renting to elderly people, for an average of around $50 a month. FHA insured it for $4 million.

Emphasis at Carmel Hall is on maintaining family living conditions. There is a cafeteria, recreation and medical facilities. The project has been so successful it now has a waiting list of over 4,000.

The second completed project is Norse Home in Seattle, a 140-unit project FHA insured for $700,000.

Coming along are 8 other projects under construction and 17 more approved for FHA insurance of over $30 million. They will provide 2,670 units.

Thirty other projects for an additional 2,700 units are being processed. This doesn't begin to take care of all the problems of adequate housing for the aged, but it's a start.

The number of senior citizens, over 65, is now put at 14 million. In 20 years it will be 21 million. This will be 1 out of every 10 Americans.

Only 6 percent of these old people now live in institutions. Twenty-five percent live with relatives or other families. Sixty-nine percent own their own homes.

But often these homes are too big for elderly couples or single people whose children have left home.

They need smaller quarters on one floor. They need ramps instead of steps and wide doors that can take wheelchairs. They need nonslip floors, handrails and grabs to prevent falls, low shelves to prevent accidents.

The old rule of thumb that no family should spend more than 25 percent of its income on rent does not apply to the elderly. They no longer have families to raise. What they need is better housing and medical care for themselves. Rents of up to $85 a month per person are considered economic.

It is on this principle that many church groups and fraternal organizations have planned nonprofit housing for their older members.

For elderly people of more independent means who can trade in their old homes and buy newer, smaller houses, privately financed housing developments are beginning to offer accommodations.

Among the more successful projects are Orange Gardens, near Orlando, Fla. It will ultimately have 1,000 homes selling for under $9,000.

North Cape May, N. J., offers 2- and 3-bedroom houses for elderly people at $6,000 to $10,000. A 2,500-unit community in Centereach, Long Island, N. Y., has been designed especially for retired people.

Under existing legislation, $70 million worth of FHA housing insurance has been provided for the elderly. It is assumed more will be available as demand develops.

Mr. SPARKMAN. Mr. President, let me say, in short, that this is a good bill. It has been hammered out as a result of the long, hard work of the Subcommittee on Housing and the full Committee on Banking and Currency after extensive hearings, in which witnesses from all over the country were heard. I repeat, it is a good bill, and I hope it will be passed without serious curtailment.

Mr. PAYNE. Mr. President, I ask unanimous consent that a statement I had prepared in connection with the bill be printed in the RECORD at this point.

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

STATEMENT BY SENATOR PAYNE ON THE OMNIBUS HOUSING BILL OF 1958

We are dealing here today with a matter of the utmost importance to any modern and progressive nation—the state of its housing. The expression "a roof over one's head" and "a man's home is his castle" are probably very trite, but this nevertheless does not detract from the truth of these expressions. Housing is, like food and water, a necessity of life, and this Nation has long recognized this fact. For many years Congress has authorized appropriations to permit the Federal Government to share some of the burden and responsibility for adequate housing. This has been necessary, because evidence shows that private individuals, and local and State governments alone are unable to provide all that is necessary by way of adequate housing needed in a Nation which desires all of its population to enjoy a proper standard of living. For this reason, the Federal Government has undertaken a number of programs designed to supplement the efforts of private enterprise and those of local and State governments.

The legislation which we have before us today marks another step in the Nation's efforts to improve these various programs. This year, however, this legislation takes on added importance in view of the current state of our economy. Housing and related programs have proven to be valuable weapons in the past in combating economic recessions. Today they are again serving the Nation in this capacity, and our action in this Chamber will determine their future status. The administration is making full use of our housing programs. It is now up to Congress to make certain that they be allowed to continue effectively into the future.

Since late December of 1957 the administration has released more than $450 million for direct and indirect support of housing programs. Requirements for FHA mortgage insurance have been eased considerably during this same period. The President has ordered that the processing of applications for mortgage insurance as well as urban renewal funds be accelerated. The purpose of each of these decisions by the President is to alleviate the current unemployment problem by stimulating home construction and slum clearance projects. This is what the administration has done to make housing serve as an antirecession program as well as one of great value to improve the living standards of the Nation.

Likewise Congress has moved ahead along these same lines. The emergency housing bill, signed by the President in April, is already increasing the amount of funds available for home construction. Both administration and Congressional moves, therefore, should stimulate new home construction and should spark employment throughout the Nation, since the demand for housing is still high and only awaits more reasonable financing opportunities in order to be satisfied. Home building affects probably more facets of a nation's economy than any other industry. It involves the labor of both skilled and unskilled workers. Beyond that it affects the transportation industry and the vast number of workers employed by the building supply industries. Appliance and furniture workers are also involved. In other words, housing is a basic industry affecting innumerable other segments of the economy. For this reason its contributions in a period of economic slump are of great value.

The main purpose of this omnibus housing bill, however, is to benefit the well-being of millions of our citizens through improved living conditions. Among the more important provisions of this bill are those designed to meet the housing needs of our senior citizens. Americans of 65 years of age and over are rapidly becoming a greater and greater percentage of our total population, and it is incumbent upon us to provide legislation to meet their specific housing needs. The first step in this direction was taken in 1956 when housing amendments tailored to the requirements of our elderly citizens which I proposed were originally enacted. The elderly housing program must be continued and I shall fully support the sound legislative proposals of this omnibus housing bill which provide for better housing for this important segment of our population.

The bill before us also gives emphasis to the problems of urban renewal and its related programs. Urban renewal has come of age and is ready to take a stronger and more permanent position in the wide scope of Federal housing activity. Since its inception some 9 years ago, it has grown and developed as a program until today more than 200 cities from coast to coast are participating and an even greater number of cities have renewal projects in the early planning stages. The value of urban renewal cannot for a moment be doubted. One has only to look at the accomplishments in Philadelphia and Chicago to realize the enormous returns which this program offers to cities, both in the form of increased property valuations and, more important, in the better living conditions it provides their citizens. Medium-sized cities are now coming into the program in increasing numbers. I am, for example, extremely interested in the achievements made by Portland, Maine. There, one project is in the process of completion and two others are in the planning stage.

Extension and improvement of the urban-renewal programs are provided for in the omnibus housing bill, and three measures which I earlier introduced to achieve this goal are included in its provisions. One is designed to help meet the pressing relocation problem encountered in many medium-sized cities, such as Portland. The bill was, in fact, first recommended by officials of the Portland Slum Clearance and Redevelopment Authority. It would extend the liberal mortgage-insurance provisions of section 221 to include 2-, 3-, and 4-family dwellings. It also requires that the owner must be an occupant of one of the family units, and the remaining units to be allotted to similarly dislocated families. The provision would permit, therefore, more effective utilization of section 221 in areas where it is desirable to use existing multifamily dwellings.

Section 221, originally designed to aid relocation of families forced to move as a result of urban-renewal activities, now allows these families to be relocated only in single-family dwellings or in cooperative structures of 10 or more units. The proposal introduced and which the committee adopted would be especially valuable in medium and smaller sized cities where the relatively small number of families to be relocated makes large housing developments uneconomical. The provisions of this proposal were incorporated into the omnibus housing bill approved by the Senate last year, but were deleted in conference. It is hoped that this year it will be enacted into law.

The second measure which I introduced, and which is now part of the omnibus housing bill, would extend the benefits of the Federal urban-renewal program to those localities which, for reasons of their small size, have been unable to undertake their own projects. Because of the high cost of establishing and maintaining a local urban-renewal authority as prescribed by law, most small cities and towns have been unable to participate in the urban-renewal program. I know this to be a fact in Maine, where many such localities evidenced a great deal of initial enthusiasm in the program, but lost interest when faced by the size of the outlays needed to administer the program. These communities are still highly desirous of undertaking urban-renewal programs.

To meet this need, urban-renewal legislation and procedures have to be modified. Specifically, title I must be modified in order to permit the establishment of urban redevelopment and renewal authorities on the State level—authorities which could then act in behalf of the smaller cities and towns desiring urban-renewal programs. The approval of these communities would be required, but thereafter the State agency could take over the planning and administrative work necessary to begin and carry through the urban-renewal projects. The overall economies which could be realized by a statewide urban-renewal authority are obvious, and yet such an agency would be close enough to the local situation to evaluate properly the requirements of each community in the program. In a State such as Maine, where the population is predominantly located in smaller communities, this improvement in urban-renewal legislation would be particularly valuable. The measure I introduced would make these necessary modifications in existing law and its adoption in the omnibus housing bill by the committee is a great step toward improving the urban-renewal program.

A third measure which I introduced and which would also benefit the urban renewal program is included in this omnibus bill we are now considering. It would provide for relocation payments to families which have been forced to move temporarily from rehabilitation projects. Present law allows relocation payments to be made only to families who must move permanently as a result of the complete demolition of their previous homes. Yet those families who must move temporarily because of rehabilitation projects experience many of the same difficulties and expenses which permanent relocation produces. It is only fair, therefore, that such families receive similar assistance. Again, I am pleased that the committee adopted this provision and incorporated it into the omnibus housing bill.

All three of my proposals are aimed at perfecting the urban renewal program in order that it might more adequately accomplish the task of eliminating urban blight and slums throughout the Nation. No nation with our resources should permit such conditions to exist. Their adverse social, psychological, and economic effects on our people cannot be tolerated in these times when, with concerted effort, something can be done to eliminate them.

Another important provision of the omnibus housing bill which must receive special consideration is an authorization for an additional $150 million for the Veterans' Administration's direct-home-loan program. This authorization was the result of a motion which I made in committee after I learned that the Veterans' Administration had thousands of loan applications in limbo because funds had run out. Few aspects of the housing program are more significant than this one which assists our war veterans in obtaining the homes they must have for themselves and their families. This provision of the omnibus bill deserves the full support of the Senate.

In conclusion, let me say that the need for sound and progressive housing legislation is great. The omnibus housing bill, I feel, represents a very important step in meeting this need. Therefore, I urge all of my distinguished colleagues here in the Senate to give this measure the full support it deserves.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that there may be printed in the RECORD at this point a statement which the chairman of the Banking and Currency Committee, the distinguished Senator from Arkansas [Mr. FULBRIGHT], had intended to deliver on the floor.

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

STATEMENT BY SENATOR FULBRIGHT REGARDING COLLEGE HOUSING PROVISIONS OF S. 4035

I am happy to support S. 4035—I think it is a good bill. It has been thoroughly explained by the Senator from Alabama [Mr. SPARKMAN], the chairman of the Housing Subcommittee of the Committee on Banking and Currency, and I wish to join his recommendation for passage of the bill. I do not propose to discuss all features of this bill, but I wish to call particular attention to the provisions augmenting the college loan program of the Community Facilities Administration.

Basic legislation in this field was enacted in 1950, but because of the Korean war and certain changes in the law made by the 83d Congress, the program moved very slowly until 1955. In that year, the 84th Congress revived the program, and it has been of major assistance to colleges and universities in providing dormitories and other essential service facilities.

The present loan fund is $925 million, and the balance remaining unobligated is insufficient to cover applications already on hand. It is essential that this loan fund be supplemented.

As explained by the Senator from Alabama, S. 4035 increases the loan fund by $400 million—of which $50 million is reserved for loans to build dormitories for student nurses and interns, and $50 million is reserved for student unions, cafeterias, and other essential service facilities. The balance of $300 million will be used exclusively to build dormitories and residences for students and faculty members.

Enrollment in our colleges and universities, if continued without any stimulation, will double by 1965, and is expected to reach

6 million at that time. One of the greatest single handicaps of our college administrators is providing shelter and service facilities to accommodate this forecasted increase in students and the corollary increase in faculty members. In addition to increased enrollments which would normally occur, it is quite possible that a proposed Federal scholarship program would further aggravate the situation. It is essential that this loan program continue with adequate funds to enable our higher educational institutions to respond to this inevitable increase in enrollment.

S. 4035 also contains authority for a modest loan program to assist in the construction or rehabilitation of classrooms, laboratories, and related facilities in our colleges and universities. It is intended that this program be administered with complete cooperation between the Department of Health, Education, and Welfare and the Housing and Home Finance Agency.

I understand that the Senator from Indiana [Mr. CAPEHART], the ranking minority member of the Banking and Currency Committee, will propose certain amendments to S. 4035. I am most gratified to learn that these amendments will not disturb the increased funds for the existing college housing program. The Senator from Indiana plans to augment the new experimental program for educational buildings by authorizing a guaranteed loan plan under which loans will be made by private lenders and guaranteed by the Housing and Home Finance Agency. I hope that Senator CAPEHART's proposal will be acceptable to the Senate, and that this supplemental guaranty plan will be useful to colleges and universities.

In conclusion, I wish to quote from a statement made by Dr. John T. Caldwell, president of the University of Arkansas, before the Housing Subcommittee, when he testified on behalf of the American Association of Land-Grant Colleges and State Universities and the State Universities Association. Dr. Caldwell said:

"The college housing loan program has made a tremendous contribution to the expansion of college housing—much more than that represented by the actual volume of loans. Its very availability has interested those responsible for private lending in the possibility of long-term loans, in which they have had little interest before. And it has tended to keep private interest rates competitive."

This statement is most encouraging to me. I am hopeful that private lenders will recognize the soundness of long-term loans to higher educational institutions, and that private loans, together with the Federal loan program, will be adequate to provide for the expansion of facilities which must occur within the next several years.

Mr. CAPEHART. Mr. President, I send several amendments to the desk and ask that they be stated by title only and I ask unanimous consent that they may be considered en bloc.

The PRESIDING OFFICER. Without objection, the amendments will be printed in the RECORD and considered en bloc.

The amendments offered by Mr. CAPEHART are as follows:

On page 24, line 22, strike out "$350,000,000" and insert in lieu thereof "$300,000,000."

On page 25, line 6, strike out "$3,350,000,000" and insert in lieu thereof "$3,050,000,000."

On page 36, strike out the matter following the comma in line 6, down to and including the comma in line 9.

On page 36, strike out lines 19 through 24, and insert in lieu thereof "community."

On page 40, line 20, strike out "(1)."

On page 40, line 20, strike out the matter following "receipts" down to and including the parenthesis in line 22.

On page 41, line 9, strike out the comma and insert in lieu thereof a period.

On page 41, beginning with line 10, strike out all through the period in line 15.

On page 42, strike out lines 9 through 12 and insert in lieu thereof the following:

"(1) by striking out 'by 35,000 additional dwelling units on July 1, 1957' and inserting in lieu thereof '(1) by 35,000 additional dwelling units on July 1, 1957, and (2) by 17,500 additional dwelling units on July 1, 1959'; and

"(2) by striking out the first proviso and inserting in lieu thereof the following: '*Provided*, That the authority to enter into new contracts for annual contributions with respect to each such 35,000, or 17,500, additional dwelling units, as the case may be, shall terminate 3 years after the first date on which such authority may be exercised under the foregoing provisions of this subsection'."

On page 42, beginning with line 13, strike out all through line 1 on page 46.

On page 46, line 2, strike out "406" and insert in lieu thereof "405."

On page 46, line 17, strike out "407" and insert in lieu thereof "406."

On page 48, line 9, strike out "a new section" and insert in lieu thereof "new sections."

On page 49, line 16, strike out the quotation marks.

On page 49, between lines 16 and 17, insert the following:

"GUARANTY CONTRACTS

"SEC. 406. (a) In addition to his other authority under this title, the Administrator may enter into a contract, to be known as a debt service guaranty contract, pursuant to which the Administrator may guarantee the payment of the principal of and interest on the bonds of an educational institution, if the bonds are to be issued and sold to investors other than the United States in financing (1) the construction of new structures suitable for use as classrooms, laboratories, and related facilities (including the initial equipment, machinery, and utilities) necessary or appropriate for the instruction of students or the administration of the institution, and (2) the rehabilitation, alteration, conversion, or improvement of existing structures for the uses described above if such structures are otherwise inadequate for such uses: *Provided*, That no application for a loan under section 405 of this title shall be denied approval because a debt service guaranty contract may be available to the applicant. The debt service guaranty contract shall obligate the Administrator, so long as such bonds are outstanding, to pay to a trustee under an indenture securing the bonds, such amounts which, when added to the moneys available from the revenues or funds pledged by such institution as security for the bonds (including all reserve funds therefor), may be needed to make the payments due on the bonds. The aggregate principal amount of such guaranteed bonds outstanding at any one time shall not exceed $250 million.

"(b) (1) For the purposes of this section the Administrator is authorized to establish a fund to be known as the college housing guaranty fund.

"(2) All fees received in connection with guaranties issued under this section, all funds borrowed from the Secretary of the Treasury pursuant to subsection (d), all earnings on the assets of the college housing guaranty fund, all appropriations for carrying out functions under this section, and all other receipts of the Administrator in connection with the performance of his functions under this section shall be deposited in the fund. All payments to trustees under subsection (a), repayments to the Secretary of the Treasury of sums borrowed from him pursuant to subsection (d), and all administrative expenses and any other expenses of the Administrator in connection with the performance of his functions under this section shall be paid from the college housing guaranty fund. Moneys in the fund may be invested in obligations of the United States, or in obligations guaranteed as to principal and interest by the United States, or in obligations eligible for investment of public funds. Such obligations may be sold and the proceeds derived therefrom may be reinvested, as herein provided, if deemed advisable by the Administrator. Income from such investment or reinvestment shall be deposited in the fund.

"(c) The Administrator is authorized to charge and collect a fee, as a consideration for the Government's guaranty of the loan, to cover administrative and other expenses in carrying out his functions under this section and to establish a reserve for losses. Such fee may be included in the amount of the bonds guaranteed.

"(d) To carry out the purpose of this section the Administrator is authorized to issue to the Secretary of the Treasury from time to time notes or other obligations for purchase by the Secretary of the Treasury in amounts sufficient, together with any funds in the college housing guaranty fund, to make payments of principal and interest on all bonds guaranteed under this section in accordance with the debt service guaranty contract. In the issuance of such notes or other obligations, the Administrator and the Secretary of the Treasury shall be governed by the provisions of, and exercise the authorities granted them respectively by section 401 (e), it being the intention hereof to make the provisions and authorities of said section 401 (e) applicable to the notes and other obligations authorized and issued pursuant to this section.

"(e) The provisions of paragraph (b) of section 402 shall be inapplicable to funds made available to the Administrator in carrying out his functions under this section."

On page 50, line 24, strike out "$250 million" and insert in lieu thereof "$125 million."

On page 51, line 2, strike out "and."

On page 51, between lines 2 and 3, insert the following:

"(6) inserting 'or guaranteed' after 'made' in the first sentence of paragraph (4) of section 402 (c);

"(7) adding the following new subsection at the end of section 402:

"'(e) The provisions of section 309 of the Independent Offices Appropriation Act, 1950 (Public Law 81–266; 63 Stat. 662), which are applicable to corporations or agencies subject to the Government Corporation Control Act, shall also be applicable to the activities of the Administrator under this title'."

On page 51, line 3, strike out "(6)" and insert in lieu thereof "(8)."

On page 51, line 5, strike out the period and insert in lieu thereof "; and."

On page 51, between lines 5 and 6, insert the following:

"(9) adding a new subsection at the end of section 404 as follows:

"'(i) "Bonds" mean any bonds, notes, interim certificates, certificates of indebtedness, debentures, or other obligations'."

On page 63, strike out lines 1 through 3.

Mr. CAPEHART. Mr. President, I have discussed the amendments with the able Senator from Alabama [Mr. SPARKMAN], who is the manager of the bill. I think he is prepared to accept them.

Mr. SPARKMAN. Mr. President, extensive conferences were held, in which the chairman and other members of the committee participated, along with the Senator from Indiana, and we have agreed to accept the amendments.

Mr. CAPEHART. Mr. President, I ask unanimous consent that a statement on the amendments be printed in the RECORD at this point.

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

PROPOSED CAPEHART AMENDMENT TO S. 4035

The amendment cuts the funds authorized in the bill by a total of $475 million as described below:

1. URBAN RENEWAL

The amendment cuts the authorization for the renewal program from $350 million a year for 6 years to $300 million a year for 6 years. This would amount to a total saving of $300 million.

2. PUBLIC HOUSING

(a) The amendment cuts the authorization for an additional 35,000 public housing units to 17,500 units.

(b) The amendment deletes section 405 of the bill which permits over-income tenants to remain in public housing at a nonsubsidized rent and permits over-income tenants to purchase public-housing units.

3. COLLEGE HOUSING

(a) The amendment cuts the authorization for $250 million in direct loans for college classroom construction to $125 million.

(b) The amendment establishes a $250-million program to guarantee loans to colleges for classroom construction.

4. MISCELLANEOUS

The amendment deletes section 701 (c) of the bill which adds $50 million to the FNMA special assistance fund for the purchase of cooperative mortgages.

Mr. CLARK. Mr. President, I shall not detain the Senate, but I wish to say I shall support the amendments. While they do not emasculate the bill, they are not ones which we in the committee would have been willing to accept were it not for the fact that we were hopeful we could get a bill which an overwhelming majority of the Senate would accept. In the spirit of compromise, we are willing to take the amendments, when otherwise we would not do so.

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments offered by the Senator from Indiana [Mr. CAPEHART].

The amendments were agreed to.

Mr. JAVITS. Mr. President, I offer for myself and the senior Senator from New York [Mr. IVES] the amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 28, after line 20, it is proposed to insert the following new paragraph:

(2) The second sentence of section 106 (f) (2) of the Housing Act of 1949 is amended by striking out "$100" in each place it appears and inserting in lieu thereof "$200."

On page 28, line 21, strike out "(2)" and insert in lieu thereof "(3)."

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed, in connection with the amendment, an explanatory statement.

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

STATEMENT BY SENATOR JAVITS IN EXPLANATION OF TENANT RELOCATION AMENDMENT OF SENATOR JAVITS AND SENATOR IVES

I had previously submitted amendments to the Housing Act which was before the Subcommittee on Housing of the Senate Committee on Banking and Currency relating to tenant relocation. Those amendments would have accomplished the following:

1. Granted a priority in relocation in the urban renewal areas to displaced small businesses.

2. Raised the maximum reimbursable Federal allowance for business relocations displaced by the urban renewal program from $2,500 to $5,000.

3. Raised the maximum reimbursable Federal allowance for families displaced from urban renewal sites from $100 to $500.

I was very pleased that the Housing bill as reported from the committee included the provision on priority in relocation for displaced businesses, and I am equally pleased the chairman and ranking minority member of the subcommittee on housing propose to accept the provision doubling the relocation allowance for displaced families from $100 to $200.

One of the most difficult problems we have had in the urban renewal program in New York concerns relocation of families and businesses, particularly small businesses.

New York City has a unique and often criticized system of tenant relocation by which it sells renewal sites to a private developer at a cost inducing him to build according to an approved plan, to demolish the old building while in addition, requiring him to relocate all families living on the site. Though this method worked successfully in the Manhattanville-Morningside Gardens project in my old Congressional District, the 21st, on Manhattan's upper west side, it failed dismally in Manhattantown, since renamed Park West and taken over by new developers. Eight out of the ten Manhattantown tenants interviewed, most of them large minority group families, said they had received no assistance in locating new homes from the original developer—only 1 out of every 10 had even been offered moving expenses—and nearly 1,000 more still were living on the site 5 years after the project began.

Moving expenses vary considerably throughout the country, but in a city like New York the $100 maximum allowed individual home dwellers to cover all relocation costs has proved insufficient in many cases.

I believe that the amendments in the bill regarding small business relocation, added to by this amendment on family relocation, will have a marked effect on removing some of the difficulties which urban renewal programs have had, and will also serve very human needs.

Mr. SPARKMAN. Mr. President, will the Senator yield to me?

Mr. JAVITS. I yield.

Mr. SPARKMAN. The Senator from New York has discussed the amendment with me and has also discussed it with the distinguished Senator from Indiana [Mr. CAPEHART]. The amendment is agreeable to both of us, and we are willing to take the amendment to conference.

Mr. CAPEHART. We think it is a good amendment, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the junior Senator from New York, for himself and the senior Senator from New York [Mr. IVES].

The amendment was agreed to.

Mr. SMATHERS. Mr. President, I call up my amendment 6-27-58-B.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 16, between lines 10 and 11, it is proposed to insert a new section as follows:

SEC. 112. Section 222 (b) of the National Housing Act is amended—

(1) by inserting "or 203 (i)" after "203 (b)" in clause (1); and

(2) by striking out "$17,100;" in clause (2) and inserting in lieu thereof the following: "$20,000, except that in the case of a mortgage meeting the requirements of section 203 (i) such principal obligation shall not exceed $8,000;".

Mr. SPARKMAN. Mr. President, will the Senator from Florida yield to me?

Mr. SMATHERS. I am happy to yield to the Senator from Alabama.

Mr. SPARKMAN. The Senator from Florida has discussed the amendment with me, and I understand the Senator has discussed it also with the Senator from Indiana.

Mr. CAPEHART. Mr. President, we think it is a good amendment.

Mr. SPARKMAN. While this represents a proposal we discussed in the committee, it is something we might well take to conference.

Mr. SMATHERS. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement in connection with the amendment.

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

STATEMENT BY SENATOR SMATHERS

The proposed amendment would amend section 222 of the National Housing Act which provides a mortgage insurance program for servicemen on active duty in the Armed Forces by increasing the maximum mortgage available from $17,100 to $20,000.

The proposed amendment would also remove a technical barrier to the use of the benefits of this program for the purchase of lower cost housing under the section 203 (i) of the National Housing Act.

The purpose of the military housing program is to give an added incentive for servicemen to remain on active duty in their enlistments or commissioned service by providing a special financing device to use in the purchase of a new home. It is a partial substitute for benefits which would otherwise be available to them as veterans if they should receive a discharge from active duty. In approving this benefit for servicemen on active duty, the committee report of the Senate Banking and Currency Committee in 1954 pointed out the very serious adverse psychological impact upon personnel in the service which veterans benefits for civilians have created. The report pointed out also that this is far out of proportion to the actual number of individuals directly affected, but it is, nevertheless, a real factor in the feeling of discrimination prevalent among military personnel that continued military service denies them a substantial benefit to which they would otherwise be entitled.

The program has proved of substantial benefit in alleviating the military housing problem for many of the families of active duty personnel for whom the armed services have been unable to supply adequate living quarters. It has also developed a real appreciation of the benefits to be gained from continuing in active service since the Defense Department assists military families in the purchase of their homes by the payment of the one-half percent FHA insurance premium for them as long as active service is continued. This reduces monthly mortgage payments by that amount.

Under the program servicemen are required to make a downpayment equivalent to that required of civilian purchasers up to a 5-percent downpayment. Thereafter the program permits an insured loan of 95 percent of value up to the maximum insurable amount. Under existing law this maximum amount is $17,100. Under my proposed amendment it would be increased to $20,000.

The 1958 Emergency Housing Act passed last March provides for a required downpayment of 4.9 percent on a home valued at $16,000, and a higher percentage above that figure. Under section 222 the downpayment does not increase above 5 percent on homes valued at more than $16,000.

Before a serviceman is entitled to use section 222 for the purchase of a home and before, therefore, the Defense Department obligates itself to pay the FHA insurance premium on such a mortgage, two conditions must be met.

The serviceman must apply and have issued to him by the armed service in which he is serving a certificate indicating that (1) he requires the housing he proposes to purchase, and (2) he is serving on active duty and has served on active duty for more than 2 years.

This certificate is not issued to any person ordered to active duty for training purposes only. Furthermore, the Defense Department may withhold a certificate at any time when circumstances indicate that it is not in the best interests of the service or of the serviceman and his family to use the FHA benefits available under this program.

Servicemen and their families have purchased a substantial number of homes since the enactment of this program in August 1954. According to FHA, as of May of this year, a total of 9,430 new homes have been insured with mortgages totaling $125,214,000. In addition to these new homes purchased, families on active duty have also purchased 25,077 existing homes with a mortgage total of $336,211,000.

It is readily apparent that this program has made a real contribution to the morale and incentive of careers in the armed services.

Servicemen and their families are able to purchase homes while on active duty in areas of the country that many of them will prefer to use upon their retirement.

The proposed amendment which would increase the maximum mortgage amount from $17,100 to $20,000 recognizes that construction costs have risen measurably in the past 4 years. In fact, for this very reason the pending bill increases the maximum mortgage limits on the basic FHA section 203 program for all 1–3 family homes which were initially established in the Housing Act of 1954.

Testimony on this basic amendment in the bill showed that there has been an increase in construction costs of 40 percent above the 1950 averages and a rise of nearly one-third from the 1947–49 average to June 1957. As a matter of fact, there has been a 10-percent increase in the last 3 years alone according to authoritative statistics. For the same reasons, the limit of $17,100 established in 1954 for section 222 mortgages, in all fairness should now be raised to at least $20,000.

The proposed amendment would also make a technical change in the section 222 program to permit section 203 (i) low-cost housing to be eligible for this type of mortgage.

In the Housing Act of 1954, the low-cost housing program was redesignated as section 203 (i). Currently, the insured mortgage limit under this program is $8,000. In many areas of the country it is used by builders in the financing and sale of well-built, well-designed, low-cost, single-family home projects. This is especially so in areas of the South and Southwest, near some of our great military installations and along the seacoast near our major naval bases.

Under section 222, as it is now written, housing must meet the requirements of section 203 (b) only. This precludes families from purchasing homes built in projects financed under the FHA section 203 (i) program.

This means, therefore, that we have provided a special benefit for the purchase of homes by active servicemen with incomes high enough to purchase moderate priced homes under the basic section 203 program, but effectively prevent servicemen in the lower grades and ranks from using the same benefit to purchase a home under the FHA low-cost housing program.

The proposed amendment would eliminate this determination by providing that the benefits of section 222 financing may also be used to purchase FHA-insured homes under both sections 203 (b) and 203 (i).

It seems clear to me that there should be the fullest opportunity for all grades and ranks in the military service to use the benefits of section 222 program. The technical language contained in section 222 as it is now written places a statutory obstacle in the path of military families in the enlisted and noncommissioned officer ranks preventing them from obtaining housing under the FHA low-cost section 203 (i) program. I am confident this result is not intended.

The proposed amendment would not change the basic law with respect to payment of FHA premiums. On all FHA-insured homes built under section 203, FHA requires an insurance premium of one-half of 1 percent on declining balances. On projects built under section 203 (i), as on all mortgages of $8,000 or less insured under section 203 (b), FHA authorizes an extra service charge of one-half of 1 percent to make the mortgage loans more attractive to long-term investors and lenders because they are written in small amounts.

This service charge is not an insurance premium, and therefore is not a part of the obligation assumed by the Defense or Treasury Departments. A special servicemen's mortgage insurance fund was established under section 222 and contains all necessary insurance reserves for this program.

In summary, then, it is my opinion that the purchase of a home is fundamental in providing for family security. Men in the service with families are no different from their civilian counterparts in their desire to provide homes and security for their dependents. Under existing price conditions and financing regulations, the required investment is beyond the capacity of the average service member, and adjustments along the line of the proposed amendment are essential if we are to continue to have a workable and effective program for active military personnel.

Many individuals who have chosen to remain on active duty desire to establish their eventual permanent home while on active duty in advance of retirement. An individual who retires for length of service may have considerable difficulty in obtaining 30- or 25-year mortgages. The granting of home-loan guaranty benefits is an item of special interest to personnel and is an additional method of bolstering morale to a higher level. It is my sincere opinion that the proposed amendment will strengthen the course of this program and extend the benefits of home ownership to even more military families.

It is my hope that the proposed amendment will be overwhelmingly adopted by the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. SMATHERS].

The amendment was agreed to.

Mr. CASE of New Jersey. Mr. President, I have two amendments I should like to offer on behalf of myself, the Senator from Indiana [Mr. CAPEHART], the Senators from West Virginia [Mr. REVERCOMB and Mr. HOBLITZELL], the Senators from New York [Mr. IVES and Mr. JAVITS], the Senator from Maine [Mr. PAYNE], and the Senator from Maryland [Mr. BEALL]. I ask that the amendments be considered en bloc.

The PRESIDING OFFICER. The amendments will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 16, after line 10, it is proposed to insert a new section, as follows:

(c) Section 212 (a) of such act is amended by adding at the end thereof the following:

"The provisions of this section shall apply to the insurance of any mortgage under section 221 which covers property on which there is located a dwelling or dwellings designed principally for residential use for 10 or more families."

On page 23 it is proposed to strike out the words "the wages which must be" in line 22, and all of lines 23 and 24, and, at page 24, strike out lines 1, 2 and 3, and to insert after the words "except that" on line 22 of page 23, the following:

compliance with such provisions may be waived by the Federal Housing Commissioner in such cases or classes of cases in which laborers or mechanics, not otherwise employed at any time on the project, voluntarily donate their services without compensation for the purpose of lowering the costs of construction and the Federal Housing Commissioner determines that any amounts thereby saved are fully credited to the nonprofit corporation association or other organization undertaking the construction.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Jersey that the amendments be considered en bloc? The Chair hears none, and it is so ordered.

Mr. CASE of New Jersey. Mr. President, I ask unanimous consent to have printed in the RECORD a statement explaining the amendments.

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

EXPLANATION OF CASE, OF NEW JERSEY, AMENDMENTS TO HOUSING BILL, S. 4035, AFFECTING THE APPLICATION OF THE DAVIS-BACON ACT

Two purposes would be served by these two amendments. First, they would make sure that the policy of applying the Davis-Bacon Act to large multiple-dwelling units—first established by the original National Housing Act—would be continued without change or abatement. Second, they would clarify and safeguard the exception to the Davis-Bacon Act provided for those who donate their services to help build homes for the elderly—or nursing residences—being built by nonprofit organizations.

Briefly, the need for the first amendment arises from a change in the policy of the bill under section 221 of the National Housing Act. This change would permit private and profitmaking enterprises to secure mortgage insurance for multiunit housing for relocating families displaced by urban renewal or other similar governmental action.

At present this insurance has been available only to acceptable private nonprofit organizations and the Davis-Bacon Act did not apply to construction stimulated by this section. Now, however, the section would extend to multiunit dwellings put in place as a result of insured mortgage loans to profitmaking organizations approved by the Commissioner. Traditionally under the National Housing Act, the Davis-Bacon prevailing wage principle has always applied to this type of insured construction. The amendment serves merely to continue this tradition consistently with past policies of the Congress.

Accordingly, a new section III (c) of the bill would add a provision applying the Davis-Bacon Act to construction under section 221 designed primarily for residential use of 10 or more families.

The second amendment would merely perfect and safeguard an exception to applying the Davis-Bacon Act to housing and nursing homes for the elderly under title II of the bill. Here again the title would authorize insurance of mortgages for multiunit dwellings on loans to private profitmaking institutions and the bill would quite properly apply the Davis-Bacon Act to construction stimulated under this title.

Recognizing, however, that nonprofit organizations may attract the donated services of workmen who desire to ease the burden of constructing these worthwhile projects, the bill enables voluntarily donated services, without regard for the Davis-Bacon Act, wherever the amount thereby saved is passed on to the nonprofit organization.

This is a laudable purpose and objective. The language used in the bill to accomplish this purpose, however, seems clearly to permit a construction contractor to bid on a project basing his bid on a wage structure which is less than the prevailing rate. By this device he may obtain the contract in competition with others who pay fair wages on the basis of labor costs lower than those prevailing for the project and he will then pay his workmen accordingly.

Here there is no donation of services, no voluntary action by the workman favoring the nonprofit organization. The prevailing rate is clearly undermined. The very purpose for which the Davis-Bacon Act would be applied would hereby be very effectively frustrated.

This second amendment would merely cure this unintended effect of the present bill. It would simply provide that, where a workman is employed on a covered project he must at all times be paid the prevailing hourly rate. If he wishes to donate any part of his pay—his basic livelihood—to the nonprofit organization, he may do so.

On the other hand, any workman not making his living by working on the project may fully and freely donate any part of his time and services to lower the costs of construction, just so long as the savings are passed along to the nonprofit organization. This is a very simple amendment but a very necessary one to protect the prevailing wage principle and at the same time promote community enterprise by those who wish to work with their own hands for the common good of all.

Accordingly, the amendment, on page 23 of the bill, at line 22, would confine the intended exception to the Davis-Bacon Act so as to apply only where laborers and mechanics, not otherwise employed at any time on the project, voluntarily donate their services without compensation for the purpose of lowering the costs of construction and where the amounts thereby saved are fully credited to the nonprofit organization.

Mr. CAPEHART. Mr. President——

The PRESIDING OFFICER. The Senator from New Jersey has the floor. Does the Senator yield?

Mr. CASE of New Jersey. I yield to the Senator from Indiana.

Mr. CAPEHART. Mr. President, I think these are good amendments. I discussed them with the able Senator from Alabama. I think the Senator from Alabama is prepared to take the amendments to conference.

Mr. SPARKMAN. Mr. President, I understand one of the amendments relates to labor which is donated to nonprofit organizations engaged in the construction of cooperative housing.

Mr. CAPEHART. The Senator is correct. And the other relates to the Davis-Bacon Act.

Mr. SPARKMAN. The statement of the Senator from Indiana is correct, Mr. President. We are willing to take those amendments to conference.

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments offered by the Senator from New Jersey [Mr. CASE] for himself and other Senators.

The amendments were agreed to.

Mr. CASE of New Jersey. Mr. President, I offer another amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 3, between lines 6 and 7, it is proposed to insert the following:

(c) Section 203 (i) of such act is amended by inserting after "$8,000" the following: ", except that the Commissioner may by regulation increase this amount to not to exceed $9,000 in any geographical area where he finds that cost levels so require."

Mr. CASE of New Jersey. Mr. President, the purpose of the amendment is to increase from $8,000 to $9,000 the permissible amount of secured mortgages on so-called rural housing.

Mr. FULBRIGHT rose.

Mr. CASE of New Jersey. Mr. President, I yield to the Senator from Arkansas, the chairman of the committee.

Mr. FULBRIGHT. Mr. President, I wish to offer an amendment to the amendment offered by the Senator from New Jersey. I have discussed the amendment with the Senator. It would have the effect of making any area, instead of simply the high-cost areas, eligible for the $9,000 amount. All I wish to do is make any area, which will conform, eligible for that amount. I should like to ask the Senator if he will so modify his amendment.

The PRESIDING OFFCER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 3, between lines 6 and 7, it is proposed to insert the following:

(c) Section 203 (i) of such act is amended by striking out "$8,000" and inserting in lieu thereof "$9,000."

Mr. CASE of New Jersey. Mr. President, I have no objection to the amendment if it is acceptable to the chairman of the committee.

Mr. FULBRIGHT. I thank the Senator.

The PRESIDING OFFICER. Does the Senator from New Jersey modify his amendment in line with the amendment offered by the Senator from Arkansas?

Mr. CASE of New Jersey. I am glad to modify my amendment in accordance with the amendment offered by the Senator from Arkansas.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. CASE of New Jersey. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a communication from the Mortgage Bankers' Association of New Jersey, relating to this amendment and in support of the amendment.

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

MORTGAGE BANKERS ASSOCIATION OF NEW JERSEY,
July 8, 1958.

Hon. CLIFFORD P. CASE,
United States Senate,
Washington, D. C.

DEAR SENATOR CASE: I understand that you are now in process of formulating legislation for the 1958 housing bill.

There is one aspect of the housing program and prevailing FHA regulations of which I and other members of this association have become acutely conscious. The low-cost housing program, which originally prospered under section 203I of the National Housing Act, with maximum mortgage amounts of first $6,650, then $8,000, has slowed down to such an extent that it will be quite impossible to even begin to satisfy the demand that exists for such housing.

The intensity of the Newark, Raritan Valley, and Camden industrial areas calls for a huge work force of men, whose weekly pay would be less than $100. Add to these the overflow of middle-income home buyers from the New York and Philadelphia metropolitan areas, and you will see that New Jersey has housing responsibilities that are among the most severe in the country, and that these responsibilities are primarily toward the low- and middle-income families. It is clearly the case that these families cannot possibly purchase a home under section 203B of the National Housing Act since the engineering, on-site, and off-site requirements, constructional details, and suburban regulations create price ranges too high for them.

High city taxes and a slow public housing program forced middle-income families to look for homes up to 65 miles from their source of employment and, thanks to the FHA 203i program, many families have been able to buy homes within their means.

For a while, it seemed that a new housing boom was under way, but it has now become increasingly apparent that, unless you are able to give new stimulus to this program, the demand will go unsatisfied and the responsibility will be forgotten.

This association believes that the answer lies in increasing the mortgage amount permissible to a maximum of $9,000.

This should have the following results:

1. Builders can improve their engineering, land planning, and architectural standards to provide a more attractive development.

2. Land can be purchased closer to employment centers and commutation costs will be decreased.

3. Today's increased zoning requirements and building codes can be met by the builder.

4. A public utility could be installed if required, thereby avoiding future assessments.

5. Mortgage bankers will be more willing to provide construction and permanent loans on account of the improved planning and standards.

6. As available financing is today a principal inducement for a builder, there will be less false starts and more long-range planning.

I trust that you will give this your complete consideration, and if my recommendation is one that you accept, I am sure that results will be achieved and that our responsibilities to the many middle-income buyers will be, to a great extent, fulfilled.

Very truly yours,

FREDERICK C. STOBAEUS,
President.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Jersey [Mr. CASE], as modified.

The amendment, as modified, was agreed to.

Mr. CLARK. Mr. President, I offer an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 27, after line 24, it is proposed to insert a new section as follows:

SEC. 306. Section 106 (e) of the Housing Act of 1949 is amended by striking out all before the proviso and inserting in lieu thereof the following: "Not more than 12½ percent of the grant funds provided for in this title shall be expended in any one State:".

And to renumber succeeding sections in title III of the bill accordingly.

Mr. CLARK. Mr. President, this is a technical amendment which I have discussed with the ranking minority member and the chairman of the subcommittee. It is an amendment which is required because there are some differences in the amount of grant funds and loan funds, and the amendment would adjust percentages.

Mr. President, I ask unanimous consent to have printed in the RECORD a statement by Richard L. Steiner, Urban Renewal Commissioner.

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

SUPPLEMENTARY STATEMENT BY RICHARD L. STEINER, URBAN RENEWAL COMMISSIONER

Mr. Chairman, we would like at this time to propose another change in the existing law, which is not in either the administration bill or the bill reported by the Senate Committee. With your permission, I would like to insert amendatory language into the record at this point, and read a short statement explaining the need for this provision.

This proposal would eliminate the provision in existing law that not more than 12½ percent of the total title I loan authority may be obligated in any one State, but would not alter the State limit on capital grant authority. The loan limitation has become unrealistic and unnecessary, and unless it is removed at this time, it may sharply limit the amount of urban renewal activity that can be undertaken in one or more jurisdictions during fiscal 1959. In these jurisdictions, the total commitment of title I loan authority is rapidly approaching the 12½ percent limit. If the limit should be reached, no additional loans could be contracted for until the outstanding obligations have been reduced by a sufficient amount.

This would be in spite of the fact that a State may still be well within the statutory limitation on capital grant funds. The law establishes the same basic limit of 12½ percent for grant funds that may be spent in any one State, but this limit may be exceeded by up to $100 million for States where more than two-thirds of the maximum permitted under the percentage limit has been committed. In addition, the effective dollar limit on capital grant funds for any State has risen every time the total amount of capital grant authority in title I has been increased by Congress. By contrast, the total amount of loan authority has remained unchanged since 1949 at $1 billion. This means that the dollar limit on loans for any State has been outdistanced by the limit on grant funds.

It is the limit on grant funds that ultimately controls the operation of the urban renewal program. The loan authority is of a revolving character and may be used again after loans are repaid, while the grant authority represents expenditures in support of the urban renewal effort. Furthermore, capital grant reservations are made for projects at the start of the survey and planning stage, while the amount of loan funds that may be needed to execute a project cannot be estimated until planning has been completed. If a State reaches the limit on loan funds before the limit on grant funds is reached, it means that projects carrying capital grant reservations that are within the limit, and for which Federal approval has been outstanding for several years, could be seriously delayed from going into execution solely because of the limit on loan authority.

Our proposal would prevent this situation. It would not alter the State limit on capital grant authority, which is the effective and appropriate control on the operation of the program.

PROPOSED AMENDMENT TO ELIMINATE STATE LIMITATION OF TITLE I LOAN FUNDS

SEC. Section 106 (e) is further amended by striking out all before the proviso and inserting in lieu thereof the following: "Not more than 12½ percent of the grant funds provided for in this title shall be expended in any one State:".

Mr. CLARK. Mr. President, this is an administration amendment. I think it will help perfect the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Pennsylvania [Mr. CLARK].

The amendment was agreed to.

Mr. LAUSCHE. Mr. President, at the request of the Senator from Virginia [Mr. BYRD] I call up for consideration the amendments numbered "7-8-58-A," heretofore submitted by the Senator from Virginia. The Senator from Virginia is not able to be present because of illness in his family.

The PRESIDING OFFICER. The amendments will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 36, lines 15 and 16, it is proposed to strike out "the preparation of budgets, the control of expenditures,".

On page 41, strike out all following the period in line 15 down to and including the period in line 3 on page 42.

Mr. LAUSCHE. Mr. President, I submit the amendments for the consideration of my colleagues because I believe they will correct a deficiency in the bill.

The amendments apply only to title IV of the bill, which is the so-called low rent or public housing title.

In order to accomplish the purpose desired it is necessary to amend the bill at two places. For this reason, the amendments are in two parts, but I ask unanimous consent to have the parts considered together and acted upon as one amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Ohio? The Chair hears none, and it is so ordered.

Mr. LAUSCHE. Mr. President, I shall not deal at this time with the overall policies and provisions either of the bill as a whole or of the title proposed to be amended. The amendment goes only to the matter of a public housing audit by the independent Comptroller General of the United States.

Under the law as it now stands the Comptroller General may audit public housing accounts. The language in the pending bill would destroy the effectiveness of such an independent audit by the Comptroller General. The amendment offered by the Senator from Virginia [Mr. BYRD] would delete the language which would have this result, and, if the amendment should be adopted the authority of the Comptroller General would continue in the future precisely as it exists today.

After the housing scandals of 1952 and 1953 the Senator from Virginia submitted to the housing bill of 1954 an amendment which was in the nature of a whole new title. The purpose of the title was to fix full responsibility, and to provide for full disclosure in all Federal housing programs.

The provision for independent audit of public housing by the Comptroller General is one of the few parts of that title of any consequence which now survive in the law.

The Senator from Virginia and I do not concede that it is necessary to avoid either disclosure or responsibility to accomplish the publicly avowed purposes of any of the Federal housing programs. This is the reason for this amendment.

The amendment is in two parts because the language of title 4 in the bill deals with budgets and expenditures in one place, and audits in another. To amend it in one place and not in the other would be useless.

I shall explain the parts of the amendment separately, but I shall do so in a manner designed for consideration as a whole. I start with the language dealing with the independent audit.

Under existing law, pursuant to agreements made by the local housing authority and the Federal agency, a budget was submitted to the Federal agency. That budget contained an itemization of the expenditures which were intended to be incurred in the ensuing fiscal year.

Under existing law the local authorities had to submit a budget, and that budget set forth the intended expenditures for the ensuing fiscal year. The Federal Government examined the budget, and it approved or disapproved the expenditures.

The bill now before the Senate contemplates the elimination of any control by the Federal Government over the expenditures and over the budget. It places in the local housing authority complete authority and responsibility for fixing the budget and making the expenditures.

The question may be asked, Why should the Federal Government control the budget, in a manner, through approval or disapproval? This year the Federal Government will appropriate $114 million to meet interest and principal payments in connection with outstanding bonds. That $114 million is needed in addition to the net moneys in the hands of the local public officials. To the extent that the local housing authorities are negligent, extravagant, or wasteful, to that extent the contribution of the Federal Government is increased. The Comptroller General has written to the Senator from Virginia, and, I understand, also to the Senator from Indiana [Mr. CAPEHART], that it would be unwise and a grievous mistake to take away from the Federal Government control over the budget and expenditures.

How does the bill contemplate giving protection to the Federal Government? It provides that the audit may be made by a State auditor or by any other State official, or by a public accountant; and when the local housing authority submits such audit to the Federal Government, it shall be final and conclusive, beyond any challenge, unless, in a post-audit, there is found to exist fraud, extravagance, or waste. But there is no mention of neglect.

The Comptroller General is of the opinion that if this complete control of the expenditures is left to the local housing authorities, in the course of the remaining years before the bonds mature, there will be an added expense to the Government of practically $4 billion.

That, in sum and substance, is the amendment which the Senator from Virginia has submitted, and which I have offered on his behalf. I subscribe to the amendment. I believe that inasmuch as the Federal Government puts up the money, it ought to have something to say about how the money is expended.

I read the very fine speech by the Senator from Pennsylvania [Mr. CLARK] in support of the provisions of the bill. He points out as unjustified and undue control the effort of the Federal Government to have something to say about cutting down trees, the control of a Coca-Cola machine, or the direction in which electrical lines shall be supplied. When we view the argument from that standpoint, the control by the Federal Government may be said to be ridiculous.

However, there are places where moneys are unwisely or extravagantly spent, and the Federal Government ought to have control over such situations, first, by controlling the budget and the expenditures, and second, through the power to audit whenever it determines to do so.

The Senator from Virginia has asked me to have included in the RECORD a statement of his views with regard to the amendment which I have offered in his behalf; also a statement with regard to the bill as a whole. I ask unanimous consent to have the statements printed in the RECORD at this point as a part of my remarks.

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

STATEMENT BY SENATOR BYRD ON PHA AUDIT AMENDMENT

The amendment is in two parts. I shall discuss first one part and then the other. The relationship will be obvious.

Section 403 of the omnibus housing bill (S. 4035) deals with Federal public housing.

Federal public housing projects are now subject to audit by the Comptroller General of the United States, the independent agent of Congress.

This bill would destroy effective audit in the public housing program. Subsection 403 (b) would substitute certification by the spending agency for useful audit by the Comptroller General.

Beginning in the middle of line 15 on page 41 of the bill, the language reads as follows:

"Every contract for annual contributions shall require that the public housing agency and its chairman shall, after an independent audit by the State auditor or other appropriate State official or by a public accountant of recognized standing of the books and accounts of the public housing agency, certify annually to the Authority that the Agency has compiled with the provisions of this act and that the financial statements are true and correct. Such certification shall, in the absence of fraud or evidence of gross waste or extravagance, disclosed by financial post audits pursuant to sections 814 and 816 of the Housing Act of 1954, be accepted as final and conclusively by all officers of the Federal Government."

Audit by the Comptroller, as presently provided by law, is in the interest of good government, good business, and simple honesty. It is also in the interest of the low income tenants participating in the program. Substitution of the proposed certification for thorough audit would be another blow at integrity in Federal housing activities.

If this language, beginning on line 15, page 41, of the bill, were eliminated, the independent audit by the Comptroller General would continue as at present. The language should be deleted.

The Comptroller General, in a letter to me dated June 18, 1958, in part, says:

"We know of no comparable legislation vesting in a party to a Government contract the right to determine and certify that it has complied with Federal law applicable to its operations, making such a certification final and conclusive on all Federal officers, absent of fraud."

This proposal would open wide the gates to malpractice and waste of public funds in public housing. The program involves more than $100 million a year in funds appropriated from the Treasury of the United States. The request for fiscal year 1959, beginning this week, is $114 million.

This would be $114 million of taxpayers' money to be spent virtually unaudited in the coming year, and the Federal contribution is increasing each year.

Whose idea is this?

The Comptroller opposes it. The Housing and Home Finance Administrator opposes it. When I checked the White House, the Bureau of the Budget, and the Justice Department a few days ago, they did not know the language was in the bill.

As a matter of record, there is striking similarity between the language in the bill and the language of Philip F. Tripp, president of the National Association of Housing Redevelopment Officials, in his statement to the committee relative to this legislation (p. 700 of the Senate committee hearings). The Association of Housing and Redevelopment Officials is an organization of quasi-public officers who have a vested interest in this program.

Why would these housing and redevelopment officials dislike independent Federal audit by the Comptroller General of the United States into the way they spend Federal funds?

Perhaps just one reference to just one recent audit report by the Comptroller General will answer this question.

I quote from the Report on Review of the New York City Housing Authority, 1957, dated March 28, 1958, and signed by Joseph Campbell, Comptroller General of the United States.

In that report the Comptroller General found that the New York Public Housing Authority had 59 passenger automobiles and station wagons, including 4 Cadillacs, 2 Buick Roadmasters, and a Chrysler New Yorker for use by its officials.

Keep in mind that these are "officials" of projects for rental to low-income groups which are federally subsidized with taxpayers' money so the rentals may be kept low.

The audit showed that 22 of these New York City Authority vehicles were driven by full-time chauffeurs. Nine of them were assigned exclusively to authority commissioners and executives, and the cost of operating them averaged 62 cents a mile.

The chauffeurs for cars assigned to the commissioners and executives logged more than 3,000 hours of overtime accumulated in driving these officials to and from their offices.

It is no wonder that these low-rent local housing officials would prefer certifying to their own use of Federal funds, and wish to avoid the light of independent audit which they cannot control.

In my concept of our system of government, I never contemplated that the Federal Government should audit or otherwise control local government. And, despite outward appearances, audit of the public housing agencies by the Comptroller General does not violate that concept.

On that point, I quote directly from Albert M. Cole, the Housing and Home Finance Administrator (p. 157 of the Senate committee hearings on this bill) as follows:

"The local housing authorities are autonomous public bodies virtually independent of the local governments. They are not subject to real supervision or budget control by either State or local officials.

"They do not have the power to levy and collect taxes and have no assets other than housing projects made possible by the Federal Government (and in a few cases by the city or State government), and the incomes from such projects.

"By law, neither the city, county, nor State is responsible for their debts and obligations. Local contributions to federally aided projects consist primarily of partial tax exemptions, but this involves no initial cash outlays and thus the expenditures of the local authorities do not tend to be closely supervised by elected officials as are expenditures which require appropriations from the city treasury."

So, by the Housing and Home Finance Administrator's official description of these local public-housing authorities, they have few of the aspects of local government and none of the responsibilities. In fact, they are virtually irresponsible quasi-public bodies, local in scope, which feed largely on Federal funds.

Even if they could be regarded as local government—by coming to Washington with their hands out for Federal subsidy, and then exploiting the use of Federal taxpayers' funds, they would be straining the fundamental concepts of our system of government to the breaking point.

The committee report (p. 25) says the virtually useless type of audit provided in this bill is recommended as "vital to establish local responsibility" for the program, and that it "would remove one of the principal sources of disagreement and contention between the Federal Public Housing Administration and local authorities."

I question the kind of responsibility it would establish, but I can understand how the sources of disagreement and contention would be removed.

Members of the Senate, if they have not done so, would do well to read the reports of the Comptroller General with respect to his audits on these local housing agencies—

both public housing and slum clearance. There would be better understanding of the letter from him with respect to this proposal, which I quote, in part, as follows:

"We are opposed to enactment of the language quoted, and have today so advised the chairman of the Senate Banking and Currency Committee. Under section 10 (k) of the United States Housing Act of 1937, the Comptroller General is directed to audit and make final settlement, pursuant to the Budget and Accounting Act of 1921, as amended, of the annual subsidy payments made by the Public Housing Administration to local housing authorities. While the above-quoted language would permit us to continue to make audits of local housing authorities, it would, in our opinion, substantially curtail the scope and effectiveness of such audits. For example, failure to comply with the provisions of the Housing Act of 1937 undoubtedly would be the result, in most cases, of inadvertence, negligence, or of an erroneous interpretation of the law rather than of fraud. Under the language of the proposed amendment, where noncompliance was attributable to nonfraudulent causes such as those mentioned above, we would nevertheless have to accept as conclusive a local housing authority's certification that it had complied with the law, despite the fact that it had not. We know of no comparable legislation vesting in a party to a Government contract the right to determine and certify that it has complied with Federal law applicable to its operations, and making such a certification final and conclusive on all Federal officers, absent fraud. We believe that the enactment of such a provision would create a most undesirable precedent in the housing program and possibly in other programs of the Federal Government.

"Furthermore, as we pointed out in our letter of June 5, 1958, to the chairman of the Senate Banking and Currency Committee, the certification as to the truth and correctness of the financial statements is to be made by the very local authority which is audited, not by the accountant making the audit. The certification by the local authority would nevertheless be final and conclusive in the absence of evidence of fraud or of gross waste or extravagance. Our audits of 38 local housing authorities during 1956–58 disclosed many examples of uneconomical and inefficient project operations which were reported to the Public Housing Administration and to the Banking and Currency Committees of both Houses of Congress. Among the weaknesses noted were overstaffing, failure to invest idle funds, excessive legal fees, uneconomical procurement of hazard insurance, procurement of luxury-type automobiles, and other deficiencies in procurement policies and practices. These matters resulted in a direct increase in the amount of Federal subsidies paid to the local housing authorities involved, and our nine audit reports to the Public Housing Administration resulted, in many instances, in remedial action not only in the case of the particular local authorities we examined but also in the case of others where similar weaknesses existed. Investment of surplus idle funds alone resulted in 1957 in a reduction of about $1 million in the amount of Federal subsidies paid. Nevertheless, it is doubtful whether the deficiencies we noted could be characterized as gross waste or extravagance under the certification procedure now proposed. We believe the Congress is concerned over any waste or extravagance which results in an increased cost to the United States, not merely in gross waste or extravagance.

"We believe, also, that the audit of some 840 local public housing authorities by State officials or public accountants unfamiliar with the housing statutes invloved would result in inconsistencies in audit treatment and in a lack of uniformity and effectiveness of the audits.

"For these reasons, we strongly recommend against enactment of the audit and certification provisions in the proposed Housing Act of 1958.

"Sincerely yours,

"JOSEPH CAMPBELL,

"Comptroller General of the United States.

The audit part of the amendment is in accord with the recommendations of the Comptroller General of the United States.

Now, consider the language in title 4 of the bill with respect to budgets and expenditures by local housing agencies which originate the requirement for Federal public housing expenditures, and relate them to the necessity for independent audit.

BUDGET EXPENDITURE AMENDMENT

Public housing projects are initially financed by short-term Federal loans from the Public Housing Administration to the local housing authority.

When these initial loans to a local housing authority are of sufficient amount to make private financing practical, the local housing authority sells short-term temporary notes to private investors. These notes are guaranteed by the Public Housing Administration. The proceeds from these short-term temporary notes are used to repay the initial PHA loan.

As construction of the project proceeds the local housing authority arranges permanent financing through the public sale of long-term local authority bonds. These are usually 40-year serial bonds. They are secured by the Federal Government's pledge to annual contributions in an amount sufficient to guarantee against any default in interest or amortization.

In this process the Federal Government underwrites the local project and assures the solvency of the local authority for the 40-year life of the bonds.

To date, PHA has required that the local housing authority apply its receipts, after cost of maintenance and operation, to service on the bonds. The annual Federal contribution is in the amount of the deficit in debt service after the local authority's funds are applied.

At the beginning of a project the Federal Public Housing Administration enters into a preliminary loan contract with the local housing authority setting forth the conditions for the initial Federal loan. When the permanent financing program is established, PHA and the local housing authority then enter into a permanent so-called "annual contributions" contract.

In this second contract the Federal Government and the local authority agree upon the conditions under which PHA will pay the annual contributions over the 40-year period in an amount up to the total required for interest and amortization on the local authority's bonds.

It is through provisions in these contracts that PHA may protect Federal taxpayers against inefficiency and waste in the local project. This protection is accomplished largely and in most instances through contract provisions allowing PHA to review the local authority budgets and expenditure estimates.

This bill (S. 4035) proposes to cast out this perfectly reasonable procedure.

On page 36, beginning near the end of line 11, this bill contains the following language:

"In the administration of public housing it shall be the policy to vest in local public agencies full responsibility for the establishment of rents and eligibility requirements (subject to income limit ceilings hereinafter provided), the preparation of budgets, the control of expenditures, and the provision of such social and recreational guidance as is necessary in assisting families to become good tenants and citizens of the larger community."

The language "the preparation of budgets, the control of expenditures" should be struck out.

The effect of striking out this language would be to continue PHA review of local housing agency budgets and expenditures.

This would be in the interest of safeguarding against inefficiency and waste, protection of the Federal Government which in effect is guaranteeing the local bonds, and serving the Federal taxpayers who must foot the bill upon default.

What is the origin of this proposal to shake off budgetary and expenditure review?

It is to be found in the recommendations of the National Association of Housing and Redevelopment officials, contained in the statement by Philip F. Tripp, president (p. 700 of the committee hearings on this bill).

Why do these local housing officials wish to eliminate fiscal review by the PHA which underwrites their solvency?

In his statement to the committee Mr. Tripp said it is to make the local housing authorities "free to meet the many social pressures."

The committee in its report (p. 23) says:

"The (Federal) Public Housing Administration would thus be relieved of continual supervision, policing and auditing of local operations with a resulting substantial reduction in administrative costs", and that the local housing authorities could "provide such social and recreational guidance as is necessary in assisting families to become good tenants and citizens."

Such reasons for eliminating budgetary and expenditure review in a program which may spend up to $336 million a year out of the Federal treasury are absurd and unworthy of comment.

This is especially true when this proposal is considered along with other provisions in this bill to destroy effective audit and increase Federal contributions whether they are needed for interest and amortization on the bonds or not.

It suffices to say that PHA and the Housing and Home Finance Agency are opposed to the proposal.

And in support of an amendment deleting this thoroughly unsound language, I submit to the Senate the following letter from the Comptroller General of the United States, dated July 2, 1958, and signed by Joseph Campbell.

The Comptroller General says:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, July 3, 1958.

Hon. HARRY F. BYRD,
United States Senate.

DEAR SENATOR BYRD: You have requested that we advise you as to the effect the provisions of title IV of S. 4035 would have upon the present administration of the United States Housing Act of 1937 by the Public Housing Administration, particularly as such provisions might affect the amount of annual Federal subsidies payable to local public housing authorities.

As you undoubtedly know, the present Federal annual contribution to local public housing authorities is limited to the amount necessary to make up the difference between the cost of debt service on bonds issued to pay project development cost and net receipts from project operations. Consequently, every dollar saved in operating costs or gained in project income results in a dollar reduction in the amount of Federal subsidy paid.

Under the provisions of S. 4035 the annual Federal subsidy to be paid would not be reduced by net operating income as is now done. Instead, the annual Federal contributions would be made in the total amount necessary to meet the annual debt service, regardless of other project operating income and expense. Project net operating income now amounts to some $25 million a year which is applied to reduce the annual Federal subsidy. Under S. 4035 this net operating income would be disregarded in determining the amount of annual Federal contributions, which would result in an immediate increase of $25 million in such contributions. The increased annual contribution of $25 million which local public housing authorities would receive would be divided one-third to the local authorities and two-thirds toward more rapid amortization of bonded indebtedness. This would, of course, result in some shortening of the usual 40-year term over which Federal contributions would be paid, and a reduction in the number of annual payments. However, the aggregate cost to the United States probably would be greater than under the present procedure.

Under existing law, the Public Housing Administration imposes contractual obligations upon local pubic housing authorities, some of which are similar to those applicable by law to the expenditure of Federal funds, which are designed to promote economy and efficiency in project operations and a consequent reduction in the amount of Federal subsidy paid. For example, the usual contributions contract form requires that the local authority procure project supplies and services from the lowest responsible bidder. Under the provisions of S. 4035 full responsibility for the control of expenditures would be vested in the local authority. This means that competitive bidding could no longer be required by PHA. The present contract form also requires the submission to and approval by PHA of annual operating budgets by the local authorities. Through such supervision PHA can exercise some degree of control over the payment of excessive salaries, fees, or travel expenses, the purchase of luxury-type automobiles, overstaffing, the overrun of budget amounts, and the like. S. 4035 would vest full responsibility in the local authorities for their budgets.

Since project expenditures and income are directly related to the amount of Federal funds paid to local housing authorities, we believe Federal supervision over such expenditures and income should be continued. If such supervision is to be retained, the words the preparation of budgets, the control of expenditures should be delated from lines 15 and 16, page 36, of S. 4035.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

The budget and expenditure part of the amendment is in accord with the recommendations by the Comptroller General of the United States.

The whole amendment is in accord with the recommendations of the Comptroller General of the United States, and with the principles and requirements of good government.

STATEMENT BY SENATOR BYRD RELATIVE TO THE BILL AS A WHOLE

This omnibus housing bill (S. 4035) would authorize an additional $19 billion in Federal funds and public credit to loosen, liberalize, and finance the whole repertoire of Federal housing programs.

These Federal housing programs include FHA (Federal Housing Administration), slum clearance and urban renewal, PHA (Public Housing Administration), educational institution housing, military housing, Fannie Mae (FNMA—Federal National Mortgage Association), farm housing, and veterans housing.

FHA

The bill would accelerate the general FHA insuring authority to the tune of an additional $16 billion—at $4 billion a year for 4 years through 1963.

With this $4 billion a year acceleration the bill would liberalize all aspects of the FHA insurance program, including coverage, insurable amounts, equity requirements, and cost limits.

Almost universally throughout the FHA program the bill would raise the level of unit cost limitations by 10 percent or more.

Some of the FHA programs, such as military housing, cooperative housing, and urban renewal are freely conceded to include economically unsound projects. The bill would increase the so-called incentives for sponsors in these programs.

Among other added incentives, the replacement-cost basis for computing insurable mortgages would be liberalized to cover up to 100 percent of replacement costs including allowance for builder's risk, or 100 percent of out-of-pocket costs to the builder, whatever they may be.

The bill's expressed objective in this respect is to reduce the builder's equity in his own project, assure his profit, and insure him against risk.

The bill would create a whole new loosely drawn 100-percent mortgage insurance program for so-called housing for elderly persons. The program would include both dwelling units and nursing home facilities.

This program is given a big fanfare in the bill as a housing program for elderly persons, but the actual language does not restrict occupancy to elderly persons. In fact there is no limitation on rental rates or tenant income, and there is no restriction against luxury-type units. In this program the bill would waive all standards for economic soundness.

URBAN RENEWAL

The bill would extend and expand the urban renewal program and authorize $2¼ billion in capital grants at the rate of $350 million a year for 6 years.

One of the urban renewal program objectives according to the bill would be to stimulate plans and projects on a statewide basis.

The bill would set up a new program of housing giveaways called community-renewal grants to localities. The Federal funds would be spent for local long-range renewal planning, identification of potential slum areas, preparation of project plans and cost estimates, etc.

In addition, the bill would broaden renewal areas to include environs for special FHA mortgage and relocation subsidies. But the bill does not define "environs."

The $2¼ billion in new urban-renewal grant money authorized in this bill would be in addition to the $1.1 billion already authorized for this purpose. Along with this $3,350,000,000 in money for grants, there is also another billion dollars in authority to spend from the public debt for urban-renewal loans.

PHA

With respect to public housing, the bill would institute broad revisions of the program's aims and policies.

It is clear from the bill, the committee report, and the hearings that public housing would be made an adjunct to urban renewal. PHA in the future would provide social and recreational guidance as well as low-rent housing to its tenants.

The bill would virtually eliminate Federal control, but Federal payments would be increased. Autonomous local authorities would assume full charge. Although underwriting the projects from beginning to end, the Federal Government would be precluded from budgetary review and effective audit.

In more detail, the new public-housing policy objectives under the bill would include:

1. Development of low-rent housing in urban-renewal areas.

2. Emphasis on smaller, less institutional projects.

3. Vesting authority for determining tenant qualifications in the local agencies.

4. Raising of income limits of occupants and provision for purchase of units by over-income tenants; and

5. Social and recreational guidance, with a staff of social workers at each project.

In addition, with respect to PHA, the bill would:

A. Transfer control and responsibility to so-called local public agencies.

B. Provide for definite annual contributions in specific amounts, without regard to other income.

C. Discontinue the present practice of reducing Federal annual contributions to local public-housing projects by the amount of the net income of the project.

D. Permit the local agency to retain the full amount of net income, including Federal payment.

E. Permit local agencies to use one-third of total net income, including the Federal payment, for their own public housing uses, described by HHFA Administrator Cole as "unknown";

F. Require local agencies to apply two-thirds of total net income, including the Federal payment, to advance retirement of their debts;

G. Give local agencies complete control over budget, expenditures, and audit of their own acc-:ınts;

H. Relieve PHA of authority to supervise and audit projects in its program; and

I. Eliminate effective audit.

Educational housing

The bill then would extend, expand, and revise the program for loans to educational institutions for so-called college housing. Federal funds in this program would be no longer limited to college housing. This bill would make them available also for construction and rehabilitation of classroom facilities, including buildings and equipment.

The present program is authorized to spend out of public debt receipts up to $925 million for college dormitory loans. This bill would increase the dormitory loan fund by $400 million to a total of $1,325 million. In addition, this bill would authorize expenditure of $250 million more for construction and rehabilitation of classroom facilities. These funds would be available for long-term loans of up to 50 years at low interest rates.

Military housing

The committee report on this bill says the military housing program has been slow getting started, and for this reason the bill would extend the program for another year, liberalize it, increase the limitation on unit costs, etc.

The bill would create a new program of FHA mortgage insurance for housing in defense impacted areas with the broadest "incentives," including waiver of all requirements for economic soundness.

Miscellaneous

In its more or less miscellaneous provisions, the bill would:

1. Give Fannie Mae an additional $50 million to spend from public debt receipts to purchase more undesirable cooperative housing project mortgages under the agency's special assistance functions;

2. Authorize long-range farm housing research at an expenditure rate of $100,000 a year for 4 years; and

3. Give Veterans Administration another $150 million in authority to spend from public debt receipts for direct loans to veterans for housing. This brings the total program for direct housing loans to veterans to $1,233 million. This is in addition to unlimited authority to guarantee veterans' housing mortgages.

THE MONEY

Analysis shows clearly that the bill is primarily for sponsors, builders, and lenders. Home buyers and tenants are necessary incidentals.

This has been a characteristic of housing legislation since World War II when the Federal Government began both direct and indirect subsidy of the housing industry in all of its principal facets by the billions of dollars.

S. 4035

Public credit and Federal money available under this bill alone would total $19.1 billion: $16 billion in authority to insure and guarantee mortgages; $2,250,400,000 in contract and other appropriation authority; and $850 million in authority to spend from public debt receipts.

SINCE JANUARY

To date this is the fourth bill in the current session of Congress providing public credit and Federal money for housing and related programs.

Since January, the Congress has enacted the Emergency Housing Act of 1958 (Public Law 364) and the Mortgage Insurance Act (Public Law 442). The Senate has passed the community facilities bill (S. 3497) and it is now pending in the House of Representatives. And this Housing Act of 1958 (S. 4035) is now pending before the Senate.

Together, these four bills, introduced within 6 months, as they now stand would provide more than $26 billion of public credit and Federal money in housing and related subsidies and assistance: $20 billion in authority to insure and guaranty mortgages; [1] $3,750 million in authority to spend from public debt receipts; $2,250,400,000 in contract and other appropriation authority.

Under unanimous consent, I insert in the RECORD at this point in this statement a table summarizing public credit and Federal funds provided in these four bills:

Federal credit and money made available for housing and related programs

1958 LEGISLATION TO DATE

	Authority to insure and guarantee	Authority to expend from public debt receipts	Contract authority and other authority to appropriate	Total	Remarks
ENACTED					
Emergency Housing Act of 1958 (Public Law 364):					
Federal National Mortgage Association:					
Authority to purchase mortgages, under special assistance functions:					
President's fund		$500,000,000		$500,000,000	
Military housing		25,000,000		25,000,000	
Defense area housing		25,000,000		25,000,000	
Authority to purchase mortgages guaranteed under veterans' housing program.		1,000,000,000		1,000,000,000	
Veterans' Administration:					
Direct loans to veterans for housing:					
Fiscal year 1958, 4th quarter		50,000,000		50,000,000	
Fiscal year 1959		150,000,000		150,000,000	
Fiscal year 1960		150,000,000		150,000,000	
2-year extension of veterans' home mortgage guaranty program.	(1)				No limitation in basic law as to amount of insurance which may be written; it is open-end.
Total		1,900,000,000		1,900,000,000	
FHA mortgage insurance (Public Law 442): Federal Housing Administration mortgage insurance authority raised as of date of act (June 4, 1958) through fiscal year 1959.	$4,000,000,000			4,000,000,000	
PENDING					
Community Facilities Act of 1958 (S. 3497 as passed by Senate; now pending in House): Loans to localities for construction of community facilities.		1,000,000,000		1,000,000,000	This legislation was submitted as recession-emergency public works. As passed by the Senate lending authority was $1,000,000,000. House committee raised authority and bill as it stands on House Calendar would authorize $2,000,000,000 in loans.
Housing Act of 1958 (S. 4035 as reported by Senate Banking and Currency Committee):					
Federal Housing Administration: authority to insure mortgages:					
Fiscal year 1960	4,000,000,000			4,000,000,000	Would assure continuation of program through June 30, 1963. Authority would become available at start of each fiscal year, and any uncommitted prior year authority would expire.
Fiscal year 1961	4,000,000,000			4,000,000,000	
Fiscal year 1962	4,000,000,000			4,000,000,000	
Fiscal year 1963	4,000,000,000			4,000,000,000	
Subtotal, FHA	16,000,000,000			16,000,000,000	
Urban renewal: Authority to enter into contracts with local public agencies:					
Fiscal year 1959			$350,000,000	$350,000,000	Authority to enter into contracts with local agencies which will require appropriation in subsequent years.
Fiscal year 1960			350,000,000	350,000,000	
Fiscal year 1961			350,000,000	350,000,000	
Fiscal year 1962			350,000,000	350,000,000	
Fiscal year 1963			350,000,000	350,000,000	
Fiscal year 1964			350,000,000	350,000,000	
Additional, without fiscal year limitation			150,000,000	150,000,000	
Subtotal, urban renewal			2,250,000,000	2,250,000,000	
College housing:					
Loans for college housing		400,000,000		400,000,000	Expansion of existing authority.
Loans for construction of educational facilities, etc.		250,000,000		250,000,000	New program.
Subtotal, college housing		650,000,000		650,000,000	
Federal National Mortgage Association: Authority to purchase mortgages under special assistance functions:					
Cooperative housing		50,000,000		50,000,000	
Farm housing research:					
Fiscal year 1960			100,000	100,000	
Fiscal year 1961			100,000	100,000	
Fiscal year 1962			100,000	100,000	
Fiscal year 1963			100,000	100,000	
Subtotal, farm housing			400,000	400,000	
Veterans' Administration: Direct loans to veterans for housing.		150,000,000		150,000,000	Available without fiscal year limitation to cover backlogs.
Total, Housing Act of 1958	16,000,000,000	850,000,000	2,250,400,000	19,100,400,000	
Grand total, 1958 legislation, enacted and pending	20,000,000,000	3,750,000,000	2,250,400,000	26,000,400,000	

[1] No limit under law.

TOTAL

When Congress convened in January, existing authorizations for public credit and Federal money in housing and related programs totaled more than $42 billion. When this new $26 billion is added the total would become more than $68 billion: $49,959,000,000 in authority to insure and guarantee mortgages;[1] $14,179,000,000 in authority to spend from public debt receipts; and $3,968,000,000 in contract and other appropriation authority.

More than $85.5 billion in public credit and Federal funds was used through Federal housing and related programs between 1933 and June 30, 1957. This is a gross figure representing total use of authority in all Federal housing and related programs, existing and expired.

Under unanimous consent, I insert in the RECORD at this point in this statement a table summarizing public credit and Federal money (gross) used under Federal housing and related programs, 1933 to June 30, 1957:

[1] Excludes unlimited authority granted to Veterans Administration to guarantee veterans' home mortgages.

Summary of public credit and money (gross) used under Federal housing and related programs, 1933 to June 30, 1957

[In thousands of dollars]

Program	Authority to make loans, grants, purchase mortgages, and insure loans: Total current authority	Authority to make loans, grants, purchase mortgages, and insure loans: Cumulated gross total authority used	Authority to expend from public-debt receipts: Total current authority	Authority to expend from public-debt receipts: Gross amount borrowed	Authority to expend from public-debt receipts: Owed to Treasury	Appropriations: Total	Appropriations: Unexpended balance	Administrative expenses [1]	Reserves from earnings	Payments to U. S. Treasury (interest, dividends, and capital)
Housing and Home Finance Agency:										
Authority to make loans, grants, and purchase mortgages:										
Office of the Administrator:										
College housing loans	[2] 925,000	213,649	925,000	248,245	227,857			3,043		[3] 8,272
Public facility loans	100,000	633	100,000	1,400	1,400			372		[3] 8
Slum clearance and urban renewal:										
Loans	[2] 1,000,000	131,703	1,000,000	67,000	53,000					[3] 1,855
Capital grants	1,350,000	104,690				(157,000)	52,310	16,491		
Urban planning grants	10,000	925				(4,500)	3,575			
Public works planning	22,000	1,313				(12,000)	10,687	378		
Federal National Mortgage Association:										
Secondary market operations (trust fund)	2,539,696	1,215,261	2,396,876	1,159,054	1,050,110			3,580		[3] 6,398
Special assistance functions	650,000	24,494	650,000	25,014	21,877			102		[3] 249
Management and liquidating functions [4]	2,332,910	3,006,669	2,332,910	4,316,088	1,716,188			21,468	93,710	[5] 317,371
Public Housing Administration:										
Administrative expenses						65,744	710			
Annual contributions	336,000	399,673				(412,672)		107,860		
Loan authorizations	[2] 1,500,000	4,584,291	1,500,000	4,982,074	41,000					[3, 5] 95,435
Total, authority to make loans, grants, and purchase mortgages	10,765,606	9,683,301	8,904,786	10,798,875	3,111,432	65,744	67,282	153,294	93,710	429,588
Authority to insure loans:										
Federal Housing Administration:										
Title I:										
Insurance program, sec. 2 (home improvement)	1,750,000	10,146,556				46,577		36,357	57,825	[6] 8,333
Housing insurance program, sec. 8		204,366						1,944	2,556	
Title II:										
Mutual mortgage insurance program, sec. 203		24,587,019				41,994		260,919	343,963	[3, 6] 59,054
Housing insurance program, secs. 207-210 (rental)		469,421				4,170		16,454	1,956	[3, 6] 5,557
Housing insurance program, sec. 213 (cooperative)		529,856								
Rehabilitation and neighborhood conversion, sec. 220		29,092						599		
Relocation housing, sec. 221		909								
Servicemen's mortgage insurance program, sec. 222		305,966							1,164	
Open-end mortgages, sec. 225	28,083,994	82								
Title VI (war housing):										
Sec. 603 (1- to 4-family)		3,645,216								
Sec. 603 (multiple rental)		3,440,019				5,000		70,791	133,006	[3, 6] 6,390
Sec. 609		5,316								
Secs. 610 and 611		37,014								
Title VII (housing investment insurance program)						1,000		43		[3, 6] 1,108
Title VIII (military housing):										
Sec. 803		991,266				5,000		5,320	11,221	[3, 6] 5,441
Sec. 809		3,497								
Title IX (defense housing):										
Sec. 903		517,286						6,707		
Sec. 908		63,427								
Total, authority to insure loans	29,833,994	44,976,306				103,741		399,134	551,691	85,883
Other:										
Office of the Administrator:										
Revolving fund for liquidating programs:										
Lanaham public works						65,807				
Defense community facility:										
Loans		3,233				(14,245)				
Grants		11,012				6,380				
Advanced planning, non-Federal public works:										
1st advanced planning						65,000				
2d advanced planning						28,607		130,590		[3, 5, 6] 664,647
						(17,753)				
Alaska housing program		17,753				1,247				
Loans for prefabricated housing		52,444		36,170						
Public Housing Administration:										
Public war housing						[7] 1,654,978				
Subsistence homesteads, etc						[7] 62,454				
Veterans' reuse housing						[7] 442,625				
Homes conversion program						[7] 90,109				
Total, other		84,442		36,170		2,417,207		130,590		664,647
Total, Housing and Home Finance Agency	40,599,600	54,744,049	8,904,786	10,835,045	3,111,432	2,586,692	67,282	683,018	645,401	1,180,118

See footnotes at end of table.

Summary of public credit and money (gross) used under Federal housing and related programs, 1933 to June 30, 1957—Continued

[In thousands of dollars]

Program	Authority to make loans, grants, purchase mortgages, and insure loans		Authority to expend from public-debt receipts			Appropriations		Administrative expenses [1]	Reserves from earnings	Payments to U. S. Treasury (interest, dividends, and capital)
	Total current authority	Cumulated gross total authority used	Total current authority	Gross amount borrowed	Owed to Treasury	Total	Unexpended balance			
Federal Home Loan Bank Board:										
Federal home-loan banks	(8)	(8)	1,000,000							[5,6] 150,917
Federal Savings and Loan Insurance Corporation	(9)		750,000					8,836	229,496	[5,6] 107,245
Home Owners Loan Corporation		3,498,903		3,279,669				272,792		[6] 200,000
Total, Federal Home Loan Bank Board		3,498,903	1,750,000	3,279,669				281,628	229,496	458,162
Veterans' Administration:										
Guaranteed loans	(10)	22,476,537				764,013		141,340		[6] 83,957
Direct loans	881,150	672,481	733,484	733,484	730,507				29,470	[3,6] 41,980
Total, Veterans' Administration	881,150	23,149,018	733,484	733,484	730,507	764,013		141,340	29,470	125,937
Department of Agriculture:										
Farmers' Home Administration:										
Farmownership loans:										
Direct	[11] 50,000	502,517	50,000	532,446	(12)	30,000		(12)		(12)
Insured	[13] 125,000	174,607						(12)		
Farm housing loans	450,000	122,226	450,000	152,174	(12)	1,350		(12)		
Farm housing grants		364				1,050		(12)		
Contributions		136								
Total, Department of Agriculture	625,000	799,850	455,000	684,620		32,400				
Grand total	42,105,750	[14] 82,191,820	11,843,270	15,532,818	3,841,939	3,383,105	67,282	1,105,986	904,367	1,764,217

1 Includes expenditures from appropriated and agency funds.
2 Lending authority limited by corporate resources, including authority to expend from public debt receipts (col. 3). Generally, authority is equal to authority to expend from public debt receipts.
3 Interest.
4 Cumulative since transfer to HHFA; records while under RFC not available.
5 Dividends.
6 Capital.
7 Represents allocations or reallocations to PHA and predecessors on basis of best information available.
8 Figures excluded; Federal home-loan banks now privately owned.
9 No monetary limitation; loans to prevent default of insured institutions.
10 Unlimited, except by maximum to which individual loans may be guaranteed.
11 Amount authorized by Congress for fiscal year 1957, authority is granted annually.
12 Not available.
13 Annual limitation.
14 Cumulative gross total of loans and grants, mortgages purchased, and loans insured. Excludes repayments.

ONE HUNDRED MILLION DOLLARS

If you start with $85.5 billion as a gross figure through June 30, 1957, and add $6 billion or more for fiscal year 1958, and then contemplate the additional subsidies and assistance provided in the four bills introduced in the current session of Congress, you see Federal housing and related subsidies and assistance reach the incredible figure of more than $100 billion.

THE LOSS

There are some people who contend that at least some of these programs make money. Even if this were true, it would be wrong. Fundamentally, the Federal Government should not be in business for profit in its relationship with taxpaying citizens of the United States.

The fact is, it is impossible to tell what the total losses to Federal taxpayers are and will be in these housing and related programs. There are many reasons for this. Among them are:

1. Most of the programs run over long periods—up to 50 years—which are certain to include both good and bad times in the mortgage, real estate, and other housing and related markets;

2. With very few exceptions, these programs keep coming back for more credit authority and money; and

3. In many instances these programs and their accounts are so interlaced and confused an intelligent accounting is practically impossible.

OBVIOUS

But there are some programs where as a matter of policy losses are built in, and in these to some extent losses to date can be counted, and potential losses can be foreseen. As examples, there are the public housing, and slum clearance and urban renewal programs.

The Federal Government pays the annual deficits in debt service on PHA projects. Budget documents show Federal expenditures to finance these losses to date total a half-billion dollars. For the future, the law allows payments for this purpose totaling up to $336 million a year over the life of the 40-year bonds. The obvious loss in this program is certain to run to billions.

In slum clearance and urban renewal program the Federal Government appropriates to finance two-thirds of the losses. Budget documents show expenditures to cover these losses to date are approaching a quarter-billion dollars. And, this program is only now beginning to gather momentum. Built-in losses in this program, also are certain to run into more billions of obvious losses.

CONTINGENT

Losses of this nature are built in, and virtually certain in some of the programs. There are likely to be others which are contingent on economic and other factors, including lax administration of loose law.

As of June 30, 1957, a year ago, the United States Treasury Department reported $44.7 billion in contingent liabilities against Federal housing and related programs.

It is not contended, of course that all of this will be loss. The figure is cited only to indicate the magnitude of what is involved.

These contingent liabilities include the mortgages insured by FHA and guaranteed by Veterans' Administration, along with direct loans at low interest rates, such as those for college housing projects, and veterans which are supposed to be repaid, etc.

Concern over some of the mortgage programs is indicated by the recent establishment of the special-assistance program within the Federal National Mortgage Association, which is now authorized to spend up to $2¼ billion out of public debt receipts to pick up so-called undesirable mortgages. More than $1.5 billion of this has been authorized this year.

It is difficult to trace and calculate losses in these mortgage programs. There are numerous reasons for this. As examples:

Losses on mortgages guaranteed by the Veterans' Administration will not show up in the records of Fannie May or any other housing agency. They must be ferreted out of expenditures charged to the Veterans' Administration. Likewise, losses on military housing mortgages, insured by FHA, will not show on the records of FHA or Fannie May. They are hidden in appropriations to the military departments.

In fact, it takes a long ride on a high-finance merry-go-round to find the losses in the FHA programs. The trail frequently leads through lending institutions, back to FHA, over to Fannie May, back to FHA, and ultimately to FHA reserves, or debentures. The debentures are backed 100 percent by the full faith and credit of the United States.

UNRECORDED

There is another kind of loss in these housing programs which is never recorded anywhere. It is the loss to tenants and home-buyers who pay excess rentals and prices as a result of mortgaging out and other so-called sponsor incentives.

These practices increase costs which are cranked into rental rates and sale prices. There has been vast experience with these losses in the old 608 program, military housing and some other existing programs. More such loss is proposed in the new programs for elderly persons and defense areas. But no one has calculated this loss. No one can.

THE CRIME

These are only examples of some of the losses in Federal housing and related programs. They should not be regarded as a complete delineation.

PROTECTED

But there are two areas in Federal housing and related programs where losses are held to the absolute minimum. The law spares no effort to protect the lenders and the sponsors. Both are insured, or guaranteed, to the hilt.

The lender is not only insured, but if, for any reason, he prefers not to keep even an insured mortgage, he is free to unload it on Fannie May. The program is almost loss-proof to the lender.

The same is true in the case of the sponsor. In fact, it is never surprising to learn that a Federal housing mortgage exceeds the cost of the project, whether it is admitted or not.

In these aspects of Federal housing and related programs, loose law, and lax administration are characteristic. When this is combined with more than $100 billion of public credit and Federal funds, crime is almost a certainty. But too often Federal housing laws make it legal.

RECORD

Even with the loose laws, I am advised by the Attorney General of the United States that since 1954 approximately 800 persons and firms have been sentenced for criminal fraud in Federal housing cases.

The Civil Division of the Department of Justice has instituted actions in the courts throughout the country seeking to recover millions of dollars of excess mortgage proceeds distributed to stockholders of corporations organized to build apartments under the FHA title VI program. To date, nearly $9 million has been recovered, and cases are pending seeking the recovery of $10 million more.

The FHA reports show that, as of April 30, 1958, claims totaling a quarter billion dollars had been paid in more than 628,000 cases growing out of its title I home improvement program.

The General Accounting Office, in a series of 24 administrative audit reports to date has reported deficiencies in the Federal housing and related programs in every section of the country.

In this connection, I introduced an amendment to the housing bill of 1954. Through tax practices we accidentally found the housing scandals disclosed in 1952 and 1953. My amendment to the 1954 bill was in the nature of a whole new title to the Housing bill. Its purpose was to provide full responsibility and disclosure in all Federal housing programs.

The provision allowing independent audit of public housing by the Comptroller General of the United States was one of the parts of that title. Very few of those salutary provisions still remain in the law. Independent audit of public housing by the Comptroller General is one of those which still remain. But this bill would destroy the effectiveness of the audit.

In view of the record, I submit that the publicly avowed purposes of these Federal housing programs would be better accomplished if there were full responsibility and disclosure.

This omnibus housing bill (S. 4035) would authorize $19 billion more in Federal funds and public credit to loosen, liberalize and finance the whole repertoire of Federal housing programs. They are already characterized by loose law, lax administration and widespread exploitation.

I shall vote against the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. LAUSCHE] on behalf of the Senator from Virginia [Mr. BYRD].

Mr. FULBRIGHT. Mr. President, I send to the desk an amendment in the nature of a substitute for the amendment offered by the Senator from Ohio, and ask that it be considered as a substitute for both parts of the pending amendment.

The PRESIDING OFFICER. The amendment proposed by the Senator from Arkansas as a substitute for the amendment offered by the Senator from Ohio for the Senator from Virginia will be stated.

Mr. FULBRIGHT. Mr. President, my amendment is offered as a substitute for the amendment offered by the Senator from Ohio on behalf of the Senator from Virginia [Mr. BYRD]. I ask unanimous consent that it be considered as a substitute for that amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The LEGISLATIVE CLERK. On page 41, it is proposed to strike out all that follows the period in line 15 down to and including line 3 on page 42 and insert in lieu thereof the following:

Every contract for annual contributions shall require that the public-housing agency and its chairman shall annually, after an independent audit made by and certified to by the State auditor or other appropriate State official or by a public accountant of recognized standing of the books and accounts of the public-housing agency, transmit a copy of such audit and certify to the authority that the agency has complied with the provisions of this act and that the financial statements are true and correct. Such certification shall, in the absence of fraud or of evidence of waste or extravagance, disclosed by financial postaudits pursuant to sections 814 and 816 of the Housing Act of 1954, and in the absence of evidence of violation of the provisions of this act, be accepted as final and conclusive by all officers of the Federal Government: *Provided*, That no provision of this section limits or reduces the authority of the General Accounting Office to audit expenditures under this act.

Mr. FULBRIGHT. Mr. President, the effect of the amendment I have offered is to accept the second part of the Byrd amendment and to reject the first part. It preserves all the rights which the General Accounting Office now has to audit these accounts. It deletes the right of prior approval by the Public Housing Administration—not the General Accounting Office. It is not the intention of the committee or of the substitute to in any way restrict the right of the General Accounting Office to audit the accounts. If the audit by the General Accounting Office discloses any waste or extravagance, or any evidence of violation of the law, or of false certification by local officials, appropriate action can be ordered. I believe that is what we are primarily interested in.

The trouble has been the delay and frustration resulting from the necessity of obtaining prior approval from the Federal agency of every item before the local authorities can move at the local level. I feel that my substitute would be a very beneficial compromise.

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

Mr. FULBRIGHT. I yield.

Mr. BUSH. I do not quite understand the Senator's substitute. Would it add an independent audit to the routine which is established?

Mr. FULBRIGHT. Not by the Federal Government. It would reserve every right the General Accounting Office now has to audit. If the Senator will examine the Byrd amendment, he will see that the effect of my substitute is to reject the first part of the Byrd amendment, which relates to prior approval of the budget, and to modify the second part. That is the effect of my substitute. It will preserve the GAO's right to audit. It will get rid of the necessity of prior approval of the budget of the local housing authorities.

Mr. CAPEHART. Mr. President, the law under which we are presently operating contains no language on this point at all. However, PHA itself has required, in entering into a contract with a local housing authority, that at the beginning of each year, when the Authority sends its proposed budget for that year, the Authority shall set forth what it expects to spend and what it expects to take in. PHA accepts that and places it in its files in Washington.

Then GAO has the right to audit any of the accounts at any time it wishes to do so. Under the amendment proposed by the Senator from Arkansas the local housing authorities would not be required to submit the preaudit of its proposed budget for the year. However, the amendment would give the GAO the right to audit any of the housing authority accounts at any time they wished to do so, and the right to require of housing authorities any information GAO may deem necessary. Under the proposed amendment GAO could adopt the same regulations which PHA has with respect to a preaudit or with respect to the submission of budget figures. GAO could do that.

Mr. BUSH. I should like to ask either the Senator from Indiana or the Senator from Arkansas whether the Housing and Home Finance Agency is in support of the amendment offered by the Senator from Arkansas?

Mr. FULBRIGHT. It is my understanding that they are not.

Mr. BUSH. Are they opposed to it?

Mr. FULBRIGHT. I have a letter from the Housing and Home Finance Agency, in which they disapprove the amendment. They say they will try to do the same thing with more efficient administration. That is more or less a confession that the regulation and practice of the Agency has held up and prevented a proper development of the program. I shall be glad to insert the whole letter in the RECORD, or read it to the Senator.

Mr. BUSH. I should like to hear what they have to say on this very important matter.

Mr. FULBRIGHT. I have a letter from Mr. Cole, the Administrator, in which he says, in part:

In a program of this magnitude, involving as it does many technical matters in the fields of finance, construction, property maintenance, and office administration, Federal employees will sometimes use bad judgment in performing assigned duties.

Mr. BUSH. Mr. President, may we have order, so that we may hear the Senator?

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). The Senate will be in order.

Mr. FULBRIGHT. I continue to read:

This has undoubtedly happened in the past despite our best efforts. Undoubtedly, despite our continuing efforts, mistakes will be made in the future since no level of Government has a monopoly of wisdom or experience. We can only continue to exert our best effort to keep these cases to a minimum.

On behalf of myself and Mr. Slusser, the Public Housing Commissioner, I wish to assure your Committee that we will continue to make every effort to overcome the obstacles confronting the low-rent public housing program so that it can proceed as rapidly as possible. We will again, as we have frequently done in the past, reexamine our existing procedures with a view to eliminating any unnecessarily detailed supervision. No additional legislation is necessary for this purpose, other than the provisions of title IV of S. 3399 with which you are familiar.

Mr. President, I ask unanimous consent that the entire letter be printed in the RECORD at this point.

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

HOUSING AND HOME FINANCE AGENCY,
OFFICE OF THE ADMINISTRATOR,
Washington, D. C., July 11, 1958.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency, United States Senate, Washington, D. C.

DEAR MR. CHAIRMAN: As you know, we testified before your committee's Subcommittee on Housing on May 12. Since then your committee has reported S. 4035 which incorporates, in title IV, far-reaching amendments to low-rent housing legislation. Because these amendments were not the subject of our earlier testimony, I thought it would be helpful if we briefly indicated our general views on the problems to which the title is addressed.

We have given very careful consideration to the provisions in title IV and strongly recommend that the title be deleted from the bill because it is our firm conviction that the low-rent public-housing program could be destroyed by the abuses which might easily result from its enactment. We know, too, that the program has been faced in recent years by serious difficulties, particularly in finding appropriate sites. The rapid growth of our cities and towns and the rapid disappearance of vacant land within their borders have materially delayed the entire program.

This is so because the choice of public-housing sites is often limited by practical inability to cross political boundary lines; by the fact that low-income families cannot afford to commute to their work from outlying areas which are not served by cheap public transportation; and by the inability to pay very high prices for remaining centrally located sites, including slum-cleared sites. Localities tend to prefer slum-cleared sites or other expensive downtown sites for low-rent housing because the location is good, but then find that land costs are so high that the construction must consist of large institutional appearing projects which are not locally acceptable.

This type of problem cannot be solved by enacting Federal legislation. However, that does not mean that no solution is possible. On the contrary, while the problems are knotty and the obstacles are real, we have undertaken a number of steps which we believe are realistically addressed to their solution. With certain exceptions which led us to recommend the enactment of title IV of S. 3399 and which are fully covered in our testimony before your Housing Subcommittee, we have found that administrative action can be taken to overcome the basic difficulties. For example, a demonstration project has been developed in Cedartown, Ga., consisting of single-family dwellings and duplexes, located on individual lots scattered through appropriate neighborhoods. This demonstration points the way to many improvements to the program. These include: (1) Savings in land costs, in that local authorities will not be forced to acquire expensive parcels as is necessary where contiguous lots must be assembled; (2) savings in construction costs through opening the field to small local contractors, the use of prefabrication, and the utilization of local labor; (3) savings in management costs by obtaining increased tenant maintenance; (4) stimulation of small-business enterprise through participation of the small contractors; and (5) elimination of the institutional character of projects and the isolation of the tenants.

At Montgomery, Ala., the Agency assisted the local authority in the acquisition of an existing apartment building which was converted to low-rent use. The building had been insured by the Federal Housing Administration and was in economic distress. The cost of this project, including the cost of necessary changes to adapt the structure for low-rent use, was approximately $4,773 per dwelling as against an estimated cost for constructing a new project of $12,000 per dwelling.

At Philadelphia, Pa., the Agency and the local authority are now engaged in perfecting plans for a low-rent project along these lines: Instead of constructing new dwellings, the local authority, with Federal financial assistance, will acquire individual existing row houses which, after repair or rehabilitation, will be used to provide housing for low-income families. These units will be located in an area where the housing generally, although suffering from some depreciation, can be saved for long continued use through action by the owners and pursuant to the police power of the city. Properties to be acquired will be scattered over the area. Acquisition will be through voluntary sale by the owners. Current estimates indicate that the per-unit cost of this project, including acquisition price and the cost of repairs, will approximate $10,000.

The Cedartown plan will solve many problems in the program for small and medium-sized communities. A variation of this plan through the substitution of small apartment buildings on scattered sites for the type of structures used at Cedartown will materially aid in cutting costs in larger cities.

The Montgomery and Philadelphia plans may help provide the answer for the difficulties encountered in the large urban areas. In addition to the cost savings possible, these plans will permit the community to obtain low-rent housing which conforms to the general character of the city. Both plans will contribute substantially to efforts which are being made in many urban areas to conserve existing housing properties from depreciation and decay. While neither plan will produce new housing, they will prolong the useful life of existing housing and remove economically derelict properties from the market and thus stimulate private real estate and construction enterprises.

One of the major objectives of title IV of S. 4035 is to eliminate unnecessary redtape imposed by the Federal Government. I am in full accord with this objective. However, I do not believe that the solution lies in the complete removal of all Federal supervision over the expenditure of Federal funds by the independent local public housing authorities, as title IV would do. That title would provide that the local public agencies, which are virtually independent of control by local municipal elected officials, would be free of any supervision by any Federal officials, except where a self-certification procedure reveals fraud or gross waste.

In a nationwide program which is necessarily complex, Federal supervision serves not only to protect the integrity of the program, but also serves to avoid the technical distortion of purposes and unfair discriminations among different localities which may readily arise as a result of widespread operations by many hundreds of local agencies of varying size and experience. The Government has an obligation to the public to see that Federal tax dollars are spent for the purposes intended by the Congress. It also must avoid favored treatment for one city or area as compared to another. Some inefficient or corrupt individuals will work their way into any program involving public funds, and there is also a Federal responsibility to prevent this wherever possible. All this requires reasonable supervision by the Federal Government. For example, Public Housing Administration and General Accounting Office auditors have pointed the way to many local housing authorities to save hundreds of thousands of dollars in utility charges, in maintenance costs, and in loss of interest on uninvested idle funds.

In a program of this magnitude, involving as it does many technical matters in the fields of finance, construction, property maintenance, and office administration, Federal employees will sometimes use bad judgment in performing assigned duties. This has undoubtedly happened in the past despite our best efforts. Undoubtedly, despite our continuing efforts, mistakes will be made in the future since no level of Government has a monopoly of wisdom or experience. We can only continue to exert our best effort to keep these cases to a minimum.

On behalf of myself and Mr. Slusser, the Public Housing Commissioner, I wish to assure your committee that we will continue to make every effort to overcome the obstacles confronting the low-rent public housing program so that it can proceed as rapidly as possible. We will again, as we have frequently done in the past, reexamine our existing procedures with a view to eliminating any unnecessarily detailed supervision. No additional legislation is necessary for this purpose, other than the provisions of title IV of S. 3399 with which you are familiar.

Sincerely yours,

ALBERT M. COLE,
Administrator.

Mr. FULBRIGHT. The effect of the letter is that Mr. Cole more or less confesses that the necessity for prior approval has constituted a major problem. What we are saying is: Why do we not correct it by legislation? I believe it ought to be corrected by legislation. I wish to emphasize to the Senator from Ohio that the substitute in no way changes the power of GAO to audit every last nickel.

Mr. LAUSCHE. Mr. President, the amendment of the Senator from Virginia [Mr. BYRD] is in conformity with the views of the Comptroller General. The Comptroller General feels that the budget should be submitted in advance of the fiscal year and that in the budget the contemplated expenditures should be set forth.

The amendment offered by the Senator from Arkansas would eliminate the necessity of filing a budget setting forth the expenditures, and would place in the Federal agency no control over the contemplated expenditures.

There is a further weakness in the amendment offered by the Senator from Arkansas, in that the audit may be made by a private public accountant. The Housing Agency is allowed to certify it as accurate and correct. That audit becomes conclusive against all Federal

Government officials, unless there is found to exist fraud, waste, or extravagance, but nothing is said about neglect.

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

Mr. LAUSCHE. Nothing is said about expenditures which, in the operation of low-rental housing, would seem to be monumental in character.

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

Mr. LAUSCHE. I yield.

Mr. CLARK. I am sure my good friend from Ohio would not deliberately misstate either the objections of GAO or the provisions of the Fulbright substitute amendment. With all due deference to him, I believe his zeal has caused him to state some slight inaccuracies. I am sure he will bear with me in my unanimous-consent request to place in the RECORD a letter from the Comptroller General to the chairman of the Committee on Banking and Currency, under date of July 3, 1958, in which his views are set forth in different terms than were stated a few minutes ago.

Mr. LAUSCHE. I do not know what is contained in the letter. I may have read it, but will the Senator from Pennsylvania point out in what respect there is a substantial difference between what I have said and what the Comptroller General has said?

Mr. CLARK. Mr. President, I ask unanimous consent that the letter be printed in the RECORD at this point.

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

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, July 3, 1958.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency, United States Senate.

DEAR MR. CHAIRMAN: Reference is made to your letter of June 25, 1958, received June 30, 1958, requesting us to submit recommended changes in the language of the last 2 sentences of section 10 (c) of the United States Housing Act of 1937 as that section would be amended by section 403 (b) of S. 4035. You request us to suggest changes which will achieve to the maximum possible extent the objectives of the existing language, but which will adequately protect the interests of the Federal Government.

The language in question would make final and conclusive on all officers of the Federal Government annual certifications by local public housing authorities that such authorities had complied with the provisions of the Housing Act of 1937 and that their financial statements were true and correct. The only exception to the finality of such certifications would be in the case of fraud or evidence of gross waste or extravagance.

We have not been informed as to precisely what objectives this language was intended to achieve. After careful consideration of the language we believe that its effect, whether so intended or not, would be to preclude effective action by the Public Housing Administration or the General Accounting Office in cases of nonfraudulent violations of the Housing Act of 1937 by local public housing authorities. Such violations well might occur because of honest but erroneous individual interpretations of the act by the 840 local authorities involved. We also believe the language, together with the proposed policy of administration contained in section 401 of S. 4035, would prevent effective corrective action in most cases of waste and extravagance by local authorities in the operation of projects. Whatever money might be wasted by a local authority would eventually increase the Federal subsidy payment. Where Federal funds are so directly involved, we are firmly of the opinion that Federal supervision is both appropriate and needed.

We are therefore forced to the conclusion that the interests of the Federal Government cannot be adequately protected if supervision by the Public Housing Administration is so limited as to preclude that agency from taking effective corrective action to prevent waste and extravagance in the operation of public housing projects.

Perhaps, as you suggest, the problem is principally one of administration. Since PHA supervision of low-rent housing project operations is based mainly on the terms of the annual contributions contracts, one solution might be to prescribe by statute the detailed terms of such contracts so far as they concern PHA supervision. We believe such an approach to the problem would focus attention on the specific areas of concern to the local public housing authorities with the possibility of agreement on terms which would give greater autonomy to the local authorities but still provide for that degree of PHA supervision necessary to protect the public interest.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

Mr. CLARK. In the language of the substitute amendment, as offered by the Senator from Arkansas—and I ask my good friend from Ohio to read it carefully—certification by the certified public accountant, either a private or a State accountant, "shall, in the absence of fraud or of evidence of waste or extravagance——"

Mr. LAUSCHE. I mentioned that.

Mr. CLARK. "And in the absence of evidence of violation of the provisions of this act." I do not believe the Senator from Ohio mentioned that point; nor did he mention the proviso, "That no provision of the section limits or reduces the authority of the General Accounting Office to audit expenditures under this act."

I submit that the powers of the General Accounting Office under the substitute amendment, are just as strong as they are today. It is true that the PHA cannot knock down 11 trees or put in a Coca-Cola machine, but the General Accounting Office does not have any of its prerogatives changed at all.

Mr. LAUSCHE. It does not have a budget on which to base its audit.

Mr. CLARK. Of course it does. The housing authorities must show a budget. They must keep figures.

Mr. LAUSCHE. But there is no budget which has been approved by the Federal Government prior to the time the expenditures have been made.

Mr. CLARK. That is not an audit. That is a preaudit. That is what has caused all the trouble.

Mr. LAUSCHE. The only way the Federal Government can protect itself is by saying, "We are putting up $114 million this year. We want you to pay off that debt as quickly as you can. We want you to do that so you will probably be able to reduce rentals. In order to achieve that objective, we do not want you to buy high-priced Cadillacs or Buicks, or make similar expenditures."

Mr. CLARK. Is that not waste?

Mr. LAUSCHE. No.

Mr. CLARK. Is that not extravagance?

Mr. LAUSCHE. Let us keep the RECORD clear. Does the Senator from Pennsylvania construe the language to mean that if they bought articles of that type, such action would fall within the meaning of waste or extravagance?

Mr. CLARK. I certainly do. I should think that an individual who did that could be surcharged.

Mr. LAUSCHE. Would the Senator be willing to accept some further language?

Mr. CLARK. This amendment was offered by the Senator from Arkansas. I simply asked him to yield. I have concluded.

Mr. LAUSCHE. The language is: "or neglect or expenditures not reasonably compatible with the operation of a low-rental housing project."

Mr. FULBRIGHT. I do not see how either of those provisions would change the meaning of the bill. If the Senator feels that it is of major importance to add the word "negligence," I shall be glad to do so.

Mr. LAUSCHE. And also: "or expenditures not reasonably compatible with the operation of a low-rental housing project."

Mr. FULBRIGHT. I shall be glad to accept that suggestion. My interpretation is that the language means that; but I am perfectly willing to modify my substitute in accordance with the suggestion of the Senator from Ohio.

Mr. President, I so modify my substitute.

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

Mr. LAUSCHE. I yield.

Mr. BUSH. I missed a part of the colloquy. Is the Senator from Ohio satisfied with the modification?

Mr. LAUSCHE. It makes the amendment much better. I think it will achieve the objectives which the Senator from Pennsylvania [Mr. CLARK] said were implicit in the language used. I suggested the addition of the language: "or neglect or expenditures which are not reasonably compatible with the operation of low-rental public housing."

Mr. FULBRIGHT. I am perfectly willing to accept the modification; and I so modify my substitute.

Mr. THYE. May I ask a question? What the Senator proposes is an audit, if that is deemed advisable, to make certain that the person who has obtained a loan is making payments annually to the best of his ability. Is that the explanation of the proposed amendment?

Mr. FULBRIGHT. No. Audits will be made as usual by the General Accounting Office. There are public housing projects in various localities. The amendment is intended to give the local authorities a little greater freedom in managing their own affairs, so as to get away from too great a centralization in Washington.

The post-audit of the General Accounting Office will be maintained.

Mr. THYE. I concur in that view; but it has been a little difficult to understand the debate. It was difficult to follow the intent and purpose of the amendment. A person who becomes the beneficiary of such a loan must make monthly payments, must he not?

Mr. FULBRIGHT. The amendment relates to local public housing authorities. That is what we are concerned with.

Mr. CLARK. We are not talking about loans at all. I think I can explain the matter to the Senator.

A number of tenants may live in a low-rent public housing project. They make monthly payments of rent. Their monthly expenditures are made for operations. We are talking about the audit of those local funds.

Mr. THYE. That is what I was trying to have made clear, because the debate, as I have followed it, was most confusing at times. I wanted to have it so clarified that there would not be any question. When the Senator interjected the statement that some persons were buying Cadillacs, it seemed to me that they would have to make positive annual payments of rent, and that that should not be contingent upon whether they bought Cadillacs or not. They must make rental payments in accordance with a specific contract.

Mr. CLARK. The Cadillacs we are talking about, if they exist at all—I suspect they do not—will be Cadillacs bought by the management personnel of the housing operations, not by the tenants. We are talking about expenditures made in the operation of the projects. I do not think Cadillacs need to enter the discussion at all.

Mr. THYE. Now we are getting an explanation and a clarification of the question. I have sat here listening, and, so help me, I have found the colloquy which has taken place to be most difficult to understand. I did not know whether the Senator was referring to an individual in the housing unit, the administrator, or to whom he was referring, when he spoke about Cadillacs.

Mr. CLARK. I must say that I think the Senator's confusion was entirely understandable.

Mr. BUSH. I should like to ask the Senator from Ohio whether, if the modified substitute of the Senator from Arkansas were adopted—I understand the Senator from Arkansas has accepted the modification—it would do away with the review of the budgets which customarily are presented by the local housing authorities?

Mr. LAUSCHE. It would.

Mr. BUSH. I ask the Senator from Ohio, the sponsor of the original amendment, whether that proposal is acceptable to him.

Mr. LAUSCHE. The amendment which has been modified is the amendment offered by the Senator from Arkansas.

Mr. BUSH. That is true.

Mr. LAUSCHE. It is not a modification of the amendment offered by the Senator from Virginia [Mr. BYRD].

Mr. BUSH. That is correct.

Mr. LAUSCHE. I think the law should remain as it is, requiring the submitting of a budget and the itemization of expenses. But to achieve what has been achieved is better than not to achieve anything at all. It is not wholly acceptable to me, but I think it is better than what has been offered.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Arkansas [Mr. FULBRIGHT].

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment offered by the Senator from Virginia [Mr. BYRD], as amended by the amendment of the Senator from Arkansas.

The amendment, as amended, was agreed to.

Mr. THURMOND. Mr. President, I call up my amendment which is at the desk, and I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 36, line 2, after the word "policy", it is proposed to strike out "to promote projects planned as parts of appropriate and well protected neighborhoods, to avoid projects so large as to constitute communities of one economic class, to plan projects with the lowest feasible density and of architectural patterns in keeping with sound local practice, to arrange dwelling structures so as to facilitate transfer to families whose incomes increased beyond the limits for continued occupancy."

Mr. SPARKMAN. Mr. President, will the Senator from South Carolina yield?

Mr. THURMOND. I yield.

Mr. SPARKMAN. The Senator from South Carolina has discussed this amendment with me, as has the Senator from Louisiana [Mr. ELLENDER], who, by the way, is one of the original authors of the public housing legislation. I understand the amendment has been discussed with the Senator from Indiana [Mr. CAPEHART] also.

I am perfectly willing to accept the amendment, but I wish to make an explanation.

The amendment relates to a statement of policy supplementing that contained in the existing law. It has been my contention all along that it is not necessary to add existing statutes to this particular wording, that the law as it exists today already includes the power to do what is really intended by this wording.

The Public Housing Administration has recently completed one particular project, on an experimental basis, at Cedartown, Ga. What it really amounts to is a spreading out of public housing units as 1-, 2-, or 3-family units, on vacant lots, wherever they may be found, instead of constructing the ordinary, institutional type of housing.

By agreeing to accept the amendment offered by the Senator from South Carolina, I would not want it to be understood that we are in any way objecting to this practice, remembering that it can be done only by the local authority itself. It is something over which the local authority has control.

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

Mr. SPARKMAN. I yield.

Mr. CLARK. The same procedure which is in current use in Cedartown, Ga., is presently in use in Philadelphia, Pa. I associate myself with the comments of the Senator from Alabama and reiterate that I do not think this particular language is needed in the act in order to enable the authority to continue to do what it is doing now, which is all the amendment calls for. For that reason, I shall not object to the amendment.

Mr. SPARKMAN. It is wholly within the control of the local authorities.

Mr. CLARK. That is correct.

Mr. ELLENDER. Mr. President, I also objected to the language which the amendment offered by the Senator from South Carolina would strike from the bill, as well as many other provisions in the bill, as reported by the Committee on Banking and Currency, dealing with public housing. In anticipation of offering my own amendments to strike the objectionable language from the bill, I have a statement, which I shall not read at this time, since the major parts of the bill to which I have objection have already been deleted. The pending amendment would remove the other provisions covered by amendments I originally planned to offer. Under the circumstances, there is no necessity for my burdening the Senate with the reading of my statement, but I do ask unanimous consent that it be printed at this point in the RECORD.

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

STATEMENT OF SENATOR ELLENDER

It is with a great deal of regret that I feel compelled to oppose the low rent public housing provisions of S. 4035, the Housing Act of 1958.

As Senators know, I along with Senators Taft and Wagner, was a cosponsor of the original legislation which became the Housing Act of 1949.

Basically, that act was and still is good legislation. It is founded on the premise that the Federal Government, acting through locally constituted Public Housing Authorities, has the responsibility of assisting in providing decent dwellings to families of low income.

As the Banking and Currency Committee report on the Housing Act of 1949 points out, the legislative proposals embodied in that enactment were the result of earnest and detailed study. Actually, the public housing provisions originated in the Housing Act of 1937. Beginning in mid-1944, the Subcommittee on Housing and Urban Redevelopment of the Senate Committee on Postwar Economic Policy and Planning, commenced an examination of every aspect of the housing problem. It held hearings throughout the country, receiving testimony from every available source including national organizations interested in housing, representatives of the Federal, State, and local governments and individual experts in the field of housing.

On the basis of subcommittee recommendations, I—along with Senators Wagner and Taft—in November of 1945, introduced S. 1592. That bill was the subject of detailed hearings, consuming in excess of 2 months. S. 1592 was favorably reported to the Senate in April of 1946, was passed by the Senate, but failed to pass the House of Representatives.

In the 80th Congress, Senators Taft, Wagner, and I introduced S. 866, which was for all practical purposes substantially identical with S. 1592. That bill, too, was the subject of extensive hearings before the Senate Banking and Currency Committee in 1947 and again in 1948. It was favorably reported to the Senate.

In the meantime, the Joint Committee on Housing had been created in 1947. The joint committee held a number of hearings, resulting in the modification and amendment of S. 866, which passed the Senate as amended, but failed to pass the House, in 1948.

The Housing Act of 1949, to which I have referred, was the ultimate outgrowth of the study and consideration which various committees and joint committees of the Congress had given to postwar and future housing problems beginning in 1944. With special reference to the low-rent housing features, it was our judgment that low-rent public housing should be made available on the basis of need, where private enterprise housing for low-income families was in short supply, or nonexistent.

The philosophy back of this legislation, was at the time, often criticized, as it has been since. However, that philosophy still makes sense to me today. It was our belief then, and it is my belief now, that since the Federal Government—through many programs—including the Federal Housing Administration home-loan program, and the so-called Veterans' Administration home loan guaranty program, make it possible for persons of moderate or high income to obtain decent housing with Government assistance, then similar treatment should, and must, be extended to families of low income.

Thus, in the 1949 act, we provided, in effect, for subsidized housing for low-income families with the definite understanding that once the maximum low-income limits were reached, those families should be compelled to vacate subsidized public-housing projects and move into housing which private enterprise, bolstered by assistance in the form of FHA home loans and VA home-loan guaranties, was providing.

The bill before the Senate at this time completely abandons this approach. While calling for the construction of additional low-rent housing units, it nevertheless proceeds to go off on an economic and social tangent. For example, no longer would persons whose income exceeded the public housing maximum be required to vacate subsidized public-housing units. On the contrary, they could choose to remain in such units as tenants, or—in the alternative—be given the opportunity to purchase their own units, with payments extending over a period of 40 years, compared with the maximum of 30 years under both the FHA and VA home-loan programs.

In addition, S. 4035 proposes to amend the declaration of policy in the Housing Act of 1937, as amended, in such a manner as to direct the construction of either single or multi-family low-rent-housing projects in appropriate and well protected neighborhoods.

With this specific directive is additional authority for housing authorities to acquire by purchase, or otherwise, existing single or multiunit dwellings in these areas.

Thus, in almost any manner imaginable, S. 4035 amounts to an abandonment, if not a complete repudiation, of the philosophy motivating the Housing Act of 1937 and the Housing Act of 1949—a philosophy based upon the sound, and I regard as irrebuttable premise, that the provision of housing to the American people must remain primarily in the hands of free, private enterprise, with the Federal Government lending its assistance in the areas of low-rent public housing and slum clearance only when private enterprise has been shown unable or unwilling to act.

I want to again place myself on record at this time as stating emphatically that I believe in public housing—I think that it meets a great and perhaps growing need among citizens of low income for decent housing for themselves and their families which they would otherwise be unable to obtain. However, I refuse to become a party to legislation which would expand the sphere of federally subsidized competition with private enterprise into an area where such competition, or action, has not been shown to be necessary.

In brief, I stand by the philosophy behind and the provisions of the Housing Act of 1949. I would welcome an opportunity to vote for an increased number of dwelling units under the authority of that act. I respectfully urge the Senate to join with me in repudiating the philosophy which has promoted the promulgation of S. 4035, and to reaffirm the wisdom and logic which formed the basis of the existing low rent and public housing and slum clearance authority, namely the Housing Act of 1949.

I have sought today to attack the pending bill on its merits. However, I might add that, as drafted, the bill proposes to authorize federally-subsidized imposition of smaller low rent housing projects in whatever neighborhood or part of a community in which the local housing authority might decide to place such projects. It is entirely conceivable that the construction or acquisition of low rent housing facilities in neighborhoods where property values are high, could and would result in the deterioration of those property values by the influx of low income families. In addition, should the Supreme Court of the United States determine to again embark upon another foray into the legislative domain, as it did in 1954 in the school segregation decisions, and determine that segregation on the basis of race in local-authorized and administered housing authorities is unconstitutional, our country, indeed, each and every community in our country, would face the prospect of federally-subsidized "block-busting" expeditions designed to destroy and disrupt established neighborhoods, and destroy the traditional and established patterns of economic and social development of urban, suburban, and even semi-rural areas.

For this reason, too, I must frankly state to the Senate that in my judgment the Housing Act of 1958, S. 4035, especially insofar as the low-rent public housing provisions are concerned, amounts to civil rights legislation under the guise of providing decent housing to low income families. If it is the desire of the Senate to align Uncle Sam at the side of the National Association for the Advancement of Colored People and other such organizations in embarking upon mandatory, community-wide racial integration of private housing, then I suggest that such legislation be incorporated into an area where it more properly belongs, in a civil rights bill, which could be studied by the Senate Judiciary Committee for possible constitutional questions. Such provisions of law should not be tucked away in a housing bill.

I realize that this is complicated, technical legislation. I am frank to admit that since the bill was originally ordered reported, pressing committee work and other duties have not permitted me to study the measure is as great detail as I would like to. However, I have studied it sufficiently to convince me that—insofar as the low-rent housing features are concerned—it is bad legislation. It is bad legislation because it would further inject the long arm of Uncle Sam's heavy-handed bureaucracy into the entire housing field; it is bad legislation because it abandons the sane and sensible concept of low rent public housing as embodied in the 1949 act; it is bad legislation because it attempts to accomplish social objectives, which are found repugnant to large numbers of our citizens, under the guise of providing decent housing to all of those citizens, at fair and reasonable prices, and under fair and reasonable conditions.

I urge that the far-reaching changes in the low rent public housing act, as proposed in this bill, be stricken, and that primary responsibility for the provision of medium and high income housing be left in the hands of private enterprise, where it rightfully belongs.

Mr. THURMOND. Mr. President, I had prepared to make some remarks on the amendment; but since my distinguished friend, the Senator from Alabama [Mr. SPARKMAN], has accepted the amendment, I shall not take the time of the Senate for that purpose.

The PRESIDING OFFICER (Mr. HOBLITZELL in the chair). The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. THURMOND].

The amendment was agreed to.

Mr. JAVITS. Mr. President, I have had printed an amendment, identified as "7–9–58–B," which seeks to extend from 30 years to 40 years the allowable time for mortgages under section 203 (b) (3) of the National Housing Act. I have not called up the amendment, and I do not propose to call it up, because I believe the committee has had before it a rather extensive amount of testimony—including testimony from me—on the desirability of that change. In that connection, I refer my colleagues to the hearings on the Housing Act of 1958, pages 238–243 and page 613. I think that in the building industry, there is an enormous amount of sentiment in favor of that change.

It would result in reducing the carrying charges on individual homes by approximately 1 percent, as contrasted with the present situation; and it also would result in a 9 percent saving in terms of the monthly carrying charge for the normal house, which includes payments on both principal and interest, in the case of so many of the FHA mortgages.

I am confident the distinguished chairman of the Housing Subcommittee, the junior Senator from Alabama [Mr. SPARKMAN], regards this matter in the same way I do, in view of his traditional desire to encourage home building and home ownership.

At this time I seek assurance that this question continues to be under really active consideration by the subcommittee, with a view to taking action on it if, as a result of the experience with other 40-year programs under the present law, such action is found to be desirable.

Mr. SPARKMAN. Mr. President, will the Senator from New York yield to me?

Mr. JAVITS. I yield.

Mr. SPARKMAN. Mr. President, the Senator from New York has well stated exactly what I would have stated. The matter is receiving study. Facts and figures are being collected in order to determine whether it is feasible and advisable to do this very thing.

I certainly agree with the Senator from New York that if the results of the study indicate that it should be done, I shall be ready to act accordingly.

Mr. JAVITS. Mr. President, I thank the Senator from Alabama; his attitude on this matter is typical of the way in which he has approached the entire question of housing.

Mr. President, I could not resume my seat without making clear the great debt the entire country owes to the distinguished junior Senator from Alabama [Mr. SPARKMAN] in connection with the pending bill, which I believe must result in great progress in connection with the urban-renewal program and other programs of great importance to those who live in the large cities and in other areas, such as are found in New York. We are deeply indebted both to him and to my dear friend, the Senator from Indiana [Mr. CAPEHART] who has cooperated in connection with what today appears to be so constructive a result.

Mr. SMITH of New Jersey. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER (Mr. JORDAN in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. On page 51, in line 2, it is proposed to strike out "and."

On page 51, between lines 2 and 3, it is proposed to insert a new paragraph, as follows:

(6) inserting before the semicolon in section 402 (c) (2) a colon and the following: "*Provided*, That the administrator shall extend financial assistance to educational institutions under section 405 only after consultation with, and in accordance with the advice and recommendations of, said Office of Education"; and,

On page 51, in line 3, it is proposed to strike out "(6)" and insert in lieu thereof "(7)."

Mr. SMITH of New Jersey. Mr. President, the Senator from Maine [Mr. PAYNE] intended to submit the amendment; but he has been called from the Chamber.

Therefore, in representing the Committee on Labor and Public Welfare, I have offered the amendment, because my attention has been called to the fact that the bill provides loans for the construction of educational facilities, including classrooms, laboratories, and so forth, which really constitute a part of an educational program. Therefore, the Department of Health, Education, and Welfare should have consulting authority on this part of the program, as provided by the amendment.

Mr. CAPEHART. Mr. President, will the Senator from New Jersey yield to me?

Mr. SMITH of New Jersey. I yield.

Mr. CAPEHART. Mr. President, this is an amendment to an amendment which I offered, which previously was adopted.

I believe the pending amendment is a splendid addition to the bill, and I believe that the able Senator from Alabama [Mr. SPARKMAN] likewise takes that position.

So I urge that the amendment be adopted.

Mr. CLARK. Mr. President, will the Senator from New Jersey yield to me?

Mr. SMITH of New Jersey. I am glad to yield.

Mr. CLARK. Mr. President, inasmuch as in the subcommittee I was the author of the section to which the pending amendment is offered, I wish to say that I believe this amendment is an excellent one, and should be adopted.

Mr. CAPEHART. Mr. President, the Senator from Pennsylvania was the author of the amendment, and we amended it so as to guarantee the bonds.

Mr. CLARK. This section of the bill has to do with expanding educational facilities and the like.

Mr. CAPEHART. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Jersey [Mr. Smith].

The amendment was agreed to.

Mr. SPARKMAN. Mr. President, I send to the desk a purely technical amendment, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 42, it is proposed to strike out lines 5 and 6, and to insert in lieu thereof the following: "out in the proviso thereto the following: 'proviso of subsection 10 (b), or, where applicable, the second proviso of subsection 10 (c)', and inserting in lieu thereof the following: 'sentence of section 10 (b)'."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama [Mr. SPARKMAN].

The amendment was agreed to.

Mr. SPARKMAN. Mr. President, before the third reading of the bill, I should like to say a word in regard to this bill and many other housing bills which have been before the Senate in the past several years. They have largely represented the handiwork, and certainly the direction, of our staff director, Jack Carter.

This bill will probably be the last one to be prepared under his direction, for he is leaving the subcommittee, much to my regret, although I must say that I am delighted that, in leaving, he is becoming a citizen of the State of Alabama. So his departure will be our loss, insofar as the subcommittee and the entire Banking and Currency Committee are concerned, but it will be a great gain for the State of Alabama.

Jack Carter has been a master in handling housing matters of all kinds, not only in connection with the housing legislation, but also in keeping up with the housing programs, as our work has proceeded. After all, measures which relate to housing constitute a major part of the responsibility of our subcommittee.

So, Mr. President, before action on this bill is completed, I wish to pay this tribute to him.

Mr. FULBRIGHT. Mr. President, will the Senator from Alabama yield to me?

Mr. SPARKMAN. I yield.

Mr. FULBRIGHT. I should like to associate myself with the remarks the Senator from Alabama has made. I believe this is one of the most successful programs our Government has undertaken in any field. It is presently contributing more, I believe, to the rejuvenation of our economy than almost anything else the Government has dealt with.

Much of the success of the program has been due to the very wise and intelligent direction which has come from Jack Carter; and I cannot commend him too highly. I join in the expressions of regret that he is leaving the committee.

Mr. CAPEHART. Mr. President, will the Senator from Alabama yield to me?

Mr. SPARKMAN. I yield.

Mr. CAPEHART. Mr. President, I should like to say amen to each and every word the able Senator from Alabama [Mr. SPARKMAN] and the able Senator from Arkansas [Mr. FULBRIGHT] have had to say about Jack Carter. I concur in all that they have said about him. His assistance has been invaluable.

Mr. BUSH. Mr. President, will the Senator from Alabama yield to me?

Mr. SPARKMAN. I yield.

Mr. BUSH. I am delighted that the distinguished chairman of the subcommittee has raised the subject. I join heartily with my colleagues, the distinguished Senator from Alabama, the distinguished Senator from Indiana, and the distinguished Senator from Arkansas, in their remarks, and also wish to say it has been a real pleasure to work with this very capable member of the committee staff. We are indebted to him. We shall miss Jack Carter. I wish to join other Senators in wishing him Godspeed and success.

Mr. CAPEHART. I should like to say that the best judgment he ever showed in his life was when he married a girl from Indiana.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question is on the passage of the bill.

Mr. BUSH. Mr. President, I shall detain the Senate but a few moments. I wish to say a few words about the bill, because we worked hard on it for many weeks—indeed, many months—and it is a very important piece of legislation.

I wish to speak particularly for a moment about the urban renewal features of the bill. I have been a constant supporter of a slum clearance and urban renewal program since I have been on the committee. I have seen with my own eyes what benefits can come to some of our cities by the operation of this program.

I have been somewhat fearful about the future of the program. Because I have been fearful of it, I submitted an amendment which would have caused the States to play a larger part in financing the program, and thus increase the amount of public funds available for slum clearance and urban renewal.

I think the sums of money we are spending in connection with the urban-renewal program are not large when considered in relation to other programs. For instance, only this week the Senate voted appropriations amounting to more than $1 billion in connection with a $12 billion program for development of water resources. The urban-renewal program is going to be very expensive, too. The distinguished junior Senator from Pennsylvania [Mr. CLARK] pointed out in his remarks this week on the Senate floor that the urban-renewal program, merely considering the plans which are now known, will cost from $70 billion to $95 billion, of which $15 billion must come from public funds. I am speaking of billions of dollars, so one can see this is a program of tremendous magnitude.

In view of the very heavy demands on the Treasury of the United States, and in view of the fact that we are facing the likelihood of an $11 billion deficit in the current fiscal year, I am fearful that if an economy wave overtakes the Senate, such as took place in 1957, when the defense program was sharply curtailed, the urban-renewal program may be hit. It was for that reason that I intended to propose an amendment which would have increased participation by the State governments.

I did not call the amendment up today, before the third reading of the bill, because I assessed the Senate's feeling on the question, and I knew in advance the amendment would not be supported. It would have had the effect, however—and I think it is something we should consider next year in connection with housing legislation—of gradually reducing the Federal share in the urban-renewal program, from 66⅔ percent to 60 percent in 1 year, to 55 percent in the next year, and to 50 percent in the next year, and from then on, and of providing corresponding increases in the shares of the local or State governments. It would have given priority in Federal capital grants to projects in those States which contributed at least 50 percent to the local cost.

As I have said, I think this is a matter with which the Senate must come to grips, especially the committee, when it considers housing legislation next year.

I should like to make one final point about the bill. I object very strongly to the omnibus bill technique. There are in the bill seven different titles. There is the FHA insurance program, which is a big program in itself. There is the program for housing for the elderly, which is important, but is not related to the main subject, and should be considered in a bill by itself. There is also in the bill a title on urban renewal, which I believe is worthy of a special bill and consideration on its own merits. There is also contained in the bill a title on the low-rent housing program. The comments I have just made apply to that program. There is a title in the bill on the armed services housing program. Then there is a miscellaneous title applying to Federal National Mortgage Association, farm housing research, surveys of public works planning, and so forth.

I make the plea that the committee next year not adopt the technique of an omnibus bill, but consider the titles in separate bills, so they may receive separately the consideration which they so well deserve.

I fear the possibility arising from this kind of omnibus bill. It may encounter a Presidential veto. I have no previous knowledge of the administration's views on the particular measure which the Senate is about to pass, but we know the President sometimes vetoes omnibus bills which are passed, as he did, for instance, this year and last year in connection with the public works bill. The President vetoed the bill not because he was opposed to the whole bill, but because about 20 percent of it was unacceptable to him.

I think this question also points up the necessity for an item veto, which, from year to year is proposed to the Congress, but which has not gotten anywhere. We are getting into such tremendous budgets, and bills are becoming so complicated, that I think in another Congress serious consideration should be given to that question also.

I yield the floor.

Mr. BRICKER. Mr. President, I wish to express agreement with what my distinguished colleague the Senator from Connecticut has said. On previous occasions I have voted against a bill because it contained items which I did not favor. I dislike to vote against a bill because it contains a few sections of which I do not approve. It is hoped that some of the matters in the pending bill may be cleared up in conference. This kind of bill always goes to conference, because of the differences between the House of Representatives and the Senate.

I agree with the remarks of the Senator when he states there are items in this bill each one of which should command the attention of the Senate and the committee in its preparation.

So I hope in the future we can give more detailed consideration to the various provisions of bills of this character which are thrown together in an omnibus form, many items unrelated to the others.

Mr. DOUGLAS. Mr. President, I ask unanimous consent to have printed in the RECORD an article which appeared in the Chicago Daily News of July 9, 1958, a resolution, and a letter, all pertaining to the housing bill.

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

[From the Chicago Daily News of Wednesday, July 9, 1958]

CHICAGO HOUSING AUTHORITY TO REJECT UNITED STATES MEDDLING—HOUSING AGENCY SEEKS FREEDOM FROM CONTROLS

(By Charles Nicodemus)

The Chicago Housing Authority, Wednesday was preparing to tell the Federal Government to keep its nose out of the management of public housing in Chicago.

If the Government doesn't, said Alvin E. Rose, Chicago Housing Authority executive director, the Chicago Housing Authority intends to oust the Federal Government from all control over the $230 million worth of Chicago Housing Authority property.

The Federal Government originally paid almost the entire bill for construction of the Chicago Housing Authority's 22 projects, which contains 17,600 dwellings.

Rose said he would present to the Chicago Housing Authority board meeting Wednesday a resolution that would, in effect, authorize the Chicago Housing Authority to break its contract with the United States Public Housing Administration.

"The 4-page resolution was prepared at the direction of the commissioners," Rose said, and "approval is expected."

Rose said the Public Housing Authority could either:

"Fight the move by attempting to seize the Chicago Housing Authority.

"Give in and let us run our business the way it should be run, without intolerable Federal meddling."

The break with the Federal agency—without precedent in the Nation—climaxed a bitter, 6-month dispute between CHA and PHA officials.

PHA investigators charged that the CHA is being run inefficiently, is being bilked of thousands of dollars by labor unions, and is going $580,000 into the red in 1958.

Rose said the charges are completely inaccurate.

The CHA board voted to break with the PHA at a secret meeting after the PHA, on June 27, ordered a previously undisclosed $900,000 cut in the CHA's $12 million 1959 budget.

Almost all of the $900,000 slash involved reductions in the maintenance force, which the PHA charged in a March 26 report was riddled with inefficiency and union featherbedding.

The CHA commissioners decided to reject the cut and operate in fiscal 1959 (July 1, 1958, to June 30, 1959) without Federal approval.

This is a direct violation of the CHA–PHA contract, under which the CHA agrees to submit to certain Federal controls in return for Federal financing of CHA projects.

Rose described the CHA move as a declaration of independence.

"When they [PHA] can prove there is something wrong with our operation, they have every right to come in and make recommendations," he said.

"But their so-called experts came to entirely erroneous conclusions about the CHA operation.

"They told us we would go $560,000 in the red, but they made close to a million-dollar blooper.

"Our financial report—due out in 20 days—will show that we made a profit of $400,000 this year."

The cut in maintenance costs ordered by PHA is "unrealistic, unreasonable, and arbitrary," according to Rose.

The CHA would lose money if the PHA orders were followed, he said.

More than 100 maintenance workers—including 67 janitors—would have to be fired to meet the PHA budget requirements, he said.

If the PHA refuses to back down on its demands, Rose said, CHA attorneys will seek an injunction blocking any move by the PHA to take over the authority because of the contract violation.

"Our legal staff is positive the courts will support our position," Rose said.

Ousting the Government from the city's housing picture would have no immediate effect on the CHA, Rose said, since the CHA is financially self-supporting.

But the 2,100 additional public-housing units that the CHA plans to ask the PHA to finance would be out the window, he said.

Rose said housing authorities throughout the country have been having similar troubles with senseless PHA meddling in management problems.

A bill to curb the PHA's power to intervene in the affairs of local authorities has been introduced in the Senate, Rose said.

Debate on the measure—Senate bill 4035—was scheduled to open on the Senate floor Wednesday.

[From the Chicago Tribune of July 10, 1958]

CHICAGO HOUSING AUTHORITY REBUFFS UNITED STATES ORDER IT SAVE $901,672

The Chicago Housing Authority, manager of public housing projects for low-income families, accused a Federal agency Wednesday of flagrant interference with its operations.

The charge was leveled at the Chicago regional office of the Public Housing Administration (PHA) in a letter in which CHA commissioners rejected a demand by the Federal agency that they cut $901,672 from their operating budgets.

Elimination of the $901,672 in the CHA's new budget, totaling $12 million and retroactive to July 1, was requested by the PHA as a result of a recent investigation contending that malpractices by building trades unions had created exorbitant costs at housing projects.

ACTION CALLED ARBITRARY

"We consider this latest move by the PHA as extremely arbitrary and unreasonable because we had been told that we would be given sufficient time to correct any labor difficulty," said Alvin E. Rose, the CHA executive director. "This demand for the $901,672 cut in the budget came as a complete surprise. We believe it violates the agreements we reached with the PHA."

No one knew Wednesday what the next move of the Federal agency would be. William E. Bergeron, the PHA regional director, was reported out of the city, and others at that office would not comment.

"We will merely continue to operate without an approved budget," said Rose. "If the PHA should attempt to take over our operations, we will go immediately into court for an injunction.

"Our position is that the PHA, because the Federal Government pays off our mortgages, has a definite interest in our operations, but this interest should not pertain to the minute details of our operations, such as who we can or cannot hire."

NATIONWIDE SQUABBLE

The CHA's fight with the PHA was said to be significant nationally because local housing authorities in other major cities also are disputing the extent of supervision by the Federal agency.

Senator DOUGLAS [Democrat, Illinois] is one of the sponsors of pending Federal legislation which would limit the Federal Government's detailed supervision to housing projects only to the phase of site selection and construction.

Rose said he and other CHA officials intend to appear at Congressional committee hearings in support of this legislation.

THE CHICAGO HOUSING AUTHORITY RESOLUTION NO. 58CHA

Be it resolved by the Chicago Housing Authority, That the commissioners of the Authority shall send to the Director of the Regional Office of the Public Housing Administration a letter, in substantially the form set forth below, in reply to budget modifications transmitted to this Authority under letter of June 27, 1958.

CHICAGO HOUSING AUTHORITY,
Chicago, Ill., July 9, 1958.

Mr. WILLIAM E. BERGERON,
Regional Director, Chicago Regional Office, Public Housing Administration, Chicago, Ill.

DEAR MR. BERGERON: This is in reply to your letter of June 27, 1958, returning our budgets, approved with modifications and qualifications listed under 15 subdivisions and reducing our budget in the amount of $901,672. The purpose of this letter is twofold: namely, (1) to confirm the understanding reached in the conference between our respective staffs, held on July 3, 1958, relating to budget reductions made in violation of our prior agreement and which you now concede should be restored, and (2) to strongly protest your unreasonable and arbitrary action in making drastic and shortsighted reductions in other areas.

Initially it must be stated that, after studying the budget modifications imposed in your letter of June 27, 1958, it is the feeling of this Authority that such action was unwarranted and contrary to the earlier agreement reached by our respective staffs as confirmed in our letter to you of May 6, 1958. It was our strong impression that, after innumerable staff conferences, only the issue of the craft foremen remained in dispute, with all other items to be handled in accordance with the mutual understandings and undertakings agreed upon.

It is noted that your budget reductions would necessitate reducing our staff by 113 maintenance persons and 14 administrative personnel, and would require us, in order to comply with your demands, to dispense with the services of these people by July 1. In view of the fact that your modifications were not received in this office until Friday, June 27, it was an absolute impossibility to conform to the budget as modified by your office. Your action completely ignored our personnel policy and practice which, incidentally, has been approved by your agency, to give administrative employees 30 days' termination notice. In slashing our budget, you made no allowance for this factor.

In any event, we are at a loss to understand why we were not given an opportunity to discuss with you the details and substance of the budget reductions imposed in your letter of June 27, before they were formalized, as has been customary between our respective agencies in past years. Further, a member of your staff specifically advised us that such an opportunity would be available.

The following items, corresponding to the subdivisions listed in your letter of June 27, relate to budget reductions which you conceded in the staff conference of July 3, should be restored in our budget. They are as follows:

2. Controller's office:

(a) The salaries of the positions of buyer, associate accountant, administrative assistant, and senior clerk should be restored.

(b) The positions of junior accountant and clerk typist should be restored.

(c) The salary of the position of fiscal clerk (insurance), referred to by you as "secretary," should be restored.

(d) The salary of the position of senior accountant (general accounts), referred to by you as "assistant controller or chief accountant," should be restored.

(e) The salary for 1 position of auditor for the year and the salaries for 2 auditors for the month of July, plus their terminal leave, should be restored.

5. Management aid (labor coordinator):

(a) The salary for this position should be restored.

7. Roving cashiers:

(a) The salaries for the positions of three roving cashiers should be restored for the period from July 1 to September 30, 1958, plus accumulated leave.

With respect to the remaining items on which apparently no agreement has been reached, we hereby elect, pursuant to section 407 of the consolidated annual contributions contract, to consider your modified approval as a disapproval of our budget. In support of this position, we hereinafter set forth our objections to the budget reductions in question, maintaining that your action is unreasonable and arbitrary and, accordingly, in violation of the proper exercise of your powers under the annual contributions contract.

1. Craft foremen:

We protest the budget reduction of $56,939.24 for craft foremen. You have advised that you will approve a budget revision covering salaries of craft foremen for 90 days only. This would foreclose us from retaining craft foremen beyond the 90-day period.

We refer to our resolution of June 11, 1958 (No. 58–CHA–108), previously sent to you, in which the authority determined to maintain the status quo, i. e. to retain the craft foremen in the budget, until the authority has had sufficient time to complete its negotiations with the craft unions concerned and that the authority's decision on your recommendation would be deferred until this was accomplished and in any event no later than December 11, 1958.

We do not propose to take any decisive action such as agreeing to the elimination of the craft foremen from our budget until we have satisfied ourselves that your recommendations are sound and in the authority's best interests. In view of the long established and accepted practice in this area, which has been regularly approved by your agency these many past years, we believe it is unreasonable to disrupt our operations until we have had sufficient time, in light of all surrounding circumstances, to negotiate a mutually acceptable arrangement with the crafts involved.

It must be emphasized that the authority is continuing its best efforts to work out an appropriate solution to the problem posed.

8. Janitorial services:

We strongly protest your action in reducing our budget $295,656 in this area as unreasonable, unrealistic, shortsighted, and not in the authority's best interests. In support thereof, we note as follows:

A. Your budget modifications calling for reduction in janitorial staff go even further than the drastic reduction recommended in your management survey. This latest action comes without warning on the eve of our new fiscal year and in the face of what we understood to be an agreement with you that staffing patterns at the various projects were to be studied and adjustments to be made on the basis of such a study, if and where warranted. This approach would permit absorbing janitors presently on our payrolls in other projects as they become available for occupancy.

B. Compliance with your recommendations would force the Authority to violate existing wage and staffing arrangements with the Janitors' Union, without opportunity for negotiations.

C. Your recommendations in this area are predicated, in part, on reducing the hourly rate for janitors from a range of $3.02–$2.42 per hour to $2.36 per hours. This higher rate was put into effect upon your recommendation and insistence, in December of 1957, and constitutes, as far as we are able to determine, the prevailing wage rate for this service in the community. As we are required by law and our annual contributions contract to pay "prevailing wages," we are without authority to arbitrarily reduce the hourly rate now in effect as you have demanded.

D. Your recommendation for reduction of janitors is patently inconsistent with the contention underlying in the management survey that maintenance and project operations are below standard. We are at a loss to reconcile how the Authority can increase services that janitors normally perform and, at the same time, reduce our janitorial staff.

E. Your recommendation for the elimination of resident janitors completely ignores the distinct advantages we have experienced since employing such resident janitors.

These advantages include (1) the availability of the janitor to act at all hours in the event of an emergency; (2) the availability of one or more persons residing in the project to whom tenants can report trouble in the project; (3) the presence of the resident janitors serves to substantially reduce acts of vandalism and misbehavior, particularly on the part of juveniles; (4) the men will work longer than an 8-hour day without additional compensation in periods of heavy workloads, such as planting; (5) better and close supervision of janitor helpers.

F. Your budget reductions would not permit employment of janitors for vacation-time replacements. Not only would this leave the projects understaffed, but would constitute a violation of standard and accepted practice, both private and public, in the city of Chicago.

In conclusion, we reiterate what we have advised you verbally, i. e., that we recognize that there is room for improvement in our operations; that we are willing and indeed anxious to complete our studies and undertake to put into effect such economies and changes as the study may dictate. However, we believe it is essential to sound and stable operations not to accept, without closer examination, what appears to us to be an unworkable and shortsighted program.

9. Rate of production—glaziers:

We regard arbitrary cuts of a fixed percentage, as proposed in your letter of June 27, to be completely inequitable. Experience has shown, over a period of years, that conditions vary between projects and, allowing for differences in construction, that these variances must be taken into consideration in budgeting man-hours required.

We doubt that anyone can forecast how much production will be increased in the coming fiscal year. It is our hope, as a result of recent and continuing negotiations, that there will be improvement. However, in our experience and judgment, the budget reduction of $35,023, or 40 percent, which you propose in this area is unrealistic and unreasonable and, if enforced, would not permit us to replace broken windows in line with our present standards of maintenance.

10. Rate of production—other craftsmen:

Our comments in No. 9 above are also appropriate here. Further, we note that negotiations with the crafts concerned have indicated that real efforts will be made to effect many of the economies with which we are mutually concerned. Again, however, we feel there is no basis for the application of an arbitrary percentage reducing our budget by $297,815 for these craftsmen.

11. Wall washing:

We protest the arbitrary cut in our budget of $73,037 for this item. We can see no valid relationship between the policy questions of (a) whether tenants should be required to make security deposits as a condition of tenancy, and (b) whether tenants should be required to wash their walls or be charged for this service, as you have indicated in your letter of June 27.

With regard to your recommendation for requiring security deposits from tenants, the Commissioners have deferred taking what they deem to be drastic action until it can be determined whether other administrative changes adopted by the Authority will be sufficiently effective to reduce collection losses and thus make unnecessary the imposition of security deposits. Reference is made to our Resolution No. 58-CHA-99, adopted May 28, 1958.

Further, we propose to take up the matter of security deposits with public officials administering relief programs to ascertain the feasibility of those agencies including appropriate amounts in the budgets of their recipients. Until this has been fully explored and until we are able to evaluate the steps already taken my the Authority to remedy collection losses, we believe it is in the best interests of the Authority to defer action on your recommendation.

Our position on tenants washing of walls or being charged for this service is explicitly stated in our resolution of May 14, 1958 (No. 58-CHA-84) in which we made it clear that such a practice is not feasible in view of the hardship such action would impose on hundreds of tenants who are elderly or otherwise handicapped.

It is to be understood, of course, that we shall continue to actively encourage our tenants to undertake washing their own apartments. However, we believe it is unrealistic to expect vacating tenants to wash their apartments. In any event, we feel that the Authority would be in an indefensible position to evict tenants for failing to wash their walls, immediately prior to redecorating, which would be the ultimate result of the policy you propose.

Failure to restore this budget cut will seriously hinder our maintenance operations.

15. Materials and supplies:

We protest the budget reduction eliminating replacement ranges at all projects and replacement toilet seats at Brooks Homes. The reason given for your disapproval is that we do not propose to make these purchases under the PHA consolidated procurement contract. We deny that it is mandatory for the authority to purchase these items from your consolidated procurement list when such purchases are not economical and efficient.

Whenever and wherever it is economically sound, the authority makes purchases under PHA's consolidated procurement contract. However, in many instances, such as in the purchase of ranges and toilet seats, the consolidated list does not provide items which meet the authority's requirements and specifications, and are not deemed to be economical or efficient in long-range operations.

CONCLUSION

In concluding this protest, we wish to make it clear that it is our firm conviction that the Chicago Housing Authority, its commissioners and staff, have the primary responsibility under the law for the operations of the public housing program in this community; that management supervision of the projects is vested in the authority and not the PHA; that commissioners and staff of the authority are doing a conscientious job in resolving the management and administrative problems attendant to an operation the size of ours; that the premise of your management survey that our operation is insufficient, alleging a deficit of "nearly half a million dollars" for the fiscal year ending June 30, 1958, is spurious and completely unfounded, as evidenced by the fact that reliable estimates [1] establish our operations to have been in the black by at least $300,000; that we deem your arbitrary and unreasonable position, evidenced in your letter of June 27, to constitute unwarranted and flagrant interference with our operations.

Very truly yours,
CHICAGO HOUSING AUTHORITY,
By JOSEPH P. SULLIVAN,
Chairman.
MARTIN J. DWYER,
CHARLES L. SWIBEL,
JOHN R. FUGARD,
THEOPHILUS M. MANN,
Commissioners.

Mr. PROXMIRE subsequently said: Mr. President, I should like to ask unanimous consent that just before the vote on the bill, S. 4035, there be printed in the RECORD a letter from Richard W. E. Perrin, executive director of the Housing Authority of the City of Milwaukee.

[1] Books have not yet been closed for fiscal year ending June 30.

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

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE,
Milwaukee, Wis., July 10, 1958.

In accordance with your request, we are setting forth some of the objectionable exceptions taken by PHA auditors which are either erroneously set forth, are relatively negligible, or unworkable with the accounting system in use. This is not meant to discredit the audits conducted by PHA, but they would serve a better purpose if the audits were conducted with a view of following good accounting practices and in conformance with contractual provisions rather than to "dig up" picayune items as exceptions which serve only to irritate authority staff and accomplish no real purpose.

PHA finding: Rent and security deposit collections are not deposited daily.

LHA reply: This authority uses armored-car service for depositing project funds and the cost thereof would certainly not warrant depositing small amounts collected after the heavy rent payment period. Particularly so, when we are adequately covered with money and securities insurance.

PHA finding: Time slips distributing central office technical employees' salaries are being charged to Account 4401, Repairs, Maintenance, and Replacements, rather than to Account 4120, Central Office Salaries.

LHA reply: The above finding was erroneously set forth as the technical salaries were chargeable to Account 4401 as they represented supervision.

PHA finding: Revolving fund check No. , in the amount of $50,000, has been outstanding for more than 1 year.

LHA reply: There was an excellent reason for this check remaining outstanding as the payee, the city of Milwaukee, withheld deposit pending the refinancing of a municipally aided project. The check was valid and was cashed shortly after the audit period. Further investigation into this matter would have satisfied the auditors rather than taking exception to this item.

Finding: Trial balances of tenants' security deposits are not taken.

To our way of thinking, this is a waste of time as tenants' security deposits are uniform for all tenants and the listing thereof is meaningless as the total can be verified easily by multiplying the number of tenants in possession by the fixed security deposit to assure anyone that the amounts indicated on the books of account are correct. We, of course, are now forced to follow the finding which, as stated before, is a waste of time.

Finding: Accounts receivable due from a contractor, Kroening Engineering Corp., was still uncollected at date of audit.

The amount of this receivable was in dispute at the time, and further investigation by the auditors would have uncovered this reason, which should have removed the exception taken.

Finding: Examination of endorsements on checks paid by the bank from the revolving fund disclosed 3 checks not endorsed and 23 not endorsed as issued.

Our reply indicated that the liability is imposed on the bank for improper or missing endorsements. We have, however, prior to and subsequent to the audit examined all cancelled checks, returning those requiring correction to the bank. The checks indicated were in process of being corrected and should not have appeared as an exception.

Finding: The National Cash Register machine at project Wis-2-7 is provided with a transaction number mechanism which has not been in operation.

This was known to us and repairs had already been requested prior to the time of the audit, and further investigation would have shown this to be a fact, removing this exception also.

Finding: The Burroughs cash receipts register at the projects and the posting machine at the central office of the local authority do not post the year reference when the use of codes is necessary.

This machine operation will not print the year in all entries made. However, the year is inserted with pen and ink or typewriter at the beginning of each year's entries and there should be no real confusion as to which year the entries pertain.

Finding: Equipment record cards supporting the property ledgers do not contain sufficient information for proper identification of the items in all instances and do not indicate the current location of the equipment.

The required information is readily available to the auditors within the purchasing section, but the auditors insist that this information be duplicated within the accounting section to permit the auditors easy access. We do not agree that duplication should exist for the sole convenience of the auditors.

Finding: The practice of charging the acquisition cost of nonexpendable equipment for operations to the 7,500 group of accounts does not conform with the procedures set forth in the Low Rent Housing Manual. The 7,500 group of accounts are memorandum accounts only.

The suggested use was unworkable in our accounting system as we would lose budgetary control. We have been permitted and are continuing to record such entries as we had previously. The end result was identical.

These, and similar items, were explained to the auditors at the time of audit discussion, but their determination was that the exceptions are to remain and that our replies to the exceptions taken would explain the authority's position in this request. It would appear that a satisfactory explanation at or prior to the audit discussion should permit the removal of such negligible items, particularly when they are in the process of being corrected.

We trust the above will be of some assistance to you in achieving the objectives of NAHRO and most LHA's in obtaining more local control over public housing operations.

Best wishes for success.

Very truly yours,

RICHARD W. E. PERRIN,
Executive Director.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (S. 4035) was passed.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas to lay on the table the motion of the Senator from Arkansas to reconsider.

The motion to lay on the table was agreed to.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make any necessary technical changes in the bill just acted upon.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. CURTIS subsequently said: Mr. President, I was unable to be present on the floor at the time the housing bill was passed, because of my attendance at the session of the Select Committee To Investigate Improper Activities in the Labor or Management Field. I wish to state for the RECORD that, had I been present, I would have voted against the bill.

Mr. FULBRIGHT. Mr. President, I only wish to say one word of compliment to the Senator from Alabama [Mr. SPARKMAN] for his management of this bill, as well as to the Senator from Indiana [Mr. CAPEHART]. I have been a Member of the Senate for quite a number of years, and I have never seen a complex bill of this importance handled with such efficiency as the Senators have handled this bill. I think the Senate and the country owe the Senator from Alabama and the Senator from Indiana a debt of gratitude.

Mr. JOHNSON of Texas. Mr. President, I desire to associate myself with the statement made by the Senator from Arkansas [Mr. FULBRIGHT]. I have some knowledge of the great effort which has been spent on the legislation by the Senator from Arkansas, and by the subcommittee headed by the Senator from Alabama [Mr. SPARKMAN]. I also know of the active part taken by the distinguished Senator from Pennsylvania [Mr. CLARK] and the distinguished Senator from Indiana [Mr. CAPEHART].

I wish to express my personal gratitude to all these Senators for their unselfishness, for their patriotism, for their dedication to the national interest, and for making it possible for us to consider a reasonably good bill and pass it today, as we have, without even the necessity of a yea-and-nay vote. I think that is a tribute to the understanding and dedication to the public welfare of all the Senators.

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

Mr. JOHNSON of Texas. I yield to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, I should like to associate myself with the remarks made by the chairman of the committee with respect to the Senator from Alabama [Mr. SPARKMAN], but I also should like to say to my friend the majority leader that we never would have passed the bill as quickly and with as little controversy if it had not been for the outstanding leadership which the senior Senator from Texas furnished in guiding us, reconciling differences of opinion, and restraining a few of us who might have been a little bit more extravagant in our claims than we should have been. I pay personal tribute to the senior Senator from Texas.

I should also like to say it has been a pleasure to negotiate with my good friend the Senator from Indiana [Mr. CAPEHART]. I have found him to be fair-minded in all these matters.

I think we have a fine bill of which both sides can be proud.

Mr. JOHNSON of Texas. I thank the Senator from Pennsylvania for his undeserved comments regarding me. I am always glad to labor in the vineyard with my distinguished friend from Pennsylvania and my distinguished friend from Alabama, with whom I served so long in the House, as well as my friend from Arkansas and my friend from Indiana.

Mr. CAPEHART. Mr. President, I appreciate the nice things which have been said about me, and I say "amen" to everything said about everybody else, and I do say "amen."

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

Mr. JOHNSON of Texas. I yield.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the bill, as passed, be printed.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

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

Mr. JOHNSON of Texas. I yield to my friend from Wisconsin.

Mr. PROXMIRE. I should like to concur in the remarks made as to the wonderful job done by the distinguished Senator from Pennsylvania [Mr. CLARK] and, of course, by the chairman of the subcommittee, the Senator from Alabama [Mr. SPARKMAN], and by the distinguished chairman of the committee [Mr. FULBRIGHT]. This is another monument, it seems to me, to our fine majority leader. This is a real, concrete, substantial accomplishment of the 85th Congress and the Senate of the United States.

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

Mr. JOHNSON of Texas. I yield to my friend, the able Senator from Alabama.

Mr. SPARKMAN. First, let me say that I appreciate all the nice things which have been said, but that is not the reason I take the floor. I wish to say with reference to the remarks made by the very able and fine Senator from Connecticut [Mr. BUSH], backed up by our distinguished friend from Ohio [Mr. BRICKER], regarding the omnibus housing bill, that this is a matter of interest and concern to us each year.

I invite attention to the fact, as was pointed out by the Senator from Connecticut [Mr. BUSH] that there are seven separate titles to the bill, each one of which, as the Senator said, might well have been a separate bill.

Earlier in the year we considered the Emergency Housing Act. Following that, we considered the bill which provided $4 billion additional authorization for FHA insurance. In other words, had we handled all these matters as separate bills, we would have had to consider nine separate bills, each one of considerable importance. One can imagine how much time would have been consumed on the Senate floor. Senators might have said, "I am tired of having housing bills under consideration."

Mr. President, it seems to me that the answer is the very course we have followed, not only this year, but for several years past, which is consideration of an omnibus housing bill. After all, since we have talked about the importance of these bills, the housing program in which our Government engages and to which it lends support and encouragement, is one of the largest programs carried on in this country. The Government's contingent liability in the housing programs in all its different aspects runs into billions of dollars each year. We are not dealing with inconsequential subjects or small amounts, and all of these subjects are related.

I think the best, most expeditious, and most efficient manner of handling this subject is through an omnibus housing bill, as we have done in the past several years.

I thank the Senator from Texas for yielding to me.

BUSINESS REPLY MAIL

Mr. JOHNSTON of South Carolina. Mr. President, I ask that the Chair lay before the Senate the unfinished business.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 10320) to provide for additional charges to reflect certain costs in the acceptance of business reply cards, letters in business reply envelopes, and other matter under business reply labels for transmission in the mails without prepayment of postage, and for other purposes.

Mr. JOHNSTON of South Carolina. Mr. President, I believe it will take only a few minutes to pass the bill.

Mr. JOHNSON of Texas. I did not understand the request of the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. I should like to have the Senate consider and pass the unfinished business. I have cleared it with the other side.

Mr. JOHNSON of Texas. That will be fine.

Mr. JOHNSTON of South Carolina. There is no objection. It is simply a matter of taking up the bill, agreeing to some amendments, and passing the bill.

The PRESIDING OFFICER. The committee amendments will be stated.

The LEGISLATIVE CLERK. On page 2, at the beginning of line 4, it is proposed to strike out "Postage thereon at the regular first-class rate, and additional charges thereon (which shall be prescribed by the Postmaster General), shall be collected on delivery. Such additional charges shall equal, as nearly as is practicable, the approximate administrative and operating costs incurred by the Post Office Department with respect to the collection of postage and other lawful charges thereon, but such additional charges shall not be adjusted more frequently than once every 2 years" and in lieu thereof, to insert "Postage thereon at the regular first-class rate, and an additional charge thereon of 2 cents for each piece weighing 2 ounces or less and 5 cents for each piece weighing more than 2 ounces, shall be collected on delivery." And in line 18, after the word "on," to strike out "July" and insert "August."

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The amendments were agreed to.

Mr. JOHNSON of Texas. Does the Senator from South Carolina desire to offer an amendment?

Mr. JOHNSTON of South Carolina. I desire to offer an amendment at this time. The amendment has been passed by the Senate in the form of a bill which has been sent to the House. I discussed the matter this afternoon with the chairman of the House Committee on Post Office and Civil Service, and he suggested it might be well to handle the matter by having provisions of the bill as passed by the Senate added to the pending bill as an amendment, to which the House could agree when House bill 10320 is returned to the House.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. JOHNSON of Texas. As I understand it, the amendment is the same as the bill the Senate passed the other day to authorize the Secretary of the Senate and the Sergeant at Arms to use the frank.

Mr. JOHNSTON of South Carolina. That is what the amendment would do. The Senate passed the bill unanimously a few days ago.

Mr. President, I offer the amendment.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add a new section, as follows:

SEC. 3. (a) Section 85 of the act of January 12, 1895 (39 U. S. C. 326), is amended by inserting after the words "Secretary of the Senate," wherever they appear, the words "Sergeant at Arms of the Senate,".

(b) (1) Section 7 of the act of April 28, 1904 (39 U. S. C. 327), is amended by inserting after the word "Congress," the following: "and the Secretary of the Senate and the Sergeant at Arms of the Senate."

(2) Such section is further amended by adding at the end thereof the following: "In the event of a vacancy in the office of Secretary of the Senate or Sergeant at Arms of the Senate, such privilege may be exercised in such officer's name during the period of such vacancy by any authorized person."

(c) Section 2 of the act entitled "An act to reimburse the Post Office Department for the transmission of official Government mail matter", approved August 15, 1953 (67 Stat. 614; 39 U. S. C. 321o), is amended by inserting after the words "Secretary of the Senate," the words "the Sergeant at Arms of the Senate,".

Mr. JOHNSTON of South Carolina. Mr. President, at the present time we make an appropriation for stamps for use by these officers and their offices. We shall not have to do so in the future, if we pass this proposed legislation, but instead they will be authorized to use the franking privilege.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. JOHNSTON].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. JOHNSTON of South Carolina. Mr. President, I invite the attention of Senators to the fact that a correction is necessary in the report of the committee. The report uses the expression "penalty mail" when it should have read "franked mail."

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H. R. 10320) was passed.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

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

H. R. 7963. An act to amend the Small Business Act of 1953, as amended; and

H. R. 11414. An act to amend section 314 (c) of the Public Health Service Act, so as to authorize the Surgeon General to make certain grants-in-aid for provision in public or nonprofit accredited schools of public health, of training and services in the fields of public health and in the administration of State and local public-health programs.

CODE OF ETHICS FOR GOVERNMENT SERVICE

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent for the present consideration of House Concurrent Resolution 175, Calendar No. 1861.

The PRESIDING OFFICER. The concurrent resolution will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A concurrent resolution (H. Con. Res. 175) proposing a code of ethics for Government service.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas.

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a statement concerning the purpose of the concurrent resolution.

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

The purpose of this resolution is to set forth in a readily understood but meaningful manner basic standards of conduct as a guide to all who are privileged to be a part of the Government service. The word "guide" is used advisedly. The resolution creates no new law; imposes no penalties; identifies no new type of crime; and establishes no legal restraints on anyone. It does, however, etch out a charter of conduct against which those in public service may measure their own actions and upon which they may be judged by those whom they serve.

The original framers of this resolution, together with all those who now support its adoption, do not contend for a moment that it will wash all evil from the soul of the

Government or the individuals therein. They do believe strongly, however, that it can do no harm and has great possibilities of doing much good.

At the very least it may serve to encourage the thoughtless to be more thoughtful. It may cause caution instead of carelessness. It may add strength to the weak and refortify those who are strong.

Additionally, it may serve to spearhead other steps that will encourage or require greater fidelity to public trust and at the same time put a brake on those who contribute to thoughtless or deliberate derelictions in an effort to obtain special favor or personal gain.

COVERAGE

The committee understands and intends that this resolution apply to every servant of the public whether he be the President, a Member of Congress, a lifelong career employee, or an employee engaged only on a temporary basis to expedite the movement of mail during the Christmas rush.

The committee does not subscribe to nor could it support any code of principles that applied only to some and not to others. It believes there is no room in a great democracy such as ours for any set of double standards.

In that framework, the committee unanimously approved the resolution as providing a needed yardstick for the use of all who serve in the Federal service and for the use of those being served with which to measure and judge the propriety of official and personal conduct of every public official and employee—whether elected or appointed—and without regard to the position held or the duties performed.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to.

CORREGIDOR-BATAAN MEMORIAL COMMISSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1842, House bill 10069.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 10069) to amend the act of August 5, 1953, creating the Corregidor-Bataan Memorial Commission.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. WILEY. Mr. President, the main purpose of the bill is to extend the life of the Corregidor-Bataan Memorial Commission and to provide additional funds for its administrative expenses.

The Commission was created by Congress in 1953 to cooperate with the Philippine Government in erecting a replica of the Statue of Liberty on Corregidor Island as a memorial to American and Filipino servicemen who were killed in the Philippines during World War II. The Commission consists of Members of Congress and private citizens. I have the honor to serve on it, together with the senior Senator from Illinois [Mr. DOUGLAS], the junior Senator from Arizona [Mr. GOLDWATER], and Representatives SELDEN, DEVEREUX, and VAN ZANDT from the House, and Mr. Emmet O'Neal, Mr. John William Haussermann, and Mr. Frank Hewlett from private life. Mr. O'Neal serves as our able and efficient chairman.

The Commission decided early in its work that perhaps a memorial other that a replica of the Statute of Liberty would be more appropriate. An architectural competition was held and a design for a large symbolic structure was selected in 1957. This design has been approved by the Corregidor-Bataan National Shrine Commission of the Philippines. My bill, therefore, strikes out the reference in existing law to a replica of the Statue of Liberty. The bill also broadens the purpose of the memorial so as to honor Americans and Filipinos killed anywhere in the Pacific during World War II instead of those killed only in the Philippines.

Finally, the bill removes the time limit on the Commission's life and increases its authorized appropriations from $100,000 to $200,000. We estimate that this modest increase will be sufficient for our expenses for another 2 years. Let me emphasize that the members of the Commission serve without pay, and that we have only a small staff.

Let me also emphasize that the pending bill does not deal with the question of financing the memorial itself. That must be decided later.

It is important that the Senate act now on this bill so that the Commission may continue to pay its staff and so that the preparatory work for erecting the memorial may go forward.

The bill was approved by the Foreign Relations Committee without objection, and I know of no opposition to it. I hope that the Senate will approve it promptly.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading and passage of the bill.

The bill was ordered to a third reading, read the third time, and passed.

FEDERAL AVIATION ACT OF 1958—PROPOSED FEDERAL AVIATION AGENCY

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1846, Senate bill 3880.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3880) to create an independent Federal Aviation Agency, to provide for the safe and efficient use of the airspace by both civil and military operations, and to provide for the regulation and promotion of civil aviation in such manner as to best foster its development and safety.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Interstate and Foreign Commerce with amendments.

Mr. JOHNSON of Texas. Mr. President, for the information of Senators, I announce that it is not proposed to debate the bill today. However, it is proposed to take it up for consideration early on Monday and discuss it. We hope it will be possible to take final action on the bill on Monday.

We believe that it will be possible to follow this bill with the farm bill.

Mr. President——

The PRESIDING OFFICER. The Senator from Texas.

ORDER FOR ADJOURNMENT TO MONDAY

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations today it stand in adjournment until 12 o'clock noon on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I thank my friend from Florida [Mr. SMATHERS] for his indulgence and consideration of the leadership, by waiting for us to conclude action upon the pending legislation before making a very important statement.

I congratulate Senators on both sides of the aisle for their activity this week, and for their accomplishments. Their achievements are the result of cooperation on the part of all Members of the Senate, and I am grateful for it.

DEATH OF MRS. EMERY L. FRAZIER

Mr. COOPER. Mr. President, I know that all Members of the Senate have been saddened by the news of the death of the wife of our friend and coworker, Hon. Emery L. Frazier, Chief Clerk of the United States Senate. Mrs. Frazier was the former Juanita Kelsey.

Like other Members of the Senate, I had the opportunity to meet and to know Mrs. Frazier. She was a woman of strong character, a noble wife, and devoted to her faith. Her grace and gentle spirit illumined the friendship of all those who knew her.

I know that all of us express to our friend, Emery Frazier, our deep sympathy in his great sorrow.

Mr. JOHNSON of Texas. Mr. President, I desire to express my deep sorrow at the passing of Mrs. Emery L. Frazier.

Emery Frazier is one of the most loyal, intelligent, and dedicated public servants I have ever known. He comes from the great State of Kentucky, where some of the best friends I have ever had have lived, and where my ancestors lived before they went to Texas. I know that all other Senators join me in expressing grief and sorrow at the passing of Mrs. Frazier. I wish to associate myself with the remarks made by my friend, the very able Senator from Kentucky [Mr. COOPER].

HOPE FOR AMERICAN WAR DAMAGE CLAIMANTS?

Mr. SMATHERS. Mr. President, a long-delayed ray of hope is on the horizon for American citizens who have waited more than 13 years to have legitimate war damage claims against Germany and Japan recognized for payment out of liquidated alien assets. In a letter dated July 3 addressed to the chairman of Senate and House committees, the Department of State, through the Honorable William B. Macomber, Jr., Assistant Secretary, outlined an administration program for the payment of war claims of American nationals. These claims would be paid, for the most part, from proceeds available from the liquidation of vested assets.

In taking this approach, the Department of State is to be commended, if not for the breadth and scope of the proposal submitted, then for the mere willingness to recognize that American citizens have a legitimate basis to have their claims considered promptly by their Government and paid for from these alien funds. Nevertheless, the Department of State's new proposal to settle one aspect of the complicated problem of vested enemy assets comes belatedly and, in many respects, in poor grace.

I say this for two reasons: First, the proposal which would provide for a limited measure of compensation to long-suffering American war damage claimants was sent to the Congress because—by the Department of State's own admission—it was impossible to arrive at an understanding with the Germans on a proposal which would provide a partial "return" of the vested assets; and, second, because the Department of State's proposal leaves open the possibility that the payment of American war damage claims will clear up uncertainties in such a way that a return to Germany of whatever remains of the vested properties may be made at a later date.

By its very nature, the Department of State has engaged in a backhanded and devious method to solve this problem. This is an extremely untenable position inasmuch as, by all standards of measurement, these vested assets belong, legally and morally, to the United States and its citizens.

What it appears to be saying is that because Germany was unwilling to accept the scheme concocted earlier this year to hand back to Germany moneys rightfully belonging to the American people, it will now proceed with a course of action, outwardly appearing to be proper, but actually less than frank. In pursuing this course, the Department of State apparently feels it will be possible to accomplish a return of these assets or their monetary equivalent eventually—even if it takes a large appropriation of public funds to bring this about.

Assistant Secretary of State Macomber, Jr., made this abundantly clear in his letter of July 3 to the Senate Judiciary and House Commerce Committees when he said:

> By making it possible to establish with certainty the magnitude of valid war damage claims of American nationals against Germany and by providing for the payment of such claims, this bill would eliminate one of the principal factors which up to now have made consideration of this vested assets problem so difficult and unsatisfactory. This bill would, therefore, facilitate future efforts to achieve a final and mutually satisfactory solution to the problem of vested German assets.

I have made it abundantly clear on several occasions, here on the Senate floor, that consideration of any return of these vested properties is basically wrong and contrary to the best interests of the United States and its citizens. The German interests have no legitimate moral or legal basis to assert any claim against the properties.

Assistant Secretary Macomber's letter also made plain why the Department of State, contrary to all expectations, suddenly dropped its previous plan to return a large portion of the vested properties to German interests and sent to Congress instead a proposal to benefit only American claimants.

The reason, of course, was that Germany regarded anything less than the total current appreciated value of the assets as wholly inadequate and still seeks eventually to capitalize on President Eisenhower's ill-considered statement of last year that he would personally ask the Congress to approve "an equitable monetary return." The Assistant Secretary of State was not so direct for he was willing to only say:

> That government (Germany) has also felt that the return which might be made to these larger property owners (corporations) under the administration plan would, in any event, be inadequate * * * (and) that more should be done for those owners not included in the $10,000 return proposal by so modifying the proposal as to assure a substantial monetary return to all former owners.

Let there be no mistaken belief that the German interests, chiefly those who backed Hitler in his ruthless rise to power and who sustained him there, are about to give in. True to numerous predictions of what might occur when it became known that the Department of State had at last captured a measure of courage, lobbyists and industrialists in Germany—through cliques in the German Parliament—made it clear that they do not mean to take this action lying down or to regard it as more than a temporary defeat.

A New York Times dispatch, datelined Bonn, Germany, July 5, and carried by the Times on Monday, July 7, reported that the administration decision not to ask Congress to authorize the return of German assets "has aroused bitter disappointment here." It further states that some Germans believe the new policy "represents a repudiation of a pledge made by the Eisenhower administration last year" and that in the closing minutes of its session, the Bundestag—lower house of Parliament—"rushed through a protest resolution" urging the Government "to raise the issue forcefully in Washington."

The author of the Times dispatch, Mr. Arthur Olsen, notes succinctly, however, that "a West German commitment in 1954 to compensate German citizens for losses was not mentioned" and also draws attention to the fact, omitted from statements by the Germans themselves, that "in 1946 the United States agreed with its wartime allies to confiscate sequestered assets in lieu of exacting reparations from Germany." I disagree only to the extent that the term confiscation has no application.

I ask unanimous consent to have the New York Times dispatch of July 7, 1958, inserted in the CONGRESSIONAL RECORD at this point in my remarks.

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

UNITED STATES ASSETS POLICY IS DECRIED BY BONN—DECISION NOT TO PUSH RETURN OF PROPERTY SEIZED IN WAR CALLED BREACH OF PLEDGE

(By Arthur J. Olsen)

BONN, GERMANY, July 5.—A decision by the administration in Washington not to ask Congress to authorize the return of German assets seized in wartime has aroused bitter disappointment here.

Members of the Government and an overwhelming majority in Parliament feel that the policy represents a repudiation of a pledge made by the Eisenhower administration last year.

The Bundestag, the lower house, rushed through a protest resolution a few hours before adjournment for the summer last night. It called on the Government to raise the issue forcefully in Washington on the ground that the administration had made a complete breach of its commitment to the principle of the inviolability of private property.

A West German commitment in 1954 to compensate German citizens for losses was not mentioned.

The occasion of the move was a State Department announcement Thursday to the effect that no legislation concerning the return of sequestered German property was contemplated during the present session of Congress. However, a draft bill is to be introduced to authorize the payment of United States war-damage claims against Germany out of funds acquired by the sale of vested German assets, the State Department said.

WOULD YIELD $200 MILLION

At issue are several hundred million dollars' worth of properties and bank deposits owned by German citizens at the outbreak of World War II. The assets, vested by the Justice Department under the Trading With the Enemy Act, would yield about $200 million in cash sales, according to estimates here.

In 1946 the United States agreed with its wartime allies to confiscate sequestered assets in lieu of exacting reparations from Germany. Loss and damage to properties in Germany owned by United States citizens are estimated to total about $100 million.

Responding to pleas by Chancellor Konrad Adenauer, the United States modified its stand in 1953, promising to return, as an act of grace, assets owned by individuals in the amount of $10,000 or less.

West German corporate interests continued to lobby for something better. On July 1, 1957, the administration announced it would propose legislation authorizing a full return of all assets on the ground that private property should be immune to arbitrary confiscation. United States war-damage claims were to be settled out of repayments on West Germany's postwar debt for economic aid.

It is this policy statement that the Bundestag maintained had been repudiated in the latest Washington announcement.

In fact, a much more modest settlement has been under negotiation between Bonn and Washington for 8 months. Under the United States proposal all proceeds from the sale of vested properties would be returned to German owners after American war-damage claims had been paid.

The sum of $120 million, obtained from German property sales to date, has already been distributed in compensation to American war prisoners of Japan. This money would be approximately restored by an appropriation of $100 million.

According to West German calculations, the result of the United States proposal would have been the recovery of about $80 million against vested assets valued at $450 million.

In long diplomatic exchanges Bonn obtained some improvements in the proposed settlement, but it hesitated to accept the proposition as a whole. Washington is reported to have indicated last month that it was unwilling to go on bearing with West German attempts to exact full return of vested properties.

A lack of response from Bonn led to the decision announced this week.

UNITED STATES MOVE DEFERRED

WASHINGTON, July 6.—The State Department has deferred to an indefinite future its plans to ask Congress for legislation returning to their owners German assets seized during World War II.

A letter from William B. Macomber, Jr., Assistant Secretary for Congressional Relations, to Representative OREN HARRIS, Democrat, of Arkansas, last Thursday said the Department planned to ask only for legislation to compensate American claimants of war damages against Germany and Japan.

When these claims have been settled, the letter said, the Department will consider legislation on the return to their prewar German owners of seized assets.

Previously, the administration had always linked the two issues of return of enemy assets and compensation of American claimants.

This was the case in the White House statement of last July 31 and in a letter from Mr. Macomber to Representative HARRIS last March 28.

The White House statement of July 31 said that the administration planned to submit legislation that would "provide for the payment in full of all legitimate war claims of Americans against Germany and would permit, as an act of grace, an equitable monetary return to former owners of vested assets."

Mr. SMATHERS. Mr. President, I also have obtained the text of the resolution adopted by the Bundestag in Bonn on July 4, and ask unanimous consent that it be inserted in its translated form at this point in my remarks.

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

TEXT OF THE RESOLUTION ADOPTED BY BUNDESTAG AT BONN ON JULY 4, 1958

The Federal Government is herewith urged—

1. In the settlement of the problem of restoration of German private property confiscated in the United States of America, to continue emphatically to aim at the preservation of the principles of the White House declaration of July 31, 1957, according to which private property should be inviolable even in time of war.

2. Bearing this point in mind, to turn its special attention to the bill announced on July 3, 1958, under which the confiscated German assets should be used only to satisfy American claims for war damages. The passage of such a bill by the American Congress would constitute a complete breach of the promise made on July 31, 1957, of a just and fair compensation of German property owners.

Mr. SMATHERS. Mr. President, Germany surrendered voluntarily and willingly all claim to the vested assets in return for a very important benefit: forgiveness of reparations claims totaling $300 billion on the part of the United States alone. These assets were the only payment, or promise of payment, held out to Americans who lost lives and property from war damage, confiscation, and pillage by the Hitler regime.

In explaining the new administration bill, the chairman of the Foreign Claims Settlement Commission considered that my statement of postwar understandings, agreements, and treaties is correct. In a letter dated July 8, 1958, addressed to the Speaker of the House of Representatives transmitting a draft of a proposed bill in line with the Department of State's proposal, he stated:

In the letter of transmittal dated April 3, 1957, the historical background of the problem of enemy assets and American war claims was dealt with at some length. Among other things, it was pointed out that the United States had vested substantially all German and Japanese assets known to be in the United States as of December 7, 1941, and that under the provisions of the Paris reparation agreement and the treaty of peace with Japan, the United States was authorized to hold the assets in lieu of reparation and to dispose of them as she saw fit. * * *

It has thus far been the policy of the United States to use these assets for the benefit of her nationals who suffered injuries, hardships, or losses as a result of the war. A substantial portion of the proceeds were used, accordingly, to discharge the claims of Americans who were held as prisoners of war. * * *

In our judgment, the settlement of the claims, which would be authorized under the bill, should not be delayed any longer. With the passing of time the difficulties of establishing titles, successions and valuations keep on mounting to increase administrative costs attending claims processing.

Whatever the Department of State's smokescreen concerning alleged "foreign policy" reasons supporting return of the assets may have led us to believe in the past, Assistant Secretary of State Macomber makes it clear that even the administration cannot stomach such an arrogant proposition when the cards are finally down.

The Foreign Claims Settlement Commission Chairman's concise summary of the postwar legal and moral situation surrounding the assets issue is beyond question. More important, however, is that it raises an issue which ought to be faced squarely by Congress, and faced at once. It is whether Congress will accept such a halfway measure as is now proposed, with a situation dangling over us into infinity that we may at some future date be asked to appropriate huge sums for the benefit of former German warlords.

I think that analysis will show that the answer to this question—and to the threat—must be no. For my part, I am willing to put the matter up to the good judgment which I know both the Senate and House will exercise.

I have introduced proposed legislation dealing with the problem identified as S. 2737. It is presently pending before the Subcommittee on the Trading With the Enemy Act of the Senate Judiciary Committee and provides that all legitimate American war damage claims against German and Japanese interests are to be paid as a matter of first priority. It also provides that during the period in which claims are being determined and settled, funds realized from sale of the vested assets would be invested by the Treasury and used to finance a scientific scholarship program. Any funds left over after settlement of all legitimate American claims would remain invested for this purpose.

None can argue that we are not painfully in need of the man of science, for he is the man of tomorrow. Many of our leaders in education and public life insist that we must do more in the vital area of scientific education if we are to head off the rapidly spreading and growing Communist menace.

My proposed bill would accomplish three important purposes: First, it would, at long last, give appropriate relief to the long-suffering American war damage claimants; second, it would serve as a constructive means of meeting and defeating the scientific challenge of Russia and her sputniks; and, third, it would solve, once and for all, the issue of return of the vested assets by barring such return altogether and making it clear to Germany and Japan that they must honor their postwar agreements to compensate their own nationals for any loss of property suffered by them.

It would remind those nations, especially Germany, that they cannot gain forgiveness of massive reparations from the allied governments and still get back the token consideration they paid for that benefit. Lastly, but not the least in importance, it would void the ingenious plot to transfer the whole cost of the war onto the backs of the American taxpayer.

I do not wish my colleagues to believe that I am dealing too harshly with Germany. Many know, in a general way, of the magnificent economic recovery staged by democratic West Germany since the war. This was made possible in no small way by the action taken by the United States and its allies in voluntarily foregoing crippling reparations demands from Germany. The detailed story of Germany's recovery, which has now made her the third largest trading nation in the world, with perhaps the world's strongest and most stable currency, was recently highlighted by an Associated Press dispatch from West Germany. The story it tells does credit to a revitalized Germany which has taken a well-deserved place in the community of free nations.

It appears to me that German officials have been subjected to undue pressure by a powerful lobby made up of former owners of the vested assets, and that they themselves regret the necessity to stain the honor of the new Germany by involvement in the smutty alien-property issue. I have grave doubt that leading officials of the West German Government sincerely want to go back on their word to the United States and its allies, and to open up the Pandora's box of troubles which such a step would entail.

German leaders have never directly denied that they have the funds with which to compensate their own citizens. Nor have they denied that these German nationals, under the postwar agreements, are entitled to look to their own government for payment.

The Associated Press article, which I ask unanimous consent to have inserted in the RECORD at this point in my remarks, makes it quite clear that Germany could easily pay the few hundred million dollars involved.

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

WIRTSCHAFTSWUNDER

FRANKFURT. — Wirtschaftswunder — West Germany's economic miracle—was only 10 years old yesterday. But it long ago turned this country into the Free World's third biggest merchant power.

It was raining on that Sunday in 1948 which launched West Germany on the road toward its current unparalleled prosperity. Then there were no rich, no have-nots. Everybody was almost equally poor. It was Currency Reform Day, marking the birth of the new Deutschemark.

Under a scheme drafted by the Allied Occupational Powers, West Germany embarked on one of the most successful financial ventures of history. The drastic operation ended the postwar "cigarette economy" in which the cigarette was the only currency generally accepted.

Hitler's armament and the war had swollen Germany's debts to a fabulous 396 billion marks—more than $100 billion at the Nazi rate of exchange. The chronic inflation and monetary disorder following the capitulation in 1945 blocked reconstruction.

Originally, an all-German reform was planned. But the Western Allies decided to go it alone after Soviet military governor, Marshal Vasili Sokolovsky, walked out of a meeting of the Four-Power Control Council March 20, 1948, formally opening the East-West cold war.

One month later, the Allies rounded up a group of West German financial experts, put them in a camp surrounded by barbed wire, and outlined to them their plans. Germans and Allies then cooperated in the final preparations while the new money was being printed in the United States.

The date of currency D-day was a well kept secret but most people knew that something was cooking. Black market activities reached a high pitch. The price for an American cigarette skyrocketed. Teen-age marketeers were seen publicly lighting their butts with a 100-reichsmark bill.

Hundreds of people queued up before pay-in counters of the post offices. They wanted to pay their debts in "old" money. People even paid their taxes in advance, if possible.

Finally, H-hour struck. The currency reform law was proclaimed, announcing that the reichsmark would cease to be legal tender June 21. Every individual was entitled to exchange 40 reichsmarks 1–1 into the new currency. (Eventually the actual conversion rate was 1000–65). Workers, housewives, and industrialists alike lined up at provisional conversion booths, tents, or savings banks throughout the country.

The first issue changed the German economic picture virtually overnight. The shortage of ready cash forced the first hoarded goods onto counters the next day. Industrial production jumped as if electrified, climbing by 50 percent in a few months.

Prof. Ludwig Erhard, now West German economics minister, scrapped price controls and rationing systems, proclaiming his "social free enterprise economy." At the same time, the Marshall plan took shape which was to pump billions of dollars' worth of American aid into the starved-out country.

West Germany became a huge humming factory. Trade unions postponed wage demands while plants were modernized and world market contacts were revived. The brains and manual skill of Germany were coupled with an unprecedented eagerness to work.

Political developments helped, too. Disarmed West Germany had no defense burdens when the Korean war broke out. It was free to export wherever it could find a market. The recovery gained speed.

Five years after currency reform, industrial production was at 154 percent of the prewar level. The foreign-trade volume was up 400 percent. Ten million refugees provided a vast manpower reserve. The national income jumped from 63 to 98 billion dollars. Within a few months in 1949, the value of the German mark tripled at the Zurich free money market, most reliable barometer of international currencies.

Today, the German mark is one of the world's most stable currencies, whose circulation is backed by more than 150 percent in gold and foreign exchange holdings. It's the currency of a prosperous country in which more than half of all wage earners no longer have to pay direct income taxes.

Exports and imports since 1949 have risen almost 700 percent to a total of 67 billion marks last year and industrial production is now at 230 percent of the 1936 level. Unemployment is below the half-million mark. Housing units are still built at a rate of one every minute. A total construction of 1,121,859 tons last year makes the country the world's third-biggest shipbuilder. Prosperity is also reflected in a 300 percent increase in the number of automobiles licensed in West Germany.

Millions are traveling abroad again this year to spend their vacations. The number of TV sets is rapidly approaching the 2 million mark. Consumption of potatoes and breads is dropping steadily in favor of high-calorie food.

Champagne sales are four times as much as before the war. The average weekly income of the industrial workers increased from 56 marks in 1949 to 101 marks ($26.18) last year.

Mr. SMATHERS. Mr. President, approval of my bill by Congress would thus serve another purpose. It would relieve the good will German leaders of insidious pressure constantly brought to bear upon them, and would end the pernicious and highly dubious activities of a small coterie of hirelings employed to lobby in Washington for return of alien property.

I will, therefore, move as promptly as possible to persuade the appropriate committees of Congress to favorably report S. 2737 in place of the inadequate, halfway measure submitted to us by the administration.

I will undertake this effort in the belief that it is in all respects the best solution of the whole assets problem yet developed, and one which will square with the conscience and good sense of all Americans.

DAVID LAWRENCE DEFENDS PRIVATE AIRLIFT FOR DR. EISENHOWER

Mr. PROXMIRE. Mr. President, a couple of days ago I criticized the sending of military airplanes to bring Dr. Eisenhower home from his vacation in Wisconsin.

Last night Mr. David Lawrence, a tremendously able, thoughtful, and intelligent man, took me to task in his syndicated column. Mr. Lawrence did not call me by name, but the words he quoted were my words, so I think it is safe to assume that he was talking about me.

The burden of Mr. Lawrence's defense of Dr. Eisenhower's private airlift is, first, that Dr. Eisenhower has performed a great many services for the Government without pay; and second, that the Government owed him a free ride from Wisconsin inasmuch as he was hurrying to Washington at the Government's convenience.

Now I find myself agreeing with Mr. Lawrence's basic premises without coming out at the same places he does.

First, I think Dr. Eisenhower ought to get paid for the services he performs for the Government. We are not so poor that we cannot pay for the time and talents of our able people. We not only should pay for them, we should insist that the payment be accepted—or that the services be performed by someone who will accept pay. Mr. Lawrence's argument supports my point nicely: When a man refuses to be paid there is always the question of what ought to be done for him in lieu of payment. What do we really owe him? The issue is confused in a way that it never is with a public servant who lines up with the rest of us at the disbursing office.

Second, I would not refuse Dr. Eisenhower public transportation to Washington if he comes at the President's bidding—although I wonder why a man who will not take pay for his services might not pay his way back from a vacation. But I will not quarrel about that. I will repeat simply the point Mr. Lawrence missed: There are commercial planes from northern Wisconsin that charge a good deal less than the marvelously conservative estimate of $1,400 the Air Force put on the flight of 2 smaller planes and a Convair pressed into Dr. Eisenhower's service.

Mr. President, I want to be fair with Mr. Lawrence. I want his argument to appear with mine in the RECORD. I ask unanimous consent that Mr. Lawrence's article entitled "Picking on a United States Emissary," which appeared in yesterday's Washington Evening Star, be printed in the RECORD at this point in my remarks.

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

PICKING ON A UNITED STATES EMISSARY—CRITICISM OF MILITARY PLANE RIDE FOR MILTON EISENHOWER IS ASSAILED

(By David Lawrence)

Now the Democrats are picking on Dr. Milton Eisenhower, the President's brother. They're criticizing as a "cavalier misuse of taxpayers' money" the sending of Government airplanes to transport him from his vacation spot in Wisconsin back to Washington. He had to come back several days ahead of his planned return so as to prepare for an official mission to Central America. The date for the start of his tour had been suddenly changed by the State Department.

The criticism is picayunish stuff. For the truth is the Government of the United States owes Milton Eisenhower more than a free airplane ride. It owes him for services rendered for which he has never accepted a penny.

The President's brother was formerly president of Kansas State College and Pennsylvania State University, and now is the head of Johns Hopkins University. He is a member of the President's Advisory Commission on the Reorganization of the Government and has performed special duties for the White House ever since 1953. He has held for the last 5 years the title of "Representative of the President and Special Ambassador to Latin America." In 1953 he visited 10 countries in Latin America, covering a period of 33 days. He spent 10 days on an official mission to Mexico in 1957.

A few weeks ago Dr. Eisenhower went, as the President's representative, to the meeting of the World Health Association in Minneapolis. He has received no fee for any of these services he has rendered. Air transportation has been provided in each case by the Government.

If the same amount of traveling had been done in private business, there would have been some compensation for the individual performing the service. In Government work, however, there are a few unselfish citizens who, when called upon, give their time and energies without pay.

Certainly, it cannot be persuasively argued that the individual who gives his services free should be required to pay his transportation expenses when interrupting his vacation to meet a Government time schedule which has been suddenly revised to an earlier date.

But these are days of mudslinging against the party in power, and of publicity seeking by political candidates who think it's popular to heckle the administration. These tactics can boomerang. For certainly there are many citizens in the land who may have been willing to serve their Government without fee but who now are being told, in effect, that they must not expect Government transportation to and from their homes if they are called on to carry out special missions.

One would suppose that the Government of the United States need not be so penny-wise and pound-foolish as to demand that citizens give their services without pay and also themselves foot the expenses of transportation to and from Washington. Any private business would call such expenses "ordinary and necessary" and take a tax deduction besides.

The fact that military planes were used has also been the subject of criticism. Actually, the Government has no planes of its own for civilian transportation except those attached to the military services. Many of the military planes make practice flights or fly long distances every day to give certain hours of training to pilots. It doesn't seem logical to ask the Government to pay for passage on a commercial airplane when it has many a military plane idle that can be used for the same purpose.

Basically, the fact is that Dr. Eisenhower, when summoned to end his vacation prematurely, was thereafter traveling on Government business. There is nothing unusual or irregular in sending planes for persons the President calls to Washington on business. What is unusual is that Dr. Eisenhower is not on the Government payroll at all, though he performs important services for the Government.

While Dr. Eisenhower's tour of six Central American countries doesn't begin till the coming weekend, it was important for him to report at the State Department at once so as to be brought up to date on certain background information necessary for him to have before visiting those countries. Inasmuch as Dr. Eisenhower's wife died a few years ago, his daughter accompanies him as hostess. It is customary for officials of the United States Government and their wives, when visiting abroad, to participate in the social functions arranged for them by the governments which are host to such special missions.

In these days when particular efforts are being made to cultivate good relations with America's neighbors in this hemisphere, it is most unfortunate that the partisan politicians here are exploiting petty subjects and thus publicizing throughout Latin America an impression that the mission itself may not have the approval of both parties in the United States.

Mr. PROXMIRE. Mr. President, there surely will be some who will be swayed by Mr. Lawrence's remarks. I am not. More than that, I am content to rest my case with the good people of Wisconsin, and with the people of America everywhere who foot the bills. If this is the way to transport people who do the Government's work, they must tell me so. I have seen nothing to indicate they feel that way. On the contrary, I am sure they would say that economy in Government—for which Mr. Lawrence usually argues so eloquently—ought to begin here. The example set by the President of the United States and his family is immense morally and economically.

ADJOURNMENT TO MONDAY

Mr. MANSFIELD. Mr. President, if there is no further business to come before the Senate, I move in accordance with the order previously entered, that the Senate stand in adjournment until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 4 o'clock and 48 minutes p. m.) the adjournment being under the order previously entered, the Senate adjourned until Monday, July 14, 1958, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 11 (legislative day of July 10), 1958:

Department of Defense

Charles Cecil Finucane, of Washington, to be an Assistant Secretary of Defense.

Office of Defense and Civilian Mobilization

Leo A. Hoegh, of Iowa, to be Director of the Office of Defense and Civilian Mobilization.

John S. Patterson, of Maryland, to be Deputy Director of the Office of Defense and Civilian Mobilization.

Lewis E. Berry, Jr., of Michigan, to be an Assistant Director of the Office of Defense and Civilian Mobilization.

Board of Parole

Eva Bowring, of Nebraska, to be a member of the Board of Parole for the term expiring September 30, 1964.

United States Attorney

Joseph E. Hines, of South Carolina, to be United States attorney for the western district of South Carolina, for a term of 4 years.

United States Marshal

William A. O'Brien, of Pennsylvania, to be United States marshal for the eastern district of Pennsylvania, for a term of 4 years.

In the Army

The following-named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 3962:

Lt. Gen. John Francis Uncles, O14914, Army of the United States (major general, U. S. Army).

The following-named officer under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in rank of lieutenant general:

Maj. Gen. Gordon Byrom Rogers, O15620, United States Army.

The following-named officer to be placed on the retired list in the grade of lieutenant general uder the provisions of title 10, United States Code, section 3962:

Lt. Gen. John Howell Collier, O12388, Army of the United States (major general, U. S. Army).

The following-named officers under the provisions of title 10, United States Code, section 3066, to be assigned to positions of importance and responsibility designated by the President under subsection (a) of section 3066, in rank of lieutenant general:

Maj. Gen. James Dunne O'Connell, O14965, United States Army.

Maj. Gen. Guy Stanley Meloy, Jr., O16892, United States Army.

Additional Confirmations in the Army

The nominations of James Ball Miller and 107 other officers for appointment in the Regular Army, which were confirmed today, were received by Senate on June 11, 1958, and may be found in full in the Senate proceedings of the Congressional Record for that date under the caption "Nominations," beginning with the name of James Ball Miller, which is shown on page 10872, and ending with the name of Lester McFarland Wheeler.

In the Air Force

The following-named officer to be assigned to a position of importance and responsibility designated by the President in the rank of general, under the provisions of section 8066, title 10, United States Code:

Lt. Gen. Charles P. Cabell, 70A (major general, Regular Air Force), United States Air Force.

Additional Confirmations in the Air Force

The nominations of Philip G. Keil and 827 other persons for appointment in the Regular Air Force, which were confirmed today, were received by the Senate on June 27, 1958, and may be found in full in the Senate proceedings of the Congressional Record for that date, under the caption "Nominations," beginning with the name of Philip G. Keil, which is shown on page 12492, and ending with the name of Alan R. Zoss, which appears on page 12494.

In the Navy

The following-named officers to be placed on the retired list, with the rank of vice admiral, under the provisions of title 10, United States Code, section 5233:

Vice Adm. Frederick W. McMahon, United States Navy.

Vice Adm. Austin K. Doyle, United States Navy.

Having designated, under the provisions of title 10, United States Code, section 5231, the following-named officers for commands and other duties determined by the President to be within the contemplation of said section, the President has nominated them to have the grade, rank, pay, and allowances, of the rank of vice admiral, while so serving:

Rear Adm. Roland N. Smoot, United States Navy.

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

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

In the Marine Corps

Brig. Gen. Roy M. Gulick, United States Marine Corps, to be Quartermaster General of the Marine Corps, with the rank of major general, for a period of 2 years from the 1st day of July 1958.

EXTENSIONS OF REMARKS

Addresses by Senator Jacob K. Javits, of New York, and Senator Paul H. Douglas, of Illinois, Before the NAACP Convention

EXTENSION OF REMARKS
OF
HON. JACOB K. JAVITS
OF NEW YORK
IN THE SENATE OF THE UNITED STATES
Friday, July 11, 1958

Mr. JAVITS. Mr. President, the distinguished Senator from Illinois [Mr. DOUGLAS] and I had the great privilege of addressing the 49th annual convention of the National Association of Colored People, in the Music Hall of the Cleveland Public Auditorium, in Cleveland, Ohio, on July 9. We were tremendously uplifted by the enthusiasm, determination, and enlightened wisdom shown there on the great problems of civil rights. I ask unanimous consent to have printed in the CONGRESSIONAL RECORD the addresses delivered at that time by my colleague, the Senator from Illinois [Mr. DOUGLAS], and myself.

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

ADDRESS BY SENATOR PAUL H. DOUGLAS

Friends of the National Association for the Advancement of Colored People, I am honored by your invitation to address your convention and to appear at the same time as my colleague, Senator JACOB JAVITS, the courageous and skilled battler for civil rights, and one of the men whom I most admire. The NAACP, of which I have been a member for some years, has been the most effective agency in the country in the struggle to abolish second-class citizenship for the American Negro and to obtain for him equal rights and equal opportunity.

The struggle has been a hard one, and it will continue to be hard. But you have gone about the job with determination, with courage and with skill. Had it not been for you, we would not have had the numerous State laws and city ordinances providing for equal opportunities in employment. With President Truman you spearheaded the successful drive to abolish segregation in the Armed Forces. Through you, the legal fights against segregation in the schools and other public facilities were conducted which culminated in the historic and unanimous decision of the Supreme Court in 1954. This declared that segregation in the public schools violated the 14th amendment to the Constitution, which provided that no State should deprive any person of the equal protection of the laws. A year later the Court called upon all States and localities to carry out this decision "with deliberate speed," but specified that disagreement with the objectives should not be used to delay compliance.

You have given not only legal counsel but courage and moral backing to the children, and parents, and friends, working against terrific odds in many communities for equality of opportunity. Perhaps these children and their parents, as in Little Rock, are the real unsung heroes in the movement for human rights.

You are successfully meeting the mounting attacks upon your very existence as an organization. Victories like those in the Virginia district court last January and in the Supreme Court in the Alabama case on June 30, help to strengthen the rights of freedom of association for all. I congratulate you for these new successes.

Had it not been for your organization we would not have been able to have passed the right-to-vote bill last year. This aims to make the 15th amendment effective by giving the Attorney General the authority to intervene where individuals or groups are being improperly denied the right to vote, and to do so by seeking injunctions to restrain private citizens and public officials from trying to interfere with this right.

While we did not get all we wanted last year, we did take a step forward, and I want to commend your splendid secretary, Roy Wilkins, and your excellent Washington representative, Clarence Mitchell, for their fine work in this connection. Without their aid, we could never have come through to even partial victory. Now if we can get a larger number of Negroes to register and vote in the Southern and border States, we shall begin to make further progress. For in this naughty world, it is necessary for oppressed groups to acquire a degree of economic and political power before their claims for justice will be given the consideration which they deserve.

Let me make it clear that I am not seeking to identify power with justice. I am merely saying that the strong seldom accord justice to the powerless, and that the acquisition of a measurable degree of power is, in a sense, the entrance fee which enables the just claims of those who were hitherto weak, to be weighed and at least partially granted.

Of course, the voting rights act will have to be properly and vigorously administered by the Department of Justice if gross discrimination against voting rights is to be prevented. But if this is done, then we shall have set into operation processes which should greatly increase the political power of groups which hitherto have been disenfranchised. Out of this should come fairer treatment in the police courts, an extension of sidewalks, paved roads, water, and sewer facilities into sections of towns and cities which up to now have been neglected.

The acquisition of greater political power will also cause the process of desegregation in the schools to be speeded up. But most important of all, it will give greater human dignity to those who have been hitherto excluded from taking part in public affairs. And with this greater participation will come a greater degree of interest in the issues of the day. For the best justification of democratic self-government is the stimulating effect which it has upon the interests, knowledge, and choices of the voters and citizens. Instead of being excluded from the stream of American life, the extension of voting rights will bring Negroes and Latin Americans of the Southwest into full stature as American citizens.

But there are still great obstacles to be overcome. We can take heart from our past victories, but we should not rest upon them. In particular both Congress and the President should begin to assume some affirmative responsibility in the field of civil rights instead of throwing the full burden on the courts. We in Congress and the President in the White House have dodged this issue for too long. Do we believe in carrying out the unanimous decision of the Supreme Court, or do we not?

I have no hesitancy in answering that question for myself. I do. And I believe Congress and the President should do their part in putting it into effect. That is why 16 of us have drafted and introduced the civil-rights bill of 1958. In effect this restores title III of the civil-rights bill of last year which we unfortunately lost in the Senate and goes out beyond it. It provides that the Department of Justice can initiate injunction proceedings to restrain officials and private citizens from interfering with the constitutionally approved right to equal protection of the laws, as in the case of desegregated schooling, and hence extends to the 14th amendment the same enforcement procedures which last year we approved for voting rights under the 15th amendment. This is necessary, because poor people who are at the bottom of the totem pole financially and socially do not have the resources so that they can fight a case through all the Federal courts against the massed power of local authorities backed up by the articulate white community. Under these conditions, equal justice is denied.

And as if these obstacles were not enough, at least five Southern States have in addition passed so-called antibarratry statutes making it a penal offense for anyone to offer financial or legal aid to any father or mother whose constitutional rights to desegregated schooling for their children are being violated. So in the field of civil rights as in the case of no less than 38 other statutes, we should give the Department of Justice the sword with which it may defend before the courts the rights of hard-pressed individuals. For only so, can we remove the satirical comment of Anatole France that "the majestic equality of the law prevents the rich as well as the poor from sleeping under bridges and begging in the streets for bread."

But our new civil-rights bill goes beyond this. It directs the Department of Health, Education, and Welfare to assist localities in desegregating by making surveys, by compiling successful case histories of desegregation, by educational efforts, by the appointment of advisory councils, and by the provision of technical assistance and specialists services to States and local communities which otherwise would not be easily available.

The bill also authorizes specific Federal grants to communities where desegregation will entail added expense. This is done on the principle that the Federal Government has a responsibility to help meet the added costs occasioned by the decisions of the Federal courts. We also provide that where localities comply with the court orders and where the State in reprisal shuts off State aid to the schools, the Federal Government will step into the breach and replace the State payments by equal grants of its own.

Finally, if and when all other methods fail, the Secretary of Health, Education, and Welfare is to accept and exercise responsibility for initiating the development of desegregation plans, but is to do so with the fullest possible local consultation and participation. In other words, we will not desert such liberal forces as exist in such places as Little Rock, Arlington, and Norfolk.

This bill was introduced early in the year. I regret that a subcommittee of the Senate Judiciary Committee voted three to two not to hold hearings on it. But that great champion of civil rights, Congressman CELLER, is holding hearings on identical and companion measures. The real struggle, however, will come next year; and, in the meantime, I ask that you study this measure and I hope you will give it your support. It can, in my judgment, be passed through the House. The difficulty will be in the Senate, which historically has been the graveyard of civil-rights legislation. Here it is vital to elect more pro-civil-rights Senators this fall and then to modify rule 22, the gravedigger of civil rights, and make it possible for a majority, after a decent interval, to break a filibuster. Rule 22 is the fortification which must be breached before we can win civil rights. This is the subject to which, as I understand it, my able and devoted colleague, Senator JAVITS, will address himself.

ADDRESS BY SENATOR JACOB K. JAVITS

CIVIL RIGHTS ACTION—MID-1958

The civil rights struggle is a struggle for the soul of our country. It involves the fundamental concept of the dignity of the individual which is at the base of our constitutional system, as well as the preeminence of the moral law which is so heavily in the consciousness of our essentially religious society. This struggle is now entering a period of crisis when the action of the Congress, the courts, and public opinion generally can combine together to make possible a stride forward in civil rights unparalleled in all our history since the Civil War.

The Negro has not been alone in his efforts in the United States to secure the full enjoyment of his citizenship. Americans of conscience in minority and majority groups both have fought for his rights, recognizing this fight as their own.

Also the international implications of the civil rights struggle in our country to the struggle for peace in the world are becoming daily more clear. The implications in terms of world leadership of a situation like Little Rock are most pronounced as an element in the support of the 1 billion people of the Free World in Asia and Africa—almost two-thirds of the total Free World population—whose skins are yellow or black. The world interest in our civil rights situation was made abundantly clear by the attention attracted to Little Rock in 1957. What was most striking about international opinion was the amount of credit which the United States earned from the effort which was being made to enforce civil rights guaranties. These results are borne out by a world-opinion poll recently published which shows the preponderant opinion of the Free World to be that the United States Negro is gaining in stature and opportunity.

Right now the major issues where real progress can be made relate to equality of opportunity in education and equality of opportunity in employment and housing with broadening concepts, new determination, and enhanced local activity, both governmental and nongovernmental, in each.

Whatever the criticisms leveled at this administration, in the years since 1952 we have seen the greatest advances in the recognition of the need for effective enforcement of civil rights by the Federal Government since the enactment of the second Bill of Rights—the 13th, 14th, and 15th amendments—in 1865, 1868, and 1870. I hasten to add that this was only made possible by effective bipartisan cooperation—but it does demonstrate what can be done within a given span of years and is an added incentive to governmental action and governmental leadership—a proper objective for both of the great political parties. What has been accomplished and the vast amount of work which remains to be accomplished falls into the three areas of the courts, the Congress and the executive, and nongovernmental self-help and mutual cooperation, perhaps the most difficult area of all.

THE EXECUTIVE AND CONGRESS

The current economic recession has brought forward the special problems of Negroes in employment. Considerable progress has been made in this general area through more enlightened practices in business and industry, through municipal and State fair employment practices commissions and committees, and through educational means sparked by the President's Committee on Government Contracts which administers the equal job opportunity program. As a matter of fact, the accomplishments in equality of employment opportunities prior to the economic turndown have been of such a magnitude that the advocacy of a Federal Fair Employment Practices Act had been considerably stilled; present experiences might well necessitate a reappraisal of this attitude.

Over the strenuous opposition of a number of us in the Senate, part III was eliminated from the civil-rights bill passed last year. It would have provided that the United States could participate in civil-rights litigation involving impairment of constitutional rights by State or local governments. It would have enabled the Attorney General to play a far more positive part in the continuing civil-rights problem of desegregation in the public schools, like at Central High School in Little Rock. I am the sponsor with Senator CASE of New Jersey of S. 3090 and a cosponsor in the Senate of the Civil Rights Act of 1958, introduced by Senator PAUL DOUGLAS, which would restore and improve part III, eliminated from last year's Civil Rights Act. I believed then and I believe now that the public interest requires the intervention of the authority of the Federal Government in civil litigation involving the deprivation of basic constitutional civil rights.

The Senate's failure to adopt part III, which the House of Representatives did adopt last year, has left a major gap in the Federal Government's ability to assure the constitutional right to nonsegregated education. The Federal Courts, and in particular the Supreme Court, up to now have carried this great burden.

The per curiam opinion of the Supreme Court on June 30, 1958, which declined a direct appeal to the Supreme Court in the Little Rock case and referred the matter to the Circuit Court of Appeals only points up the great need for Congressional action on a new part III. This decision so well illustrates that the judicial procedures involving the trial courts, appeals to intermediate courts and finally to the Supreme Court as the means for solving the complexities of desegregation are so involved as to require representation of the public interest on the highest level.

Passage of the part III which was stricken from the Civil Rights Act of 1957 is imperative if we are to safeguard that wide range of civil rights which the Supreme Court has already decreed to be guaranteed by the Constitution.

Briefly, these rights are: to attend a nonsegregated public school, to enjoy equal opportunities to attend a public beach, public golf course or park and other public facilities like restaurants, trains, buses and trolleys. These are some of the rights protected by the 14th amendment. There are other vital rights protected by the Constitution, such as the right to vote, to serve on a jury, the right to a fair trial and the very right to be a litigant and to enjoy unintimidated and uncoerced access to the courts of justice. Only recently the Supreme Court reiterated the individual's right to freedom of association and his right to foster collectively beliefs which he admittedly is entitled to advocate.

The Supreme Court has decided on the law but in carrying out the basic law established by the Brown case and subsequent decisions, the responsibility for adequate governmental organization rests with the Congress. It would be folly to assume that we will have anything but a series of crises unless the Congress faces this responsibility and deals with it intelligently. At the very least, the Congress should adopt a provision which would enable and encourage the Attorney General to use the strength of the Government's civil authority in civil rights litigation. The majority of such actions are of a civil nature and concern themselves with rights the invasion of which is even now a Federal crime. How much better it is to deal with these problems in civil suits rather than criminal actions.

The very violence and threats which were quelled only by the use of Federal troops to restore law and order at Little Rock are now referred to, ironic as it may seem, as justification for delaying enforcement of the very rights which this lawlessness was directed to prejudicing. Surely, these conditions establish great public issues which ought not to be handled as matters of private litigation, for the people of this country have a tremendous stake in their outcome, but should be participated in by the Attorney General of the United States.

Even now I and other legislators have urged the Attorney General to intervene in the Little Rock case in the Circuit Court of Appeals as a friend of the court. I hope very much our urging is heeded by the Attorney General as this would be a truly constructive development in the situation. I am still awaiting a final reply.

Since every effort to enact part III in a new law faces the threat of another filibuster, it is well to note that a bill materially changing the Senate rules to make far more practical an attempt to end any filibuster has been reported out by the Senate Rules Committee and is pending on the Senate Calendar. There is every assurance that either on this pending bill or next January when a new Congress is organized a major effort will be made to amend the Senate rules to end the threat of the filibuster.

I believe that the rule which now permits filibusters will be materially changed within the period of time I have mentioned, for this parliamentary device has now outworn its usefulness. It is no longer much of a help to the southern opponents of civil rights legislation, yet the fear of its use inhibits action in some matters so as not to be acceptable to a majority of the country.

In last year's civil rights struggle an implied filibuster threat was used to weaken an already moderate civil rights bill—but could not be used to block it. The motion to bring up the civil rights bill for Senate consideration prevailed 71 to 18—well over enough to end a filibuster. Again this year on the Alaska statehood bill the threat of a filibuster was enough to prevent Hawaiian statehood from being voted, too, but not enough to halt Alaskan statehood which carried by vote of 64 to 20. In such a situation the inducement for ending the present stalemate on the filibuster is indeed great and will prevail.

THE COURTS

The recent Supreme Court decision which upheld the NAACP's right not to disclose its general membership rolls in the State of Alabama because of the threat of community pressures against its members stated that "Inviolability of privacy in group association may in many circumstances be indispensable * * * particularly where a group espouses dissident beliefs." As a result, individuals will be encouraged to participate in increasing numbers in civil rights activities at the local level without fear or loss of employment, threat of physical coercion, economic reprisal and other manifestations of public hostility.

I believe the antibarratry statutes passed by a number of Southern States to prevent outside help to litigants in civil-rights cases may well be found invalid based on analogous reasoning.

SELF-HELP AND MUTUAL COOPERATION

The Supreme Court decision in NAACP against Alabama paves the way for increased grassroots nongovernmental activity.

Very great opportunities for the future are present in the field of self-help and mutual cooperation, for it has always been the contention of those of us who fought for civil rights that Government and law were needed to backstop nongovernmental efforts; that without the backing of law, nongovernmental efforts would not make measurable progress but with the backing of law they could be tremendously effective. In view of the enhanced activity in law and Government, the opportunities for self-help and mutual cooperation are now greater than ever.

The Federal Civil Rights Commission is setting up civil rights advisory commissions in the States to study State problems and communicate with local groups in regard to their studies. Outstanding regional organizations like the Southern Regional Council are doing an extraordinary job of gathering information and statistics. Human relations councils and community relations councils in many areas are providing a network of voluntary organizations which are indispensable to the enforcement and enjoyment of civil rights. This organization, the NAACP, itself a voluntary organization is constantly adding to its national, indeed its world, stature as a medium for education, for the expression of the common determination and for the enforcement of civil rights on behalf of the individual.

First, therefore and indispensably is the rank and file support of such organizational activities. This support holds within itself the very essence of success in the civil rights field. Community organization has as its indispensable ingredient leadership. Indeed you here at the convention have been urging Government leadership right up to more articulate and specific leadership in the Presidency. It is at least equally necessary that support be given to Negro leadership, that the Negro leaders be honored, especially in their own communities, be trusted and be followed as they have proved themselves.

Already the roster of the greats among Negroes is extensive, but it will grow and become even more effective as leadership is honored and commands a following. Outstanding leaders who come to mind are in the direct field of race relations—men like Frederick Douglass and Rev. Martin Luther King; Walter White, Roy Wilkins, and Dr. Channing H. Tobias of the NAACP; and Thurgood Marshall "the lawyer for 17 million Americans" and Charles H. Houston, who was the architect of the school desegregation fight which got underway in the 1930's. Outstanding public servants like William H. Hastie, Federal judge and former governor of the Virgin Islands; Ralph Bunche of UN and Nobel prize fame; Ernest Wilkins and E. Frederick Morrow are also properly in this group; so, too, are the educators, historians, and scientists like Carter Woodson, Booker T. Washington, and George Washington Carver. The soldiers of the United States like Gen. Benjamin Oliver Davis and his son, Colonel Davis, commander of the 99th Fighter Squadron in Europe in World War II; and distinguished Negro women like Harriet Tubman, Edith Sampson, Mary McLeod Bethune, and Marion Anderson. To these may be added a whole roster of others in many cases just as distinguished. The fundamental point is one not only of pride in leadership among Negroes, but the only ultimate reward which any leader ever wants, cooperation and support to attain the goals and objectives which leadership presents.

All of us engaged in the civil rights struggle feel very deeply the frustrations, the difficulties and the disappointments considering the size and difficulty of the problems. But there must be a realization that we are struggling for all posterity. The very moral fiber—perhaps the peace—of our country and of the whole Free World is at stake. For these values the fight is infinitely worthwhile and all of the resources which we can muster justifiably should be enlisted in it. It is in this spirit that I have sought to outline for you today some of the courses of action which I deem to be essential at this time.

SENATE

MONDAY, JULY 14, 1958

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

Our Father, God, guide and guardian of our pilgrim way, at the week's beginning, for this hallowed moment we would stay the noisy shuttle of time, that we may catch a revealing glimpse of the larger pattern Thy purpose is weaving. Make of our hurrying years a tapestry of beauty. Bowing now at this noonday shrine, may our hearts be cleansed and may our daily duties shine with the halo of a new glory.

O healing peace of this withdrawing place,
O central calm that soothes storm-shaken men,
Refresh our fainting souls, but better still
Go with us to our tasks of life again.

In the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Friday, July 11, 1958, was dispensed with.

REPORT OF A COMMITTEE SUBMITTED DURING ADJOURNMENT—INDIVIDUAL VIEWS

Under authority of the order of the Senate of July 11, 1958,

Mr. MONRONEY, from the Committee on Banking and Currency, on July 12, 1958, reported favorably, with an amendment, the resolution (S. Res. 264) favoring the establishment of an International Development Association in cooperation with the International Bank for Reconstruction and Development, and submitted a report (No. 1832) thereon, together with individual views.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Ratchford, one of his secretaries, and he announced that on July 11, 1958, the President had approved and signed the following acts:

S. 86. An act to amend the National Science Foundation Act of 1950, to provide for a program of study, research, and evaluation in the field of weather modification;

S. 803. An act for the relief of Claudio Guillen;

S. 2007. An act to amend the United States Grain Standards Act, 1916, as amended, to permit the Secretary of Agriculture to charge and collect for certain services performed, and for other purposes;

S. 2168. An act for the relief of Armas Edvin Jansson-Viik;

S. 2251. An act for the relief of Manley Francis Burton;

S. 2493. An act for the relief of Maria G. Aslanis; and

S. 2819. An act for the relief of Mrs. Hermine Melamed.

EXECUTIVE MESSAGES REFERRED

As in executive session,

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

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

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 1832) to authorize the appointment of one additional Assistant Secretary of State, and it was signed by the President pro tempore.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. ANDERSON, and by unanimous consent, the Subcommittee on Education of the Committee on Labor and Public Welfare was authorized to meet during the session of the Senate today.

LIMITATION OF DEBATE DURING MORNING HOUR

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

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

ORDER FOR CALL OF THE CALENDAR ON TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that on tomorrow, Tuesday, July 15, at the conclusion of morning business, there be a call of the calendar, beginning with Calendar 1774 and concluding with Calendar 1867.

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

ORDER DISPENSING WITH CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the calendar, under the rule, be dispensed with.

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