SENATE

WEDNESDAY, MARCH 12, 1958

The Senate met at 10:30 o'clock a. m.

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

Our Father God, at the day's beginning, in this hallowed moment dedicated to the upward look, we proclaim our faith that Thy truth, against which the gates of hell cannot prevail, is marching on to its coronation even amid the perplexities of these terrific days.

So strengthen and steady our inner supports that the outer tensions of these testing times may not break our spirits. Solemnize us with the consciousness that, beyond the appraisals of men regarding what we do and say here, there falls upon our record the searching light of Thy judgments. Maintain in Thy servants who serve the Republic and the world in this Chamber the fidelity of those to whom much has been given and from whom much will be required. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, March 11, 1958, was dispensed with.

MESSAGES FROM THE PRESIDENT

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the bill (S. 497) authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Committee on Interstate and Foreign Commerce was authorized to sit during today's session of the Senate.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. JOHNSON of Texas. Mr. President, under the rule there will be the usual morning hour. I ask unanimous consent that statements made in connection with the business of the morning hour be limited to 3 minutes.

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

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, the Senate is meeting early today in the hope that it may be possible to dispose of the housing bill today and conclude the deliberations of the Senate at a reasonably early hour. Many Senators plan to attend an annual function given by the National Press Club. We hope that it will not be found necessary to have any yea and nay votes after 6:30 p. m.

I appeal to my colleagues to be as brief as they feel they can be in their discussions today. I hope we shall be able to live up to the schedule which has been outlined.

If any Senators have unusually long speeches, I assure them that the Senate will be in session every day this week, in order that they may have the opportunity to make such speeches.

EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of executive business.

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

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the Committee on the Judiciary.

(For nominations this day received, see the end of Senate proceedings.)

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

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of John M. Allison to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Czechoslovakia.

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

DEPARTMENT OF STATE

The Chief Clerk read the nomination of Robert G. Barnes to be Special Assistant for Mutual Security Coordination, in the Department of State.

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

That completes the Executive Calendar.

Mr. JOHNSON of Texas. I ask that the President be immediately notified of all nominations confirmed this day.

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.

The VICE PRESIDENT. Morning business is now in order.

EXECUTIVE COMMUNICATIONS, ETC.

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

PROGRESS REPORT ON LIQUIDATION OF RECONSTRUCTION FINANCE CORPORATION

A letter from the Administrator, General Services Administration, Washington, D. C., reporting, pursuant to law, on the progress of liquidation of the national defense, war, and reconversion activities of the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

AMENDMENT OF ACT RELATING TO TAXES AND ASSESSMENTS, DISTRICT OF COLUMBIA

A letter from the President, Board of Commissioners, District of Columbia, transmitting a draft of proposed legislation to amend the act entitled "An act relating to the levying and collecting of taxes and assessments, and for other purposes," approved June 25, 1938 (with accompanying paper); to the Committee on the District of Columbia.

AUTHORIZATION FOR CERTAIN OFFICERS OF DEPARTMENT OF STATE AND FOREIGN SERVICE TO ADMINISTER OATHS

A letter from the Acting Secretary of State, transmitting a draft of proposed legislation to authorize certain officers of the Department of State and the Foreign Service to administer oaths in the performance of their official duties (with an accompanying paper); to the Committee on Foreign Relations.

REPORT PRIOR TO RESTORATION OF BALANCES, DEPARTMENT OF INTERIOR

A letter from the Administrative Assistant Secretary of the Interior, transmitting, pursuant to law, a report prior to restoration of balances, Department of the Interior, Bureau of Indian Affairs (with an accompanying report); to the Committee on Government Operations.

PROPOSED NORTH PACIFIC FUR SEAL ACT OF 1958

A letter from the Acting Secretary of State, transmitting a draft of proposed legislation to give effect to the Interim Convention on Conservation of North Pacific Fur Seals, signed at Washington, February 9, 1957, and for other purposes (with an accompanying paper); to the Committee on Interior and Insular Affairs.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Archivist of the United States, transmitting, pursuant to law, a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. JOHNSTON of South Carolina and Mr. CARLSON members of the committee on the part of the Senate.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

PETITIONS AND MEMORIALS

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

By the VICE PRESIDENT:

A resolution of the House of Delegates of the State of West Virginia; to the Committee on Interstate and Foreign Commerce:

"House Resolution 11

"Resolution memorializing the Congress of the United States to aid air traffic in West Virginia by providing or helping to provide increased navigational and landing aids at West Virginia airfields

"Whereas the number of fatalities from aircraft accidents has sharply increased in this State; and

"Whereas air traffic is increasing daily in this State; and

"Whereas weather conditions in West Virginia require every possible aid to safe military operation of aircraft as well as civilian; and

"Whereas increased landing and navigational aid would possibly have prevented at least two of our latest accidents: Therefore be it

"Resolved by the house of delegates, That the Congress of the United States should be urged to provide and increase aid to West Virginia for increased navigational and landing aids at West Virginia airports; and be it further

"Resolved, That the clerk of the house of delegates send copies of this resolution to the President of the United States Senate, the Speaker of the House of Representatives, each member of the West Virginia delegation and the chairman of the proper committees of the Congress of the United States.

"C. A. BLANKENSHIP,
"Clerk of the House of Delegates."

A concurrent resolution of the Legislature of the State of West Virginia; ordered to lie on the table:

"House Concurrent Resolution 13

"Concurrent resolution concerning the death of Hon. Matthew M. Neely

"Whereas death ended the colorful career on January 18, 1958, of United States Senator Matthew Mansfield Neely, thus closing a memorable chapter in the political history of West Virginia; and

"Whereas the fighting spirit of this well-known West Virginian kept him alert and vigilant to his duties, even to the threshold of death, and despite a long illness and the suffering incident thereto; and

"Whereas the death of Senator Neely brings to a close a 50-year period in the political annals of West Virginia, beginning with his election as mayor of the city of Fairmont in 1908 and followed by his election as clerk of the house of delegates in 1911, election to the House of Representatives in 1913 and election to the United States Senate in 1922, and as Governor of West Virginia in 1940; and

"Whereas during his political career he served five terms as a Member of the House of Representatives and was five times elected to the United States Senate; and

"Whereas the late Senator was an ardent fraternalist, a devout churchman, a veteran of the Spanish-American War, and an eminent lawyer, whose professional services were in wide demand during his active years in the practice of law: Therefore be it

"Resolved by the house of delegates (the senate concurring therein), That the Legislature of West Virginia hereby acknowledges its sincere mourning at the passing of this distinguished West Virginian; and be it further

"Resolved, That out of respect to the memory of this former Governor, Member of the Congress of the United States and legislative official that when the two houses of the legislature adjourn this day they do so until Thursday, January 23, 1958; and be it further

"Resolved, That the president of the senate and the speaker of the house of delegates name a committee from the membership of their respective houses to attend the funeral of the late United States Senator; and be it further

"Resolved, That the clerk of the house of delegates send a copy of this resolution to the President of the United States Senate, the Speaker of the House of Representatives, and to the family of Senator Neely.

"C. A. BLANKENSHIP,
"Clerk of the House of Delegates."

A resolution adopted by the Board of Supervisors of Maui County, T. H., relating to the provision of fast water transportation to the Territory of Hawaii; to the Committee on Interstate and Foreign Commerce.

FEDERAL AID TO URBAN HIGHWAYS—LETTER

Mr. WILEY. Mr. President, many of the most important and, at the same time, hazardous roads and highways in our Nation are not located in the open country. They are to be found within the city limits of many of our major centers of population.

In planning our further program of Federal aid to highway construction, we continually endeavor to improve the arteries leading from one city to another, but up to the present have not placed enough emphasis on cities themselves.

Most of our city streets have more traffic in 1 hour than many of the Federal highways have in 1 day. Still, the Government has not made sufficient provisions for modernization and construction of major thoroughfares where traffic is bottlenecked sometimes for many hours. The traffic jam has become one of the symbols of American urban life.

I call attention to a proposed amendment to H. R. 9821—the Federal Highway Construction Act—proposed by the committee on planning public improvements with Federal assistance of the Common Council of the City of Milwaukee.

I believe this amendment has great merit and deserves serious consideration by the Public Works Committees of both the Senate and the House of Representatives.

I ask unanimous consent that this amendment, together with introductory remarks, in the form of a letter which was submitted to the House Public Works Committee be printed in the RECORD, and appropriately referred.

There being no objection, the letter was referred to the Committee on Public Works, and ordered to be printed in the RECORD, as follows:

MARCH 7, 1958.

Congressman GEORGE H. FALLON,
Chairman, Subcommittee on Public Roads, House Committee on Public Works, House Office Building, Washington, D. C.

DEAR CONGRESSMAN FALLON: Although your committee has concluded its hearings on bill H. R. 9821, under which the Federal-aid highway program is to be continued for 2 more years and appropriations therefore authorized, it is our understanding that matters may still be included as part of the committee record. There is attached for your information a resolution adopted by the Common Council of the City of Milwaukee on March 4, 1958, dealing with this bill. It is requested that this letter and the attachment be included as part of the committee record if this is still possible.

It is our belief that the interests of cities will be more adequately protected if the bill approved by your committee is amended to broaden the definition of projects on which Federal-aid funds can be used within urban areas. The city of Milwaukee feels that the highway needs of urban areas are of sufficient importance to the welfare of the Nation as a whole to warrant Federal consideration at least equal to that accorded the highway needs in rural areas. We feel that streets sufficient to meet major urban traffic needs should be eligible for Federal construction aid. This would accord to urban areas treatment similar to that given rural areas through the operation of the Federal-aid secondary system. We feel that such additional Federal assistance is justified because most of the highway revenues that are received by the Federal Government come from urban areas, because the most pressing traffic problems exist there, and because municipalities are generally excluded from the field of effective taxation of motor vehicles.

The Federal Government has repeatedly indicated its interest in the preservation of healthy urban areas. To a limited extent, the traffic needs of such areas have been recognized by the Federal Government, although as you are no doubt aware, a 1955 reinterpretation of highway laws made by the Bureau of Public Roads eliminated the so-called Federal-aid urban system as an object of Federal concern. It is the feeling of the city of Milwaukee that action should be taken by the Federal Government, if not to reestablish the Federal-aid urban system, at least to increase the limited number of urban highways now eligible for Federal assistance. Major traffic arteries in urban areas should be eligible for Federal assistance provided they are of sufficient importance to the community life of the area and subject, of course, to necessary review and approval by the State highway commissions concerned and by the Secretary of Commerce. This eligibility should not be contingent on such routes being extensions of rural highways.

We therefore suggest the following amendment to section 1 (a) (1) (C) of bill H. R. 9821:

"(C) Twenty-five percent for projects on extensions of and feeders to these systems within urban areas. Extensions and feeders in urban areas shall consist of such additional lateral, feeder, and distributor routes as may in the judgment of the Secretary of Commerce be required to meet the major traffic needs in the area and to provide maximum utility to the various Federal-aid systems and their extensions within or adjacent to such areas."

Although we realize that bill H. R. 9821 is in a relatively late stage of House passage, the city of Milwaukee feels that consideration of this amendment will serve to provide more adequate recognition of urban highway needs by the Federal Government. Your committee's consideration of this proposed amendment is, therefore, respectfully requested.

Respectfully submitted.

COMMON COUNCIL OF THE CITY OF MILWAUKEE, COMMITTEE ON PLANNING PUBLIC IMPROVEMENTS WITH FEDERAL ASSISTANCE.
JAMES J. MORTIER, *Cochairman.*
IRVING G. RAHN, *Cochairman.*
COMMITTEE ON STREETS-ZONING.
BERNARD B. KROENKE, *Chairman.*

Resolution relative to amending Federal highway legislation to provide more adequate recognition of urban highway needs

Whereas the Congress of the United States is now considering legislation to amend and supplement the Federal Aid Highway Acts and to authorize appropriations for continuing the program of federally aided highway construction; and

Whereas such acts have now been interpreted so that Federal participation in construction costs is limited largely to streets which represent extensions of rural highways; and

Whereas many major streets in urban areas do not represent such extensions, but, nevertheless, serve as distributor, lateral, and feeder streets to the Federal-aid systems and are of considerable importance both to the municipality and to the Federal-aid highway systems; and

Whereas such major streets often carry enormous amounts of traffic, often in excess of those carried by streets on the Federal-aid system: Now, therefore, be it

Resolved by the Common Council of the City of Milwaukee, That the special committee on planning public improvements with Federal assistance be, and is hereby, authorized and directed to seek amendment of bill H. R. 9821, or other House or Senate bills intending to supplement and continue the Federal-aid program for highway construction, so as to provide more adequate recognition of urban highway needs; and be it further

Resolved, That such committee be, and is hereby, authorized and directed to present testimony in such manner as it considers feasible and to cooperate with other agencies and organizations in an attempt to accomplish this end.

REA INTEREST RATES—RESOLUTION

Mr. HUMPHREY. Mr. President, I have just received a resolution adopted by the board of directors of the Northern Electric Cooperative Association of Virginia, Minn., concerning REA interest rates.

I ask unanimous consent that the resolution be printed in the RECORD, and appropriately referred.

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

"Be it resolved, That we urgently request that you do everything within your power to provide REA adequate funds without an increase in this interest rate for the fiscal year starting July 1, 1958, which is necessary to take care of increasing load and to provide service to those who do not have electricity yet.

"We are opposed to any changes in the REA Act which will force us into open money market.

"Please treat us equal with Mr. Nasser of Egypt, the British, and the other foreign countries."

I, Emil H. Sande, do hereby certify that I am the duly elected, qualified, and acting secretary of Northern Electric Cooperative Association, and the keeper of its records; that the foregoing copy is a true and correct copy of the resolution as adopted at the special meeting of the board held on February 21, 1958, at its principal office of business, in the city of Virginia, Minn.

In witness whereof, I have hereunto set my hand and affixed the seal of the cooperative this 7th day of March 1958.

EMIL H. SANDE, *Secretary.*

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT—LETTER

Mr. HUMPHREY. Mr. President, the port director of the Port Authority of Duluth, Robert T. Smith, has written to me expressing the full support of the commissioners of the port authority for the renewal of the Reciprocal Trade Agreements Act.

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

There being no objection, the letter was referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

DULUTH, MINN., *March 6, 1958.*

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

DEAR SENATOR HUMPHREY: The commissioners of our port authority, being fully cognizant of the value of foreign trade to the economy of our State and Nation, respectfully request your support of the subject act.

Surveys, conducted by this authority in the State of Minnesota, disclose we have in excess of 350 manufacturers and processors engaged in foreign trade and their total production for the purpose in 1956 exceeded 250,000 tons. This does not include grain grown by our farmers that goes into foreign markets.

We are now engaged in more detailed surveys and find that the processors of linseed and soybean oils anticipate a tremendous increase in their foreign sales, when cheaper water transportation is made available with the opening of the seaway. The same indications are had from the processors of meats, lard, edible and inedible greases. We are reasonably sure that when individual commodity surveys are completed on other products of our State, similar expectations will be had.

Should failure to renew the reciprocal trade agreement cause a reduction in our foreign trade, then these expectations could very well not materialize. This would be most unfortunate, in view of the public funds we are spending on port development projects.

Yours very truly,

PORT AUTHORITY OF DULUTH,
ROBERT T. SMITH, *Port Director.*

INCREASED FUNDS FOR WILDLIFE AND RECREATION IN NATIONAL FORESTS—LETTER

Mr. HUMPHREY. Mr. President, I have recently received a letter written by William V. Sinnott, president of the Lake George Conservation Club, urging an increase in the funds in H. R. 10746 on the wildlife and recreation in national forests.

I ask unanimous consent that the letter be printed in the RECORD, and appropriately referred.

There being no objection, the letter was referred to the Committee on Appropriations, and ordered to be printed in the RECORD, as follows:

ANOKA, MINN., *March 5, 1958.*

Hon. HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR HUMPHREY: I have been instructed by action of the Lake George Conservation Club to write you requesting that you support legislation to gain an increase in the funds in bill H. R. 10746 on the wildlife and recreation in national forests.

We are affiliated with the Minnesota Conservation Federation and respectfully request your support of this much needed legislation which has been passed by the House.

Yours very sincerely,

WM. V. SINNOTT,
President, Lake George Conservation Club.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce, without amendment:

S. 1976. A bill to clarify the application of navigation rules for the Great Lakes and their connecting and tributary waters, and for other purposes (Rept. No. 1381); and

S. 2115. A bill to amend the act of June 7, 1897, as amended, and section 4233 of the Revised Statutes, as amended, with respect to lights for vessels towing or being overtaken (Rept. No. 1382).

By Mr. ELLENDER, from the Committee on Agriculture and Forestry, with an amendment:

S. 2937. A bill to provide equitable treatment for producers participating in the Soil Bank program on the basis of incorrect information furnished by the Government (Rept. No. 1383).

By Mr. ANDERSON (for Mr. MURRAY), from the Committee on Interior and Insular Affairs, without amendment:

S. 847. A bill to amend the act of June 5, 1944, relating to the construction, operation, and maintenance of Hungry Horse Dam, Mont. (Rept. No. 1384).

By Mr. ANDERSON (for Mr. MURRAY), from the Committee on Interior and Insular Affairs, with amendments:

S. 2813. A bill to provide for certain credits to the Salt River Valley Water Users' Association and the Salt River project agricultural improvement and power district in consideration of the transfer to the Government of property in Phoenix, Ariz. (Rept. No. 1386).

By Mr. O'MAHONEY (for Mr. MURRAY), from the Committee on Interior and Insular Affairs, without amendment:

S. 2557. A bill to amend the act granting the consent of Congress to the negotiation of certain compacts by the States of Nebraska, Wyoming, and South Dakota in order to extend the time for such negotiation (Rept. No. 1385).

By Mr. HENNINGS, from the Committee on Rules and Administration, without amendment:

S. Con. Res. 71. Concurrent resolution to print the proceedings in connection with the acceptance of the statue of Maria L. Sanford, late of Minnesota; and

S. Res. 272. Resolution authorizing an increase in expenditures for the Committee on Foreign Relations.

FREE IMPORTATION OF CERTAIN ARTICLES FOR EXHIBITION PURPOSES—REPORT OF A COMMITTEE

Mr. DOUGLAS. Mr. President, from the Committee on Finance, I report favorably without amendment the bill (H. R. 10242) to permit articles imported from foreign countries for the purpose of exhibition at the Chicago International Fair and Exposition, to be held at Chicago, Ill., from July 1, 1959, to July 19, 1959, inclusive, to be admitted without payment of tariff, and for other purposes, and I submit a report (No. 1379) thereon.

The Chicago International Fair and Exposition sponsored by the city of Chicago and the Chicago Association of Commerce and Industry brings our international trade relations closer to the heart of our great Nation. This is of timely importance because of two historic world trade events scheduled for 1959—one the opening of the St. Lawrence Seaway which will link mid-America with the other deepwater ports of the world and the inauguration of commercial jet aviation which will also bring these markets within 20 hours travel of every city in the world. The statement of policy of this great exposition is as follows:

The Chicago International Fair is first and foremost a trade fair—organized for the explicit purpose of bringing buyer and seller together to transact the maximum amount of business in the most efficient manner.

Every effort is being made by the people of Chicago, and other interested groups, in providing the best possible service for understanding and assistance in participation in this trade fair. I want to extend my compliments to the honorary chairman, Mayor Richard J. Daley, of the city of Chicago, and to the officers and men of the Chicago Association of Commerce and Industry of that great city for their splendid efforts in developing and carrying out this exposition.

The bill, H. R. 10242, provides that the imported articles shall not be subject to marking or identification requirements of the general tariff laws except when such articles are withdrawn for consumption or use in the United States. Articles thus admitted may be lawfully sold at any time during or within 3 months after the close of exposition, subject to such regulations for the security of the revenue and for the collection of import duties as the Secretary of the Treasury shall prescribe.

This bill follows the pattern of previous legislation enacted by the Congress in connection with international exhibitions and fairs held in the United States. It has long been the policy of Congress to facilitate the participation of foreign countries in international expositions held in the United States by permitting articles intended for display at these expositions to be entered free of import duties and charges under safeguarding regulations of the Secretary of the Treasury. This bill provides the necessary safeguards.

The VICE PRESIDENT. The report will be received, and the bill will be placed on the calendar.

RECOGNITION OF 20TH ANNIVERSARY OF CIVIL AVIATION—REPORT OF A COMMITTEE

Mr. BIBLE from the Committee on Interstate and Foreign Commerce, reported an original concurrent resolution (S. Con. Res. 72) favoring Congressional recognition of the 20th anniversary of civil aviation under the Civil Aeronautics Act of 1938, which was placed on the calendar, as follows:

Whereas the late Senator Pat McCarran, of Nevada, and Congressman Clarence Lea, of California, sponsored legislation for the regulation and promotion of civil aeronautics; and

Whereas this legislation became the Civil Aeronautics Act of 1938 and established as being in the public interest:

"(a) The encouragement and development of an air transportation system properly adapted to the present and future needs of the foreign and domestic commerce of the United States, of the Postal Service, and of the national defense;

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

"(c) The promotion of adequate, economical, and efficient service by air carriers at reasonable charges, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices;

"(d) Competition to the extent necessary to assure the sound development of an air transportation system properly adapted to the needs of the foreign and domestic commerce of the United States, of the Postal Service, and of the national defense;

"(e) The regulation of air commerce in such manner as to best promote its development and safety; and

"(f) The encouragement and development of civil aeronautics."; and

Whereas these 20 years have marked the unparalleled growth of civil aviation in the United States and witnessed the development of the world's largest and finest air transportation system; and

Whereas the Civil Aeronautics Board and the Civil Aeronautics Administration, together with our aircraft industry, our air transportation companies, our private fliers, and other aviation interests, have been primarily responsible for the orderly development of civil aviation in accordance with policies established by the Congress, leading to the world's outstanding system of civil airways and civil airports, and civil aviation; and

Whereas American civil aviation is on the threshold of new frontiers of travel, comfort, and safety as they prepare for the transition of our air transport fleets from piston-engined to jet-powered aircraft; and

Whereas current war plans of the military continue to place great reliance on our air carrier industry; and

Whereas American leadership in aviation must be maintained: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress of the United States, on this 20th anniversary of the Civil Aeronautics Act of 1938, reaffirms its support of the policies set forth therein; and urges strict adherence to policies which will enable civil aviation to solve its present economic and technical problems and assure the public of the benefits of a strong air transport system and civil aviation industry.

ELEANOR N. GAGG—REPORT OF A COMMITTEE

Mr. HENNINGS, from the Committee on Rules and Administration, reported an original resolution (S. Res. 275) to pay a gratuity to Eleanor N. Gagg, which was placed on the calendar, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Eleanor N. Gagg, widow of William H. Gagg, an employee of the Senate at the time of his death, a sum equal to 7½ months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

ADDITIONAL FUNDS FOR OFFICIAL REPORTERS OF SENATE

Mr. HENNINGS, from the Committee on Rules and Administration, reported an original resolution (S. Res. 276) providing additional funds for the Official Reporters of the Senate, which was placed on the calendar, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate, to the Official Reporters of Senate Debates and Proceedings, during the period March 1, 1958, to December 31, 1958, so much as may be necessary, not to exceed $10,000, for the employment of additional office personnel.

REPORT ENTITLED "RAPID AMORTIZATION IN REGULATED INDUSTRIES"—INDIVIDUAL VIEWS (S. REPT. NO. 1380)

Mr. KEFAUVER. Mr. President, from the Committee on the Judiciary, pursuant to Senate Resolution 57, as extended, I submit a report entitled "Rapid Amortization in Regulated Industries," together with the individual views of the Senator from Illinois [Mr. DIRKSEN] and the Senator from Wisconsin [Mr. WILEY]. I ask unanimous consent that the report be printed, together with the individual views, and an illustration.

The VICE PRESIDENT. The report will be received and printed, as requested by the Senator from Tennessee.

Mr. DIRKSEN. Mr. President, the Antitrust and Monopoly Subcommittee of the Committee on the Judiciary has concluded its hearings on the steel industry, and filed its report. I ask unanimous consent to have printed in the RECORD a press release which explains, in some measure, my individual views, as contained in the report.

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

STATEMENT BY SENATOR DIRKSEN

The Antitrust and Monopoly Subcommittee of the United States Senate has concluded its study of administered prices in the steel industry and a report including my individual views is being released for distribution. On February 28, past, because of a leak to the press, a press release was hurriedly issued with individual views by myself and Senator ALEXANDER WILEY.

I wish to specifically refer to the opening paragraph of the majority's view in the press release, which stated as follows:

"The steel industry was not justified in establishing recent price increases, since these increases 'substantially exceeded' its cost increases, the Senate Antitrust and Monopoly Subcommittee has concluded in a report whose major findings were made public today."

As I stated in my individual views, "the majority's report is based on a theoretical, preconceived, biased economic and legal analysis developed by the subcommittee staff. It fails to make an impartial appraisal of the testimony presented to the subcommittee; and in many respects it would appear to offer economic superstition where simple and reasonable facts are plainly evident."

I further pointed out in my individual views, "every Member of the Congress has a responsibility in terms of our national welfare to avoid exaggeration, partisan statements and criticism not supported by the evidence developed in committee hearings or otherwise in the preparation of Congres-

sional reports. Every Congressional report may become an official Government document.

"The minority regrets that the majority has accepted the unwarranted and prejudiced assumptions of the staff in the preparation of its views. It is satisfied that they have unwittingly provided propaganda which may be used to our national detriment."

My individual views in the report on the study of administered prices in the steel industry goes to the record of the hearings to categorically deny the majority's position that the steel industry was not justified in establishing the recent price increases, which majority claim that these increases substantially exceeded its cost increases.

I quote from my individual minority views, contained in said report, as follows:

"The minority notes that the testimony received by the subcommittee indicated that in no instance was the July 1 steel price increase adequate in terms of the companies' cost positions at that time. It can find no justification for the majority's attempt indirectly to impose its pricing formulas over large segments of American economy.

"It would do well at this point to analyze and refer briefly to the record. The majority report, itself, refers to a statement made by Jones and Laughlin, fourth largest producer in the steel industry, as follows:

" 'The announced price increase (July 1) is grossly inadequate insofar as covering our total anticipated cost increases is concerned.' [1]

"The inadequacy of the price increase was reflected by the testimony of various steel company officials who testified. Mr. Roger M. Blough, chairman of the board, United States Steel Co., stated:

" 'In other words, to put it in figures that you can understand perhaps a little more clearly, dollarwise a price increase which would have been, let us say, entirely justified based upon what we have just been through for 17 years, would have been in the area of $9 or $10. Now, that is the figure to compare with the $6.' [2]

"Mr. A. B. Homer, president, Bethlehem Steel Corp., stated that although Bethlehem Steel prices rose on an average of $5.20 per ton, the average costs were expected to rise to $8 per ton, thereby forcing Bethlehem Steel to absorb the loss of $2.80 per ton or a total of $35 million.[3]

"Mr. George M. Humphrey, chairman of the board, National Steel Corp., stated that the total effect by reason of increases in the cost of purchased materials and services would be 2.5 to 2.75 times the increase in employment cost.[4]

"The chairman, Senator ESTES KEFAUVER, in examining Mr. Humphrey at this point came to the conclusion that the increased cost per ton as a result of wage increases was $3.15 which he stated he found to be in line with United States Steel and with Bethlehem Steel. This $3.15 increased cost per ton as a result of wage increases, was lower than the approximately $4 per ton increase due to wage costs found by the steel companies.

"It should be further noted at this point that the record adequately shows that for each dollar of increased employment costs, there is an additional dollar increase in material and service costs.

"Mr. Robert C. Tyson, chairman, finance committee, United States Steel Corp., said:

" 'For each dollar that our employment costs increase, our total costs increase over $2. Economic arithmetic tells us that the new cost-push inflation can never be terminated until inflation in the biggest and most basic cost, employment cost, is terminated.' [5]

"Also, Jules Backman, professor of economics, New York University, writes:

" 'It is evident that over the years, the steel industry has had good reason to anticipate that an increase of $1 in employment costs would soon be accompanied by at least a similar rise in the costs of products and services bought.' [6]

"Summarizing this analysis of the testimony, the minority finds that the conclusion is inescapable that the average price increase of steel announced on July 1 ranged from $5.20 to $6 per ton.

"If one uses the steel companies view of approximately $4 per ton increase in wage costs and again using the Tyson, Backman formula, the total cost increase would be approximately $8 per ton and the steel price increase was not only justified, but that the steel corporations would have to absorb a loss of over $2 per ton of steel.

"If Mr. Humphrey's formula of relationship of employment costs to material and service costs were used, the steel companies' loss due to total increased costs in relation to the price increase would even be larger."

I believe that the above quotations taken from the record of the hearings conclusively prove erroneous and unfounded the majority's findings "that the recent steel price increase substantially exceeded its cost increase" and the conclusion is inescapable that the steel price increase was inadequate to meet the increased labor costs and increased cost of materials and services, resulting in the steel companies absorbing a loss as high as $2.80 per ton of steel.

In my individual minority views in said report, after careful analysis of the testimony adduced at the hearings, found:

1. That the position in the majority's report that the steel industry has made unjustified price increases is erroneous and unfounded.

2. That the position in the majority's report that steel price increases are injurious to the whole economy is erroneous and unfounded.

3. That the position in the majority's report that corporate profits in general and profits in the steel industry in particular are exorbitant is erroneous and unfounded.

4. That the position in the majority's report that there is no price competition in the steel industry is erroneous and unfounded.

5. That the position in the majority's report that steel prices are insensitive to changes in market conditions is erroneous and unfounded.

6. That the position in the majority's report that efficiency of the low-cost producers is reflected in higher profits rather than in lower prices for the consumer is erroneous and unfounded.

7. That the position in the majority's report that inelasticity of demand for steel has not been proven is erroneous and unfounded.

8. That the position in the majority's report that uniformity of steel prices is maintained through the price leadership of the largest producer is erroneous and unfounded.

9. That the position in the majority's report that there is too much concentration in the steel industry and such concentration is increasing is erroneous and unfounded.

10. That the position in the majority's report that executive compensation in the steel industry is excessive and contributes to inflation is erroneous and unfounded.

11. That the position in the majority's report that the frequency of identical price bidding on Government contracts suggests antitrust implications is erroneous and unfounded.

12. That the position in the majority's report that present pricing practices in the steel industry are a continuation of elaborate pricing systems historically used for the purpose of eliminating competition is erroneous and unfounded.

[1] 15 NS mono section.

[2] Administered prices, hearings before the Subcommittee on Antitrust and Monopoly, pt. 2, p. 305.

[3] Administered prices, hearings before the Subcommittee on Antitrust and Monopoly, pt. 2, p. 647.

[4] Administered prices, hearings before the Subcommittee on Antitrust and Monopoly, pt. 3, p. 805.

[5] Administered Prices, hearings before the Subcommittee on Antitrust and Monopoly, pt. 2, p. 244.

[6] Jules Backman, professor of economics, New York University, Steel Prices, Profits, Productivity and Wages, p. 17.

BILLS INTRODUCED

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

By Mr. PROXMIRE (for himself, Mr. MANSFIELD, Mr. HUMPHREY, and Mr. NEUBERGER):

S. 3456. A bill to provide a substantially self-financing program to protect the returns of producers of milk and butterfat used in manufactured dairy products to the producers thereof, to provide a formula for computing parity farm income and parity income equivalent prices, to establish a Federal Dairy Advisory Committee, to promote and protect and encourage family-scale farming in the dairy industry, to enable milk producers to keep supplies in reasonable balance with the need and demand therefor, to prevent discrimination between the various manufactured dairy products in Government food-purchasing programs, and for other purposes; to the Committee on Agriculture and Forestry.

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

By Mr. IVES:

S. 3457. A bill for the relief of Dr. Mei-Chieu Lo; to the Committee on the Judiciary.

By Mr. DWORSHAK:

S. 3458. A bill to add certain lands located in Idaho to the Boise and Payette National Forests; to the Committee on Interior and Insular Affairs.

By Mr. CHAVEZ:

S. 3459. A bill providing for a preliminary examination and survey of the streams at and in the vicinity of Alamogordo, N. Mex., for flood control and other purposes; to the Committee on Public Works.

By Mr. JOHNSTON of South Carolina (by request):

S. 3460. A bill to govern the salaries and personnel practices for teachers, certain school officers, and other employees of the dependent schools of the Department of Defense in foreign countries, and for other purposes; and

S. 3461. A bill to authorize the use of certified mail for the transmission or service of matter required by certain Federal laws to be transmitted or served by registered mail, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. BEALL:

S. 3462. A bill to provide for the acquisition of certain real property in Prince Georges County, Md., to be used for the site of the National Air Museum of the Smithsonian Institution; to the Committee on Public Works.

By Mrs. SMITH of Maine:

S. 3463. A bill to provide that all United States currency shall bear the inscription "Peace"; to the Committee on Banking and Currency.

By Mr. HUMPHREY:

S. 3464. A bill for the relief of Harriet H. Witesman; to the Committee on the Judiciary.

CONCURRENT RESOLUTION

Mr. BIBLE, from the Committee on Interstate and Foreign Commerce, reported an original concurrent resolution (S. Con. Res. 72) favoring Congressional

recognition of the 20th anniversary of civil aviation under the Civil Aeronautics Act of 1938, which was placed on the calendar.

(See the above concurrent resolution printed in full when reported by Mr. BIBLE, which appears under the heading "Reports of Committees.")

RESOLUTIONS

ADDITIONAL FUNDS FOR COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Mr. JOHNSTON of South Carolina submitted the following resolution (S. Res. 273), which was referred to the Committee on Post Office and Civil Service:

Resolved, That the Committee on Post Office and Civil Service is authorized to expend from the contingent fund of the Senate, during the 85th Congress, for the purposes specified in section 134 (a) of the Legislative Reorganization Act of 1946, $10,000 in addition to the amount authorized in such section.

Mr. CHAVEZ (for himself and Mr. ANDERSON) submitted Senate Resolution 274, relating to the death of Hon JOHN J. DEMPSEY, late a Representative from the State of New Mexico, which was considered and agreed to.

(See the above resolution printed in full when submitted by Mr. CHAVEZ, which appears under a separate heading.)

Mr. HENNINGS, from the Committee on Rules and Administration, reported the following original resolutions, which were placed on the calendar:

S. Res. 275. Resolution to pay a gratuity to Eleanor N. Gagg; and

S. Res. 276. Resolution providing additional funds for the Official Reporters of the Senate.

(See the above resolutions printed in full when reported by Mr. HENNINGS, from the Committee on Rules and Administration, which appear under the heading "Reports of Committees.")

DAIRY PRODUCTS MARKETING ACT OF 1958

Mr. PROXMIRE. Mr. President, on behalf of myself, the Senator from Montana [Mr. MANSFIELD], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Oregon [Mr. NEUBERGER], I introduce, for appropriate reference, a bill to provide a substantially self-financing program to protect the returns of producers of milk and butterfat used in manufactured dairy products, with protection to be assured directly to the producers thereof, to promote and protect and encourage family-scale farming in the dairy industry, to provide a formula for computing parity farm income and parity income equivalent prices, to establish a Federal Dairy Advisory Committee, to enable milk producers to keep supplies in reasonable balance with the need and demand therefor, to prevent discrimination between the various manufactured dairy products in Government food purchasing programs, and for other purposes.

Mr. President, this bill incorporates the provisions for a dairy program in the comprehensive farm bill (S. 2952) which I introduced on the first day for the introduction of bills of this session.

I ask unanimous consent, Mr. President, to have a brief statement which I have prepared, describing the provisions of this bill, printed in the RECORD.

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

The bill (S. 3456) to provide a substantially self-financing program to protect the returns of producers of milk and butterfat used in manufactured dairy products to the producers thereof, to provide a formula for computing parity farm income and parity income equivalent prices, to establish a Federal Dairy Advisory Committee, to promote and protect and encourage family-scale farming in the dairy industry, to enable milk producers to keep supplies in reasonable balance with the need and demand therefor, to prevent discrimination between the various manufactured dairy products in Government food-purchasing programs, and for other purposes, introduced by Mr. PROXMIRE (for himself, Mr. MANSFIELD, Mr. HUMPHREY, and Mr. NEUBERGER), was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

The statement presented by Mr. PROXMIRE is as follows:

STATEMENT BY SENATOR PROXMIRE

This bill provides mandatory protection to the returns of milk producers, at levels of not less than 80 percent nor more than 100 percent of the parity income equivalent price on milk and butterfat used in manufactured dairy products for the marketing years ending on August 31 of 1959 and 1960.

This would give farmers protected returns ranging from about $4 to $5 per hundredweight for manufacturing milk of 3.95 percent butterfat test, at national average price levels.

Under the present parity equivalent price formula used by the Department of Agriculture, 100 percent of price parity for manufacturing milk is $4.04 per hundredweight.

Under the present farm law, the Secretary of Agriculture can set supports between $3.03 and $3.64 per hundredweight. He has ordered milk support reduced to $3.03—the lowest permitted by law—effective next April 1. He has recommended to Congress that the law be changed to allow him to cut manufacturing milk supports to as low as only $2.43 per hundredweight, which is only 60 percent of the present parity.

PARITY OF INCOME STANDARDS

This bill would substitute a more realistic parity of income standard for the present parity price formula as a basis for determining levels of protection for milk producers. It would measure the returns to farmers according to the incomes received by nonfarm people.

The formula provided in this bill for computing parity of income and parity income equivalent prices is based on the definition of parity of income contained in the Agricultural Adjustment Act of 1938, as amended, which reads as follows:

"Parity farm family net income shall be that net family income from farming that will provide the farm operator and his family with a standard of living equivalent to those afforded persons dependent upon other gainful occupations."

Parity income equivalent price is calculated under this bill as that price for each commodity which would provide producers on the average, with parity incomes.

In 1952, when farm prices last averaged 100 percent of price parity, farmers received only 52 percent of parity income. In 1956, farmers received only 44 percent of parity income.

Because farmers' production expenses tend to be high and rigid and do not rise or fall proportionately to changes in prices received by farmers, most of any change in prices received by farmers tends to add or detract from their net income.

The parity income equivalent price will be computed on a national average basis by the Secretary, in accordance with a formula set forth in the bill.

At the present time, the average person living on a farm in the United States receives less than half as much income as the average nonfarm person. The parity income equivalent price for any farm commodity would be that price which would give to farm people, on the average, the same per capita income as that received by nonfarm people. According to our calculations, farm prices would need to rise by about 40 percent in order to yield parity of income to our farming population.

Prices of more than $5 per hundred pounds for manufacturing milk would be required to raise the returns of dairy producers to parity of income. This bill would provide for mandatory protection to producers at not less than 80 percent of the parity of income equivalent prices. This is close to the parity price as calculated under the present formula—but somewhat less than full parity for manufacturing milk as it was calculated before the formula was reduced by Secretary of Agriculture Benson.

MILK MARKETING QUOTAS

The Secretary of Agriculture will proclaim a production base and marketing quota for milk when it appears that the average market price for manufacturing milk during the marketing year will fall below 80 percent of the parity income equivalent price. The production base for each farm will be the average production for the preceding 3-year period. The marketing quota will be calculated by deducting 3 percent from the production base of each farm for each 5 percent (about 26 cents) by which the average estimated market price is less than 80 percent of the parity income equivalent price.

Assuming that the estimated average free market price for manufacturing milk in the coming year were the same as the actual price received by farmers in December 1957, the marketing quota for each farm would be 88 to 91 percent of the production base.

PARITY INCOME DEFICIENCY PAYMENTS

The Secretary will make such payments to each producer who complies with his milk marketing quota as to be sufficient, when added to the State average net price received by producers, to give the producer a total return equaling 80 to 100 percent of the parity income equivalent price.

The objective is to protect the returns to farmers at a level that will provide farmers, on the average, with not less than 80 percent nor more than 100 percent of parity of income. Some farmers would receive more, others less, depending on the number of units they have to sell.

The total amount of parity income deficiency payments to an individual milk producer would be determined as follows:

The protection level—expressed as a return per unit to be determined by the Secretary between 80 and 100 percent of the parity-income equivalent price;

Minus the State average net price received in the marketplace by producers;

Times the number of units sold by the producer, if not in excess of the individual producer's milk-marketing quota.

At the present time, the national average price received by farmers (in February, 1958) was $3.28 per hundred pounds. If the parity-income equivalent price were computed according to this bill, it would provide for mandatory minimum protection at about $4 per hundred pounds. Farmers would receive payments of 72 cents per hundred pounds to bring their total returns to the production level of $4 per hundred pounds—80 percent of the parity-income equivalent price—or more, up to 100 percent of the parity-income equivalent price if the Secretary so decided.

QUOTAS WILL BOOST PRICES

The actual amount of payments under this bill, of course, would be much lower, because most of the price-boosting effect of this program would be accomplished by reducing the supply placed on the market.

Studies by agricultural economists have found that the price received by farmers for manufacturing milk tends to rise 1.4 percent or more for every 1 percent by which the supply is decreased. In the case of fluid milk, the price rises 5 percent for every 1 percent by which the supply is decreased.

This means that farmers can realize higher gross and net incomes by reducing the volume of their marketings. This bill permits farmers to employ this economic fact for their own protection.

The reverse effect, of course, is also true—that prices received by farmers decline faster than they can increase their production, so that increased overall milk production can lead only to reduced gross and net returns to milk producers.

EFFECT ON INDIVIDUAL FARMERS' INCOME

If this bill were put into effect without any additional programs to expand food consumption, with a marketing quota for milk of 88 percent of the individual farm base, each producer who complied with his quota would increase his gross income from milk by about 12 percent. This 12-percent increase in gross income represents the minimum increase possible under this bill under present market conditions.

The average dairy farm in eastern Wisconsin would receive about $850 per year of increased gross income, and the average dairy farm in western Wisconsin would receive an increase of about $710. Because some production expenses could be cut by reducing the volume of milk sold, this would actually raise the average Wisconsin farmer's net return on his capital and labor by at least $1,000 per year.

If provisions for expanding food consumption so that all Americans were assured of adequate diets for good nutrition—such as would be the case with a food-stamp plan and expanded school lunch program provided for in other bills which I have introduced—then the gross incomes of dairy farmers would be increased by a minimum of about 20 percent under this Dairy Products Marketing Act.

PROTECTING THE FAMILY FARM

This bill would give specific and deliberate protection and encouragement to family-sized farming operations. The limit on the total of parity income deficiency payments that any individual could receive would be set at $3,000—which would allow even the very largest genuinely family-operated dairy farm to participate fully.

Provisions are made for adjusting marketing quotas for small producers who need to expand in order to become economic operators. Marketing quotas would not be cut lower than the minimum needed to operate a family-sized farm. And quotas for smaller producers would be raised in proportion to those of larger producers.

PROGRAM COMPLETELY VOLUNTARY

Compliance with milk marketing quotas would be completely voluntary, with no penalty for noncompliance excepting ineligibility to receive parity income deficiency payments.

SELF-FINANCING PLAN

(1) An import duty shall be levied on all imports of manufactured dairy products, ranging from 10 percent when the national average market price is 80 percent or more of the parity income equivalent price, up to 50 percent ad valorem when domestic prices are lower.

(2) A processing tax shall be levied on the first purchaser from the producer of all milk and butterfat sold, at a rate of not more than 10 cents per hundredweight on whole milk or 2½ cents per pound on butterfat.

Proceeds of these levies shall be paid to the Treasury of the United States to the account of the Secretary of Agriculture, and may be drawn upon to reimburse the costs of protection to the returns of milk producers under this act. This self-financing program would work in essentially the same way as the present direct payments plan for wool established by the present administration.

Most of the work of raising milk producers' prices and incomes would be accomplished by the effect of marketing quotas in reducing supplies on the market.

Studies indicate that these self-financing provisions will be more than adequate to cover the costs of parity income deficiency payments under terms of this bill. If there were full compliance with quotas, market prices would rise approximately to the protection level. To the extent that quotas would not be respected, the extent of eligibility for payments would decrease, allowing sufficient funds to cover larger payments to producers who comply with quotas.

PURCHASES OF DAIRY PRODUCTS FOR PUBLIC PURPOSES

The Secretary is designated as the agent of the Federal Government for purchasing manufactured dairy products for the school-lunch program, public institutional use, relief programs within the United States and abroad, the Armed Forces and Veterans' Administration facilities. Such purchases shall be made:

(1) So as to insure, insofar as possible, that temporary seasonal surpluses shall be removed from normal commercial markets; and

(2) That the relationship between the market prices of the various manufactured dairy products shall be maintained during such periods of temporary seasonal surplus in reasonable accordance with the relationship that exists during periods of normal supply. The bill specifies that such purchases shall include but not be restricted to "butter; American, Swiss, and other foreign-type cheeses; dried milk; canned, condensed, concentrated, and evaporated milk," thus preventing the present discrimination against producers of many of these products.

Surpluses of dairy commodities accumulated prior to the effective date of this act shall be insulated from commercial markets for use only for public purposes.

NEW PRODUCERS

New producers may obtain a production base (1) by transfer with the purchase or lease of a farm from a farm operator who has already established a base, or (2) by producing milk or butterfat for 3 years, during which he may market milk without any restriction but will receive protection on his returns on only 50 percent of his deliveries of milk.

FEDERAL DAIRY ADVISORY COMMITTEE

This farmer-controlled committee shall consist of 15 members to be appointed by the President from a list of nominees elected by a milk producers' secret ballot. At least 12 members must be actual milk producers; up to three may be officers or full-time employees of organizations of dairy producers. The committee shall have the duty of reviewing the status and operations of Government programs, and of presenting recommendations both to Congress and to the Secretary.

REFERENDUM OF MILK PRODUCERS

Prior to July 15, 1958, and prior to July 15 preceding any year for which marketing quotas are proclaimed, the Secretary shall conduct a nationwide referendum of milk producers. If half of those voting approve of the provisions of this program, it shall be put into effect for the marketing year beginning September 1. If half do not approve, the present program shall continue.

DWIGHT S. SHARER—AMENDMENT

Mr. DOUGLAS submitted an amendment, in the nature of a substitute, intended to be proposed by him, to the bill (S. 784) for the relief of Dwight S. Sharer, which was referred to the Committee on the Judiciary, and ordered to be printed.

AMENDMENT OF SOCIAL SECURITY ACT, RELATING TO BENEFITS OF WIDOWS—AMENDMENT

Mr. IVES submitted an amendment, intended to be proposed by him, to the bill (H. R. 5411) to amend title II of the Social Security Act to provide that a widow or former wife divorced who loses mother's insurance benefits by remarriage may again become entitled if her husband dies within 1 year of such remarriage, which was referred to the Committee on Finance, and ordered to be printed.

AMENDMENT OF SOCIAL SECURITY AMENDMENTS OF 1954, RELATING TO COVERAGE FOR CERTAIN EMPLOYEES OF TAX-EXEMPT ORGANIZATIONS—AMENDMENT

Mr. IVES submitted an amendment, intended to be proposed by him, to the bill (H. R. 7570) to amend section 403 of the social security amendments of 1954 to provide social security coverage for certain employees of tax-exempt organizations which erroneously but in good faith failed to file the required waiver certificate in time to provide such coverage, which was referred to the Committee on Finance, and ordered to be printed.

AMENDMENT OF SOIL BANK ACT—ADDITIONAL COSPONSOR OF BILL

Mr. ELLENDER. Mr. President, I ask unanimous consent that the name of the Senator from Missouri [Mr. SYMINGTON] may be added as a cosponsor of the bill (S. 2937) to provide equitable treatment for producers participating in the Soil Bank program on the basis of incorrect information furnished by the Government, introduced by the Senator from South Dakota [Mr. MUNDT], on January 9, 1958.

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

REIMBURSEMENT TO STATES FOR CERTAIN FREE OR TOLL ROADS—ADDITIONAL COSPONSORS OF BILL

Mr. BUSH. Mr. President, on March 10, 1958, I introduced the bill (S. 3429) to authorize reimbursement to the States for certain free or toll roads in the Interstate System. I ask unanimous consent that the names of my colleague, the junior Senator from Connecticut [Mr. PURTELL], and the Senator from New York [Mr. IVES] may be added as additional cosponsors of that bill, the next time it is printed.

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

PROPOSED AREA ECONOMIC REDEVELOPMENT ACT—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of March 11, 1958,

The names of Senators JAVITS, REVERCOMB, MANSFIELD, and COOPER were added as additional cosponsors of the bill (S. 3447) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas, introduced by Mr. PAYNE (for himself and other Senators) on March 11, 1958.

AMENDMENT OF LEGISLATIVE APPROPRIATION ACT, 1956—ADDITIONAL COSPONSORS OF AMENDMENT

Under authority of the order of the Senate of March 11, 1958,

The name of Mr. CASE of New Jersey was added as an additional cosponsor of the amendment intended to be proposed by Mr. CLARK (for himself and Senators BYRD, ROBERTSON, DOUGLAS, SMITH of New Jersey, FLANDERS, HUMPHREY, and BEALL) to the bill (S. 2883) to amend the Legislative Appropriation Act, 1956, to eliminate the requirement that the extension, reconstruction, and replacement of the central portion of the United States Capitol be in substantial accord with scheme B of the architectural plan of March 3, 1905.

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. NEUBERGER:

Address delivered by Senator CHURCH before the American Association of School Administrators, San Francisco, Calif., March 9, 1958.

DEATH OF REPRESENTATIVE JOHN J. DEMPSEY, OF NEW MEXICO

Mr. CHAVEZ. Mr. President, it is with a sense of deep regret that I announce to the Senate at this time, the death on yesterday at the George Washington University Hospital of Hon. JOHN J. DEMPSEY, late a Representative at Large from my State of New Mexico.

Later in the day I shall submit a formal resolution relative to his death, and have something further to say concerning his character and service as a Representative.

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

Mr. CHAVEZ. I yield.

Mr. ANDERSON. I wish to say that all of us in New Mexico were profoundly shocked by the news of the death of Mr. DEMPSEY. As my colleague well knows, he had been very active in our State for a long time. He ran for office the first time in 1934, at the time my colleague first came to the Senate. He served our State as Governor, and prior to that as Under Secretary of the Interior. Of course, as we know, he served several terms in the House of Representatives. All of us were deeply shocked to hear of his death. I appreciate the announcement by my colleague prior to the receipt of the formal notice from the House of Representatives.

Mr. CHAVEZ. It was my purpose to delay any further remarks until formal notice had been received from the House of Representatives. Then I shall have something further to say.

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

Mr. CHAVEZ. I yield to the majority leader.

Mr. JOHNSON of Texas. I have been grieved by the knowledge of the condition of our beloved friend, Representative DEMPSEY; and I am distressed to learn that he has passed away. For many years, as my two colleagues from New Mexico know, I served with Mr. DEMPSEY as a Member of the House of Representatives. I had great admiration and affection for him. Mrs. Johnson and I extend to his lovely wife Gladys and members of his family our deepest sympathy on this occasion. I appreciate the Senator from New Mexico yielding to me to make my statement.

Mr. CHAVEZ. As I have stated, I shall have something more to say about Representative DEMPSEY. For the moment I thought I should withhold any further remarks until formal notification had been received from the House of Representatives.

EXTENSION OF INTERNATIONAL TRADE

Mr. FULBRIGHT. Mr. President, it is not often that the Eisenhower administration acts in a manner which is encouraging to those of us who believe in an expansion of international trade. Frequently, the administration supports freer trade in speeches; while in actions it appears to be primarily concerned with appeasing those who are continually pressing for increased trade barriers.

On February 28, however, the administration acted affirmatively on a matter of great importance to the future course of America's foreign economic policy. I refer to a decision announced by Defense Mobilizer Gordon Gray on that date, that the administration has rejected petitions by the domestic watch and clock manufacturers for additional protection under the so-called defense essentiality provisions of the 1955 Trade Agreements Extension Act. It is encouraging, to say the least, to see the administration, for once, talking and acting in the same direction.

Less than 4 years ago, in June 1954, the domestic jeweled-lever watch manufacturers became the first industry to be singled out by the Office of Defense Mobilization as essential to national security despite the fact that this industry is minute compared to our basic mass production industries. This device, which increased tariffs by 50 percent was so helpful to the watch firms that other protectionist groups immediately wanted to come under the defense essentiality umbrella. A line quickly formed outside ODM's door of more than a dozen industries which suddenly considered themselves vital to America's defenses.

In the spring and summer of 1956, a subcommittee of the Joint Economic Committee conducted a lengthy investigation into the problems raised by defense essentiality arguments and their relationship to America's basic policy of encouraging trade among the free nations. The subcommittee, of which I was a member, used the watch industry as a case study because of the precedent-setting nature of the 1954 ODM decision. One of our basic findings was that:

Protection of the watch industry by trade restrictions in the name of defense is unwarranted.

Now, after 2 years of careful reexamination of the problem Defense Mobilizer Gordon Gray has reached this same conclusion.

Mr. President, the importance of this recent decision by Defense Mobilizer Gray goes far beyond the narrow interests of the watch and clock industry. It raises hopes that the administration will not permit the defense essentiality provisions of the Trade Agreements Extension Act to become a sieve for protectionism, and that relief under this section will be restricted to industries which are truly vital to our national security. I hope that in the future we will look back on this decision as marking the end of the vacillating attitude of the Republican administration toward efforts to broaden international trade.

ACCELERATION OF CONSTRUCTION OF INTERSTATE HIGHWAY SYSTEM AND OTHER FEDERAL-AID HIGHWAY SYSTEMS

Mr. BUSH. Mr. President, the Subcommittee on Roads of the Senate Committee on Public Works is meeting today to begin drafting new highway legislation which will permit acceleration of construction of the Interstate System and other Federal-aid highway systems.

I desire to invite the attention of the Senate to the crucial importance of fair and equitable reimbursement to States which have already constructed sections

of the Interstate System to the required standards with either State or toll financing.

On Monday of this week, I introduced S. 3429, which is intended to provide such reimbursement.

I have received a telegram from Hon. Abraham A. Ribicoff, Governor of Connecticut, endorsing my bill, in answer to a telegram I sent to him to inform him of the fact that the Congress soon will be considering highway legislation and requesting him to alert the Governors of other New England States to the importance of recognition of the reimbursement principle.

Mr. President, I ask unanimous consent that these telegrams be printed in the RECORD, following these remarks, together with a statement which I made yesterday before the Subcommittee on Roads.

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

MARCH 10, 1958.

The Honorable ABRAHAM A. RIBICOFF,
Governor of Connecticut,
State Capitol, Hartford, Conn.:

Senator JOHNSON pressing for early action on highway legislation. Public Works Committee holding open hearing tomorrow, and executive session on Wednesday at which time will probably start marking up bill dealing with Interstate System and other Federal-aid highways. Regard question of reimbursement for existing highways already incorporated into Interstate System as crucially important, and have introduced today a bill to implement Clay committee's recommendations in this regard. Request you contact other New England governors and urge their support of reimbursement principle, and that they file statements with committee. Text of my bill after enacting clause follows:

"That it shall be the policy of the Federal Government to equitably reimburse a State for free or toll highways on the Interstate System within its boundaries, the construction of which has been completed or partially completed subsequent to August 2, 1947, or which was either in actual construction, or under construction by contract, for completion, awarded not later than June 30, 1957, if such highway or partially completed section thereof meets the standards required for the Interstate System.

"SEC. 2. If an existing free or toll highway or partially completed section of highway which is located upon the Interstate System and included in the report submitted to Congress under section 114 of the Federal-Aid Highway Act of 1956 (70 Stat. 374) (H. Doc. No. 301, 85th Cong.), is believed to measure up to the standards of construction adopted under section 108 (i) of the Federal-Aid Highway Act of 1956, a State may request of the Secretary of Commerce that it receive reimbursement for such highway, and the State shall be entitled to receive such reimbursement subject to the conditions of this act. The Secretary of Commerce shall first determine whether or not the highway, or partially completed section of highway, meets such standards. If he approves the same, the Secretary of Commerce shall determine, in accordance with the rules and regulations issued pursuant to section 4 hereof, the amount of reimbursement to which the State is entitled based on the cost of such highway, less depreciation, and the total amount of any Federal funds used in the construction of such highway. In each such determination for a toll highway, the Secretary shall also exclude from the cost of the highway the cost of financing thereof and the cost of any toll plazas, toll collection facilities, and any other facilities not included within the definition of the term 'highway' under Federal-aid highway legislation.

"SEC. 3. Any State entitled to reimbursement under this act, whether for a toll or a free highway or a partially completed section of highway, shall use the funds so reimbursed, for construction of projects on the Federal-aid systems, subject to the condition that all Federal-aid highway funds apportioned to a State under Federal-aid highway legislation for the current fiscal year have been expended within the meaning of said legislation. Whenever a State constructs such projects with funds received as a result of a reimbursement under this act, all procedures and steps shall be taken in the same manner as though such funds had been apportioned under Federal-aid highway legislation:

"*Provided*, That State matching funds shall not be required; and

"*Provided further*, That the funds received as a result of a reimbursement under this act shall constitute the total Federal share of any project upon which such funds are expended. The State shall obligate the amount to which it is entitled to be reimbursed under this act within 5 years after the time such amount is credited to it, and any amount not so obligated shall lapse.

"SEC. 4. The Secretary of Commerce shall establish such rules and regulations necessary to carry out the purposes of this act."

HARTFORD, CONN., *March 11, 1958.*

The Honorable PRESCOTT BUSH,
United States Senate,
Washington, D. C.:

Fully endorse your bill implementing Clay committee's recommendation for Federal reimbursement to States for existing highways already incorporated into Interstate System.

Have asked other New England governors to join me in supporting it and enlisting aid of their Congressional delegations.

I consider bill important to interests of Connecticut. It effectively gives fair consideration to Connecticut for providing at its own expenses and in the national interest highway facilities such as the Connecticut turnpike for Interstate System.

I appreciate your deep interest and stand ready to lend every assistance. Please feel free to make any use of this statement you may deem advisable.

ABE RIBICOFF.

STATEMENT BY UNITED STATES SENATOR PRESCOTT BUSH, OF CONNECTICUT, IN SUPPORT OF S. 3429, A BILL TO AUTHORIZE REIMBURSEMENT TO THE STATES FOR CERTAIN FREE OR TOLL ROADS ON THE INTERSTATE SYSTEM, DELIVERED BEFORE THE SENATE SUBCOMMITTEE ON ROADS, MARCH 11, 1958

I am grateful for the opportunity to appear before this committee to urge that, in drafting new highway legislation, you provide for fair and equitable reimbursement to States which have constructed sections of the Interstate System to the required standards with either State or toll financing.

This committee and the Congress have a moral obligation to treat fairly those States which had the courage and vision to proceed to finance by their own methods the construction of these urgently needed highways prior to enactment of the Federal-Aid Highway Act of 1956. Yet, unless legislation for reimbursement is enacted in the present session, severe penalties will be imposed against the very States which made the most progress in modernizing the Interstate System within their borders.

Although many of us fought hard for the principle of reimbursement when the 1956 act was under consideration, Congress avoided a decision at that time. The bill as passed by the House did recognize the need for reimbursement. Amendments to the Senate bill regarding reimbursement were rejected. In the final outcome, the act contained merely a declaration that it was the intent of Congress to determine whether or not reimbursement should be made to the States for highways, toll or free, which have been completed or put under construction on the Interstate System between August 2, 1947, and June 30, 1957.

It is now time for Congress to make that determination, and fairness and justice require that reimbursement be granted.

The Interstate System portions of the Federal-Aid Highway Act of 1956 resulted, in large part, from the recommendations of the President's Advisory Committee on a National Highway Program, headed by Gen. Lucius D. Clay. The Clay committee recognized that unless reimbursement were provided, the fact that a radically new highway program was under consideration might lead States to delay their plans for modernizing their interstate highways. Accordingly, the Clay committee strongly recommended reimbursement, and in the faith that Congress would recognize the equity and justice of their position many States proceeded with construction of their interstate highways.

I quote the pertinent section of the Clay committee's report:

"Some States have already constructed sections of the Interstate System to the required standards with either State or toll financing and others are proceeding along similar lines. Such construction should not be discouraged by this report since our goal is maximum highway improvement. Those States in which sections of the Interstate System have been provided to meet the presently established standards for the completed system should receive appropriate credit, provided such funds are used to improve other roads on established Federal-aid systems or as may be approved by the Federal Government and all other Federal funds for highway purposes have been matched as required. No funds should be made available as a credit for toll roads unless the returns from tolls above financing requirements are used exclusively for road construction as contemplated above.

"To limit the Federal liability, credit for roads built between 1947 and 1951 should be limited not only to those sections fully meeting the new standards but also to a maximum of 40 percent of costs other than financing. The credit for those roads completed prior to the calendar year 1955 should be limited to 70 percent of such costs. In no instance, would credit be given for Federal funds expended on the road or for toll roads, in excess of remaining amortization. Roads built at a later date should be credited at full cost.

"The funds thus made available to the States will not only encourage matching of available funds but will also make possible accelerated improvement of primary, secondary, and other roads, and will encourage local financing of interstate mileage to make funds available for other roads without increasing total Federal responsibility. They will be paid to the States only as required to meet the costs of projects approved for construction, and it thus appears would provide a major incentive to the highway improvement program as a whole."

S. 3429, which I introduced in the Senate on yesterday, is intended to implement the Clay committee's recommendations for reimbursement.

Under its terms, all 48 States would benefit, for all, to greater or lesser degree, have constructed or have under construction free or toll interstate highways which would create eligibility for reimbursement. Among

the States, 26, or more than half, have toll facilities on the Interstate System, while the remainder have constructed only free highways.

My bill would:

1. Declare it to be the policy of the Federal Government to equitably reimburse the States for acceptable highways, free or toll, incorporated into the Interstate System.

2. Authorize the Secretary of Commerce to provide reimbursement, upon request of a State, if he determines such highways meet interstate standards. The amount of reimbursement would be limited to the cost of the highway, less depreciation and the total amount of any Federal funds used in its construction. In the case of toll highways, the reimbursement would be further reduced by deductions for the cost of all auxiliary facilities needed for its toll operation.

3. Permit the States to use funds so reimbursed for construction of projects on the Federal-aid systems within their borders without a requirement of State matching funds.

It is equally important to recognize what the bill would not do, particularly in respect to the proposal for reimbursement for toll roads:

1. It would not give any State a so-called windfall because if the State had not had the initiative to construct the highway, the Federal Government would have had to finance its construction with 90 percent Federal funds under the terms of the 1956 act.

2. It would not violate the prohibition against use of Federal funds on toll highways because any funds reimbursed would have to be spent on Federal-aid systems which are toll free.

I strongly urge the committee to include the provisions of my bill in any legislation affecting the Interstate System which it may report to the floor.

REDUCTION OR REPEAL OF AUTOMOBILE EXCISE TAXES

Mr. McNAMARA. Mr. President, for some time I have been reticent about fully endorsing a reduction or repeal of automobile excise taxes. One reason was the psychological factor, that heavy publicity on the subject might cause potential buyers to hold off their purchases until such a tax cut went into effect. The other, and most important reason, was that we had no assurances that the manufacturers would pass on any such savings to the dealers and then to customers.

Today, however, I received a telegram from Mr. Harlow Curtice, president of General Motors, which gives his views on both these questions.

He suggests that the reduction or repeal be made retroactive to an early date in March. Further, he promises to pass on savings to the dealers, by stating:

> Finally, with respect to any reduction or elimination of excise taxes on any items manufactured and sold by General Motors, including motor vehicles, effective with the enactment and effective date of legislation for that purpose, General Motors will pass along the savings resulting therefrom to its distributors and dealers and will ask them in turn to pass the savings on to the retail customers.

This is the first official word I have received from the automobile manufacturers that they favor repeal or reduction of the excise taxes. The assurance we have here, that the savings in taxes will be passed on, and the suggestion to make any repeal or reduction retroactive, will offset the effect the psychological thinking of some people might have on an already bad situation.

I ask unanimous consent that the telegram from Mr. Curtice be printed in full in the RECORD at this point.

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

DETROIT, MICH., *March 11, 1958.*

United States Senator PAT MCNAMARA,
Senate Office Building,
Washington, D. C.:

I endorse legislation designed to reduce or eliminate excise taxes. However, if legislation designed to reduce or eliminate excise taxes is publicized to potential purchasers of the affected items, it will materially slow up retail sales of automobiles, appliances, and other items as soon as known and understood by public and this condition will continue until legislation is effective or abandoned. Such a situation developed in the automobile industry in Canada on the basis of a mere rumor that the 1958 budget would eliminate excise taxes on automobiles and retail sales fell off sharply for a period of about 3 weeks until the budget was published, necessitating the closing of some manufacturing plants. Any such condition when the spring seasonal upturn in the automobile, appliance, and other markets should be developing could have serious consequences. In view of this suggest that any proposed legislation applicable to motor vehicles, refrigerators, air conditioners, electric appliances, or other items of substantial value immediately be made retroactive to any early date in March with provision for refund to manufacturer of applicable excise taxes subsequent to specified date, provided manufacturer, in turn, passes refund to distributors and dealers on wholesale transactions and the latter, in turn, pass refunds to customers on retail transactions.

With respect to inventories in the hands of dealers and distributors representing items purchased from the manufacturer prior to the specified date, a similar provision for refund of the excise tax to the manufacturer and by the manufacturer to the dealer should be incorporated in legislation so that dealer inventory may be liquidated on the same basis for dealer and his customers.

Finally, with respect to any reduction or elimination of excise taxes on any items manufactured and sold by General Motors, including motor vehicles, effective with the enactment and effective date of legislation for that purpose, General Motors will pass along the savings resulting therefrom to its distributors and dealers and will ask them in turn to pass the savings on to the retail customers.

H. H. CURTICE,
President, General Motors Corp.

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

Mr. MCNAMARA. I yield.

Mr. ANDERSON. I merely wish to say to the Senator from Michigan that I have pending at the desk, for presentation in connection with the insurance bill, an amendment dealing with the automotive industry. I have some other amendments, too, but I have one that deals solely with automobiles and automobile parts. It would reduce by one-half the amount of the excise tax on automobiles and trucks, and would reduce by 5 percent the amount of the excise tax on parts. For automobiles, the amendment carries an effective date of March 1. Therefore, there would be no slowing up or decline in sales of automobiles. With respect to parts, because of the situation concerning inventories, the reduction would be applicable in the first succeeding month after the passage of the bill.

It is my understanding that unemployment in the automotive industry in Detroit alone has reached about 200,000, and 350,000 in the State of Michigan.

Mr. MCNAMARA. That is correct.

Mr. ANDERSON. It is an extremely serious situation, with which we should deal directly. I am happy to see the great interest in the matter on the part of the junior Senator from Michigan.

Mr. MCNAMARA. I thank the Senator from New Mexico. I assure the Senate that this is a small step in meeting this serious problem. What we need, of course, is not only a reduction or an elimination of the excise taxes, but a reduction in the income tax for the low-wage and middle-income groups, and I shall continue to pursue a course of action along that line in addition to what I have indicated by these brief remarks.

Mr. DOUGLAS subsequently said: Mr. President, I should like to read into the RECORD a telegram I have received from L. L. Colbert, president of the Chrysler Corp.:

> Concerning your proposal to reduce the Federal excise tax on automobiles, such a reduction would stimulate business activity in the entire United States economy by making more of the consumer's money available for the purchase of goods of all kinds as well as automobiles. In addition to the beneficial effect upon the 1 out of every 6 businesses directly dependent upon the manufacture, distribution, servicing and use of motor vehicles, any increased activity in the automotive industry would be felt immediately in the steel, textile, rubber, glass, and machine tool industries which sell a large portion of their products to the automobile manufacturers.
>
> Reduction of this tax must be made on all cars now in dealers' stocks. Protection must be given to purchasers between now and the enactment date.
>
> Since the manufacturer pays the excise tax, we would, of course, reduce the cost of our automobiles to our dealers accordingly, and we will suggest to our dealers that they pass this on to the retail customers.

Mr. President, it is my understanding that the junior Senator from Michigan [Mr. MCNAMARA] has already offerred for the RECORD this morning a telegram from H. H. Curtice, president of the General Motors Corps., to the same effect.

Mr. President, by consent of Representative MACHROWICZ, of Michigan, I should like to report that Mr. Walter Reuther, in a telegram to Mr. MACHROWICZ, states:

> We wholeheartedly favor repeal—
>
> Of the excise tax on automobiles—
>
> if the full benefit of the elimination of the tax is passed on to the consumers. Sales, production and employment will increase with great benefit to the automotive production workers, which have been hard hit by the

recession, and to the entire national economy. As a union, we are firmly committed to conduct our collective bargaining on a basis that will provide no legitimate justification for price increases. We offered some months ago to bargain within the framework of the economic position of the corporations, that would result from a price reduction that would average $100 per car. The collective-bargaining program adopted by our recent special convention is specifically designed to avoid any possibility that acceptance of our demands by the corporations could be used as a basis or excuse for a price increase. We strongly urge repeal of the excise and can assure you that nothing we do in collective bargaining will compel the automobile corporations to raise their prices.

WALTER P. REUTHER.

Mr. President, I noticed on the ticker that the United Automobile Workers have announced that since last fall 167,000 hourly workers in the automobile industry have been laid off.

I ask unanimous consent that sundry telegrams which I received yesterday too late for printing in the RECORD, from manufacturers, supporting a decrease or a repeal of excise taxes, be printed in the RECORD at this point in my remarks.

I should like to point out that one of the telegrams comes from Charles H. Percy, the brilliant young president of Bell and Howell, a leading fund raiser for the Republican Party.

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

LINCOLNWOOD, ILL., *March 11, 1958.*

SENATOR PAUL DOUGLAS,
United States Senate,
Washington, D. C.:

I concur completely with you that the removal of a wartime excise tax designed to discourage consumption will be of great benefit now in stimulating purchase and therefore employment, however, if action is to be taken it should be prompt. In 1949 when discussions were carried on in the Congress about the removal of this tax consumer and dealer purchases dried up waiting for hoped-for lower prices and the photographic industry suffered one of the worst years in its history. Thank you for your action. Wires are going out immediately to Senators.

CHUCK PERCY.

CICERO, ILL.,
March 11, 1958.

Hon. PAUL H. DOUGLAS,
Senate Office Building,
Washington, D. C.:

Urge you continue your fight to repeal appliance excise taxes as stimulant to depressed appliance business we feel strongly this would bring timely upturn for spring season.

W. F. ROGERS,
President, Crown Stove Works.

CHICAGO, ILL.,
March 11, 1958.

Hon. PAUL H. DOUGLAS,
United States Senator,
Washington, D. C.:

We believe manufacturers excise taxes on photo equipment are burdensome and inequitable. Their elimination would benefit a large segment of the consumer public. We urge you to do everything in your power to remove these taxes.

REVERE CAMERA CO.

Mr. DOUGLAS. Mr. President, I ask unanimous consent that there be printed in the RECORD at this point a table I have prepared to show the excise provisions of the tax cut amendment which I intend to propose to the life insurance tax bill, H. R. 10021, when it comes up for consideration, today or tomorrow. This table shows the present rate of taxation on the various items, how the tax is collected, and the new rate which I propose, as well as the estimated revenue loss.

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

Excise provisions of Douglas tax cut amendment

Item	Present rate	How collected at present	New rate	Revenue loss as estimated in fiscal year 1959 budget
			Percent	*Million*
1. Retailer's excises:				
Sec. 4001: Watches and clocks below $100	10 percent of selling price	Paid by consumer to retailer	0	$10.0
Sec. 4021: Toilet preparations	10 percent	Retailer	0	102.0
Sec. 4031: Luggage, handbags, wallets, etc	do	do	0	60.0
2. Manufacturer's excises:				
Sec. 4061(a)(2): Passenger automobiles	10 percent (permanent rate 7 percent).	Paid by manufacturer to Government	5	500.0
Sec. 4061 (b): Auto parts and accessories (includes parts for trucks).	8 percent (permanent rate 5 percent).	do	4	57.0
Sec. 4111:				
1. Refrigeration equipment, household type	5 percent	Paid by manufacturer	0	44.0
2. Air conditioners	10 percent	do	0	
Sec. 4121: Electrical, gas, and oil appliances	5 percent	do	0	75.0
Sec. 4131: Light bulbs	10 percent	do	0	28.0
Sec. 4141: Radio and TV, phonographs, etc	do	do	0	179.0
Sec. 4151: Musical instruments	do	do		
Sec. 4161: Sporting goods (except fishing equipment)	do	do	0	10.0
Sec. 4171:				
1. Cameras and films	do	do	0	22.0
2. Projectors, still and motion, of household type	5 percent	do	0	
Sec. 4181: Pistols and revolvers	10 percent	do	0	2.0
Sec. 4191: Business machines	do	do	0	93.0
Sec. 4201: Mechanical lighters, pencils, fountain and ball-point pens.	do	do	0	10.0
Sec. 4211: Matches:				
1. Plain	2 cents per 1,000 but not more than 10 percent.	do	0	6.0
2. Fancy	5½ cents per 1,000	do	0	
3. Facilities and services:				
Sec. 4231 (1-6): Admissions of all kinds, including musicians cabaret.	Various (20 percent cabaret)	Paid by person paying admission; collected from proprietors.	0	100.0
Communications:				
Sec. 4251:				
1. Tel and Tel, leased wires, etc	10 percent	Imposed on person paying for facility	5	330.0
2. Local telephone	do	do	5	
3. Wire and equipment service	8 percent	do	4	
Transportation:				
Sec. 4261: Persons	10 percent	Paid by person making purchase; collected by transportation company.	5	107.5
Sec. 4271 (a):				
1. Transportation of property other than coal	3 percent	Paid by person making purchase of transportation.	1½	238.0
2. Transportation of coal	4 cents per ton	do	(1)	
4. Miscellaneous:				
Sec. 4286: Safe-deposit boxes	10 percent	Paid by person paying for use of box	0	6.0
Sec. 4451: Playing cards	13 cents per pack	Manufacturer's excise tax	0	6.9
Sec. 4471: Occupation tax on bowling alleys and billiard tables, other minor provisions.	$20 per year per alley or table	Occupational tax. Paid by person owning or leasing item.	0	1.0

[1] 2 cents per ton.

PERSONAL STATEMENT BY SENATOR MORSE—COMPENSATION TO JEROME K. KUYKENDALL

Mr. MORSE. Mr. President, I rise to a point of personal privilege, and ask unanimous consent that I may speak for 5 minutes on the point.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Oregon may proceed.

Mr. MORSE. Mr. President, last night I raised a point of order in regard to an amendment to the appropriation bill which gave to Mr. Kuykendall, of the Federal Power Commission, for services not rendered, $3,000 of the taxpayers' money. Although I was opposed to Mr. Kuykendall's nomination and voted against its confirmation, I hope I made clear in debate last night, and if I did not I wish to make it clear this morning, that the point of order was raised in accordance with my consistent record of seeking to protect the procedures and the rules of the Senate of the United States. I think substantive rights can be no better than procedural rights. It is the procedural rules of the Senate that protect our substantive legislative rights in the Senate.

I was satisfied last night that I was completely right with respect to the facts involved in this case, and those facts have been confirmed this morning. I have received a telephone message from within the Federal Power Commission, to the effect that Mr. Kuykendall did not do one lick of work during the period the confirmation of his nomination was under consideration. In fact, Mr. Kuykendall took the attitude at the Federal Power Commission that he was not in a position to do anything at the Commission until his nomination was confirmed, because he was out of office—as, indeed, he was out of office. It was pointed out his name had been taken off the Federal Power Commission's door.

Yet the fact remains that last night there was added to an appropriation bill a legislative amendment giving $3,000 to Mr. Kuykendall for performing no work for the taxpayers during the period of time his nomination was under consideration by the Senate. The action of the Senate last night in overruling my point of order without adequate time for study demonstrates the error of our ways last night of deciding rules of order by the Senate rather than by the Parliamentarian. I speak respectfully, but I do not like the procedure we followed last night. We did not have a ruling from the Parliamentarian last night. I think it was his responsibility. We ought to have had his advice.

It gives me no satisfaction to have the excuse presented that the Parliamentarian did not have time to prepare a ruling. We should have had a quorum call so he could have had time. Those of us who engage in these procedural controversies are entitled to the advice of the expert we pay to sit in the Senate at all times to advise us what the rules are. Although the majority can hide behind rule XX and say that a presiding officer can refer a point of order to the Senate for decision, the fact remains that the point of order I raised is so important to the protection of our procedural rights in the Senate that the Senate should have insisted upon a ruling through the Chair from the Parliamentarian. The rules of the Senate are too precious to the legislative rights of the American people to be treated as we treated rule XVI last night. The fact remains that what we did was dip into the pockets of the taxpayers, take out $3,000, and give it to a man who never performed a lick of work for the $3,000. The amendment of the Appropriations Committee was clearly a private claim bill for Mr. Kuykendall.

I call attention this morning to rule XVI of the Standing Rules of the Senate, which was pointed out to me by the Senator from New Mexico [Mr. ANDERSON]. Section 5 of that rule reads:

> No amendment, the object of which is to provide for a private claim, shall be received to any general appropriation bill, unless it be to carry out the provisions of an existing law or a treaty stipulation, which shall be cited on the face of the amendment.

I think that is a pretty conclusive rule. What happened last night was a good example of what occurs when there is immediately referred to the Senate, in the heat of debate, the question of interpreting a rule of the Senate. Of course, we need time to study such a technical matter before we rule on it. That is why we should have had a quorum call last night after I raised my point of order so the Parliamentarian could study the rules. The Parliamentarian can point out what the rules are to those of us who may not know of some technicality or precedent. That is what should have happened last night. Instead of taking our time for a careful ruling we have established an exceedingly bad precedent. I am speaking this morning so that in future references which may be made to it in the Senate it will have been made clear that the case was not what it may have seemed to be when the Senate took action on the point of order I raised last night.

In my opinion, there was a procedure we should have followed. Section 1 of rule XVI reads as follows:

> All general appropriation bills shall be referred to the Committee on Appropriations, and no amendments shall be received to any general appropriation bill the effect of which will be to increase an appropriation already contained in the bill, or to add a new item of appropriation, unless it be made to carry out the provisions of some existing law, or treaty stipulation, or act, or resolution previously passed by the Senate during that session; or unless the same be moved by direction of a standing or select committee of the Senate, or proposed in pursuance of an estimate submitted in accordance with law.

The record is perfectly clear. The Committee on Interstate and Foreign Commerce of the Senate adopted no such motion as is referred to in rule XVI. What is the purpose of the requirement for such action by the committee? One of the purposes of such a procedural rule is to make certain that some knowledge circulates through the Senate, through our friends on various committees, as to what a committee is doing. If the Interstate Commerce Committee had followed rule XVI and taken the formal action required by the rule some of us could have appeared before the Appropriations Committee and asked for an investigation of what Mr. Kuykendall had done for the $3,000. That is one of the purposes of the rule.

The talk last night about substantial compliance with rule XVI was an attempt to escape from what we ought to have done. Some of us were willing to have action postponed until this morning, so that the Committee on Interstate and Foreign Commerce could have had a meeting and could have taken formal action, this would have enabled some of us to appear before the Appropriations Committee and have asked the committee some pertinent questions about what services Mr. Kuykendall had performed for the $3,000.

As the RECORD will show, I stated time after time last night that I wanted to know what Mr. Kuykendall had done for the money—I am advised he did not do anything. I felt the taxpayers ought to know what they were paying $3,000 for.

Such a committee hearing would have raised another point, about which I do not have a fixed opinion, because I do not know all the facts. That point is whether or not, under existing rules, because the appointment was for a 5-year period, the appointment was retroactive back to the time the previous appointment ended. I am openminded about it, but we need time to go into such questions and find out what the facts are.

This case illustrates the vital importance of the rule that the Appropriations Committee should not turn itself into a superlegislative committee. I am not speaking without the knowledge of the chairman of the Committee on Appropriations this morning, because I told him I was going to discuss this matter and I asked him to be present on the floor of the Senate for this discussion. He was present on the floor a few minutes ago. I have violated no courtesy so far as the Senator from Arizona [Mr. HAYDEN] is concerned. He knows my deep conviction about the question. I warn the Senate that it had better be on guard whenever it is proposed to make exceptions to its precious procedural protections set forth in the rules.

I speak respectfully about the Appropriations Committee. I have been a Member of the Senate 13 years. We have to be constantly on guard about a tendency that crops up periodically to turn the Appropriations Committee into a superlegislative committee. The rule is that the Appropriations Committee has one primary function, namely, to pass on appropriations in accordance with authorization bills already enacted by Congress. I do not intend to vote to suspend the rules or vote to make an exception to the rules so that the Appropriations Committee can function as a legislative committee.

The action of the Appropriations Committee was clearly wrong on the face of it. Anyone who can read the rules can see that. There ought to have been a quorum call so that the Parliamentarian could have had the time to check the rules and advise the Presiding Officer,

instead the Senate permitted an act of buckpassing last night.

When action on such a procedural question is taken in the heat of debate, it is likely to be action which will not be in accordance with the true meaning of the rules. I am sure that if the Parliamentarian had suggested to the Presiding Officer that he needed time to examine the rules in respect to my point of order the Chair would have seen to it that a quorum was called thereby giving the Parliamentarian the time he needed to check the rules.

This is not a matter of politics, Mr. President. I wish to say, as I close, that in my judgment what the record shows is further evidence why we ought to be going forward with an investigation of the Federal regulatory bodies. It is unfortunate that the Senate becomes involved in such complicated procedure as occurred last night, because I happen to think that the Federal Power Commission should also be investigated. There is great cause for a thoroughgoing investigation of the Federal Power Commission including Mr. Kuykendall.

There is a resolution pending before the Committee on Interstate and Foreign Commerce, with regard to an investigation of regulatory bodies, but some members of the committee have told me it has been sidetracked; it has been put aside, or, to use a descriptive term, in effect it is in a deep freeze.

I desire to say now that either the resolution ought to be pursued by the Committee on Interstate and Foreign Commerce, or some other committee with jurisdiction ought to proceed on its own. The Senate committee which has the obligation of considering the confirmation of the nominations of members of these commissions certainly owes to the people of this country a duty to have an investigation of such regulatory bodies, including the Federal Power Commission. We should not be giving away $3,000 of the taxpayers' money to the Chairman of the Commission for doing nothing.

I am sorry we have muddied the water a bit, in my judgment, by the action of the Senate with respect to one of the regulatory bodies, by the appropriation of $3,000 to be paid to a man as a gift, to which he is not entitled, and for which he performed not a lick of work, if I am correctly advised. I think it was a great mistake for us to do that last night by way of an exception to the very sound and seasoned rule that the Committee on Appropriations of the Senate should not function as a legislative committee.

Mr. ANDERSON rose.

Mr. MORSE. I yield to the Senator from New Mexico.

Mr. ANDERSON. Does the Senator from Oregon not remember the many times when he and I have joined in an effort to change the rules of the Senate with regard to cloture, and how many times we have been told how sacred the rules are? Despite that, by a vote of 50 to 29, the Senate has said in effect, "We do not care what the rules are. This guy wants $3,000. Let him have it." There was fixed up a little amendment to take care of it in complete violation of the rules of the Senate which provide that legislation cannot be added to an appropriation bill.

Mr. MORSE. I think the Senator does well to point that out.

I have made my point, Mr. President, unless there are further questions, and I shall yield the floor.

Mr. ANDERSON. Does the Senator from Oregon regard such an action in effect as action on a private claim?

Mr. MORSE. There is no question about the matter being a private claim. It was tacitly admitted in the debate last night it was such a claim, and it was tacitly admitted in the debate that the Committee on Interstate and Foreign Commerce did not take any formal action under rule XVI and it was tacitly admitted in the debate last night that Mr. Kuykendall was out of office during the period his nomination was under consideration. Despite that, the matter was brought up by way of an amendment, without there being a hearing and without there being provided an opportunity for those who wanted to testify against the proposal to appear before the committee, to tell why they think such a course of action should not be followed.

It is by such procedures that rules are ruined. That is the way to destroy the procedural rights of Senators. What we ought to do is take time, when we face a situation like that.

The Senator from Washington [Mr. MAGNUSON] suggested that we should take some more time. He outlined a proposal. I was willing to go along with the proposal, which would have brought the matter before the committee this morning. As Senators know, there were objections to that suggestion made by the Senator from Washington [Mr. MAGNUSON]. Furthermore, I would stress the point that subsection 5 of rule XVI is a direct prohibition to providing for private claims on an appropriation bill unless they involve the carrying out of the provisions of an existing law or treaty stipulation. Even in such cases that fact must be cited on the face of the amendment. Clearly the $3,000 gift to Kuykendall does not meet the requirements of subsection 5 of rule XVI. Furthermore, I contend that the clear, precise language of subsection 5 of rule XVI overrides the argument of the chairman of the Appropriations Committee [Mr. HAYDEN] that under subsection 1 of rule XVI a standing committee or a select committee of the Senate can, in effect, empower the Appropriations Committee to add a legislative amendment to an appropriation bill if such a standing committee or select committee, by formal motion passed by said committee, so recommends. I contend that a private-claim amendment is absolutely prohibited by subsection 5 of rule XVI unless it is to carry out the provisions of an existing law or treaty stipulation.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Is it not also true that, by the action which was taken, there was an indication of knowledge that there was no law on the statute books under which to pay this gentleman?

Mr. MORSE. That is my position. I should like to get to the bottom of the situation. I have raised the point as to whether a case could be made for paying him for doing no work, on the basis that the effective date of appointment might have dated back to the time his last term ended.

Mr. JOHNSTON of South Carolina. Is it not also true that, if there were a law upon the statute books, it would be unnecessary to put the provision in an appropriation bill?

Mr. MORSE. Yes. Let me say that if we had been talking about Mr. X and not Mr. Kuykendall—somebody who had never served on the Federal Power Commission—my curbstone judgment would be that his pay would have started from the day his nomination was confirmed.

Mr. President, I yield the floor.

Mr. KNOWLAND subsequently said: Mr. President, I do not intend to delay the Senate or prolong the discussion which was begun by the Senator from Oregon [Mr. MORSE] today, except to say that in my judgment the action which the Senate took was in conformity with the rules of the Senate.

I also wish to say, as a matter of observation, that in 13 years in this body and 6 years in the Legislature of California, I have never known a Parliamentarian who performed his duties more diligently and faithfully than does our able Parliamentarian. He functions without the slightest touch of partisanship of any type. The same observation applies to his assistant.

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

Mr. KNOWLAND. I yield.

Mr. JOHNSON of Texas. I know nothing about any discussion which may have occurred today, but I certainly associate myself with the last statement by the Senator from California.

Mr. KNOWLAND. I thank the Senator.

With respect to a great many questions regarding the rules, there are, of course, honest differences of opinion. Sometimes there are conflicting precedents in the Senate. Not only our rules, but our precedents, are taken into consideration by the Senate in matters relating to the rules of this body.

However, I submit that the action taken by the Appropriations Committee was taken with the full knowledge and approval—and, as a matter of fact, the recommendation—of a standing legislative committee, through its chairman, who made that fact perfectly clear on the floor of the Senate yesterday.

At the time the point of order was raised by the Senator from Oregon, under the rules of the Senate, the then Presiding Officer had the opportunity either to make a ruling at that time or to submit the question to the Senate for decision. He chose, under the rules, to follow the latter procedure, which is provided for in the rules.

The Senate, after listening to the discussion, by a vote of 50 to 29, determined that, in its judgment, based upon the

facts presented, the point of order was not well taken.

Certainly no Senator was foreclosed from making his views known. There can be no challenge on the ground that the then Presiding Officer was not within his rights and within the precedents of the Senate in submitting a point of order to the Senate.

Senators may honestly differ, as they have done during the long history of the Senate; but I know of no rule of the Senate which would permit the Parliamentarian or any other employee of the Senate to address the Senate on his own motion, on matters before the Senate.

I think the Senate is perfectly competent to pass upon questions of this kind. The Parliamentarian faithfully advises the chair on subjects with respect to which he is called upon for advice. In most cases the chair may follow the advice of the Parliamentarian. There may be some cases in which the chair does not follow the advice of the Parliamentarian.

Be that as it may, I merely wished to set the RECORD straight so far as I was concerned.

Mr. FULBRIGHT. Mr. President, I certainly do not wish to prolong this particular argument either, except to say that, after considering the question overnight, I think it is more clear than it was last night that the provision in question was legislation on an appropriation bill. I think it is a very dangerous practice for the Senate to lay aside its rules whenever it sees fit to do so, especially when the particular case appears to involve largely partisan considerations.

Mr. JOHNSON of Texas. Mr. President, I had intended last night to associate myself with the viewpoint expressed by the distinguished Senator from Arkansas in connection with his vote on that question last evening. I should like to do so at this time.

Mr. FULBRIGHT. I appreciate the statement of the Senator from Texas.

Mr. SPARKMAN. Mr. President, I certainly agree with the statement of the Senator from Arkansas.

There is one thought that has been passing through my mind. This particular provision was added to the bill as a Senate amendment. It will be subject to consideration by the conferees. I hope the conference committee will give very serious consideration to the points which have been so well raised.

Mr. FULBRIGHT. Mr. President, I think the Senator from Alabama has made a very good suggestion. As I stated last night, I voted for the confirmation of the nomination of Mr. Kuykendall. I have no disposition to criticize him; but I think whatever happens to his appropriation or reimbursement is of far less importance than the maintenance of the rules of this body, because if they were not maintained, the Senate could become a disorganized and undisciplined group, which I think would be very dangerous to the stability of the country.

DAIRY PRICE SUPPORTS

Mr. PROXMIRE. Mr. President, only 20 days now remain until Secretary Benson's order to cut dairy price supports will go into effect. I have today received a telegram from a group in my State of Wisconsin, who are one of many groups who will suffer severely if the proposed cut goes into effect on April 1. I shall read the telegrams. It comes from the Secretary of the Chamber of Commerce of Pulaski, Wis. It says:

> The Pulaski Chamber of Commerce of Pulaski, Wis., is opposed to any cut in the dairy support prices until a new satisfactory dairy program is formulated and put into force.

Mr. President, I wish to point out that the telegram does not come from a farm group or from farmers who would be helped by stopping Secretary Benson's order. On the contrary, it comes from a chamber of commerce. I may say that this is one of several chambers of commerce in Wisconsin which have sent me telegrams and letters asking that I do everything in my power to prevent the destructive order of Secretary Benson going into effect.

I may point out, too, that this is not only the attitude of the business people of Wisconsin, as evidenced by telegrams I have received from chambers of commerce, but it is also the attitude of the working people of Wisconsin. They, too, have let me know that they strongly oppose cutting dairy price supports. Their protest is the kind of protest I am sure people all over the country would register if they could only know the effect the cut would have on our total economy, at a time when 5,175,000 people are unemployed. The proposed cut in dairy price supports will surely increase the number of unemployed and injure our economy further.

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

Mr. PROXMIRE. I yield.

Mr. MANSFIELD. Mr. President, I was interested in the telegram read by the Senator from Wisconsin, because, contrary to Secretary Benson's position, it indicates that there is unity between the future welfare and well-being of the farmer and of businessmen and workers. As the distinguished Senator from Minnesota [Mr. HUMPHREY] pointed out yesterday, the tactic of Mr. Benson is to divide and conquer, to give preference to one particular commodity for the time being, but in the end to sink them all. The tactic of Mr. Benson is also to travel up and down the country to tell the businessmen that the farmers are responsible for the condition in which they find themselves, and to tell the workers that they are the ones to blame for the difficulty in which the farmers find themselves.

I am delighted that the telegram from the Chamber of Commerce was read to the Senate this morning, because it is a recognition of the fact that if something is not done to give a reasonable degree of security to the farm economy, the businessman on Main Street will also suffer at the same time. I think the Senator from Wisconsin has performed a useful service.

Mr. PROXMIRE. I thank the Senator from Montana for his remarks. I have talked with many of the farmers of Wisconsin, and most of them recognize that the farmers of the Nation must stick together, because whatever hurts the cotton farmer in Alabama or the wheat farmer in Montana will hurt the dairy farmer in Wisconsin. The farmers understand that the only way to have an effective farm program, one which will protect not only the farm economy but also the entire economy, is to have the representatives of the farmers from all the States recognize that they have a common interest, and to act accordingly.

PLIGHT OF AGRICULTURE IN ALABAMA

Mr. SPARKMAN. Mr. President, the farmers in my State of Alabama have suffered immensely during the last 6 or 7 months from heavy rains, excessive freeze, and an unsympathetic Secretary of Agriculture.

Only yesterday, the Senate voted $250 million in order that the Federal Government might keep faith with the farmers of Alabama and the Nation in the acreage-reserve program, a program which is not limited to cotton, but which extends to all commodities.

In no sense can this move be considered a remedy for the problems besetting our farmers, especially those in Alabama and the South generally. The most that can be said is that yesterday's appropriation was a stopgap move with more comprehensive legislation to follow.

The situation in Alabama is especially grim, as the noted syndicated columnist, Drew Pearson, pointed out in the Birmingham News of Saturday, March 8, 1958. I ask unanimous consent that this timely article be printed in the RECORD following my remarks.

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

GRIM ALABAMA GROUP TELLS OF FARMERS' PLIGHT

(By Drew Pearson)

WASHINGTON, March 8.—Ten grim-faced Alabama State legislators made a pilgrimage to Washington this week to lay before Congress the life-or-death situation confronting cotton farmers in the Southeast.

The picture was a solemn one, summed up in the words of a cotton farmer, E. F. Mauldin, of Leighton, Ala., now serving as a consultant to the State legislators.

"Our farmers are more demoralized than ever before," Mauldin told the House Agriculture Committee. "They find farm labor gone, their tenants vanished or barely existing, their plows rusting, their tractors down, their mules converted to dog meat, their fields vacated and lying idle, their rural communities disappearing, and their country homes, churches, and schools standing vacant like corroded monuments to haunt the memory of what once was a cherished and respected way of life."

The causes are low prices and a gigantic 35-percent slash, since 1953, in the number of acres allowed to be planted in cotton under Secretary Benson's flexible-support system. For, as the Nation's cotton surplus mounts, the acres planted to cotton are cut.

Meanwhile, the Southeast—Alabama, Georgia, Mississippi, North and South Carolina—has borne the brunt of the decline, while the acreage of such Western States as California, Arizona, and New Mexico has fared proportionately better.

INDIVIDUALS DON'T COUNT

This is because a State's share of the national cotton acreage is based upon its average acreage in the preceding 5 years. And with poor cotton farmers in the Southeast abandoning the soil for city jobs, Alabama's allotment has decreased, which has penalized farmers remaining on the soil. For, when their neighbor quits cotton farming, other farmers get their acreage cuts, so that some individual allotments have been cut 70 percent since 1953 in contrast to the national acreage decrease of only 35 percent.

The trouble, says Mauldin, is that Benson's plan reckons in terms of States and counties. The fate of the individual farmer is crassly ignored.

Result: In Alabama 125,000 farmers have signed up with the State employment service for off-farm jobs. One tractor dealer reports he sold 60 tractors in 1955, only 32 in 1956, and just 14 in 1957.

Most of the 14 he sold in 1957 had to be repossessed when farmers couldn't meet their payments.

Ginners, bankers, crushers, farm laborers, fertilizer manufacturers, warehousemen, and cotton merchants are all affected.

CITY JOBS DON'T HELP

According to Maynard Layman, farm editor of the Decatur Daily, the solution is not in moving farmers off the land. What Alabama needs, he says, is more marginal farmers, not fewer. He points out that it doesn't solve anything for farmers to sell out and move to the city. There they merely add to unemployment rolls and create all kinds of social problems. Moreover, in many cases it's just plain impossible for a man who has been a farmer all his life to make the shift to city life at the age of 45 or 50.

"A pestilence has been visited upon the land of cotton," farmer Mauldin told the House committee. He proposed these solutions:

1. An increase in cotton-acreage allotments, not across the board by State, but just enough to guarantee every farmer his historic share of the Nation's production.

2. A Brannan plan for cotton, whereby all American cotton would be sold without price supports at the normal level. By letting the price seek its own level, cotton would better compete with nylon, dacron, and other synthetics. Instead of price supports, farmers would receive direct production payments to the extent necessary to raise their income to parity with industrial workers.

NOTE.—The soil bank hasn't helped. A total of 70,000 Alabama farmers were frozen out of the soil bank by insufficient soil bank funds, many of them after they had sold their implements. Even if Congress appropriates more soil bank funds, it won't help the thousands of farm owners and tenant farmers whose jobs disappear whenever an acre of land goes into the soil bank.

WORK ON GREAT LAKES HARBORS AND CONNECTING CHANNELS

Mr. WILEY. Mr. President, it is essential that vital public works are, indeed, accelerated in order to pick up the slack in America's economy.

As we realize, and has been pointed out on many occasions by our good friend, the able majority leader [Mr. JOHNSON of Texas], there is a very considerable shelf of public works. We must now take off that shelf those essential projects which previously we had not expected to be able to turn to until a much later date, because of budgetary problems.

Of course, there is still a limitation on the amount of public works which can now be speeded up.

None of us enjoys the possibility of a huge Federal deficit in the remainder of the 1950 fiscal year, or in the 1960 fiscal year.

Nevertheless, the more acute problem of five and a quarter million Americans unemployed is one which can hardly fail to receive anything but our full attention.

In my judgment, one of the most important of all jobs which can be done is to take action on that mighty artery which serves the valley of the Great Lakes and, thereby, literally more than one-fourth of the American people.

MORE FUNDS NEEDED FOR CHANNELS

So I say, specifically, that the Corps of Engineers should receive sufficient funds to speed action on the Great Lakes connecting channels and Great Lakes Harbor improvement.

In the spring of 1959, the St. Lawrence Seaway, as far as Lake Erie, will be opened. But from the spring of 1959 until the year 1962, or 1963, or 1964, the fact is, unfortunately, that instead of 27-foot draft beyond Lake Erie, there will be a continued limitation, by and large, of 25 feet on down bound and 21 feet on upbound traffic.

Time is of the essence in making fuller use of the Great Lakes artery. If we use the artery to the fullest, there will be more economic health, fuller employment, more purchasing power. Allow the artery to remain narrow, and the reverse will be the case.

The Corps of Engineers has the definite capability of speed action on the channels. We must enable it to use that capability.

We of the upper Middle West must not be denied access to the connecting channels for another 5 or more years. We of Michigan, Wisconsin, and Minnesota are entitled to speed in this respect.

Fortunately, the overall seaway outlook is increasingly promising.

FOUR HUNDRED AND FORTY-EIGHT THOUSAND TONS FROM 11 LAKE PORTS

As proof of that fact, I should like to cite an important statement made by Marvin Fast, executive director of the Great Lakes Commission.

This statement was published in the February 27 issue of the Journal of Commerce. The article proves, for example, the enormous tonnage—448,000 short tons which moved overseas from merely 11 Great Lakes ports in 1957.

But it also proves that the ports themselves, through local action and through Federal and State action, must improve their own capability.

That is why I urge a speeding up in Federal assistance for harbor improvement along the Great Lakes. That includes, of course, assistance to the many Wisconsin cities which are ready, willing, and eager to carry their share of the load, if the Federal Government will give reasonable assistance to them.

S. 497 INADEQUATE SO FAR AS LAKES CONCERNED

In conclusion, Mr. President, I say in all frankness that the bill, S. 497, which passed the House yesterday in amended form, and which would authorize numerous construction, repair and other public works on rivers and harbors for navigation and flood control is sadly inadequate, as far as the Great Lakes are concerned. Supplementary action by way of additional legislation will in my judgment be essential in view of the 5¼ million Americans unemployed. Action must provide increased assistance to the Great Lakes area.

I send to the desk the text of Mr. Fast's article, and ask unanimous consent that it be printed in the body of the RECORD at this point.

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

TONNAGE UP 10 PERCENT—MORE OVERSEAS TRAFFIC GOING VIA GREAT LAKES

(By Marvin Fast, executive director, Great Lakes Commission)

Preliminary tonnage statistics on the overseas trade of the Great Lakes ports point to further growth in this commerce in 1957. Unofficial figures compiled from reports by 11 United States port agenices indicate overseas traffic at their facilities totaled approximately 448,400 short tons. This represents an increase of about 41,500 tons, or 10.2 percent, over the tonnage exported and imported through their terminals in 1956.

Only partial data for 1957 has been reported by Chicago, which in 1956 accounted for 41.7 percent of the 574,152 tons shipped to and from overseas points through the United States lake ports. Preliminary reports indicate facilities of the Chicago regional port district on Lake Calumet increased their tonnage from about 85,600 tons in 1956 to approximately 112,000 tons last year. Not yet reported are the 1957 overseas commerce moved through other Chicago facilities, which in 1956 handled nearly two-thirds of the city's overseas tonnage. Indications are, however, that these facilities, too, increased their overseas volume and that the total increase for all of the United States lake ports in 1957, consequently, may exceed 50,000 tons.

Overseas tonnage for 1957 reported by the 11 United States ports, along with official 1956 figures, are as follows:

Port	Total overseas tonnage	
	1956	1957
Buffalo	6,972	8,678
Cleveland	57,488	76,168
Detroit	90,348	70,879
Duluth-Superior	7,407	2,655
Green Bay	29,188	53,990
Lake Calumet (Chicago)[1]	85,642	112,000
Menominee	1,388	------
Milwaukee	83,939	64,054
Muskegon	15,048	17,382
South Haven	13,754	10,435
Toledo	17,096	32,109

[1] Includes only Chicago regional port district terminal.

The largest tonnage increase in 1957 at the United States lake ports reported to date occurred at Chicago's Lake Calumet facilities. Substantial tonnage increases also were scored by Green Bay, Cleveland, and Toledo. Percentagewise Toledo made the

biggest increase, followed by Green Bay, Cleveland, and Chicago.

CANADIAN OVERSEAS TRADE

Preliminary information available from Canadian lake ports suggests Canadian's overseas trade through the Ontario lake ports also may have reached a new high in 1957. Tonnage statistics for last year have been reported only by Toronto and Hamilton but both ports surpassed 1956 totals by substantial amounts. Toronto's overseas trade increased from 158,073 short tons in 1956 to 200,395 tons. Hamilton's 1957 figure totaled 41,697 tons as compared to 32,769 tons in the previous year. The combined increase of the two ports—which in 1956 accounted for more than 63 percent of the overseas commerce of the Canadian lake ports—was approximately 50,000 tons or about 26 percent.

PROSPECTS

Prospects for an even more remarkable expansion of the overseas trade of the Great Lakes ports are bright. Opening of 27-foot navigation at the start of the 1959 shipping season will open the door to saving in transportation costs even more significant than those already demonstrated by the volume of commerce now using the Great Lakes-St. Lawrence route. Effects of the seaway's impact also will be felt in 1958 as both shippers and steamship lines explore more seriously than ever the potentials of the Great Lakes-St. Lawrence route.

Indeed the crucial question appears to be whether the lake ports as a whole are making adequate preparation to handle a potential tonnage greatly in excess of existing commerce. Dr. John L. Hazard of Michigan State University and former consultant to the St. Lawrence Seaway Development Corporation has suggested that facilities available at the Great Lakes ports and their traffic development programs, rather than any limitation of the seaway route or any limit on exports which can utilize the route with economic advantage, will be decisive in determining the actual future overseas tonnages of the Great Lakes ports. Only the ports adequately equipped for the commerce which will seek to use the seaway, he predicts, will realize fully their potential importance as ports in overseas trade.

Whether the port cities will be ready will depend in part on their recognition of the importance of improved port facilities and of strong traffic promotional programs to their economy. A serious limitation on the future of the lake ports may be the prevailing view that the port operation and facilities should be entirely self-sustaining.

On the basis of planning and preparation now under way, Dr. Hazard estimates that the overseas general cargo commerce of the United States lake ports in 1960 will almost triple the 1955 volume. By 1965 it may be almost 8 times greater and by 1970 more than 10 times the 1955 tonnage. Should port improvement and traffic promotion programs be stepped up substantially, these estimates may prove too conservative.

His estimates do not include bulk commodities in the overseas commerce. Even larger proportional increases can be expected after 1959 in bulk commodity movements—notably of coal and coke, certain metallic minerals and chemicals, and grain.

BULK COMMODITY MOVEMENTS

Nineteen hundred and fifty-seven also proved a banner year for the Great Lakes bulk fleet, which registered its second best year in history. The big lakers, according to the Lake Carriers' Association, delivered more than 196 million tons of iron ore, coal, limestone, and grain during the year. This volume has been exceeded only in 1953 when, due to the demands of the Korean conflict, tonnage reached almost 200 million. An expanded iron ore movement, a brisk coal trade, and a near-record limestone tonnage accounted for the bulk fleet's excellent showing.

Fleet activity is expected to continue high during 1958, although commodity movements will probably not reach 1957 levels. Final figures will depend largely on how soon the present downward trend in steel production and in the demand for lake-borne commodities is reversed.

Long-range prospects are favorable and suggest further increases in bulk commodities tonnages. Successful pioneering of taconite and construction of the seaway, which will enable Labrador ore to enter the Great Lakes in large amounts, give assurance that traffic in iron ore at the lake ports will continue heavy. Shipments of limestone have increased remarkably and almost continuously in the postwar years, and the needs of the steel industry and expansion of the chemical and cement industries in the Great Lakes region point to further growth. The pace of industrial development throughout the region also will demand vast quantities of coal and petroleum products. A significant downbound movement of both products in the completed seaway thus is a reasonable expectation. Finally, the seaway's effect on the cost of transporting grain is sure to boost strongly waterborne shipments of grain via the lake ports.

Revival of a package trade on the Great Lakes also is a possibility. Plans now being developed in several areas—notably Duluth—call for application of the roll on, roll off principle to the package freight trade between Duluth and Buffalo. Estimates on initial annual traffic run as high as 800,000 tons.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, I expect to call up Senate Concurrent Resolution 68; but before doing so, I shall suggest the absence of a quorum. I wish to make certain that any other Senators who desire to address the Senate during the morning hour will have an opportunity to do so.

I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

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

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

STIMULATION OF RESIDENTIAL CONSTRUCTION

The Senate resumed the consideration of the bill (S. 3418) to stimulate residential construction.

Mr. JOHNSON of Texas. Mr. President, on behalf of the minority leader and myself, I send to the desk a proposed unanimous-consent agreement which I ask to have stated.

The PRESIDING OFFICER. The proposed agreement will be stated.

The legislative clerk read as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That effective at 12 p. m. today, during the further consideration of the bill (S. 3418) to stimulate residential construction, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 3 hours, 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 2 hours, 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 agreement?

Mr. LONG. Mr. President, reserving the right to object, let me ask whether the agreement is directed to the housing bill.

Mr. JOHNSON of Texas. Yes; it is.

The PRESIDING OFFICER. That is the understanding of the Chair.

Mr. LONG. Then I shall not object.

The PRESIDING OFFICER. Is there objection to the proposed agreement? Without objection, the agreement is entered into.

ORDER FOR CONSIDERATION OF SENATE CONCURRENT RESOLUTION 68 WITHOUT APPLICATION OF THE AGREEMENT PERTAINING TO THE HOUSING BILL

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that at any time during the afternoon it may be in order to lay aside further consideration of the housing bill, in order to have the Senate proceed to the consideration of Senate Concurrent Resolution 68, without having the time required for that purpose charged to the time available to either side under the agreement pertaining to the housing bill.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Mr. President, may we have an explanation of the concurrent resolution?

Mr. JOHNSON of Texas. It is the concurrent resolution relating to the acceleration of public works.

Mr. LONG. Then I shall not object.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

STIMULATION OF RESIDENTIAL CONSTRUCTION

Mr. FULBRIGHT. Mr. President, I first wish to thank the leadership in the Senate for scheduling such prompt action on S. 3418. I believe that this bill can make a significant contribution to economic recovery if it is enacted quickly.

The bill will be explained in some detail by the Senator from Alabama [Mr. SPARKMAN], the chairman of our Housing Subcommittee and a recognized leader in the field of housing.

I wish to pay tribute to the junior Senator from Alabama. During the time I have been a Member of the Senate he

has been an acknowledged expert in the field of housing. I do not believe any Member of either body has contributed more to the development of a sound and successful housing program than has the junior Senator from Alabama.

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

Mr. FULBRIGHT. I yield.

Mr. JOHNSON of Texas. The Senator from Arkansas expresses my sentiments so well that I want the RECORD to show that I fully concur in the very high estimate he has expressed with respect to our colleague from Alabama.

Mr. FULBRIGHT. I am very much pleased to be able to arouse the support of the Senator from Texas today. It makes me feel that my wisdom has come to maturity.

Mr. JOHNSON of Texas. The Senator from Arkansas usually has the support of the Senator from Texas in his endeavors.

Mr. FULBRIGHT. I appreciate the support of the Senator from Texas. I certainly could not achieve anything in this body without his support.

I should like to point out some of the major provisions of this bill.

First. It reduces downpayments, primarily for moderate priced housing, in an effort to stimulate the purchase of homes.

Second. It provides special assistance funds for the Federal National Mortgage Association to create an immediate market for mortgage loans secured by new construction.

Third. It extends the loan programs administered by the Veterans' Administration and provides additional funds for direct loans.

Fourth. It removes unworkable provisions of law relating to discounts on FHA and GI loans, and authorizes increases in the GI interest rate and the military housing interest rate.

I believe that these changes in the housing laws, with one exception, are necessary and desirable. I can see no justification for authorizing increases in interest rates at this time. All interest rates are tending downward, and I believe that within a short time, GI loans and military housing loans can become competitive at their present interest rates. For this reason, I intend to support an amendment to the committee bill which would remove the provisions authorizing increases in interest rates.

If I could select one feature of this bill for special pleading, I would choose the provisions extending and authorizing funds for the direct loan program administered by the Veterans' Administration. As I said in a statement on February 21, 1958, this program is the only hope of veterans from small towns to achieve benefits comparable to those received by veterans in metropolitan areas where the loan guaranty program has been so helpful.

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

Mr. FULBRIGHT. I yield.

Mr. JOHNSON of Texas. Mr. President, if there are no other Senators who desire to address the Senate during the morning hour, I ask unanimous consent that the unfinished business be laid before the Senate.

Mr. DWORSHAK. Mr. President, I have a statement to make.

Mr. MORTON and Mr. CASE of New Jersey rose.

Mr. JOHNSON of Texas. I remind the Senator from Arkansas that the Senate is operating under a 3-minute limitation on statements during the morning hour.

Mr. FULBRIGHT. I thought the morning hour had been concluded.

Mr. JOHNSON of Texas. It has not been concluded.

Mr. FULBRIGHT. It will require only 1 minute longer to complete my statement.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Arkansas may conclude his statement, notwithstanding the 3-minute limitation.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Following the completion of the statement of the Senator from Arkansas, I hope the Chair will recognize the distinguished Senator from Idaho [Mr. DWORSHAK], as well as the distinguished Senator from Kentucky [Mr. MORTON], and the distinguished Senator from New Jersey [Mr. CASE].

Mr. FULBRIGHT. The Veterans' Administration testified that as of January 31, 1958, only approximately $5 million remained available for direct loans, and that there were 7,298 veterans on active waiting lists who have not been given application forms because funds are insufficient. This number does not begin to measure the number of deserving and eligible veterans who have no source for home financing and who have not actively sought applications because of the limited funds available.

While I commend the entire bill, with the exception of increased interest rates, to the favorable consideration of the Senate, I am most anxious that this direct-loan program be extended and revived with the new authorizations provided in S. 3418.

Mr. President, I conclude by urging the Senate to take quick action on the bill, because one of its most beneficial aspects is the assistance it would give to employment and to a revival of our economy at this time.

CAMPAIGN CONTRIBUTIONS AND EXPENDITURES

Mr. MORTON. Mr. President, in recent years Members of the Congress have been giving more than a mere passing glance toward legislation which would plug up the ever-widening loopholes in Federal statutes governing campaign contributions and expenditures. A number of bills already introduced in the Congress indicates that this matter is being given careful consideration, a concern which has been amply substantiated at committee hearings on the measures.

There is general agreement that current laws through long experience have engendered a sentiment of cynicism and lack of confidence in our elective system. The matter has been given the closest study by legislative leaders. At the same time, several citizens' groups, alarmed by the trend of public opinion, have concerned themselves with studying the problem with a view of developing a realistic plan which would restore confidence in the integrity of our elective system and foster the independence of public officials by freeing them from undue pressure in raising campaign funds.

One of these bipartisan citizens' groups, which represents a broad range of political views but agreeing on the basic principles of fair elections, is the Committee on Campaign Contributions and Expenditures, whose chairman is the distinguished former Governor of Rhode Island, Mr. William H. Vanderbilt.

I ask unanimous consent that there may appear in the RECORD as part of my remarks a letter from Mr. Vanderbilt, on behalf of the Committee on Campaign Contributions and Expenditures, dated February 12, 1958, and a copy of an editorial entitled "Money Shouldn't Buy American Elections," which appeared on March 10, 1958, in the Louisville Courier-Journal, Louisville, Ky.

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

ENGLEWOOD, FLA., *February 12, 1958.*

The Honorable THRUSTON B. MORTON,
United States Senate,
Washington, D. C.

DEAR SENATOR MORTON: The undersigned, a bipartisan Citizens' Committee on Campaign Contributions and Expenditures, believe that present laws governing campaign contributions and expenditures are unrealistic and ineffective. Their ineffectiveness leads to widespread cynicism, which tends to impair public confidence in the elective system. Their lack of realism makes it almost impossible for a conscientious candidate and his supporters to comply with them, for they do not take adequate account of the high cost of legitimate campaigning under modern conditions, including our increased population and mass mediums of communications.

We believe that substantial improvement is possible, and necessary to foster not only the integrity of our elective system, but also the independence of public officials by freeing them from undue pressure in raising campaign funds.

We are encouraged to note that Members of Congress are already giving this subject careful consideration. A number of bills within the past 2 years—including the Hennings bills, the Johnson bill and the Gore bill—and the hearings on them give ample evidence of the need for change and widespread recognition of the need.

The extensive study already made by legislative leaders in opening up the problem gives an opportunity to work it out in a balanced, sensible and effective way. We believe that a bipartisan citizens' group such as ours, representing a broad range of political views but agreeing on basic principles of fair elections, can help to do this, and to spread public understanding.

We believe that national legislation should be enacted to give effect to the following general principles:

First. Comprehensive and effective public disclosure, including complete reports by all candidates for Federal office (including candidates for President and Vice President),

listing all campaign contributions and expenditures received or spent by them or by organizations and committees supporting them.

Second. Overall limits on campaign expenditures by all of such candidates, including expenditures by all organizations and committees supporting them.

Third. Overall limits on campaign contributions by individuals.

Fourth. Extension of the above requirements to primary and nominating campaigns.

The limits set should be high enough to take account of legitimate, modern campaign costs; but comprehensive and tight enough to be effective. Full publicity is a key factor for there may well be no better test of the propriety of a contribution or expenditure than the willingness to expose it to general public knowledge. It would also enable our citizens to know what the facts really are and to base plans for improvement on these facts, rather than guess and rumor.

Sound new legislation in accordance with these four principles could pave the way for a sustained effort, at the community level and the national level, to develop general citizen financial support for election campaigns.

We earnestly hope that you will be willing to help enact such legislation.

With best wishes.

Sincerely yours,

WILLIAM H. VANDERBILT,
(For the Committee.)

[From the Louisville (Ky.) Courier-Journal of March 10, 1958]

MONEY SHOULDN'T BUY AMERICAN ELECTIONS

Federal laws governing political contributions are as full of holes as a hunk of Swiss cheese. The Hatch Act, passed in 1939, is the basic statute. It was well intended, but it has sprung so many leaks in the ensuing years that it permits any candidate and his supporters to do almost anything they want on campaign contributions.

For instance, the Hatch Act seems to limit the contributions of any individual to $5,000 for the benefit of any one candidate for Federal office. But there is a tremendous loophole built into the fabric of the bill. This is an exemption for "contributions made to or by a State or local committee" in a Federal election.

The way this works out is that any number of committees can be set up all around the country for Candidate X. His supporter Y can then pour $5,000 into each and every one of them, if he has the funds and the inclination. Furthermore, a rich man can repeat this process with as many candidates as he pleases, so that the sky is literally the limit to what he can give for political purposes.

This Swiss cheese type of law is beginning to smell. Campaigns are getting more and more expensive. They rely heavily on paid publicity, including high-priced television programs. A candidate who can raise huge sums of money from a few rich supporters has a great advantage over his rival whose supporters cannot finance a gaudy campaign.

This is not a partisan issue. Both parties suffer by the cynicism the American people feel when they see the unbridled spending of money in political campaigns, and the frustration they suffer when they can get no accurate record of who is spending what for whom.

A strong bipartisan committee has recently come into action to demand some long overdue reforms. Its chairman is William Vanderbilt, a former Republican Governor of Rhode Island.

It demands four specific reforms: full public disclosure of all campaign contributions by every candidate for Federal office, including candidates for President and Vice President, with a full listing of all committees, their receipts and expenditures; overall limits on the total that can be spent for any candidate; overall limits on the total each individual can contribute in a given year; and extension of regulations to cover primary and nominating campaigns.

There are several bills now before Congress to attack this problem. The Committee on Campaign Contributions is centering on S. 2150 as being the most promising, though it will need some amendments to accomplish the committee's full purpose.

There seems nobody who is willing to argue that present laws are adequate in this field. Nobody contends that it is not dangerous to democracy to allow money to run loose in political campaigns, or that a Federal statute inspires respect if its whole intent can be easily flouted.

STIMULATION OF RESIDENTIAL CONSTRUCTION

The PRESIDING OFFICER. Is there further morning business?

Mr. CAPEHART. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana desire to speak in the morning hour?

Mr. CAPEHART. I merely wished to make some comments on the statement of the able Senator from Arkansas.

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

Mr. CAPEHART. Mr. President, I did not hear all the statement of the able Senator from Arkansas, except that I understand he is opposed, in the housing bill, to increasing military housing and GI housing interest rates. I refer to a statement which has been distributed to every Senator this morning. What we are trying to do in the bill reported by the committee is not necessarily to increase interest rates, but to step up the formula whereby the Veterans' Administration GI housing interest rate and the FHA housing interest rate will be brought closer together, in order to immediately start construction of GI housing, and in that way put men back to work immediately.

As the chart shows, when the interest rates are the same—that is for FHA and GI housing—more GI houses are always built. For example, in 1954, when the VA interest rate was 4½ percent and the FHA rate was 4½ percent, 307,038 houses were built, and 250,910 FHA houses were built. That has been the record. In 1955 it was even greater. When the interest rate for VA housing was 4½ percent and the FHA interest rate was 4½ percent, 39,789 VA houses were built and 268,650 FHA houses were built.

In January of this year, when the VA interest rate was frozen at 4½ percent and the FHA interest rate was 5¼ percent, only 4,074 VA houses were built, as against 12,228 FHA houses.

What we are trying to do is stimulate the construction of new houses immediately in order to put men to work now. We are not necessarily trying to increase or decrease the interest rates; we are merely trying to get the two rates closer together and give the President the right, which he now has under FHA, to increase or decrease interest rates. However, when he decreases one, he must decrease the other, and when he increases one, he must increase the other. In that way the veteran will be able to buy a house. As we know, a veteran can buy a house without any downpayment and with long terms, and his monthly payments are less than he would pay for rent. That is what we are trying to do. If we do it, it is my judgment we will be able to build no less than 250,000 VA houses in the next 12 months.

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

Mr. CAPEHART. It will put to work thousands of men, because every time a new house is built it is necessary to have a new refrigerator, a new furnace, a new washing machine, and nails, and it is necessary to hire carpenters and bricklayers, and so forth. That is what we are trying to do. We have no desire to raise or lower interest rates, because that is up to the President in his discretion, depending upon the condition of the mortgage market. We are merely trying to get the two rates closer together so that we will be able to give the GI an advantage. Of course, the GI has the advantage now under the law, and we are trying to help the GI.

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

Mr. CAPEHART. I yield.

Mr. LONG. While, of course, I am in favor of extending liberal credit to veterans, I personally feel that one of the best things that could be done for the country at this time would be for the Federal Reserve Board, with the cooperation of the Treasury Department, to use the powers available to it to effect a drastic and immediate reduction of the interest rates to as low a point as it is expected the interest rates will be reduced during this administration. Anyone who is thinking of major construction, particularly if he is an industrialist, looks at the interest rate, and, of course, the interest rate is a major part of the cost in any new construction. If he thinks the interest rate will continue to come down, he will be inclined to wait until the interest rate comes down further. If he feels the interest rate is as low as it will be in the future, he would be encourged to go ahead with the construction.

Mr. CAPEHART. I am certainly not going to quarrel with the Senator from Louisiana with respect to lower interest rates. However, that is not the problem we have to face now. The problem now is to bring the VA and FHA interest rates closer together. Then, as they go up and down, the private-mortgage purchasers will be inclined to buy VA mortgages. As it is now, they will not buy 4½-percent mortgages when they can get 5¼-percent mortgages. Therefore let us hope that the interest rates will go down, but that is up to the Federal Reserve Board and the President under the existing act. However, as the rates go up and down, only Congress can change the formula whereby the two rates will remain close together, thereby permitting the GI's whom we all want to encourage to buy houses, to buy houses and own them. We can help the GI's do that by helping them to finance their houses. That is something we can do. What we propose to do is to start employment to-

morrow if the bill is passed by the House and Senate and if the President signs it—and I am sure it will be signed by the President—and that is something that will put the men to work immediately. We will not have to wait 30 or 60 or 90 days or 6 months.

I believe that anyone who is in a position to know will tell us that we can immediately start building GI houses, if that is done. It is not a question of whether the interest rate should be high or low. That is not the problem. What we are trying to do is to get the two rates closer together, so that private industry will buy both mortgages. That is what we are trying to do.

Mr. LONG. What I have in mind is that, rather than to play a part in raising interest rates, it would be good for the country to have the Senate adopt a resolution expressing it to be the sense of the Senate that the Federal Reserve Board, in cooperation with the Treasury, use the powers available—and they have plenty of power to do this—to make certain plenty of credit is made available, so that Veterans' or FHA mortgages can be purchased at 4½ percent.

Mr. CAPEHART. That would not solve the problem, because the Federal Reserve might do what the Senator suggests at the moment, but there would always be a spread between the two. I am proposing a formula which would be established by Congress to provide that regardless of whether the rate were increased or decreased, as the committee bill is now written, there could be a difference of only one-half of 1 percent.

What the Senator is talking about is an entirely different matter. Perhaps it should be considered. Perhaps the Senate should adopt a resolution in the hope that the Federal Reserve would do what the Senator has suggested.

Even then, that would still not change the situation of there being a discrepancy. On the one hand, Congress has limited the VA rates to no higher than 4½ percent. For the FHA, the law provides that the President can increase the rate to 6 percent. He can fix the rate under 6 percent. But the VA rate cannot go higher than 4½ percent. We would like to bring the two rates together, to start the construction of houses tomorrow.

Mr. LONG. If the Senator will review the hearings which the Committee on Finance has been conducting on the interest-rate problem, I think he will see that the position which the Secretary of the Treasury, the Under Secretary of the Treasury, and the Chairman of the Federal Reserve Board took about a year ago, was that this was a desirable policy to discourage people from buying things. As of now, very likely, that testimony would not be subscribed to, because it is no longer timely. That being the case, it seems to me that Congress should be making certain that the money will be made available for housing at 4½ percent interest.

Mr. CAPEHART. I do not question that at all. All we are trying to do today is to provide a formula which will provide that the interest rates on VA loans shall be one-half of 1 percent less. That is all we are trying to do in this instance. The Senator from Louisiana is talking about an entirely different matter. His may be a desirable objective; but even then, if we succeeded in accomplishing what the able Senator has suggested, there would still be the problem which we are trying to solve today.

Mr. FULBRIGHT. Mr. President, to keep the record clear, I did not say I was opposed to the bill; on the whole, I am for the bill. It is a good bill, with the exception of the interest-rate provisions.

What the Senator from Indiana said about the building of houses under the VA and FHA programs is entirely correct. The only point is that all the evidence is quite clear that the interest rates are going down rapidly. The rates for short-term loans have already gone down 50 percent in the past 3 months.

I believe most of the members of the committee from this side of the aisle believe it is not necessary to try to reverse, even for the short-term loans, the downward trend in interest rates.

One cannot help recalling that this administration, peremptorily, artificially, and arbitrarily, raised interest rates when the administration first came into power. When the going rate was 2⅞ or 2¾ percent, the administration issued 3¼-percent bonds, which immediately were sold at a premium. With that background, we feel we should not make a last valiant stand for high interest rates.

I do not think this matter is nearly so important as does the Senator from Indiana. I think interest rates are dropping. Money will be available at 4½ percent perhaps this year. But I think the FHA interest rate of 5½ or 5¼ percent is higher than the market will justify in the immediate future.

It is true there is a slight lag of perhaps from 3 to 6 months in the reduction of long-term interest rates. That is for reasons which are inherent in our financial system. Building and loan associations and insurance companies do not immediately react to lower interest rates, as the short-term issues do. That is for the Government issues and for short-term loans by the banks. They have been going down very sharply since last November. The long-term rates are lagging behind. But as I see the picture, there is nothing which could possibly keep the long-term rates from following, in the course of time, the short-term rates.

So, to me, the argument is about a rather insignificant element, because I think the market will force the interest rates down.

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

Mr. FULBRIGHT. I yield.

Mr. LONG. The Senator from Arkansas well knows that what the average person considers when he buys a home is the amount of his monthly payment. The trend in recent years has been to give the borrower more and more time to pay his loan, but at a higher interest rate. I do not think we do a person a favor by making it possible for him to pay on his mortgage for an extra 5 or 10 years in order that he might pay a higher interest rate.

There is no doubt whatever in my mind that if we leave the law as it is, in short order there will be plenty of money available for the construction of houses at a rate of 4½ percent. On the other hand, if we raise the amount by a quarter percent or a half percent, that will simply encourage people to make a tremendous effort to sell houses on long-term loans at high-interest rates, which could not be maintained if it were not made possible for them to make loans on that basis.

Mr. FULBRIGHT. There is much in what the Senator from Louisiana says. Granted the Senator from Indiana stated the purpose correctly, as I think he has, I have no quarrel with the idea of getting the rates closer together. But if we took such action in the face of what is now going on in the money markets, I think it would create the false impression that Congress thought interest rates were going up, or even are going to stay where they are. I do not believe that to be so.

I do not believe it will be very significant even if we raise the rate to 4½ percent. It will not be maintained at that figure if the market makes available sufficient money at lower interest rates. The rates are bound to go down. I do not think that with even the most valiant assistance of the administration, rates could remain high when money was in great supply.

Mr. CAPEHART. Under the existing FHA law, the President can fix the interest rate as high as 6 percent. He has fixed it at present at 5¼ percent.

Mr. FULBRIGHT. The Senator is correct.

Mr. CAPEHART. Under the existing VA law, the President can fix the interest rate at 4½ percent or less. The problem is not one of increasing or decreasing; it is to eliminate the 1½-percent spread between the two rates.

What I should like to have Congress say to the President is, "You can use the same formula that is used for FHA, except that the VA rate must always be one-fourth of 1 percent less than the FHA rate."

Congress might well adopt a resolution saying to the President, "We are thinking seriously of the loosening of credit. If that be done, we think you should lower both the VA and FHA rates, but always keeping the VA rate within one-fourth of 1 percent of the FHA rate, so that the veterans can sell their mortgages and get their houses and do something which will immediately put men back to work."

That is the problem. We should correct the situation, regardless of whether the interest rates go up or down. We should, by law, bring the two rates closer together.

Mr. FULBRIGHT. I wish to make it clear that I am not opposing the bill. I am for the bill. I think it is a good bill. I think the Senator from Indiana [Mr. CAPEHART] and the Senator from Alabama [Mr. SPARKMAN] have cooperated well to produce a bill which I hope the Senate will pass with the least possible delay.

I do not wish to argue the matter of interest rates. The fact is that the market place has already indicated lower rates and a more plentiful supply of credit.

The Senator from Indiana says the Federal Reserve should move. The Federal Reserve has already moved, and has moved quite rapidly, in reducing the reserve requirements and the discount rate. I think it may be argued whether they moved soon enough, but that is another matter. Certainly they have been moving lately, which is the matter immediately under consideration. I think the program will get under way immediately, and that there will be no trouble in obtaining money at lower interest rates.

Mr. CAPEHART. As one who borrows money in his business, I hope the rates will go down.

Mr. FULBRIGHT. The Senator knows they are going down.

Mr. CAPEHART. Even if they do, we do not solve a problem which ought to be solved by establishing a formula which will bring the two rates closer together.

Mr. FULBRIGHT. Does the Senator not believe the President can reduce the FHA rates today?

Mr. CAPEHART. He could reduce the VA rate today, but the point is that under the law one rate has a 6-percent ceiling, and the other a 4½-percent ceiling, and the 2 rates ought to be brought together.

Mr. FULBRIGHT. The President does not have to fix the rate at the ceiling.

Mr. CAPEHART. But the Congress ought to accept the responsibility.

STIMULATION OF RESIDENTIAL CONSTRUCTION

The Senate resumed the consideration of the bill (S. 3418) to stimulate residential construction.

The PRESIDING OFFICER (Mr. MORTON in the chair). The Chair desires to announce that, the hour of 12 o'clock having arrived, under the unanimous-consent agreement which has been entered into, the time is now limited and under control.

Mr. JOHNSON of Texas. Mr. President, I yield 20 minutes to the Senator from Alabama [Mr. SPARKMAN].

The PRESIDING OFFICER. The Senator from Alabama is recognized for 20 minutes.

Mr. LONG. Mr. President, will the Senator from Alabama yield to me?

Mr. SPARKMAN. I yield 30 seconds to the Senator from Louisiana.

Mr. LONG. Mr. President, in regard to the colloquy which has occurred in the last few minutes, I wish to state that, at a time when interest rates were being increased, the Federal Reserve Board did not hesitate to raise interest rates seven times in a single year. In my opinion, those actions did as much as anything else to get the Nation into the economic plight it is in today.

If the Federal Reserve Board will undo the job it did in raising the interest rates, nothing will contribute more to relieving the present unfortunate economic situation.

The provision to guarantee 4¾-percent loans to veterans looks to me like a price-support bill for the money lenders. With that part of the bill, I want nothing to do.

Mr. SPARKMAN. Mr. President, the bill S. 3418, which has been made the pending business, and which the Senate is considering today, would not be before us at this moment if the members of the Senate Banking and Currency Committee and other Members of the Senate had not felt apprehensive about the current state of our national economy.

There is now general agreement that the present trend of the economy is downward, and that the recession, instead of being mild and of short duration, as originally anticipated, may be more serious, and may extend over a considerable period of time. Economists utilize a number of tests to determine the present state of the economy and to forecast future levels of the economy. Most of us are familiar with these indicators. They refer, for example, to the gross national product; the national income; the levels of disposable income; expenditures for new plant and equipment; employment levels, both agricultural and nonagricultural; and so forth. All these indicators are very helpful in analyzing what is happening to our national economy. They help to pinpoint the areas in which levels of activity are high or low. They tell us which industries are prosperous and which are feeling the pinch of depression. They are, in effect, the symptoms used by the expert economists to diagnose the ills of a nation.

But there is one statistical report which overshadows all others in importance. There is one set of figures which alone can tell us as a nation whether we are enjoying a period of prosperity or whether we are suffering economic reverses. I refer to the unemployment figures published by the Department of Commerce. Based upon that data alone, we can make a fairly good evaluation of our economic status.

When there is full employment, our factories hum with activity and our people are in a position to buy the products of the factories. So long as he is employed, the average worker has the confidence which the administration presently seeks to instill. He will spend his disposable income and, in fact, will go into debt to purchase the thousand and one items upon which our economy depends. However, when the average wage earner is not working, he obviously cannot spend, and is reluctant to assume even short-term debts. The apprehension which he feels is communicated to all around him, and the psychological feeling of depression can dilute the confidence of even those who may not be affected directly.

According to the official Government survey, it is reported that 5.2 million persons were unemployed in mid-February. By this time the figure is probably higher. The last time we had similar levels of unemployment was in 1941.

When we find ourselves in an economic predicament such as that which faces us today, the time has come to act, and to act quickly, if we are to stop the decline and reverse the trend. In my capacity as chairman of the Subcommittee on Housing of the Senate Committee on Banking and Currency, I have tried to do just that. I have encouraged the taking of prompt action on the bill now before the Senate, and every member of the Banking and Currency Committee has acted with the same sense of urgency.

As a result of this cooperation, we are able to discuss a housing bill today. If we had not felt the sense of urgency brought on by increasing unemployment and declines in almost every field of economic activity, I would not be standing here discussing proposed housing legislation. That probably would not have taken place until the month of May. But because my desire to take prompt and effective action, insofar as home construction is concerned, is shared by other members of the committee, we have brought to the Senate a bill which we call the 1958 emergency housing legislation.

On the 27th of February, I introduced a bill, and, with the consent and approval of other members of the Banking and Currency Committee, scheduled brief hearings for March 4. Following the hearings, we held two brief executive sessions, during which we had the full cooperation from Members of both sides of the aisle, who, I think, shared my desire to report a bill to the Senate as promptly as possible. S. 3418 is a clean committee bill representing the views of the majority of the committee.

It is my purpose now to discuss briefly the features of that bill and to attempt to point out, first, that the bill will provide the aids to permit the housing industry to increase its productivity; and, second, that the housing industry can make a substantial contribution to our economy.

With respect to the first point, namely, that the bill will provide aids to permit the housing industry to increase its productivity, the following table is pertinent:

	Homes
(a) $1,000,000,000 of special assistance; at $13,500 per mortgage this would provide financing for	75,000
(b) $500,000,000 additional to be used at the discretion of the President as an antirecession measure at $13,500 per mortgage would provide financing for approximately	38,000
(c) $25,000,000 for purchase of Capehart housing mortgages at an average of $16,500 per unit would provide financing for	1,515
(d) $25,000,000 for purchase of FHA section 809 housing mortgages at an average of $12,000 per unit would provide financing for	2,083
(e) $150,000,000 for VA direct loans, at an assumed $13,500, would provide financing for	11,000
(f) Extension of VA loan guaranty program and revision of FHA downpayment schedule privately financed could produce	72,500

One billion dollars of special assistance mortgages at $13,500 per mortgage will produce 75,000 homes. I point out that the bill would authorize lower downpayments on modestly priced homes, and

would provide for the financing at par for these units. All that remains is for builders to process applications through the FHA and the FNMA and find buyers. This, I think, can be done.

The President, if he sees fit, could assist in the production of an additional 38,000 homes by authorizing the purchase of mortgages by FNMA in amounts up to half a billion dollars. The press recently reported that the President released $200 million of special assistance funds to FNMA for the purchase of mortgages secured by low-cost housing. This new half-billion dollar authorization would replenish existing funds and would provide the President with additional anti-recession resources.

The $25 million for the purchase of Capehart housing mortgages and the $25 million for the purchase of FHA section 809 mortgages will be committed almost immediately. Construction on both Capehart and FHA section 809 housing can go on as soon as the bill is signed.

The $150 million made available for VA direct loans during the next year will also permit immediate construction to go forward. This program could produce 11,000 units in each of the next 2 years.

Those who advocated increases in the interest rate for the VA programs and the repeal of discounts, were hopeful, and I believe with some reason, that the changes would attract private money into the VA guaranty program. If this is true, the reactivation of this program, along with the units of FHA-insured housing which will be privately financed under the new downpayment schedule, could easily produce an additional 72,000 units.

With respect to the second point, namely, that the housing industry can make a substantial contribution to our economy, I have shown how this bill, if enacted in time to permit the industry to move this year, could produce 200,000, and possibly more, units. I believe the number might well go as high as 300,000.

It is estimated that each housing unit built in recent years has provided between 2½ and 3 man-years of employment, composed of 1 man-year of employment on the job, 1 man-year of employment directly in the factories producing the materials that go into the house, and an additional half man-year or more in such related items as transportation of materials and in the multiplier effect of new home building in such fields as retail sales, additional commercial construction in growing communities, and the like.

Assuming a volume of 200,000 units produced as a result of this bill, it would appear that employment could be increased, during a 1-year period, by 500,000 to 600,000 man-years of work.

These new homes would also provide, in the remainder of 1958 alone, markets for an additional: 2½ billion feet of lumber; 900 million to 950 million bricks; 460 million pounds of cement; 400,000 tons of steel; 1,800,000 doors; 2 million kitchen cabinets; 2 million asphalt roofing shingles; 5 million wall-plug outlets; and 2.2 million electric switches.

Necessarily, these estimates are made under certain assumptions. One assumption is that the new liberal terms and the ready availability of mortgage money in the FNMA and in the private market will stimulate demand. By that, I mean that the new terms will encourage people to buy houses as they are constructed. However, if we delay and if these new provisions are not made available within the near future, I am fearful that growing unemployment and the psychological fear of unemployment will induce prospective purchasers to postpone the buying of needed homes. While I have no intention of encouraging those who should not buy homes to buy them, I do think it wise to avoid a mass withdrawal from the buyers' market primarily based on a fear of recession.

This bill, S. 3418, contains 13 pages. The bulk of the text is a revision and extension of section 512 of the Servicemen's Readjustment Act of 1944, which deals with the direct-loan program for veterans of World War II. It includes a 2-year extension of this program and a similar 2-year extension of the VA home loan guaranty program. Last year, both the Senate and the House of Representatives passed H. R. 4602, which was ultimately vetoed by the President. The present bill contains language identical with H. R. 4602, with two exceptions. These exceptions are, first, that the present bill is a 2-year extension, whereas H. R. 4602 was a 1-year extension; and, second, that the present bill contains language which would permit the Administrator to increase the interest rate on both direct and guaranteed loans, up to a ceiling of 4¾ percent, provided that the rate established must be at least one-half percent below the rate established by the FHA Commissioner, under section 203 of the National Housing Act.

In addition to extending and revising VA programs, the committee bill seeks to broaden the housing market by reducing downpayments on FHA loans, and thus making more buyers eligible. Both the revitalization of the VA programs and the reduction of FHA downpayments are directed toward this same end.

In order to meet the expanded demand which would be encouraged by these provisions, the committee has made available to the Federal National Mortgage Association substantial sums of money to purchase FHA and VA mortgages. The bill authorizes the Federal National Mortgage Association to purchase $1 billion of VA and FHA mortgages on new homes where the loan does not exceed $13,500.

The bill increases from $450 million to $950 million a special fund made available to FNMA, at the discretion of the President, for the purchase of home mortgages generally as a means of aiding and maintaining the stability of a high-level national economy.

I may say that provision is already in the law. It was under this provision that the President released $200 million a few days ago. It is simply being proposed to add money to that fund in order to replenish it because of the funds which were released, and to give the President additional funds to use for housing in accordance with economic needs of the country, as provided by the law now on the statute books.

It is no secret that interest rates are being reduced generally and that mortgages such as those placed on Capehart housing projects should soon become more competitive. In fact, the committee received testimony to the effect that an increase of one-fourth of 1 percent would permit Capehart mortgages originated in the future to be financed by the private market. The bill would authorize an increase, at the discretion of FHA Commissioner, in the interest rate on Capehart mortgages from 4 to 4½ percent, and at the same time would provide authority in the Federal National Mortgage Association to purchase up to $25 million of such mortgages. I should like to express my personal insistence, and in this I believe I am supported by the committee, that those who administer the Capehart program should consider the 4½ percent a ceiling and that the rate established for these mortgages should be the lowest possible rate below that ceiling necessary in order to attract private funds. An additional $25 million would be made available for the purchase of mortgages placed on houses purchased by essential civilian workers at research and development centers.

The only other remaining provision of significance contained in the committee bill is that which would remove discount controls on FHA and VA mortgages. It may be recalled that last year this provision was added to the Senate bill by an amendment offered on the floor of the Senate after a similar amendment had not been approved by the committee. There are members of this body who feel that Government-supported mortgages should not be discounted. I for one share that belief. However, during recent periods when mortgage money has been in short supply, certain lenders have charged unconscionable and unnecessary discounts. I cannot defend the lenders who charge these unreasonable discounts, but I must say in all honesty that we have been deluged by protests against discount controls from lenders, builders, and from the administration itself.

Almost invariably, these protests have stated that discount controls work hardships on the very persons they are designed to protect, by eliminating any possibility that those individuals may purchase homes. It is my opinion that the committee voted to remove discount controls, not from any change in attitude reflected by the vote of the Senate last year, but rather because the sense of urgency, which I have previously referred to, demanded that prompt actions be taken to stimulate the production of housing as best we could.

It might be well to express my interpretation of the thoughts which guided the committee in producing this bill.

First, as I have said, we have shared a sense of urgency and have felt that something must be done to permit the housing industry to make a contribution to our lagging economy. In order to do this, we acted to broaden the market by making more prospective purchasers eligible. This can be accomplished, as I

have said, by the extension and revision of the two VA home-loan programs and by the reduction in FHA's downpayment schedule.

Anticipating that these provisions will increase the effective demand for housing, we have furnished the President and the Federal National Mortgage Association with an additional $1½ billion to purchase mortgages which should be originated by this demand. These funds, in my opinion, will have the effect of providing ready financing immediately for new housing, and will induce the private market to purchase substantial numbers of these new mortgages.

As a further inducement—and I must call it that—to attract the private market, the interest rates on two programs have been increased by action of the majority of the committee. These increases, along with the removal of discount controls, and the fact that interest rates in the private market are being reduced generally, should narrow any remaining gap between Government-supported mortgages and other types of investment, and should attract substantial sums of mortgage money from the private market.

The steps which the committee has taken in recommending this bill to the Senate will have both a widespread and immediate effect upon the housing industry. While I did not personally support each of the provisions adopted by the committee, I have no hesitancy in saying that the recommendations made should be effective.

At the conclusion of my remarks I shall ask consent to place in the RECORD a section-by-section analysis of the bill S. 3418.

The PRESIDING OFFICER. There being no objection, the analysis will be printed in the RECORD.

SECTION-BY-SECTION ANALYSIS

Section 1: Amends section 203 (b) (2) and section 220 (d) (3) of the National Housing Act by decreasing the minimum downpayment under FHA's sales housing programs to 3 percent of the first $13,500 of value or replacement cost, as the case may be (now 3 percent of the first $10,000).

Section 2: Amends section 305 (c) of the National Housing Act by increasing from $450 million to $950 million the Federal National Mortgage Association's special assistance fund made available to the President for the purchase of home mortgages which are not otherwise marketable, and for the purchase of home mortgages generally as a means of aiding and maintaining the stability of a high-level national economy.

Section 3 (a): Amends section 305 (f) of the National Housing Act by authorizing an additional $25 million to FNMA for the purchase of military housing mortgages insured under FHA section 803 and $25 million for the purchase of housing at research and development centers insured under section 809.

(b) Amends section 803 (b) of the National Housing Act by increasing from 4 percent to 4½ percent the interest rate ceiling on FHA section 803 military housing mortgages.

Section 4: Amends section 305 of the National Housing Act by creating a new Federal National Mortgage Association special assistance category, with a revolving fund of $1 billion, for the purchase of FHA and GI mortgage loans on new homes where the loan does not exceed $13,500.

Section 5 (a): Amends section 512 of the Servicemen's Readjustment Act of 1944, by revising and extending the entire section in order to—

(1) Define direct-loan areas as rural areas and small cities and towns not near large metropolitan areas. (Existing law does not contain geographical limitations.)

(2) Provide that the interest rate on direct loans may not exceed the interest rate on guaranteed loans.

(3) Increase the maximum loan amount under the direct-loan program from $10,000 to $13,500.

(4) Authorize the VA Administrator to reserve direct loan funds for 3 months under commitments to builders for a 2-percent fee. Private lenders would receive the commitment fee, if such lenders purchase these loans within 60 days following VA disbursement. The VA would make construction advances up to an amount equal to cost of land, plus 80 percent of value of improvements.

(5) Extend the direct-loan program by 2 years and 25 days to July 25, 1960. The extra 25 days is added in order to make the expiration date of the direct-loan program coterminus with the expiration date of the loan-guaranty program for World War II veterans.

(6) Require VA to begin immediate processing of all direct-loan applications, such processing to run concurrently with a 20-day period allowed for voluntary home mortgage credit program action.

(b) Amend section 513 of the Servicemen's Readjustment Act of 1944 to make available $150 million for the direct-loan program during each of the fiscal years 1959 and 1960, and $50 million for each quarter of fiscal year 1958 remaining unexpired upon enactment of this bill.

(c) Technical amendment relating to the date on which the VA guaranty of home loans made by supervised lenders becomes effective.

(d) Amends section 500 and 507 (a) of the Servicemen's Readjustment Act of 1944 to extend the loan-guaranty program for 2 years until July 25, 1960, for World War II veterans.

(e) Amends section 500 (b) of the Servicemen's Readjustment Act of 1944, to permit the interest rate to be adjusted by the VA Administrator, with approval of the Secretary of the Treasury, up to a ceiling of 4¾ percent, provided that the rate established must be at least one-half percent below the rate established by the FHA Commissioner for FHA loans under section 203 (b) (5) of the National Housing Act.

SEC. 6. Repeals section 605 of the Housing Act of 1957 which authorized the Commissioner of the FHA and the Administrator of the VA to regulate discounts on FHA insured and VA guaranteed loans.

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

Mr. SPARKMAN. Yes; I yield.

Mr. ELLENDER. I have been scanning through the report which accompanied the bill. I wonder if the Senator can tell us the total loans outstanding under the FHA and VA home loan programs? In this connection I also would like to have the figures for the total authorizations and loss experience under the FHA and VA programs.

Mr. SPARKMAN. We have those figures in the file. I am sorry I cannot give them offhand, but I shall be glad to supply them for the RECORD, and also supply them to the Senator from Louisiana personally.

Mr. ELLENDER. If the Senator will supply them for the RECORD, that will be sufficient.

Mr. SPARKMAN. Yes; I shall be glad to produce those figures.

The information supplied by Mr. SPARKMAN is as follows:

Federal Housing Administration—Statement of financial condition as of Dec. 31, 1957

ASSETS

Current assets:		
Cash		$29,832,759
Accounts receivable		6,346,495
Accrued income		2,751,467
Total		38,930,721
Investments:		
U. S. Government securities (amortized)		525,211,411
Stock purchased in rental and cooperative housing corporations (432,722 shares)		473,660
Total		525,685,071
Other assets:		
Mortgage notes acquired on sale of properties (less reserve for losses)		$118,627,966
Acquired security:		
Real property (at cost less reserve for losses)		70,704,461
Mortgage notes acquired under terms of insurance (at cost less reserve for losses)		74,153,964
Defaulted title I notes (less reserve for losses)		14,501,273
Furniture and equipment (less reserve for depreciation)		1,147,741
Assets held for account of mortgagors		2,252,111
Total		281,387,516
Total assets		846,003,308

LIABILITIES

Current liabilities:		
Accounts payable		10,831,678
Participation dividends payable		2,778,680
Accrued interest on debentures		2,504,951
Trust and deposit liabilities		13,636,027
Deferred credits (unearned fees, premiums and other)		74,892,474
Total		104,643,810
Debenture obligations:		
Debentures payable (issued and outstanding)		$103,694,150
Debenture claims in process		34,806,050
Total		138,500,200
Other liabilities:		
Reserve for foreclosure costs—defaulted mortgage notes		1,302,668
Total liabilities		244,446,678

RESERVES

Statutory reserve: For participation payments and future losses	95,231,854
Insurance reserve: Available for future losses and expenses	506,324,776
Total reserves	601,556,630
Total liabilities and reserves	846,003,308

NOTE.—Since July 1, 1940, the FHA has been self-supporting and has paid all expenses out of earnings. In the early years of operation, the Treasury Department advanced funds totaling $65,497,433 to pay expenses and to establish certain of the insurance funds. In the fiscal year 1954 all of the funds advanced were repaid to the U. S. Treasury together with interest thereon in the amount of $20,385,529.

Federal Housing Administration—Insurance written, insurance outstanding, and losses to funds as of Dec. 31, 1957

[Total FHA insurance authorization at present $25.8 billion]

	Insurance written	Insurance outstanding	Losses to funds	Percent of losses to insurance written
Property improvement loans, sec. 2	[1] $10,632,186,245	$1,141,141,180	[1] $100,288,972	94/100
Home mortgages	30,682,564,688	16,491,738,371	17,977,259	6/100
Project mortgages	5,685,418,327	4,365,838,236	31,792,084	56/100
Manufactured housing	5,316,041		788,147	14 83/100
Total	47,005,485,301	21,998,717,787	150,846,462	32/100

[1] Includes $778,860,621 insurance written and $14,708,557 losses relating to insurance operations prior to the June 3, 1939, amendment which authorized FHA to collect an insurance charge.

Home mortgage foreclosure experience

Total dwelling units insured	4,557,000
Total foreclosed (units acquired by FHA)	34,000
Percent foreclosed	0.7

VA LOAN GUARANTY PROGRAM

Authorization: No money limit set. Expiration date for World War II veterans now set at July 25, 1958, and for Korean war veterans set at January 31, 1965.

Summary of operations, home loans:	*Billion*
Original principal amount of loans guaranteed	$42.0
Original amount of guaranty	23.0
Outstanding as of December 31, 1957:	
Principal amount	30.7
Guaranteed amount	17.2

REPAYMENT RECORD

(Testimony of Mr. Thomas Sweeney, Director of Loan Guaranty Service, Veterans' Administration, to Banking and Currency Committee on March 4, 1958)

We have paid out on the guaranty $127 million, and, in connection with the acquisition of properties, we have spent an additional sum of $156 million, or a total of $284 million. Now, when we acquire the properties we, in turn, take back receivables which bear interest in excess of 4¼ percent. Out of that operation we have returned to the Treasury $93,974,000 of the $284 million. We have assets and receivables on hand of $190 million, which is represented by $129 million of what we call mortgage receivables, and we have property on hand, $40 million. We have the veterans owing the Government as a result of claims—this is net after writeoffs—$14 million, and we have other miscellaneous receivables of $190,000. So that we will say, as a pro forma statement, we have in the liquidation operation a paper loss now of $5,672,000. In addition to that, we have written off about $24 million of the veterans' liability account. So, in essence, if I was to total it, I would say we have less than $25 million direct appropriated-fund loss. That does not enter any of our administrative expenses. I am just talking about spending appropriated money.

Total home loans guaranteed	5,083,000
Claims paid	35,000
Percent foreclosed	0.7

VA loan guaranty program—Income and expense statement as of December 31, 1957

Income:	
Gross profit on sales of property	$14,074,000
Rental and miscellaneous income	2,523,000
Interest income on loans receivable and veterans accounts	19,898,000
Total	36,495,000

VA loan guaranty program—Income and expense statement as of December 31, 1957—Continued

Expenses and losses:	
Property management and sales expense	17,670,000
General expense	454,000
Written off liability accounts	24,043,000
Total	42,167,000
Net loss	5,672,000

VA direct-loan program—Authorization

The maximum amounts of Congressional authorizations for Treasury advances to the direct loan revolving fund, pursuant to the various legislation enactments described above, are recapitulated in the following table:

Fiscal year 1951	$150,000,000
Fiscal year 1952	25,000,000
Fiscal year 1953	100,000,000
Fiscal year 1954	100,000,000
Fiscal year 1955	150,000,000
Fiscal year 1956	150,000,000
Fiscal year 1957	150,000,000
Fiscal year 1958	[1] None
Total	825,000,000

[1] The bill provides an authorization of $150 million for the direct-loan program for each of the fiscal years 1959 and 1960, and $50 million for each quarter of fiscal year 1958 which remains unexpired upon enactment of this bill. The following tables show the present status of direct-loan funds, the extent to which applications greatly exceed loans made even though it has been widely known that funds were limited, and that income has exceeded expense by over $33 million:

Status of direct-loan funds

Funds available for loans, end of June 1957	$120,764,000
Principal and other repayments July 1–Dec. 31, 1957	16,476,000
Total available for making loans July 1–Dec. 31, 1957	137,240,000
Net increase in funds encumbered July 1–Dec. 31, 1957	133,760,000
Unencumbered funds, end of December 1957	3,480,000
Estimated principal repayments, Jan. 1–June 30, 1958	17,520,000
Estimated funds available for loans Jan. 1–June 30, 1958	21,000,000
Balance due on loans outstanding, Dec. 31, 1958	730,507,000

Income and expense statement as of Dec. 31, 1957

Income:	
Interest on direct loans	$83,481,000
Gross profit on sales of property	59,000
Interest income on mortgage receivables	140,000
Miscellaneous	80,000
Total	83,760,000
Expense and losses:	
Interest expense on Treasury advances	46,481,000
Property management and selling costs	169,000
Fees to attorney	3,246,000
Liquidation expense	40,000
Charges against reserves	150,000
Total	50,082,000
Net worth	33,678,000

Mr. ELLENDER. How much additional authorization is provided by the bill for the Federal National Mortgage Association?

Mr. SPARKMAN. One billion dollars would be authorized to FNMA, to be used in a special assistance program for the purchase of mortgages on houses costing up to $13,500. We are trying to put the emphasis on lower cost houses.

Mr. ELLENDER. That would apply to mortgages already in existence?

Mr. SPARKMAN. No. It would be limited to new construction.

Mr. ELLENDER. On new construction?

Mr. SPARKMAN. Yes; because the object of the program is to produce jobs.

Mr. ELLENDER. It is different from FNMA?

Mr. SPARKMAN. The Senator is thinking of secondary operations, is he not?

Mr. ELLENDER. Yes.

Mr. SPARKMAN. The funds are restricted to use on new construction, for the reason I have stated. I may point out that the bill makes a further authorization to FNMA, amounting to half a billion dollars, which the President can use at his discretion. The President has used $200 million from that fund within the last few days.

Mr. ELLENDER I fear that, unless the money was used on new construction, these funds might be used for the benefit of those who hold mortgages.

Mr. SPARKMAN. The money is to be used for new construction. The Senator is correct in anticipating such a possibility. The committee anticipated it, and wrote this provision in the bill.

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

Mr. SPARKMAN. I yield.

Mr. CAPEHART. First I wish to say the Senator from Alabama has done an excellent job of explaining the bill. The bill carries an authorization of $1,850,000,000 for purchase by the Government of home mortgages. Is that correct?

Mr. SPARKMAN. The Senator is correct.

Mr. CAPEHART. However, the $1,850,000,000 is to be used at the discretion of the President; is it not?

Mr. SPARKMAN. I do not wish to engage in a debate over technical terms. I would prefer to rest on the statement I have made. The $500 million is to be used purely at the discretion of the President. The other funds which the bill would authorize for FNMA may be used by FNMA to purchase mortgages under provisions now written in the law.

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

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

Mr. SPARKMAN. Mr. President, I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 5 additional minutes.

Mr. SPARKMAN. The expenditure of the half billion dollars is wholly within the discretion of the President. The other funds which the bill would authorize FNMA fall under the provisions of law set forth in the report. The provisions provide, in effect, that the Commissioner is authorized to go to the Treasury for funds, so far as the amount

is authorized by law, as he needs such funds. The Secretary of the Treasury, of course, is authorized to let him have the funds.

There was some testimony before the committee as to whether this procedure was mandatory so far as the Secretary of the Treasury was concerned. The opinion, I believe of all members of the committee, was that it was not mandatory upon the Secretary of the Treasury, but that, as the statute says, authority was given to him to comply.

We all know that the Secretary of the Treasury is a part of the President's executive body. Certainly, to the extent that the President controls the Secretary of the Treasury, the President has the power to control the use of those funds.

Mr. CAPEHART. He likewise controls the Director of FNMA; does he not?

Mr. SPARKMAN. No, I do not think so. FNMA is a constituent agency.

Mr. CAPEHART. A corporation.

Mr. SPARKMAN. A constituent agency of the Housing and Home Finance Agency, which is an independent agency. That Agency reports directly to the President, but my understanding of the legal status of an independent agency is that it is not subject to the President's control.

Mr. CAPEHART. As to one of the funds, the President definitely has discretionary authority.

Mr. SPARKMAN. The Senator is correct. That authority is complete.

Mr. CAPEHART. As to the other, the President has the power to stop the use by positive action.

Mr. SPARKMAN. The President as the Chief Executive has the same power over all appropriations of Congress, does he not?

Mr. CAPEHART. Yes. I wish to say, if the Senator will yield further, that what we were trying to accomplish in the bill—and I think what we did accomplish—was, first, to give the President up to $1,850 million with which to purchase mortgages.

Mr. SPARKMAN. Within the explanation I gave.

Mr. CAPEHART. Yes.

Mr. SPARKMAN. Let me make clear that we have not suggested a change of the existing law at all, so far as the exercise of that control or discretion is concerned.

Mr. CAPEHART. If private industry did not purchase the mortgages we would expect the Government to do so.

Mr. SPARKMAN. That is correct.

Mr. CAPEHART. In order to help alleviate the unemployment situation.

Mr. SPARKMAN. Mortgages up to $13,500.

Mr. CAPEHART. Yes. Then we have attempted to give the President another tool, which is the bringing of the VA interest rate closer to the FHA interest rate, in the belief that by so doing, by extending the GI Housing Act another 2 years, by reducing the downpayments, and by doing other things provided in the bill, we will induce private industry to build 1¼ million or at least 1 million homes in the next 12 months.

Mr. SPARKMAN. Yes.

Mr. CAPEHART. And that private industry will buy the mortgages.

Mr. SPARKMAN. Yes.

Mr. CAPEHART. So that it will not be necessary for the Federal Government to dip very deeply into the $1,850 million.

Mr. SPARKMAN. I hope that will be true. However, it will take a little time to bring about the desired result.

Mr. CAPEHART. It is the feeling of the committee, or at least of a great majority of the members of the committee, that the bill is a good bill and ought to be passed, because it will stimulate home construction, thereby immediately putting unemployed people back to work.

Mr. SPARKMAN. As I recall, the committee reported the bill by a unanimous vote.

Mr. CAPEHART. But if we cripple the bill by eliminating the increase in the interest rates, we may not get the results desired without calling further upon the taxpayers to buy the mortgages.

Mr. SPARKMAN. I rather wish the Senator from Indiana had not raised that question, because he knows what my attitude with regard to the increased interest rates has been all along. I am not willing to concede that point. I do not want to get into an argument about it. An amendment will be offered, which will provide ample time for debate.

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

Mr. SPARKMAN. Will the Senator wait for a moment, please?

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

Mr. SPARKMAN. Mr. President, I yield myself 5 minutes more.

The PRESIDING OFFICER. The Senator from Alabama is recognized for an additional 5 minutes.

Mr. SPARKMAN. I do not concede that the change in the interest rate would weaken the bill, but I do not care to debate that question at this point.

Mr. ROBERTSON. Mr. President, will the Senator yield so that I may answer the question as to the interest rate?

Mr. SPARKMAN. If the Senator will wait a moment, I want to make the RECORD clear that in answering a question the Senator propounded a while ago concerning funds voted for use by the President I made the statement the funds would be used for the purchase of mortgages up to $13,500. That statement applies generally, but it does not apply to the half billion dollars which goes to the President for use in his discretion. Under the law, the President can use that fund for the purchase of any class mortgage he desires. He did, however, in his action the other day, limit the application to mortgages not in excess of $10,000. That action shows that the President is trying to deal with the same problem we are seeking to solve, that of getting lower-cost housing for the mass market.

I now yield to the Senator from Virginia.

Mr. ROBERTSON. I wish to say, on the question of interest rates, that the distinguished chairman of the subcommittee will remember that the junior Senator from Virginia twice voted to hold the GI interest rate at 4½ percent. Naturally, everyone would like to see the interest rate for the veterans' housing held to as low a figure as is possible.

The testimony was that the banks would not buy the 4½-percent bonds. We tell the veteran we are in favor of low interest rates, but the veteran says, "I am not getting a house." Can we say in answer, "Well, that is simply too bad?"

The bill provided $1½ billion of new FNMA money, which would be a $1½ billion drain on the Treasury if we could not sell the bonds. We were told that the President's fiscal program was not in a position to stand another $1½ billion drain on the Treasury. Therefore, the junior Senator from Virginia tried to break the deadlock by offering a compromise.

We should repeal the prohibition against rediscounts, so that if the builder wants to shade his mortgage by one-quarter or one-half percent, he can do so. If the President wants to raise the interest rate from 4½ to 4¾ percent, then we would not be doing it, but the President would be doing it. We should give him that authority. If the President finds the administration cannot move the bonds, if he wishes to protect the Treasury from the drain on FNMA purchases, and desires to get the houses built, we should provide the authority by which he can do so. That is all the proposal represents, in a nutshell. I have no apology to offer to anybody in that regard. I made the motion. It was adopted, as the Senator from Alabama says, and on the final showdown the bill was reported by the committee on a unanimous vote.

Mr. SPARKMAN. The Senator is correct.

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

Mr. SPARKMAN. Before I yield further let me supply an answer to the question which was asked by the Senator from Louisiana [Mr. ELLENDER] a while ago.

The present total FHA insurance authorization is $25.8 billion. Insurance in effect and outstanding commitments are now nearing that total. For that reason, the committee will at an early date consider an administration request to add an additional $3 billion to the present FHA authorization. In other words, the amount outstanding and already committed by FHA is in the neighborhood of $25 billion.

Mr. ELLENDER. Was evidence provided to show that payments are being made?

Mr. SPARKMAN. Yes. We have all of that information in the record. We do not have it here at the present time.

This has really been a most successful operation. That is true of FHA and even more true, I believe, of VA.

Mr. ELLENDER. It might be well to have that material printed in the RECORD.

Mr. SPARKMAN. I shall be very glad to get those figures and place them in the RECORD.

I want to say that nobody has demonstrated a greater interest in housing than has the Senator from Louisiana. Back in the early days he was one of

the three who were fighting year in and year out for a housing program. The basic housing law which we have today is in large part the result of the handiwork of the Senator from Louisiana, along with the late Senator Bob Taft and the late Senator Bob Wagner.

Mr. ELLENDER. I was not looking for such compliments, but I appreciate them.

Mr. SPARKMAN. I am merely making a statement of fact. The program to which I refer has been one of the most remarkable and successful programs we have ever had.

Mr. ELLENDER. I thank the Senator.

Mr. McNAMARA. Mr. President, will the Senator yield in order that I may suggest the absence of a quorum and ask unanimous consent that the time consumed be not charged to either side?

Mr. SPARKMAN. My time has expired, I believe. If I have any time left, I yield 30 seconds to the Senator from Michigan.

Mr. McNAMARA. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, the time consumed thereby to be not charged to either side.

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

Mr. McNAMARA. 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. McNAMARA. 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. MONRONEY. Mr. President, on behalf of the Senator from Colorado [Mr. CARROLL], the Senator from Pennsylvania [Mr. CLARK], the senior Senator from Rhode Island [Mr. GREEN], the junior Senator from Minnesota [Mr. HUMPHREY], the Senator from Washington [Mr. JACKSON], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Tennessee [Mr. KEFAUVER], the senior Senator from Oklahoma [Mr. KERR], the Senator from North Dakota [Mr. LANGER], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the senior Senator from Oregon [Mr. MORSE], the Senator from Montana [Mr. MURRAY], the junior Senator from Oregon [Mr. NEUBERGER], the Senator from Wyoming [Mr. O'MAHONEY], the junior Senator from Rhode Island [Mr. PASTORE], the Senator from Wisconsin [Mr. PROXMIRE], the Senator from Georgia [Mr. TALMADGE], the senior Senator from Minnesota [Mr. THYE], the Senator from Texas [Mr. YARBOROUGH], 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 1, it is proposed to strike out "(a)."

On page 2, it is proposed to strike out lines 11 through 13.

On page 12, beginning with line 4, it is proposed to strike out through line 2 on page 13.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for an hour and a half.

Mr. MONRONEY. Mr. President, I yield myself 15 minutes.

Mr. President, I rise to discuss an amendment to the housing bill before us, S. 3418. This amendment is offered on behalf of myself and 21 other Senators.

As reported by the committee, the bill would increase the maximum interest rate on GI guaranteed mortgages from 4½ to 4¾ percent, and raise the interest rate chargeable on Capehart military housing mortgages from 4 to 4½ percent. Our amendment would strike out those provisions of the bill which increase these interest charges, thus continuing present rates.

Joining with me in offering this amendment are Senators CARROLL, CLARK, GREEN, HILL, HUMPHREY, JACKSON, JOHNSTON of South Carolina, KEFAUVER, KERR, LANGER, LONG, MAGNUSON, MORSE, MURRAY, NEUBERGER, O'MAHONEY, PASTORE, PROXMIRE, TALMADGE, THYE, and YARBOROUGH.

When the committee first considered this bill last Tuesday, it rejected by a vote of 8 to 7 an amendment to increase maximum interest rates on GI mortgages from 4½ to 5 percent and on Capehart military housing mortgages from 4 to 4½ percent. Last Thursday, however, it adopted by voice vote an amendment to increase the GI rate from 4½ to 4¾ percent and the Capehart rate from 4 to 4½ percent.

I disagreed with these rate increases and originally intended to file vigorous dissent. However, in order to expedite reporting the bill I agreed not to file minority views, but I served notice that I intended to wage a fight on these increases when the bill came before the Senate.

WHY RAISE INTEREST RATES NOW?

Mr. President, I am firmly convinced that we will make a grave mistake if we boost these interest rates at a time when interest rates generally are rapidly declining. To do so would place an artificial floor by senatorial action, under the money market.

It was less than 2 hours after the committee ordered the bill reported that the Federal Reserve Board approved another substantial cut in the rediscount rate. This was the third such cut in less than 4 months, bringing the rate from 3½ to 2¼ percent, a drop of 33⅓ percent. The committee's action took place 2 hours before the third cut was made by the Federal Reserve Board as an antirecession measure to meet economic conditions prevailing today. This represents their latest effort to loosen the tight-money policy they, themselves, have created in order to help erase its effects.

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

Mr. MONRONEY. I am glad to yield to my distinguished colleague from Tennessee.

Mr. GORE. There is some indication that certain people in Wall Street had more advanced notice of the impending action than the committee itself must have had.

Mr. MONRONEY. I am not advised as to that, although I have read reports in the newspapers also suggesting this fact. Certainly the committee would have been red-faced if it had had any such information. I cannot conceive of a senatorial committee going one way, toward a deepening depression, when the Federal Reserve Board is going the other way in an effort to correct its original error of tightening the money supply of the Nation.

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

Mr. MONRONEY. I yield.

Mr. LONG. I am sure the Senator realizes that anything we do to discourage the rapid reduction of the interest rates, and an immediate drastic reduction, too, will merely prolong the recession we are in at the present time. Anyone engaged in a major construction program would be inclined to wait until the interest rates were as low as they could go.

Mr. MONRONEY. I thank my distinguished colleague for his comment.

Mr. BUSH. Mr. President, will the Senator yield, or does he prefer to conclude his remarks before yielding?

Mr. MONRONEY. I am glad to yield. I am happy to have so many interested colleagues ask me questions.

Mr. BUSH. I wish to raise a question about what the Senator said in regard to putting a floor under interest rates. By the pending measure, we would permit an increase in the VA rate ceiling to 4¾ percent. I ask the Senator if the ceiling on the FHA rate is now 6 percent, although the interest rate in practice is 5¼ percent.

Mr. MONRONEY. The Senator is correct. However, when the Banking and Currency Committee of the Senate, which is supposed to be the economic committee of the Senate, comes out in favor of higher and higher interest rates as they have done in the pending bill, we are serving notice on the entire money market that we will reverse the trend and will put a floor under the money market.

Even if we wanted a higher floor, I cannot imagine what justification there is for the one-half of 1 percent increase on the Capehart housing, mortgages which are insured by the Government, and cover housing built for Government use on Government reservations. It is like legislating an increase on Government bonds. Later I shall read a statement made by the Housing Subcommittee stating that Capehart mortgages are comparable to Government bonds.

Mr. BUSH. If they are that sound, they will seek their level, as Government bonds will seek their level. They should be allowed to seek their level. What the Senator is saying is that he is more interested in interest rates than in housing. What we are trying to do is to get houses built.

Mr. MONRONEY. What the distinguished Senator from Connecticut would do would be to pay a premium that would cost both Uncle Sam and the GI's

$1 billion during the term of these mortgages.

Mr. BUSH. I respectfully——

Mr. MONRONEY. It is unconscionable. It is regressive. It is the height of economic folly. It is calculated to lead this country back into the jungle of a deepening depression at a time when there are a few signs, at least in the money market, that we are about to get the price of money down to a point where the average borrower can build a house and small-business men can borrow the money with which to make improvements in their businesses.

I do not like the stranglehold which the money lenders have had on the economy of the country. As a Member of the Senate I do not intend to be a party to any attempt to tighten the stranglehold. I hope the Senate will vote to break the stranglehold by approving my amendment.

Mr. BUSH. I certainly wish to join my friend from Oklahoma in breaking any strangleholds, because I do not believe there should be any strangleholds. However, I would prefer to have the people who want to build homes have a stranglehold on some money. A great deal of money is available if the interest rate is made attractive. That has been demonstrated by the FHA program. What we are seeking to do in the bill is to provide the veterans, as the American Legion so urgently requests, with the same possibility of attracting the money as is afforded other citizens, and at a differential of one-half of 1 percent.

Mr. MONRONEY. I am not willing to offer a bribe of one-half of 1 percent to get money for the GI's 90 days sooner, when I know that they will be paying through the nose for the 90-day speedup over the 30-year life of the mortgage. I do not believe the Senate should do it, and a great many of my colleagues on this side of the aisle, at least, do not think so either.

Mr. BUSH. The Senator paints a picture of a few men controlling vast sums of capital.

Mr. MONRONEY. Does the Senator doubt it?

Mr. BUSH. I certainly do.

Mr. MONRONEY. The Senator from Connecticut is experienced in Wall Street, and he knows the money market. He knows the banking fraternity. I will say that a few men, heads of great accumulations of money such as the large insurance companies, can sit around a table and decide that money will be tight tomorrow.

Mr. BUSH. The Senator knows that the money he is talking about belongs to the 100 million people who have life-insurance policies and 50 million people who have savings and loan deposits and thrift accounts in the commercial banks. That is the money the Senator is talking about. Those people are entitled to a return on their savings. It would be a bad day, indeed, when we discouraged people from saving their money and getting the going rate of interest on it. I am sure the Senator does not disagree with me on that point.

Mr. MONRONEY. I do not disagree that there are probably 60 million people who own life-insurance policies.

Mr. BUSH. The number is 100 million.

Mr. MONRONEY. Or 100 million. However, 10 men representing 100 million does not look like good representation to the junior Senator from Oklahoma. That is what has happened. Perhaps that is good representation for Wall Street, but it is not representation in the style of Oklahoma, Pennsylvania, Louisiana, Texas, or the rest of this country. Those men enjoy great power and can determine what investment will be favored and what investment will be blackballed.

Mr. BUSH. Has the Senator found some way in Oklahoma of operating savings banks and life insurance companies which would be an improvement over the present system?

Mr. MONRONEY. In Oklahoma we are establishing some great, fine insurance companies, because we are sick and tired of sending money to be concentrated in Wall Street. When we shall have succeeded, the Senator will find that our insurance executives will be interested in building Oklahoma instead of building larger and larger reserves of tax-exempt wealth.

Mr. BUSH. May I ask whether in the Senator's State the insurance companies are interested in buying mortgages?

Mr. MONRONEY. Some institutions have been ready to buy to the limits of their capacity at the present rates. The building and loan associations have been buying GI mortgages when they have been blackballed by the lending fraternity in the great centers of population.

Mr. BUSH. Have they bought FHA mortgages?

Mr. MONRONEY. They have, because the financial institutions, indigenous to Oklahoma, are interested in building up the State.

The Hartford insurance companies can make available plenty of money for housing in Hartford, but it will not help Oregon or Texas or Wisconsin.

Mr. BUSH. The insurance companies in Hartford lend money not only in Hartford, but all over the United States—and very generously.

Mr. MONRONEY. But the stream becomes progressively thinner as it reaches areas a greater distance from Hartford.

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

Mr. MONRONEY. Mr. President, I yield myself another 10 minutes. If time is available, I should be delighted to return to this discussion.

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

Mr. MONRONEY. I yield.

Mr. CAPEHART. Do not the savings banks and insurance companies in Oklahoma operate under the same kind of laws under which similar institutions operate in New York, Pennsylvania, and Indiana?

Mr. MONRONEY. They do, but they are a little more interested in investing their funds in Oklahoma than in having it siphoned into New York and other great centers.

Mr. CAPEHART. Does not the Senator think that the commercial banking rates in Oklahoma are higher than they are in Indiana and other States?

Mr. MONRONEY. I am not familiar with the bank rates. I have never tried to borrow money in Indiana. I am certain it would be a little more difficult than it would be in Oklahoma.

Mr. CAPEHART. Will the Senator state categorically that the interest rates charged by banks in Oklahoma are lower than, or are the same as they are in Indiana?

Mr. MONRONEY. I should be happy to yield to the friend of the distinguished Senator from Indiana, namely, the distinguished senior Senator from Oklahoma [Mr. KERR], who might be able to impart some of that information.

Mr. KERR. I may say to the distinguished Senator from Indiana that I have never honored that State by borrowing money there. If any bank there is available for lending and would accept the collateral which the Senator from Oklahoma has to offer, I assure the Senator from Indiana that he need not become uneasy; the Senator from Oklahoma will be around to call on any of the banks which have the money available.

As of now, the interest rate which the Senator from Oklahoma or any organization in which he has any interest whatever is paying is higher in the State of New York than it is in either Oklahoma, Texas, Louisana, Illinois, or any of the other places which, at the moment, the Senator from Oklahoma is favoring with the handling of his borrowings.

Mr. President, will my colleague yield for a question?

Mr. MONRONEY. I am glad to yield.

Mr. KERR. The distinguished Senator from Connecticut [Mr. BUSH] has talked about the availability and unavailability of money. I wonder if he is aware of the fact that about 4 months ago the United States Treasury was paying interest of about 3.70 percent-plus on its 90-day bills. For the last few weeks, the Treasury has been paying from 1.20 up to 1.64 percent interest on 90-day bills, solely because the Federal Reserve Board and the United States Treasury decided that they would no longer inflict upon the economy and the Government the exorbitant interest rates which the Humphrey-Burgess policies, with the approval of the Senator from Connecticut, had imposed upon the country and the Government. Thereby, they prove to anyone who is either curious or objectively available to receive information that they can and do determine the interest rates which are available, and that the Government can determine whether mortgages shall bear the rate of interest provided in the bill as it was reported to the Senate, or whether they shall bear the rate of interest provided in the amendment of the Senator from Oklahoma and his colleagues who joined him in offering the amendment. Any suggestion that the interest rate will be determined by the money market is purely window dressing, is purely alibi, is purely and theoretically a justification for grand larceny. [Laughter.]

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

Mr. KERR. I do not have the floor.

Mr. MONRONEY. I yield to the Senator from Connecticut. I hope it will be agreeable to the Senator from Connecticut to yield back to me some of the time which has been used by my senior colleague and him.

Mr. BUSH. I appreciate the courtesy of the junior Senator from Oklahoma.

My good friend, the senior Senator from Oklahoma, made so many extraordinary statements in one very involved sentence that it is a little difficult to answer them all at once.

I certainly agree with him that interest rates have come down. I do not believe this has been due to the Treasury or to the Federal Reserve Board, but to the fact that the demand for money has slackened somewhat, so that money has sought a lower level, just as, unfortunately, commodities do from time to time when the demand slackens.

I emphatically reject the whole of the Senator's statement that what he calls the tight-money policy was a result of the policies of the current administration, because it was not at all. The senior Senator from Oklahoma and I have heretofore discussed this question. He knows perfectly well that under the law the control of the money market, such as there is, is in the hands of the Federal Reserve Board. The Federal Reserve Board is not composed of members of this administration. On the contrary, I think that with one exception they are all the appointees of previous administrations. They were pretty good appointments.

If the Senators of the opposition want to do something about controlling the interest rates and controlling the money market, they ought to propose legislation to revise the Federal Reserve Act. That is how it could be done. But to say that what has happened is the fault of the administration makes no sense at all, in my judgment.

Mr. KERR. With the permission of my colleague, my response is that the Senator from Connecticut has finally made an accurate statement on the floor. He said those policies made no sense at all. In that, the Senator has finally made an accurate statement.

Mr. BUSH. I did not say that.

Mr. KERR. I should say that an obstinate Senator has stumbled on the truth.

Mr. BUSH. I appreciate the Senator's compliment, but that is not what I said. I said the Senator's accusation regarding the tight-money policy being the result of the policies of, I think he said, Humphrey and Burgess, and so forth, did not add up; that control of the money market, as the Senator from Oklahoma well knows, because he sat through hours and hours of hearings and had the situation explained, and he read and reread the record and talked about it, lies with the Federal Reserve Board, and that was established by an act of Congress. That is an independent agency; it does not report to the President.

If the Senator wants to do something constructive about the money market, from his point of view, then what is needed, I can assure him, is a revision of the Federal Reserve Act. But I venture to predict that any move in that direction would meet with a very marked lack of enthusiasm in the Senate.

Mr. MONRONEY. Mr. President, will the Senator agree to a request for the return of about 5 minutes time? We are operating under a time limitation. I should be glad to yield further, but the time is getting short.

Mr. BUSH. I shall be glad to ask that the time be yielded from this side, because both Senators from Oklahoma have been very courteous in listening to me on this subject.

Mr. MONRONEY. We shall not ask for interest at the rate of 4½ percent.

Mr. BUSH. We shall be glad to make it 4¾ percent.

Mr. MONRONEY. I now yield to my distinguished colleague.

Mr. KERR. In response to what the Senator from Connecticut has said, I must remind him that former Secretary of the Treasury Humphrey said it was his policy, speaking for the administration; that Mr. Burgess said it was his policy, speaking for the administration; and that the President of the United States, at a press conference last year, said that those policies were his fiscal policies, and that when Mr. Humphrey left the Treasury, those policies would not be changed; that Mr. Humphrey had merely been carrying out his, President Dwight D. Eisenhower's, policies.

I wish to say to the distinguished Senator from Connecticut and to this honorable body that we were advised by Mr. Humphrey and Mr. Burgess and Mr. Martin of the Federal Reserve Board that they met together; that on one day, Mr. Humphrey and Mr. Burgess would have lunch with the Chairman of the Federal Reserve Board, and then, on another day of the week, the Chairman of the Federal Reserve Board and his associates would have lunch with the Secretary of the Treasury. So they worked out these policies together.

I placed in the RECORD the statement of Mr. Burgess, namely, that he went into office to put into effect the higher-interest-rate policies. He admitted that he had achieved them.

I also placed in the RECORD the statement he made to the directors and stockholders of his bank in New York City, early in 1953, before he came to Washington. That statement was that he was going to be away from them for a little while, but that in his job in Washington, as he said, "I will still be working for you." I put that statement into the RECORD, and it is there. The Senator from Connecticut can see it there, and the world knows it.

The Senator from Connecticut can rise on this floor and can say that those were not the policies of his administration, if he wishes to. But the spokesmen for his administration said they were the policies of the administration and that the administration did put them into effect. And they resulted in the present recession.

Then, working with the President, he has publicly——

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

Mr. MONRONEY. Mr. President——

Mr. BUSH. Mr. President, I yield to the Senator from Oklahoma 2 minutes from the time available to our side.

But first I should like to have the Senator from Oklahoma yield to me, in order that I may make a correction, if he does not object.

Mr. MONRONEY. I yield.

Mr. BUSH. The senior Senator from Oklahoma [Mr. KERR] has referred to the policy as a tight-money policy. But what the President and George Humphrey spoke about was a sound money policy, and that has been the policy of this administration from the very start. That is thoroughly set forth in the RECORD; and the Senator from Oklahoma knows perfectly well that that—not a tight money policy—has been the policy of this administration. Tight money has been the result of other things; it has not been a deliberate policy. Tight money has been a result of the excessive demand for the money, because of an unprecedented use of money, unprecedented prosperity, unprecedented employment, and so forth. I wish the RECORD to be clear.

Mr. KERR. Mr. President, I wish the Senator from Connecticut would detail what is included in the "and so forth." That is what I am interested in, and that is what is playing hell with the country right now—the "and so forth." [Laughter.] I wish the Senator from Connecticut would discuss that phase of the subject for a few minutes.

Mr. BUSH. Mr. President, if the Senator from Oklahoma will feel happier to have me do so, I shall strike out the words "and so forth."

Mr. KERR. No, Mr. President; I do not want the Senator from Connecticut to strike them out. I only want him to detail their meaning.

Mr. BUSH. I hope the Senator from Oklahoma understands the difference between tight money and sound money, because there is quite a difference. At times, one may be the result of the other.

But at the present time we are in a period of much easier money. In my judgment, this is a result of the sound money policy.

Mr. KERR. Mr. President, I can only say that a rose by any other name would smell as sweet; and tight money by any other designation would bind as tightly. [Laughter.]

I thank my colleague for yielding to me.

Mr. CLARK. Mr. President——

Mr. MONRONEY. I yield to my distinguished colleague, the Senator from Pennsylvania [Mr. CLARK].

Mr. CLARK. Mr. President, I wonder whether the Senator from Oklahoma will agree with the following brief summary of the difference of opinion existing between himself and the distinguished Senator from Connecticut: The Senator from Connecticut, who has so ably stated his views in the Banking and Currency Committee, where both of us serve, is

laboring, I believe, under the misapprehension or delusion that there is a free-money market in the United States, whereas it is my judgment that our country has an administered money market. I happen to believe that the views of the Senator from Connecticut—and, Mr. President, he is a good friend of mine, and I know that as a result of the statement I am about to make, he will not think I am trying to violate the Senate rule—are a little obsolete.

I believe we have need for some governmental action in connection with the fixing of interest rates, in order to bridge the gap between what is now cheap money in every other field and the high interest rates which are still in effect on mortgages. We have suggested that such action be taken by continuing the present ceiling on interest rates on VA loans. But if it is not taken, the end result will be a further gap between the interest rates on mortgage money and the interest rates in the open market. Does not the Senator from Oklahoma agree?

Mr. MONRONEY. I agree in part. But if, as a result of Congressional action, the interest rates are advanced one-half of 1 percent—a 16 percent increase—in the case of Capehart housing mortgages, which are as good as Government bonds; there is no dispute on that point, and if as a result of Congressional action the interest rate on GI mortgages is advanced one-quarter of 1 percent, to the rate of 4¾ percent, the Congress will have taken two steps to increase interest rates while the monetary managers are trying to correct their grave error which brought about the recession; they are trying to reduce by one-third the rates they put into effect. The situation is as simple as that. In other words, that would be a case of jumping on a horse and attempting to ride off in opposite directions. The money managers are going to lower their rates one-third; but the bill reported by the Senate Committee on Banking and Currency proposes to increase the interest rates by one-fourth of 1 percent. Certainly if there could be a simultaneous movement in opposite directions, it would be the neatest trick of the week.

Mr. BUSH. Mr. President, will the Senator from Oklahoma yield further to me?

Mr. MONRONEY. Mr. President, my time is limited.

Mr. BUSH. Then I shall be glad to yield myself an additional 5 minutes, if my leader will permit.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for an additional 5 minutes.

Mr. BUSH. Mr. President, I desire to confirm what the Senator from Pennsylvania has said about our friendship. In many ways my respect for him is very high indeed. I am sure he is correct in many cases. But I am also sure that in this case he is wrong.

If he does not like the way the money market is being handled, why does he not, along with other Senators who share his view, propose a change in the money market? I challenge them to propose that the Federal Reserve Act be amended in any way which they think should be done. That would be the way to make the corrections they call for.

Mr. CLARK. Mr. President, at this time I am delighted to defer to the Senator from Oklahoma, who knows much more about this matter than I do.

Mr. MONRONEY. Mr. President, I yield to my distinguished quarterback [laughter] that is to say, I yield to the distinguished senior Senator from Oklahoma [Mr. KERR].

Mr. KERR. Mr. President, certainly the Federal Reserve Board thinks there is something wrong with the present situation, because beginning in November the Board reversed itself, and now the Board is going in the opposite direction—as it has authority to do, and as it felt compelled to do.

I wish to say that I am so completely in approval of what the Board is doing now—namely, making money more available, and at a lower interest rate—that I wish to encourage the Board to continue to do that. I would give the Board my encouragement, instead of attempting to draft a bill which would simply slow down the Board in its tracks, throw it back on its haunches, and compel it to return to the tight-credit, tight-money, high-interest-rate policy which the Board itself adopted and put into effect for so long, but which it now has abandoned and reversed. While the Board is in that frame of mind, why should we cram a reversal down its throat?

Mr. BUSH. Mr. President, in the first place, let me say that I hope the Senator from Oklahoma will agree that there must be some flexibility in interest rates, just as there must be in the case of the price of any commodity.

The Senator from Oklahoma was here in 1951, when a very great debate took place in regard to the control of the Federal Reserve Board by the Treasury. Because of the efforts of 1 or 2 Senators on his side of the aisle, in the course of very statesmanlike speeches—for instance, I may refer to the excellent speech made by the distinguished Senator from Illinois [Mr. DOUGLAS]—the hold of the Treasury upon the Federal Reserve Board was broken at that time, the artificially depressed interest rates were then ended, a free market in Government bonds was restored, and interest rates began to seek a proper level, as required by the law of supply and demand.

So I give full credit to the Senators on his side of the aisle who, at that very critical time, had the courage to stand up and call a spade a spade. They actually had sufficient influence to break the hold of the Treasury on the Federal Reserve Board. The record in that matter is very clear. But if the Senator from Oklahoma would like me to do so, I can dig it out of the files and can put it into the RECORD again.

Mr. KERR. Mr. President, the Senator from Connecticut has almost worn it out in the process of putting it in the RECORD many times; and PAUL DOUGLAS, the senior Senator from Illinois, will never live it down. [Laughter.] If the Senator from Connecticut does not stop bragging about the part the Senator from Illinois [Mr. DOUGLAS] played in that movement, he will never be able to show his face again, not even in the Senate of the United States, without being accompanied by a bodyguard. [Laughter.]

Mr. BUSH. Mr. President, I shall always give the Senator from Illinois credit for it; it is one of the best things he ever did.

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

Mr. MONRONEY. Mr. President, I yield an additional 10 minutes to myself.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for an additional 10 minutes.

Mr. MONRONEY. Mr. President, the distinguished Senator from Connecticut has said that flexibility is needed. It seems that the Republicans believe that farm price supports need flexibility in order to go down, but that interest rates need flexibility in order to go up.

In my opinion, an attempt is being made to place price supports under the interest rates which have been falling. The same persons who cheer the stand taken by the Secretary of Agriculture, Mr. Benson, in opposition to price supports for cotton, corn, wheat, and dairy products, and who say that his position in that respect is sound business, now are asking that price supports be placed under the interest rates on money.

We are told these rates need to be flexible. The administration is talking about flexible farm price supports. When the moneylenders, the banks, the big financial institutions, are involved, the administration means flexibility up; but when farmers are involved, the administration means flexibility down.

One of the most accurate reflections of the administration's attitude I have seen is a statement which Mr. Cole, Mr. Eisenhower's Housing Administrator, made in the hearing on the bill. I wish Senators would listen to this:

> Mr. COLE. Assuming that money for mortgages becomes more difficult, Senator, which we do not see immediately in the picture—assuming that money becomes more difficult to obtain, we believe, naturally, that the FHA interest rate should rise. Assuming that money becomes more and more easily obtainable, then, naturally, the Government must undertake a study—

I emphasize this—

> must undertake a study to determine when and if the interest rate should be lowered.

When money becomes tight they raise interest rates, but when money becomes easy, then they study and think and find out if or when rates should be lowered. That is a fine illustration of the administration's attitude. It urges lower and lower price supports in the agricultural market, while the cost of producing agricultural products goes higher and higher; but the administration now asks for a $1 billion support under a falling money market for the benefit of Wall Street.

I call the attention of the Senate to the chart which is in the Chamber to illustrate that since last October interest rates have been moving down on a wide front. Interest costs on the Treasury's

3 months' bills have fallen from 3.66 to 1.35 percent—a decline of 2.31 percentage points. Rates on prime commercial paper (4–6 months), have dropped from 4.1 to 2.6 percent, or 1½ points. The average yields on Moody's AAA corporate bonds dropped from 4.1 to 3.59 percent. High grade municipal bonds declined from 3.8 to 3.36 percent. Long term United States Government bond yields have fallen from 3.73 to 3.27 percent.

I ask unanimous consent that a table showing these trends be printed in the RECORD at this point in my remarks.

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

Interest-rate trends

Type	Interest rate, October 1957	Interest rate, latest figure	Interest rate, drop	Percentage drop
Treasury bills (3-month)	3.66	1.35	2.31	60
Prime commercial rates (4 to 6 months)	4.1	2.6	1.5	37
Federal Reserve discount rates	3.5	2.25	1.25	36
Corporate bonds (Moody AAA)	4.1	3.59	.51	12
Municipal bonds (high grade)	3.8	3.36	.44	12
U. S. Government (long term)	3.73	3.27	.46	12

Source: Economic Indicators, p. 29.

Mr. MONRONEY. Mr. President, I wish to reiterate that since last October interest costs on the Treasury's 3 months' bills have declined 60 percent; on prime commercial rates, 37 percent; Federal Reserve discount rates, 36 percent; on corporate bonds, 12 percent; on high-grade municipal bonds, 12 percent; on long-term United States Government obligations, 12 percent.

That has occurred at a time when it is proposed that the Senate of the United States approve a bill which would make interest rates flexible upward, and would provide for increased interest rates, over a period of 25 years, on Government-guaranteed mortgages on Capehart housing.

I agree with what my senior colleague from Oklahoma said a while ago: This is a deliberate effort to force up interest rates at a time when there is a downward trend. When interest rates are preparing to come in for a landing, it is proposed that they take off again.

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

Mr. MONRONEY. I yield.

Mr. HUMPHREY. Is it not interesting that the administration, at a time when money is getting cheaper to the Government, asks that our citizens pay more interest, that flexible interest price supports be put in effect, which are flexible upward only, yet the same administration, at a time when costs of agriculture are going up, when the cost of producing agricultural products is rising, while the price the farmer receives is going down, wants support prices to go down? When it comes to the farmer, it says "Take less." When it comes to the bond broker or the moneylender, it says, "Take more." I do not think one needs much more of a description of what the administration stands for.

I wish to join wholeheartedly, as I have, as a cosponsor of the amendment of the junior Senator from Oklahoma. I say he is rendering a great service and is reminding the American people again that the rent of money—which is what an interest rate is—should at least be fair and just, and not be moving upward at the very time the cost of money to the Government is going down.

Mr. MONRONEY. I agree completely with my distinguished and able colleague from Minnesota, who is always fighting for the group of people in the United States who seem to be of so little concern to some of those who manage our money. We always find the Senator from Minnesota fighting for the people neglected by this administration—laborers, farmers, small-business men.

When such people are in distress, it represents an economic cold front. When farmers and small-business men in Butte, Mont., Amarillo, Tex.; Grand Junction, Colo., are failing that economic cold front moves from west to east, and pretty soon the fires go out under the blast furnaces in Pittsburgh and Cleveland. If one studies the history of what happens when the little people are neglected, he will see that the result is unemployment in the large industrial and monetary centers. We are trying to do something to arrest a downward trend in economic activity, and to make more available on the money front means to combat the recession. When the Senate takes a stand for higher interest rates, such action will not go unnoticed in the money marts of the Nation. There will be a stiffening all down the line, and the Treasury, which under the tight money policy, had to pay $3 billion in extra interest payments from 1955 to 1957, will have to pay more because of the block sought to be put in the way of the declining money market by senatorial action. I for one am not willing to take a gamble that may result in having the Government again pay the fantastic rates on its 90-day bills which it had to pay at the height of the tight money market.

Mr. HUMPHREY. Mr. President, will the Senator yield further?

Mr. MONRONEY. I yield.

Mr. HUMPHREY. I cannot help thinking of the arguments which were made in the past year as to why interest rates were rising. The argument was made that, of course, interest rates the Government has to pay must go up, because money must find its own level of worth, and that interest rates paid by the Government were going up because they were going up in the private market. Now the interest rates are beginning to go down, but the Government still says, "My, wasn't that a fine formula we had before. When the interest rates are going up, that is fine." So the effort is made to keep them up.

Mr. MONRONEY. Mr. Cole said that when money gets tight, of course interest rates have to be raised. When money loosens up he said he would have to study it. It is a question of "heads I win, tails you lose."

Mr. HUMPHREY. At the very time they are studying the matter, they want to peg the interest at the high rate. However, when we want to study what is happening to the man on the farm, they say, "Let him slip a little bit more. That makes it a little bit more flexible to study."

I say to the Senator from Oklahoma that he is rendering a service because surely the Congress of the United States does not want to put its badge of honor upon tight-money, high-interest-rate policies which have brought the Nation to the worst period of unemployment in 16 years and to the third worst recession in our country's history. I wish to commend the Senator.

I am sorry that because of a committee meeting I could not be here earlier today. But I assure the Senator he is doing a job which millions of Americans will applaud—the millions of Americans who have lost hundreds of thousands and millions of dollars because of the high interest rates in the private economy, as well as in the public economy. I will be with the Senator, shoulder to shoulder.

Mr. MONRONEY. I appreciate the distinguished Senator's cosponsorship of the amendment.

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

Mr. MONRONEY. Will the Chair please advise me how much time I have remaining?

The PRESIDING OFFICER. The Senator from Oklahoma has 55 minutes remaining.

Mr. MONRONEY. Does that include the time which was paid back to me without interest?

The PRESIDING OFFICER. Ten minutes were yielded from the Republican side.

Mr. MONRONEY. I thank the Chair.

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

Mr. MONRONEY. I yield to my distinguished colleague, the Senator from Tennessee.

The PRESIDING OFFICER. How much time does the Senator yield?

Mr. MONRONEY. I yield myself 10 additional minutes.

Mr. GORE. Several times during the course of the debate it has been stated that interest rates have gone up or, conversely, it has been stated that interest rates have gone down.

As a result of the investigation conducted by the Committee on Finance, it is clear beyond doubt that interest rates were increased by deliberate, deeply conceived Government policy. Interest rates have now been brought down by equally deliberate, deeply conceived Government policy. It has not happened by accident.

I had been entertaining the hope that our distinguished friend, the senior Senator from Connecticut, would be disabused of his fallacious notions by the untoward events of recent months, but, alas, he is still laboring under the view that Government bonds are seeking their level in a so-called free money market. Alas for him.

Mr. MONRONEY. I thank my distinguished colleague for his contribution.

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

Mr. MONRONEY. I yield to my distinguished colleague, the junior Senator from Wisconsin, who has already demonstrated so much interest in fighting the battle for the average American.

Mr. PROXMIRE. As a member of the Committee on Banking and Currency I should like to say that I am very proud and happy that the Senator from Oklahoma is making such an excellent statement in the Senate Chamber this afternoon. The Senator is making a valiant fight. I am proud to join him in the fight.

I should like to emphasize a matter which has been brought out in the colloquy between the Senator from Oklahoma and the Senator from Minnesota, which is the impact or the effect of the hard money, high interest rate policy upon the people of America.

I have in my hand a paper which indicates what has happened to income in this country since 1952, according to the Joint Economic Committee.

I point out for the information of Senators that since 1952, in the past 5 years, personal interest income has risen 58½ percent; I repeat, 58½ percent. Farm income has fallen 20 percent. Total personal income has gone up only 26 percent. Labor income has gone up 28 percent. Business and professional income has gone up 10 percent. Rental income of persons has gone up 5 percent. Personal interest income has gone up 58½ percent.

What has happened in this society in the past 5 years is that unearned income has climbed rapidly. Dividend income is up 35 percent, and interest income is up 58½ percent. The unearned income has climbed, and climbed rapidly. This money has come out of the pockets of the farmers, of the workingmen and of the small-business men.

I say to the Senator from Connecticut, I think he makes an excellent point. Indeed there are 100 million people who benefit to some extent from interest income. I should also like to invite the attention of the Senator from Connecticut to the fact that these are the people who by and large pay a great deal more in interest than they receive in interest.

There are a very few people in our economy who receive virtually all the dividend payments. Statistics I have seen, which I have never heard questioned, show that about 2 percent of the people receive more than 50 percent of the dividends, and a very small proportion of the people receive a very large proportion of the interest income.

The fight which the Senator from Oklahoma is making this afternoon is a fight for all the people of America against the very few people who control most of the capital of the country.

Mr. MONRONEY. I thank the distinguished Senator.

Mr. BUSH. Mr. President, will the Senator yield for an observation?

Mr. MONRONEY. I will yield to the Senator, if the Senator will yield some time to me.

Mr. BUSH. I yield 5 minutes to the Senator, Mr. President.

Mr. MONRONEY. I am happy to have the additional 5 minutes. I yield to the Senator.

Mr. BUSH. I should like to make one or two observations to the Senator from Wisconsin.

The Senator from Wisconsin speaks about the rise in interest rates. I think the Senator should, when he is talking about a 58½ percent increase, be a little more precise. It would be quite significant to know from what level the Senator began his computation. In other words, a 58-percent increase on 1 percent would take the interest rate up to 1.58 percent, and that would still be a pretty low rate.

I believe it is quite significant that the interest rates began to be considered back in 1951, as I pointed out, when they were artificially depressed—it might be said suppressed—by the Treasury, under orders from the administration of that time. The interest rates did get down to very, very low levels, so as to discourage people from buying Government bonds and from saving money.

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

Mr. PROXMIRE. May I reply to the Senator?

Mr. BUSH. I do not think the Senator's comment about a 58½-percent increase in the interest rate is at all significant, unless the Senator gives the detail as to the level from which it rose and the level to which it went, which finally represented a 58½ percent increase.

Mr. PROXMIRE. I shall be delighted to give the details for the information of the Senator.

In 1952 the personal interest income in this country was $12.3 billion. At that time the farm income was $15.1 billion. The personal interest income has now risen, from $12.3 billion—which is a great deal of money—to $19.5 billion, which is a 58½ percent increase. At the same time, the farm income has dropped from $15 billion to $12 billion.

I see the point of the distinguished Senator.

Mr. BUSH. We are talking about interest rates, not total dollars.

Mr. PROXMIRE. I understand the Senator's point. Interest rates were relatively low in 1952. I reply by saying to the distinguished Senator from Connecticut that in my judgment interest rates were low, they should have been low, and they should continue to be low. I have always been a low interest rate man. I think that the compensation which capital received in 1952 was ample.

Mr. BUSH. In other words, the Senator says he disagrees with the decision to separate the Federal Reserve Board from control of the Treasury, which took place back at that time?

Mr. PROXMIRE. I may say to the Senator from Connecticut that he has been very well and eloquently answered by the senior Senator from Oklahoma [Mr. KERR], who pointed out that there has not been any real separation, but that the members of the Federal Reserve Board lunch with the Secretary of the Treasury and the other Cabinet members, and with the President of the United States. This is a policy which has to be planned. If the policy is not planned, I think there is something wrong with the procedure. I think we should have a planned monetary system.

Mr. BUSH. I will say to the Senator that I attended some of the meetings of the Committee on Finance when the distinguished Secretary of the Treasury was answering questions, and he confessed, under questioning by the Senator from Louisiana, that he differed with one of the moves which the Federal Reserve Board had made just prior to that time. I think the Federal Reserve Board had raised the rediscount rate. The Secretary of the Treasury was attacked for that action, and Secretary Humphrey said, "Well, to tell the truth, I did not agree with that."

It would be ridiculous, I think, to say that the Federal Reserve Board should not consult with the Treasury Department or with leaders of the Senate, like my distinguished friend from Oklahoma. I think the members of the Federal Reserve Board would profit by more contact with him from time to time, with other officers of the Government, and with the public, too. The fact that they might have lunch together occasionally, or even frequently, would seem to me to be a very good idea. If the Senator were the Chairman of the Federal Reserve Board, I think he would welcome all the advice he could get from interested persons with sound ideas.

Mr. PROXMIRE. I agree; but I merely contend that they work together.

I defer to the senior Senator from Oklahoma.

Mr. KERR. Mr. President, will my colleague yield to me?

Mr. MONRONEY. I am happy to yield to my colleague.

Mr. KERR. The statement by the distinguished Senator from Connecticut about the remarks of our good friend from Wisconsin illustrates the fog in which the distinguished Senator from Connecticut seems to insist on moving.

The Senator from Wisconsin made the statement that the interest income of the American people had gone up 58 percent. That was in terms of volume of dollars of interest paid by borrowers on the one hand, and collected by lenders on the other hand. That was the statement which the Senator from Wisconsin made. The Senator from Connecticut rose and talked about how much interest rates had gone up percentagewise, with reference to the interest borrowers pay.

Mr. BUSH. And the Senator from Wisconsin thought I had a good point.

Mr. KERR. The Senator from Wisconsin was talking about one thing, and the Senator from Connecticut was talking about another thing. That illustrates the posture in which the Senator from Connecticut is found this afternoon.

The administration has fled in terror from the high-interest rate, tight-credit, hard-money policy which it had invoked. The Federal Reserve Board has been lowering rediscount rates. It has been operating with its open market com-

mittee, buying securities in the market to increase the reserves of member banks. It has even taken the most drastic step of all the steps it could take, and that is to reduce the reserve requirement, to get away from the high-interest rate, tight-credit, hard-money policy.

Yet the Senator from Connecticut stands on the floor of the Senate, like the boy on the burning deck, "Whence all but he had fled," and tries to do that which would force the others back to the burning ship, from which they have fled in terror.

I know that they look with chagrin upon the efforts of the Senator from Connecticut to put a chain upon them and pull them back to the burning ship, from which even the Senator from Oklahoma and his colleagues are now attempting to protect them by offering them sanctuary and safety away from it.

My good friend from Connecticut stands there alone, with the flag of the high-interest rate, hard-money, and tight-credit policy unfurled to the breeze, with the very beams of the ship burning under him. I say to him, "Get off the ship before it consumes you, as it has consumed the administration which perpetuated it."

Mr. BUSH. Mr. President, the Senator from Oklahoma has paid me such delicate compliments and has offered such assurances of sympathy and concern that I could not let the occasion pass without grateful acknowledgement. The Senator from Oklahoma has always been most generous in his concern for my position in the Senate, and I appreciate it.

I should like to ask the Senator a question. He stated that the Federal Reserve Board had lowered the rediscount rate and eased the reserve requirements. Does the Senator think the administration has forced the Federal Reserve Board to do those things? Has the administration compelled the Federal Reserve Board to reduce the rediscount rate, and to reduce the reserve requirements, or did the Federal Reserve Board take those actions in perfect freedom, and without any hampering restrictions on the part of the administration? What does the Senator honestly think about that?

Mr. KERR. I honestly think that it was not done on either basis. I honestly believe that when Bob Anderson became Secretary of the Treasury he persuaded the President of the United States to appoint a Monetary Control and Fiscal Committee. As the Senator will remember, it was highly publicized. The Committee was to consist of the President himself, the new Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve Board, and one or two others.

They started a new program of concentration and cooperation with respect to the monetary control and fiscal policies which were in effect. In my judgment, the new Secretary of the Treasury was instrumental in bringing into play the powerful influence of the President of the United States with the Federal Reserve Board. I do not believe that the Federal Reserve Board took action uninfluenced by the administration. Nor do I believe that the administration compelled it to act. However, I believe that the administration persuaded it.

The Federal Reserve Board has not only taken the actions to which the Senator from Oklahoma referred, and which the Senator from Connecticut knows it took. It took another action—whether it was for psychological purposes or as an effective weapon, I do not know. It even reduced the margin requirements on purchases of bonds in the market.

Mr. BUSH. I think the Senator must know the Governors of the Federal Reserve Board. Certainly he knows the distinguished Chairman, Mr. Martin. I think it is belittling to Mr. Martin for the Senator to paint him as a man who blows with the wind, who can be easily pushed this way by one Secretary of the Treasury and easily pushed another way by another Secretary of the Treasury, or even by the President of the United States. I do not believe that at all. I think Mr. Martin is capable of making up his own mind about these questions, and he does make up his own mind about them. Certainly he will listen to advice from the Secretary of the Treasury, whether it be George Humphrey or Bob Anderson. If the Senator from Oklahoma were the head of the Federal Reserve Board, he would do the same thing, I am sure.

Mr. KERR. No. I would listen to Anderson, but not to Humphrey.

Mr. BUSH. I accept the amendment; but even that would show a little broader-minded attitude than the Senator from Oklahoma has frequently shown.

So I think it is somewhat of a slight to the Chairman of the Federal Reserve Board for the Senator from Oklahoma to paint him before the Senate of the United States as a wishy-washy individual who blows just the way the wind is blowing from the White House. I think it is a reflection on the preceding President, President Truman, who appointed him, as well as upon the present incumbent of the White House, who reappointed him. I think Bill Martin is one of the strongest men we have ever had on the Federal Reserve Board; and he is not taking orders from anyone.

Mr. KERR. I hope Bill Martin feels as happy over what the Senator from Connecticut has said as the Senator himself evidently feels. However, the record shows that up until November the Federal Reserve Board continued to tighten money and credit, and the Treasury continued to pay higher and higher interest rates. Beginning at that time, a number of actions have been taken which constitute a direct reversal of the previous policy.

I think the Secretary of the Treasury had something to do with it. I believe that even the President had something to do with it.

I am not saying that Bill Martin is wishy-washy. In the first place, as the Senator knows, he does not make these decisions.

Mr. BUSH. The only conclusion one can draw from the Senator's statement——

Mr. KERR. Bill Martin does not make these decisions. He is one of seven Governors of the Federal Reserve Board.

Mr. BUSH. I am not belittling any of them. I think they are all men of integrity and judgment, who try to do the right thing in the interest of the economy of the United States.

Mr. KERR. I am not belittling any of them. I am saying that when the weather was clear they steered a course of high interest rates, tight credit, and hard money. When the sky became entirely blackened by disapproval, and the air reverberated with the thunder of the approaching recession, they turned, as a prudent captain of a vessel does in a storm, to seek a safe harbor.

My good friend from Connecticut, whom I love very dearly, and for whom I have profound sympathy, is standing in the middle of that storm, under the battered and torn flag of the high interest rates, hard money, and tight credit policy. If he looks around him he will discover that he is alone, and he will see that the decks are burning. Wiser men have abandoned the ship. They have fled from it in terror.

The Senator from Oklahoma seeks action by which they will not have to go back and try to salvage.

Mr. BUSH. I do not wish to prolong the debate. I have imposed too much already on the Senator from Oklahoma. I shall be glad to yield 3 minutes of my time for this purpose.

Mr. MONRONEY. I am sure the Senator means a return of 3 minutes to me.

Mr. BUSH. Yes, a return of 3 minutes. I have issued my challenge to the members of the Senator's party to come into the Senate with proposed legislation to change the Federal Reserve Act. If they in good faith believe all the things they are saying today, then they have a way of correcting it. They can introduce proposed legislation which will curtail the powers of the Federal Reserve Board. They can do that. I do not believe that they will do it, because I do not believe, frankly, that they believe the Senate would put up with that kind of bill for even a second.

That is my challenge. The senior Senator from Oklahoma can rant and rave, and say all he wants about blowing with the wind, and about the poor Senator on the burning deck, but that does not impress me. What impresses me is the fact that the Senator and the members of his party will not come to grips with the problem in the only way that it can be dealt with if they really want to do something about it.

Mr. KERR. Mr. President, I should like to express my deep appreciation for the tolerant and suffering Senator from Connecticut in giving me additional time to respond to his challenging remarks. I say to him that the hard economic situation has already brought a reversal in policy on the part of the Treasury, on the part of the Federal Reserve Board, and on the part of the administration. The Federal Reserve Board, as the Senator knows, has the power, under existing law, to control the source, the amount, the supply of credit, and the tariff that must be paid to obtain it. They are now

doing it on the basis of making it more available.

Mr. BUSH. They are doing it.

Mr. KERR. Oh, they are doing it, but the Senator does not want to let them do it. The Senator would write an act that would compel them to go back to the high-interest rates. We have an amendment before the Senate now. The amendment would place its stamp of approval on the present policy now in effect under the Federal Reserve Board, the Treasury, and the President. The amendment seeks to do that very thing. Instead of facing up to it, the Senator from Connecticut talks about a challenge to us to propose some other legislation. We are going to vote on the pending amendment. We approve of the present policies of the administration and the Federal Reserve Board in making credit more available at lower interest rates. We do not want to force them to start back on the high plateau from which they themselves fled in terror.

Mr. BUSH. I would say to the Senator that I respect him very much, as always, but I do not believe the amendment will prove to be anything of the kind. The amendment would merely result in artificially depressing the interest rate chargeable on VA loans, and it might well have the result of keeping veterans from getting in the mortgage market money they ought to have and which they are entitled to have.

The amendment would eliminate from the committee bill the needed flexibility in respect to the interest rate on VA loans. The committee bill would establish a ceiling, not a floor. That is demonstrated by the fact that the FHA interest ceiling is 6 percent, although the interest rate on insured mortgages is 5¼ percent. The ceiling rate does not mean that the interest rate on insured mortgages is 6 percent. It is simply a ceiling. The interest rate on FHA housing may go down to 4¾ percent, and I hope it will. However, what the Senator's amendment would do would be to adopt the same old policy in reverse that is in effect on farm price supports in connection with the high, inflexible price-support program. In this case, the Senator's amendment is seeking to put into effect a low inflexible interest rate. That is not in the interest of the veterans, any more than the high inflexible farm price supports have been in the interest of the farmers and taxpayers of the Nation.

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

Mr. MONRONEY. I yield myself 5 additional minutes.

Mr. President, while the Republican policy under the flexible system has been to flex the farm price supports consistently downward, it now proposes to flex interest rates up. The bill as reported by the Republican members of the committee, voting en bloc, with a Democratic member voting with them, would flex the interest rates upward again. As the distinguished Senator from Connecticut has said, there is a 6-percent ceiling. However, there has been an increase, and only an increase, under that ceiling during the Republican administration.

The Democratic administrations worked downward from the ceiling and lowered the interest rates, as it had better experience and better opportunity to study the program. However, the Republicans have consistently raised the rates.

For the record I should like to point out that we started in 1934 with an FHA interest rate of 5½ percent. We dropped that in 1935 to 5 percent. In 1939 we went to 4½ percent. In 1950 we went to 4¼ percent. From 1953 to 1956 the rate was 4½ percent. Then the Republicans came into power. It was prosperity Republican style—that is, for the moneylenders.

From then on we find that the rate has been climbing. In 1956 it was 5 percent. In 1957 it was raised to 5¼ percent. Now they are trying to jack up the rate, not only for GI housing, but also for FHA-insured Capehart mortgages, which, I repeat, are as good as a Government bond. I say that because the Government is the guarantor and the Government is the tenant, and there is no service expense.

Therefore, if we yield to this high-interest-rate proposal, when interest generally is going down, we will be using Senate action to support higher interest rates. We will be giving increased price support to the money market at a time when the Republican policy is to reduce the price supports under agricultural products.

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

Mr. MONRONEY. I yield.

Mr. YARBOROUGH. I wish to commend the distinguished Senator from Oklahoma for his leadership in this field and for his leadership in offering the amendment. I am privileged to join in cosponsoring the amendment, together with other Senators. It is a privilege to be a cosponsor of the amendment. It was my duty to the people of my State and to the people of the Nation to join in cosponsoring the amendment.

There has been considerable difference of opinion as to why the Federal Reserve Board has backed up on its interest-rate policy. Personally, I believe it is a reluctant dragon which has been dragged down to a lower interest rate by the people themselves. I believe events have forced interest rates down.

I should like to cite one little example that happened before the Senate began its session in January. In my State we have a veterans' land-sale program. The people have adopted an amendment to the constitution under which the State may borrow money to buy land, which it sells to farmers and veterans. It sells homes to them also. There is a ceiling on that lending. The State cannot pay more than 3 percent interest on the money it borrows to lend to the veterans. It was found that the State of Texas could not sell the bonds. They went begging on the market. On December 16, 1956, they made a reoffering of $12½ million of bonds they had not been able to sell because of the low-interest ceiling under which they could not be sold for more than 3 percent. On December 16, on the open market they were able to sell them at 2.69 percent, average.

The State of Texas will now be able to take that money and, with 1 percent added for administration, actually sell the farmers and veterans in Texas land at 3¾ percent. If a veteran can buy a farm with a home already on it, he pays 3¾ percent for it. But if he wants to build a new house, under the Republican administration the interest rate is 4¼ percent. That is proof positive that the money market itself was collapsing.

Interest was going down. It was being reduced because the economy was collapsing. Last December people were walking the streets, unemployed. That is why interest rates on bonds began to fall. The interest rate on State bonds went down before the Federal Reserve Board started the general decline which now prevails in interest rates.

The Senator from Indiana passed around a table showing the number of new houses constructed by the FHA and the VA. A copy is on every Senator's desk. It shows the starts made in every year since 1951, and the interest rates prevailing in each year.

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

Mr. MONRONEY. Mr. President, I yield myself 5 additional minutes.

Mr. YARBOROUGH. I point out that in 1956 there were 270,675 new housing starts.

It is estimated that those veterans' housing starts were at the rate of $10,000 a house.

Let us consider what the one-half percent increase in the interest rate meant between 1952 and 1956. In 1952 the rate was 4 percent. In 1956 the rate was 4½ percent.

On a veterans' house costing $10,000, one-half of 1 percent on $10,000 amounts to $50 a year. When the period is stretched out over 25 years, the total amount is $625. That means a greater interest cost on the home.

Multiply that by 270,000 new starts, and it will be seen that the veterans will be paying $200 million more in interest on the homes started in 1956, alone, than they would have paid on a comparable number of houses built under the old rate.

Next let us consider the number of veterans' housing starts in 1954, 1955, and 1956. More than a million starts were made in those 3 years at a one-half percent increase in the interest rate over the 4 percent paid in 1952. On all those starts, $625 more in interest per start will be paid, at the average price of $10,000 for a house.

Those homes will cost the veterans $600 million more than they would have cost, based on a 25-year pay-out, at the rate which was prevalent in the preceding administration.

Consider the purchasing power lost by those people. It is small wonder that houses are being repossessed. It is small wonder that the lots are being filled with repossessed cars. It is small wonder that the warehouses are being filled with repossessed washing machines and refrigerators. The wheels of industry are grinding to a halt.

I say the figure of 5,200,000 unemployed is not a true figure of the number out of work. Why? According to the statistics of the Secretary of Labor published December 1, 1957, 1,200,000 people went off the payrolls in November 1957. The Secretary of Labor said 600,000 of them should not be considered, since it was normal that that number should go off the payrolls, because they become old enough to quit anyway or, among the women, many of them get married. He said that 600,000 leave their jobs every month anyway.

Let us figure that out for ourselves. In the United States there is a labor force of 66 million. If 700,000 quit every month, the entire labor force would be retired in about 9 years. That is why I think the administration has not given the true facts about the actual numbers who have gone off the payrolls. They have not given an accurate appraisal of what the facts mean.

I say that by any accurate appraisal the figure of 5 million unemployed is far too small. The administration has not considered the hundreds of thousands of farm laborers in the southern area of the Nation, who have been tied down because of the heavy rains so far this spring, and cannot move northward to other agricultural regions.

Many of the unemployed are not included on the unemployed rolls. Unemployment is greater than 5 million. This is, as has been pointed out by the junior Senator from Oklahoma, because of the tight money situation. In the first place, lending institutions will not make money available to many small borrowers, so bankruptcies have increased to an all-time high. The little man cannot make a go of his business. It is the big-business men who can make the grab. Consider the price which the country is paying for that grab by big business.

I pay tribute to the Senator from Oklahoma for the lead he has taken. His suggestions go to the whole problem of recovery. The whole question of the national income is related to interest rates. A lowering of the interest rates will mean that more wages will be paid for consumer goods, and this will again start the wheels of industry turning. It will put back on the payrolls some of the men who are now walking the streets, unemployed.

Mr. President, this is a fight between those who favor more money for the money lenders and those who favor more payrolls for industry and more wages for workers.

Mr. MONRONEY. I thank the Senator from Texas for his complimentary remarks, but more especially for his able statement in the interest of the average American. He has shown the need for a growing, expanding, viable economy. He has demonstrated that we cannot prosper in an environment of increasing interest rates.

I now yield to the distinguished Senator from Indiana. I hope he will replace the time he uses.

Mr. CAPEHART. I shall be glad to yield whatever time I take.

I may seem to be a demagog for a few minutes, because I have been listening to a lot of demagoguery in the last hour.

One could make just as good an argument that, starting a year ago, certain Senators from the other side of the aisle, with their talk about high interest rates and tight money, succeeded in drawing the Nation into a depression, because when interest rates were high, when the money was tighter, we had full employment.

Starting with the conversations and the debates in the Senate about 9 months ago, employment began to go down. Today interest rates are lower, and more than 5 million persons are unemployed. So it might be said that if high interest rates had been maintained, there might be full employment today.

I can make just as good an argument for high interest rates as has been made on the other side against high interest rates.

The able Senator from Texas [Mr. YARBOROUGH] has completely missed the point concerning the chart which I distributed. What we are trying to do is to show that when the VA interest rate and the FHA interest rate were about the same, there was little difference between the number of houses which were built in each category. When the difference between FHA and VA rose to three-quarters of 1 percent, as it did in the last 6 months, the VA starts practically dried up, because no one would buy a 4½-percent mortgage when he could get a 5¼-percent mortgage.

We are not talking about increasing interest rates. The bill calls upon Congress to adopt a formula which will bring the VA and FHA interest rates closer together, so that VA mortgages can be sold and veterans can have homes; so that people can be put back to work; and so that a realistic situation will exist between the two rates of interest.

The law fixes the maximum rate on FHA homes at 6 percent. The President, at the moment, has fixed the rate at 5¼ percent.

The law fixes the VA interest rate at 4½ percent, which is the rate at the moment. The President can fix it lower if he wishes to. All we are trying to do—and the able Senator from Virginia [Mr. ROBERTSON] is the one who offered the amendment in the committee—is to increase the maximum rate on VA loans to 4¾ percent, so that the rate will be nearer the FHA rate of 5¼ percent.

Then the bill provides that as the President etiher raises or lowers the interest rates, either for VA or FHA, under the law, he must keep them within one-half of 1 percent of each other, so that VA mortgages can be sold.

Senators on the other side of the aisle want to include $1,850 million in the bill to buy mortgages. They would tax the American people to get the money with which to buy them. If the purpose is to tax the American people to buy all the mortgages, that is one thing. But if it is desired to have private industry buy the mortgages, if it is desired to provide jobs, if it is desired to support the private industry of America; if Senators believe in private industry, if they believe in the American system of government; then let us do those things which will promote private industry. Let us do the things which will put people back to work quickly by building houses.

We are not talking about high or low interest rates in this instance. I hope the interest rates will go down. I hope that after Congress passes a bill, some of these days, the President will be justified, under existing economic conditions, in lowering both the FHA and the VA rates. But when he does, I hope he will lower them so that they will be in line with each other, so that private enterprise will buy the VA mortgages. Private industry is not buying those mortgages at the moment.

That is how I myself understand the situation, after having listened to the debate. It seems to me that Senators on the other side of the aisle are blaming high interest rates for the so-called recession and unemployment. But when interest rates were high, there was full employment. Practically all our people were at work.

Senators on the other side of the aisle had better stop, think, and listen, because on their shoulders, as a result of their talking and talking and talking about tight money and reducing interest rates, such a situation has been created in the United States that more than 5 million persons are unemployed, and those Senators will have to accept the responsibility. They will have to accept the responsibility, because today the Treasury has low interest rates, and today there are 5,100,000 persons unemployed. If the same Senators bring about lower interest rates, who knows but that another 5 million persons will become unemployed?

Mr. MONRONEY. Mr. President, will the Senator from Indiana yield to me, from the time available to his side, the 7 minutes of my time he has consumed?

Mr. CAPEHART. No; the time I have consumed will be charged to the time available to my side.

Mr. MONRONEY. Then, Mr. President, at this time will the Senator from Indiana yield—on my time—for a question?

Mr. CAPEHART. Yes.

Mr. MONRONEY. I was greatly interested to learn of the Senator's burning desire to bring the interest rates for the VA-guaranteed mortgages within one-half percent of the rate for FHA-insured mortgages. I should like to ask him whether it would not be possible—just one teeny, weeny time—to bring them into this relationship by bringing the FHA interest rate down one-quarter of 1 percent, instead of bringing the GI rate up? If the purpose is to have parity, that could be achieved by the President under present law in 10 minutes, by the taking of such administrative action.

Mr. CAPEHART. There is no objection at all to that. But if the Senator from Oklahoma believes that should be done, let him have the courage to introduce a resolution asking the President to do it, or to introduce a bill compelling the President to do it.

Mr. MONRONEY. That is unnecessary. Furthermore, I think the men in the White House would veto any attempt

of that sort—any attempt to take away the right of the President to get the interest rates into the stratosphere.

The United States got a missile into outer space after the Russians did, and the people of the United States were somewhat ashamed that the United States was behind. Here we have an obvious attempt on the part of the administration to make sure that it leads the way in getting interest rates into outer space.

Mr. CAPEHART. Today, as a result of what the Senator from Oklahoma has been advocating, the United States has low interest rates, and today 5,100,000 of the American people are out of employment.

Mr. MONRONEY. Did I correctly understand the Senator from Indiana to say that is the fault of the Democratic Party?

Mr. CAPEHART. I say that when there was tight money and high interest rates, virtually all the American people were working, and there was full employment. But today, when the interest rates are lower and when there is looser money, 5,100,000 of the American people are unemployed, and there is the existing depression.

Mr. DOUGLAS. Mr. President, will the Senator from Oklahoma yield to me?

The PRESIDING OFFICER (Mr. HOBLITZELL in the chair). Does the Senator from Oklahoma yield to the Senator from Illinois?

Mr. MONRONEY. I yield to my distinguished colleague, the Senator from Illinois, who is a great economist.

Mr. DOUGLAS. Do I correctly understand that the Senator from Indiana is proposing, as one of the cures for the recession, that the interest rates be raised?

Mr. MONRONEY. I understood him to say that interest rates have fallen, and this has caused the depression. Incidentally, that was the first time I ever heard a Republican admit that the present situation is a depression. The Republicans started calling it a rolling readjustment. But evidently it now finally has become the Capehart depression.

It seems to me that the Senator from Indiana lacks the faith that so many of us have in the adequacy of the very many wise steps that were taken during Democratic administrations—such as social security and insurance of bank deposits. So many wise measures of that sort were taken during past Democratic administrations, that today even the Republicans cannot ruin the country.

Mr. DOUGLAS. Mr. President, will the Senator from Oklahoma yield further to me?

Mr. MONRONEY. I yield.

Mr. DOUGLAS. Is it the proposal of the Senator from Indiana that the interest rates be raised?

Mr. MONRONEY. That is what I understood him to say.

Mr. DOUGLAS. That would be an interesting suggestion to make to the Secretary of the Treasury, because the Treasury seems to believe that the way to get out of the present difficulty is to lower the interest rates.

Mr. CAPEHART. Mr. President, will the Senator from Oklahoma yield to me?

Mr. MONRONEY. I yield.

Mr. CAPEHART. I made a statement of fact, namely, that when there was in the Nation what my Democratic friends call tight money, and when there were high interest rates, there was virtually no unemployment. But finally my Democratic colleagues have been successful in getting the interest rates reduced somewhat, and now 5,100,000 of the American people are out of work. I make that as a statement of fact; that is all.

Mr. YARBOROUGH. Mr. President, will the Senator from Oklahoma yield to me?

Mr. MONRONEY. I yield 2 minutes to my distinguished friend, the Senator from Texas.

Mr. YARBOROUGH. Mr. President, we have heard the Senator from Indiana make some rather astounding statements about economics. But fortunately he has distributed around the Chamber a statement of the statistics on which he relies, so that each Senator can see for himself whether the Republican high-interest-rate policy stimulated employment. If Senators will examine the table which the Senator from Indiana has distributed, they will see that in 1954, when there were 307,038 housing starts under VA inspection, and 250,910 housing starts under FHA inspection, the VA interest rate was 4½ percent, and so was the FHA interest rate. In short, in that year the total number of housing starts, under both of those categories, was in excess of 557,000.

The table also shows that in 1957, when the Republicans had gotten the interest rates on FHA housing up to more than 5 percent, the FHA housing starts declined by more than 100,000, and the VA housing starts declined to 128,302.

Thus we see the effect of high interest rates on the housing starts. Once the interest rates were increased, the number of housing starts in 1957, during a period of high interest rates—during the period of the prosperity the distinguished Senator from Indiana has talked about—was less than half the number of the housing starts in 1954 or 1955, before the Republicans tightened up or increased the interest rates. In other words, Mr. President, the cold facts disprove the theory of the Senator from Indiana.

The Senator from Indiana would tell us that the prosperity of 1929 was due to tight money and high interest rates. Actually, it was a surface prosperity until the crash came.

I do not believe there will be a crash now, because today there are in effect the Democratic-sponsored old-age insurance system, social-security system, unemployment-insurance system, and many other wise innovations which were applied to the economy following 1929. However, in a small way we are able to see that the minute the Republicans got the money markets high, such an inordinate share was required to pay for the use of capital, that jobs no longer were available for many of the members of the working force.

Obviously, Mr. President, the distinguished Senator from Indiana is unable to read correctly the statistics which he himself has presented.

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

Mr. MONRONEY. Mr. President, As is usual in a business recession, short-term rates, which have fallen between 36 and 60 percent have moved down more rapidly than long-term rates, which have dropped about 12 percent. But with the shrinkage in demand for funds while the supply becomes more plentiful, the rates on long-term loans move downward more noticeably. To be sure, financial institutions are reluctant to readjust their rates, but the increasing competition for business results in a reduction in the price of loans to their customers.

I have heard it stated that the massive cutback in business-capital spending is one of the major factors in the current recession. Much of this expansion takes place by means of long-term bond issues. Thus, if there is a huge cutback here, it ought to free additional funds for the mortgage market.

With the reduction in the demand for business loans, financial institutions find the mortgage market more attractive. Moreover, the easing of the Federal Reserve Board's reserve requirements and its other actions have made bank funds more plentiful. The excess reserves of the Nation's commercial banks last week rose to $594 million, and can support an expansion of loans to 6 times this amount, or about $3½ billion. This situation should also stimulate the flow of funds into the mortgage market for housing construction.

The efforts to raise the interest rate on Government-supported mortgages strengthen the natural resistance of financial institutions to readjust their rates at a time when the business recession calls for a sharper downward revision in the price of credit.

Certainly the investment policies of the big financial institutions take time to adjust, causing stickiness in long-term investments, including the purchase of mortgages. The big lenders have been "living high on the hog," but they ought to adjust with the rest of us. This they will not do if we permit them to get higher interest rates frozen into our Federal housing programs.

CAPEHART HOUSING

Mr. President, I have indicated my belief that no increase in interest rates on Government-supported mortgages is justified. I regard an increase in the rate on Capehart military housing as completely unconscionable.

Prior to enactment of the Capehart on-base family-housing program, housing for military personnel was financed with Government funds. To the degree that the cost of such construction was paid from borrowed funds, the cost of obtaining money for such housing was the same as the cost of Federal borrowing generally. These rates of interest have always been less than the 4-percent rates charged on Capehart housing mortgages, but the program was justified on the ground that Congress had failed to appropriate enough money.

There is no question that this housing for military personnel can be provided at lower cost from appropriated funds. I believe that the only reason why more strenuous objection has not been made to the Capehart program is that the 4-percent rate represents only a slight increase in the cost of building these much-needed houses.

Why is it that the Capehart mortgages can carry a 4-percent rate? Normally, when a financial institution buys GI or FHA mortgages, it incurs expenses for servicing the mortgages. The mortgage holder must make arrangements for someone to collect the monthly payments and to pay out the amounts held in escrow for taxes and insurance. In addition, there will be extra expenses in case a mortgage falls into default. Although these mortgages are either guaranteed or insured, the problems of carrying out foreclosure proceedings represent an added detail which makes mortgage lenders more hesitant about making such investments.

None of these problems is involved in Capehart housing mortgages. The Government holds title to the projects, so certainly there will be no foreclosure problems. The Government makes all the collections, so there is no servicing expense. Thus, there is no risk at all, and no cost of servicing.

In its Review of Military Housing Programs, Report No. 231, of the 85th Congress, submitted in April 1957, the Committee on Banking and Currency made these comments on the Capehart mortgage:

> However, at the end of the construction-loan period when the Commissioner places his final endorsement on the note, the long-term lender acquires by assignment from the construction-loan lender a mortgage as secure as a United States Government bond in practically every respect. This security is based on the fact that the Secretary of the respective service gives the lender an unconditional written guaranty of all mortgage payments. With this guaranty by the Federal Government, acting through the Secretary of the Air Force, Army, or Navy, as the case may be, the FHA insurance of the mortgage becomes unimportant. This guaranty by the Government places the credit of the United States Government behind these mortgages. They bear interest at 4 percent, so the yield is almost 1 percent higher than can be secured from Government bonds of equivalent maturity.
>
> The new title VIII mortgages are considerably undervalued in comparison with United States Government bonds and high-grade corporate bonds.

In our hearings last week, the distinguished chairman of the Housing Subcommittee pointed out why interest rates on Capehart mortgages should not be increased. He said:

> I do not mind saying this is one interest rate that I just cannot see any argument for increasing, because if there is such a thing as a Government guaranty being equal to a Government bond, this is. It is insured. It is guaranteed, and the rental allowances due the men are pledged for the payment. So you have a guaranty in effect in three different ways. In fact, there was a witness at our last hearing who suggested that perhaps they would not be too eager to try to sell these on the market because they were so closely competitive with the long-term Government bonds. (Hearings, p. 85.)

Since interest rates are falling, since Capehart mortgages are more like Government bonds than mortgages, and since the taxpayers are already spending more than is necessary for the construction of military housing, I think it would be utterly absurd for us to increase the interest rates on these mortgages.

So far as I am concerned, raising the interest rate to 4½ percent would be the straw that broke the camel's back. I would be opposed to it, even though interest rates were not generally falling. In my opinion, if the program will not work with a 4 percent rate, and with secondary market support from the Federal National Mortgage Association, it should be abandoned.

There is another compelling reason for holding the line on Capehart housing interest rates: Many such projects have been approved and are ready to go. These projects are, in fact, the fastest source of stimulation of the economy in the entire housing field. An increase in the interest rates will add to the cost of these projects, so they will have to be completely refigured.

In addition, builders generally have been given an allowance for a moderate discount. If the interest rate is increased, this discount will no longer be justified, and the result will be an unwarranted windfall. The military authorities can be expected—quite properly—to check and double check to see that such windfalls do not occur. All this refiguring would necessarily result in delays of at least several months in these projects. Thus, the bill as reported, with the higher interest rates, will stymie, rather than stimulate, immediate housing construction in this program.

COST OF HIGHER INTEREST

What is the real cost of the so-called modest increase in interest rates provided in this bill?

First. For Capehart housing:

The basic law establishing this program authorizes $2.3 billion in total mortgage insurance by FHA. Of this amount, $1,844,000,000 remains unused.

An increase of one-half percent in interest on this amount would result in an added cost to the Defense Department and taxpayers of $6,196,000 a year. Over 25 years, the usual life of these mortgages, this would mean an added cost of $154,900,000.

Second. For VA housing:

The proposed increase in VA-guaranteed mortgages is from 4½ to 4¾ percent, a mere one-quarter of 1 percent, or 15 cents per $1,000 per month.

On a mortgage of $13,500 this means the GI would pay an additional $2.03 per month, or $24.36 per year, or $730 on a 30-year mortgage for the same house that he was purchasing before the Congress voted for this increase, if it does vote for it. That would happen in the case of every GI house built during the next 2 years.

Does this still seem a small amount? Then let us remember that in 1955—a good year, under the old rate of interest—the VA guaranteed 660,000 units of housing. If 1 million of the 9 million eligible World War II veterans use their housing benefits during the 2 years the bill will extend these opportunities to them, they will pay additional interest of $730 million.

This bill is a billion-dollar bounty to the moneylenders.

I am not willing to vote to establish price supports for money at 200 percent of parity, and to send the bill to America's GI's.

POSSIBILITY OF VETO

The last time Congress extended the VA housing program, the President vetoed it because Congress did not increase the interest rates. I have heard it said that Congress must, in this bill, increase the interest rates, in order to avoid another veto. Even with the gravity of the current economic situation—the need for more housing, more employment, more construction, more cement, more lumbering in the woods—I cannot believe that any President, even the present one, would veto the bill because of a petulant insistance on higher interest rates.

I say there is before the Senate today the clear-cut issue whether we believe that by making money more plentiful and cheaper there will be more construction and thus more employment, or whether, by increasing interest rates, by senatorial mandate, we shall help the housing market.

My study leads me to believe, and I think the historical record disclosed by the Senator from Texas, shows, that as interest rates go up, veterans are priced out of the market and FHA borrowers are priced out of the market. Nine hundred thousand automobiles remain unsold on the dealers' lots today. Why? Because the great minds in Detroit have priced the automobile buyers out of the market.

So an attempt is being made to legislate in order to provide higher interest rates at a time when other interest rates are falling by 60 percent, 36 percent, 12 percent, and so on down the line. Do we want that kind of price support under money?

If I were teaching a course in government and my students wanted me to give one single, simple definition of the difference between the Republican and Democratic Parties, I would say that the Republicans believe in high wages for companies and the Democrats believe in high wages for people; one begets recession, the other begets prosperity.

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

Mr. MONRONEY. I reserve the remainder of my time, unless Senators wish me to yield for questions.

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

Mr. MONRONEY. I yield to the Senator from Colorado.

Mr. CARROLL. I wish to commend the junior Senator from Oklahoma for his very clear presentation of the issues involved in this extremely important interest rate fight. The Senator has referred to 900,000 unsold automobiles on dealers' lots. He has touched upon a vital fact in our economic life—the administered manipulation of prices. In

our recent Antitrust and Monopoly Subcommittee hearings we learned how automobiles have been priced out of the market. I suggest that the evidence presented in the Antitrust Committee hearings fully sustains the Senator's viewpoint. The consumer in today's society is being put under tremendous economic pressure, and one of these pressures is high interest rates on mortgages on his home. The Senator is doing the small homeowner a great service in making this fight. The economic conditions he describes exist all over this Nation, and I am here to tell my colleagues today that the conditions also prevail in Colorado. Loanable money is now plentiful as we have seen from the recent 6-to-1 oversubscription of a Treasury bond issue. There is absolutely no reason to keep interest rates artificially high and further gouge the veteran and small homeowner. I am happy to have been associated with the distinguished Senator from Oklahoma on this amendment and in this most worthy fight.

Mr. MONRONEY. I may say to my distinguished friend and colleague that it was his cosponsorship of the amendment that convinced me we were on the right path, and that we must avoid, at a time when interest rates are going down, supporting legislation which would increase interest rates, or we might reverse the whole declining trend in interest rates.

Mr. CLARK. Mr. President, could the Senator yield 10 minutes of his time to me?

Mr. MONRONEY. I would prefer that the other side use some of its time. It has used very little time. I should like to reserve the remainder of my time until later.

Mr. CAPEHART. Mr. President, I yield 10 minutes to the Senator from Utah [Mr. BENNETT].

Mr. BENNETT. Mr. President, I have listened to the discussion with a great deal of interest. I heard similar debate in the Finance Committee. It is perfectly obvious that the approach to one of the fundamental problems of our times has become a political approach.

I should like to refer to the figures on the table which the Senator from Indiana has passed to all Members of the Senate. I shall probably look at these figures from a slightly different point of view.

I shall review briefly the recent experience in Veterans' Administration housing. That housing reached its peak in 1955, with 392,000 units. The number dropped substantially in 1956. In 1957 it dropped about 40 percent from the high point. It was still dropping in January of 1958, when there was a low point of 4,100 starts for that month, which would be approximately 49,000 starts for the year—much less than the 1957 rate.

In 1952, there was a low of 141,000 starts.

In 1953, the interest rates on veterans' loans was raised from 4 to 4½ percent. That occurred in the middle of the year. The effect on the 1953 figure was not marked, but in 1954 the starts increased to 307,000. In 1955, they increased to 392,000.

Those figures are a simple demonstration of the fact that in 1953, by raising the interest rate one-half of 1 percent, a flood of mortgage money was brought to bear on the veterans' housing problem.

A similar realistic facing of the interest rate problem in 1958 could bring about the same kind of result.

Between 1952 and 1955, the increase in the number of starts was 250,000.

We are talking about a bill we hope may produce 200,000 more starts. Perhaps that is one of the ways it can be brought about. It would be done without drawing on the resources or credit of the Federal Treasury. It was done then; it could be done now.

I tried to learn as much as I could about the current situation with respect to the availability of funds to go into veterans' housing mortgages, or, for that matter, in Government-guaranteed mortgages. Insurance companies can still find use for all their available funds, at interest rates of 5 percent or more. They can take conventional mortgages, which generally pay interest rates at 5¼ percent or more.

I was interested to learn that insurance companies still have an adequate supply of corporate bonds—not bonds offered on the public markets, but bonds privately placed, which is the way insurance companies like to deal. I am told there is an adequate supply of such bonds at 5 percent or more.

Insurance companies currently have commitments for the future. They have already contracted to take between $3½ billion and $4 billion worth of mortgages at these or higher rates. So we can understand why they are not interested in buying Veterans' Administration mortgages at 4½ percent. Undoubtedly, being good businessmen—more than that, being trustees of the savings of 100 million people—they will continue to invest their money at those rates as long as they can. Moreover, insurance companies have to fix their basic policy dividend rates substantially in advance, and that acts as another brake on their freedom to change rapidly interest rates they can or want to accept. So far as insurance companies are concerned, therefore, I was assured this morning that they are not in the market for any VA mortgages, regardless of Government guaranties, at 4½ percent.

I see my friend, the Senator from Oklahoma, is still present in the Chamber. I was present earlier when my colleague made the interesting observation that the insurance companies in Oklahoma were taking Veterans' Administration mortgages at 4½ percent.

Mr. MONRONEY. Mr. President, if the Senator will yield for a correction, I think the remarks in the RECORD will show that the building and loan associations of Oklahoma are taking the GI mortgages which are being issued, because they are patriotic and are anxious to build up Oklahoma.

Mr. BENNETT. I have had an opportunity to inquire about the situation in Oklahoma. It is true that there are some GI mortgages being taken with a nominal rate of 4½ percent, but they are being taken at discounts, to yield from 5.22 to 5.28 percent.

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

Mr. BENNETT. I yield.

Mr. MONRONEY. As I understand the bill which has been reported by the Republican members and a Democrat of the committee, the bill also strikes out whatever restrictions against discounting are in the present law. To that I do not agree.

Mr. BENNETT. The Senator from Utah believes that this is another brake on the flexibility of the situation. I differ with my colleague, and I approve of the elimination of the restriction on discounts.

I think it is interesting to observe that discounts are now being used in Oklahoma to sweeten the 4½ percent VA loans which are being made.

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

Mr. BENNETT. I yield.

Mr. MONRONEY. That is true not only in Oklahoma but elsewhere. The bill proposes to eliminate whatever restrictions there are to prevent discounting. What assurance have we that after we allow the extra quarter percent, in the reversal of the general interest rate movement, there will not be discounts to a greater extent?

Mr. BENNETT. The Senator from Utah brought the subject up merely because his colleague had made a point of it.

I referred briefly to the position with respect to insurance companies. I did what I could to checkup on the building and loan situation. The current dividend rates being paid by most building and loan associations are at least 3½ percent. Some such associations are paying 4 percent. Since their cost of doing business is added to the current cost of the money they loan on mortgages, the total is 5 percent or more. Therefore, the VA mortgages, at a rate of only 4½ percent, are not interesting to such associations, except at a discount. Such associations are likewise in no great hurry to make very substantial investments in FHA mortgages, which yield 5¼ percent.

Banks have acquired more liquid assets as a result of the recent changes in the policy of the Federal Reserve Board, so they have money to put into mortgages, but they are still able to make better investments than 4½ percent on VA mortgages or 5¼ percent on FHA mortgages.

It seems to the Senator from Utah, also, that it is even more difficult to stimulate new housing construction now than it was in 1953, when the one-half percent raise in interest rates produced such dramatic results.

Building costs are higher, not in terms merely of the difference in the cost of interest, but also in terms of the cost of labor and materials. Last fall, when I was working on the investigation of the Committee on Finance, I had a check made to discover how much more housing costs now than it cost at the end of the war.

The PRESIDING OFFICER (Mr. HOBLITZELL in the chair). The 10 minutes yielded by the Senator from Indiana have expired.

Mr. BENNETT. Mr. President, will the Senator yield me an additional 5 minutes?

Mr. CAPEHART. I yield whatever time the Senator may need.

The PRESIDING OFFICER. The Senator from Utah is recognized for an additional 5 minutes.

Mr. BENNETT. With relation to a house of a certain size the monthly payments have increased $55. Of that amount, $8 represents an increase in interest and the balance represents an increase in the cost of labor and materials. Of course, the increase in the interest cost is not entirely an increase in rates, but also represents an increase in cost because of carrying a larger mortgage.

Not only are costs higher, but there is the same consumer resistance in this field there is in other fields, previously referred to.

I was very much interested to read an article which appeared in the Wall Street Journal of February 19, which said, referring to FHA rather than the VA speed-up mortgages, but I think the statement may be applied to both:

> So far, the FHA speed-up has been more pronounced in applications involving sale of older houses than deals for newly built homes. In the Newark, N. J. area, for example, in 5 weeks through February 7, new house applications rose to 217 from 184 in the comparable 1956 period, while those on existing houses jumped from 364 to 728.

If the purpose of the bill is to stimulate the erection of new houses, it will not be very easy to achieve that purpose if the pending amendment is adopted.

That is the general situation as I have been able to gather it. Neither the 5-percent rate nor the 4½-percent rate will attract interest in substantial quantities from money lenders.

I also tried to analyze what the situation might be over the next 8 or 9 months, and I shall relate for the information of Senators what I was told. In the first place, the gyrations of the market for Federal notes and short-term bonds have no relationship to the basic changes in interest rates on mortgages and other long-term investments. Those who buy these investments are completely different in background or experience.

The Government bond market reacts to psychological situations. It reacts to daily headlines in the newspapers. The mortgage market is more stable.

I was told that today there would be no interest on the part of building and loan insurance companies, from whose funds most of the money must come in mortgages at 4½ percent or at 4¾ percent. It was suggested that probably in 60 to 90 days there might be some interest in 4¾-percent loans, and that there might be some interest in October or November in 4½-percent loans.

I think we are interested in trying to get buildings started as the spring opens, when the ideal building season is available. If we wait until October or November, we will be running into winter again.

It may be asked, Why can the Government not take up the burden in the meantime by direct financing? Of course, it can, but I wonder if we want to put that burden on the credit of the United States. If we should increase our total housing production by 200,000, with an average mortgage of $13,000, somebody would have to dig up $2.6 billion of mortgage money.

We raised the debt ceiling $5 billion the other day. I voted for that, because I thought the Secretary of the Treasury should have some flexibility. I know some of my colleagues voted for it, and were honest in saying that they wanted the additional potential debt used for other purposes.

I have tried to analyze the problem we face in the Congress in terms of programs which are being suggested.

The PRESIDING OFFICER. The additional 5 minutes the Senator yielded have expired.

Mr. BENNETT. Mr. President, will the Senator from Indiana yield an additional 3 minutes?

Mr. CAPEHART. I yield an additional 3 minutes.

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

Mr. BENNETT. Programs are being suggested as antirecession measures, all of which will require the use of the credit of the United States, and thus impinge directly not only on deficit spending, but on the debt ceiling. As near as I can figure, if we were to adopt today all the proposals before us we would increase Government spending this year by $10 billion or more.

It is also proposed that we make certain tax cuts as a part of an anti-recession program. If we were to adopt only two of the tax-cut proposals now before the Senate, we would cut off between $4½ and $5 billion. So, from that point of view, we are thinking in Congress of increasing the Government's debt by approximately $15 billion.

Some of the suggested programs may be very worthy. Some of them we may wish to adopt. But I do not think we should burden the Treasury now with the responsibility of financing these houses when private industry is ready to do it, over the next 6 to 8 months.

It has already been brought out that we may be dealing chiefly with a time lag. I hope the amendment of my friend from Oklahoma will be rejected, and that the Senate will adopt the proposal which the committee has reported.

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

Mr. BENNETT. I yield.

Mr. BUSH. I congratulate the Senator from Utah on his very careful, thoughtful, and accurate analysis of the bill. I believe that if every Senator would take the trouble to read what the Senator from Utah has said today, he could not possibly vote for the Monroney amendment—at least very few Senators would vote for it, in my judgment.

The Senator from Utah has clearly shown that the adoption of this amendment might very well involve the Treasury in an additional $2 billion of purchases of mortgages, which would be entirely unnecessary, because, as he has just said, the private mortgage market, through various organizations, stands ready, willing, and able to buy these mortgages. I therefore commend the Senator from Utah for a very clear and forcible exposition of the fallacy of the amendment of my dear friend, the Senator from Oklahoma.

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

Mr. BENNETT. I am happy to yield.

Mr. MONRONEY. I am sure the distinguished Senator from Connecticut would not wish to imply that the amount invested in Government-guaranteed mortgages is an expenditure. It is rather a gilt-edged investment, is it not?

Mr. BUSH. That is the statement that is always made. Notwithstanding all the protests that this program is only temporary, and a good investment for the Government, at the present time we have a total of mortgages in FNMA of approximately $4 billion.

The same thing is said about the farm surpluses—that they represent a good investment. That is the same as the argument which is made with respect to these mortgages. It is said that they are here today and gone tomorrow, but they are not. They come into the picture and remain there.

Mr. MONRONEY. The distinguished Senator from Connecticut would not say that first mortgages on American homes held by FNMA are any less valuable than first mortgages on American homes held in equal amount by the great insurance companies of the United States, would he? They are an asset when they are in private hands, but the Senator would have them become a liability when the self-same mortgages are held by FNMA.

Mr. BUSH. I do not deprecate the value of the mortgages. They are very good mortgages. In fact, they are perfect, because they are guaranteed by the Government of the United States. There is no money risk, but they are in the wrong place. They should not be in the Treasury.

Mr. MONRONEY. They do not represent an expenditure. They represent a gilt-edged investment in the safest security in the world, the American home.

Mr. BUSH. There may be an investment, but we would have to borrow the money to make it.

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

Mr. CAPEHART. I yield 1 minute to the Senator from Louisiana.

Mr. BENNETT. Mr. President, may I finish?

Mr. ELLENDER. I should like to ask a question.

Mr. CAPEHART. I yield 1 minute to the Senator from Louisiana.

Mr. ELLENDER. I am somewhat confused, after looking over the table of housing starts. My good friend from Indiana [Mr. CAPEHART] stated that during the time when interest rates were high there was full employment, and that during a later period, when interest rates were low, there was less employment. I cannot quite follow that argument as applied to housing. For example, in 1954, when interest rates had been raised from 4 to 4½ percent, the housing program rose.

Mr. BENNETT. It doubled.

Mr. ELLENDER. That is correct. A similar situation existed in 1955.

But when interest rates were raised in 1956, the housing program went down, as it did also in 1957. Why does not the rule which my good friend from Indiana discussed a while ago apply in both cases? I should like to have the situation clarified as it applies to housing.

Mr. CAPEHART. The VA interest rate has remained the same since the middle of 1953, namely, 4½ percent. The FHA rate increased from 4¼ to 5¼ percent.

All we are trying to do by the amendment of the Senator from Virginia [Mr. ROBERTSON], which was added to the bill in committee, is to eliminate the big difference of three-quarters of 1 percent as between the VA and the FHA.

Mr. ELLENDER. I understand; but I am trying to follow the argument the Senator made a while ago, that while interest rates were high full employment was prevalent. It is only lately that unemployment has occurred. Why do not the same rules apply to housing?

Mr. CAPEHART. I think the Senator will remember that I said that that statement made as much sense as what I had been listening to for the previous hour and a half.

Mr. ELLENDER. Was the Senator being facetious?

Mr. CAPEHART. No more so than other Senators.

Mr. ELLENDER. The Senator is an expert on housing. I wonder if he can explain for the RECORD why it is that in 1954 and 1955, under a 4½-percent rate, housing rose, as compared with previous years, whereas when the rate rose in 1957 and a part of 1956, the housing program went down?

Mr. CAPEHART. We must look at the percentage of the total. The Senator will notice the heading "percent of total."

Mr. ELLENDER. Yes.

Mr. CAPEHART. That means the percentage of the total housing starts in the entire United States that were financed by private industry. In other words, in 1957, private industry accounted for about 70 percent of the housing starts in the United States; and in January of 1958, private industry accounted for about 77 percent of the starts.

The figure for January 1958, under the VA, is 63 percent. That means 63 percent of the total, including FHA, VA, and private starts.

Mr. ELLENDER. Yes.

Mr. CAPEHART. So, under the interest rate of 4½ to 5¼ percent, private industry was buying more of the mortgages. These figures do not represent the total housing in the United States.

Mr. ELLENDER. The starts in 1957 under the FHA program were fewer than they were in 1956. Under the FHA program in 1957, there were 150,126 starts, compared with 183,350 the previous year under the FHA program.

Mr. CAPEHART. The reason is that in 1957 private industry financed 85 percent of the housing. Only 15 percent was financed by FHA.

Mr. ELLENDER. Has this table been made a part of the RECORD?

Mr. CAPEHART. The Senator may place it in the RECORD at this time.

Mr. ELLENDER. Mr. President, I ask unanimous consent that the table to which reference has been made be printed in the RECORD at this point.

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

New houses constructed by FHA and VA by years showing different interest rates

Year	Starts under VA inspection		Starts under FHA inspection		VA interest rate	FHA interest rate
	Number	Percent of total	Number	Percent of total		
1951	148,634	14.6	186,924	18.3	4 percent	4½ percent.
1952	141,274	13.2	229,085	21.5	do	Do.
1953	156,616	14.7	216,509	20.2	4 percent to May; 4½ percent May to December.	4¼ percent to May; 4½ percent May to December.
1954	307,038	25.5	250,910	20.9	4½ percent	4½ percent.
1955	391,789	29.9	268,650	20.5	do	Do.
1956	270,675	24.7	183,350	16.8	do	4½ percent to December; 5 percent from December.
1957	128,302	12.9	150,126	15.2	do	5 percent to August 4; 5¼ percent from August 4.
January 1958	4,074	6.3	12,228	19.1	do	5¼ percent.

Mr. BENNETT. Mr. President, I think I still have the floor. I ask that I may be yielded 1 more minute.

Mr. CAPEHART. Mr. President, I yield 2 additional minutes to the Senator from Utah.

Mr. BENNETT. Mr. President, I wish to take a moment to assure my good friend from Connecticut [Mr. BUSH] that he does not stand on the burning deck alone. When our good friend from Oklahoma [Mr. KERR] gave him that gigantic hotfoot and put him on the burning deck, I hope he was prepared to move over and make room for the Senator from Utah.

Mr. BUSH. I certainly am glad to have the Senator from Utah behind me on that burning deck, and at all times. I thank him for that assurance.

Mr. MONRONEY. Mr. President, would the Senator from Indiana care to use some time? We have only 23 minutes remaining.

Mr. CAPEHART. I shall use a little time. I believe the Senator from Louisiana placed in the RECORD the chart which I prepared and had placed on the desks of all Senators.

I ask unanimous consent at this time to have printed in the RECORD a resolution adopted last October by the American Legion, recommending that we do exactly what the bill as reported by the committee would do. In other words, the American Legion was opposed to the Monroney amendment, according to the resolution it adopted last October.

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

Whereas the American Legion has been the guiding force behind the GI bill of rights, which includes the GI home loan program; and

Whereas the number of home loans being made under the GI bill is declining steadily because the interest rate is no longer competitive under current and foreseeable market conditions; and

Whereas the failure of the Congress to enact legislation to permit the interest rate on GI loans to be competitive, has prevented a continuing flow of funds from private sources into the GI home loan market; and

Whereas under present conditions home-purchasing veterans are being deprived of a GI loan, thereby limited to conventional and FHA loans, which are not as advantageous to veterans as would be GI loans with a competitive rate; and

Whereas the American Legion is already on record in favor of a flexible rate as recommended in the Collins report, approved twice by the national executive committee: Now, therefore, be it

Resolved by the American Legion in national convention assembled at Atlantic City, N. J., September 16–19, 1957, That appropriate legislation be enacted by the Congress to provide the Administrator of Veterans' Affairs with the same authority to regulate interest on VA loans as the FHA Administrator now exercises over FHA loans, with authority within realistic limits to increase or decrease rates to meet changing conditions as they occur, in order to assure the continued flow of GI loans under private auspices; and be it further

Resolved, That the legislative commission and the staff members of the economic commission be instructed to vigorously promote this program, and through all available media make a grassroots appeal to the Legion membership to actively support this movement in order to insure continuation of the GI home loan program which has proven to be of such inestimable value to our country and its veterans.

Mr. CAPEHART. Mr. President, I also wish to read from the report of the economic committee of the American Legion when it adopted the resolution asking Congress to increase the interest rate. This is what they said, among other things:

As brought out in testimony before the convention committee, because of the absence of GI home loans in today's market, our veterans are currently faced with the following choices to borrow money to purchase homes:

1. Use of FHA loans with rates at 5¼ percent plus one-half percent for FHA insurance. Total 5¾ percent.

2. Use of conventional financing requiring downpayments from 20 percent to 33⅓ percent with interest rates ranging from 5½ percent to 6 percent and over, or

3. Use of second mortgages at rates of better than 6, 7, and up to 10 percent.

Those are the statements of the economic committee of the American Le-

gion, which recommended that the Legion itself adopt the resolution authorizing an increase in the interest rates. They point out exactly what our Committee on Banking and Currency learned as a result of a survey, namely, that that situation exists with reference to VA mortgages. There is no market for them at 4½ percent. I ask unanimous consent that the statement 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:

The Economic Committee is deeply concerned over developments adversely affecting the GI home loan program.

For the past 8 months the Veterans' Administration statistics show that World War II and Korean veterans are finding it increasingly difficult to obtain loans at 4½ percent to purchase homes. In fact, it is estimated by the Veterans' Administration officials that for all intent and purposes the program will come to a halt by January 1958.

The simple truth is that no one can possibly lend money today at 4½ percent. Interest rates have risen progressively over the past 6 years, as a result of the tremendous demand for money for all purposes. The present fixed interest rate on GI home loans has thus become less and less attractive to investors.

As brought out in testimony before the Convention Committee, because of the absence of GI home loans in today's market, our veterans are currently faced with the following choices to borrow money to purchase homes:

1. Use of FHA loans with rates at 5¼ percent, plus one-half percent for FHA insurance—total of 5¾ percent.

2. Use of conventional financing requiring downpayments from 20 percent to 33⅓ percent with interest rates ranging from 5½ percent to 6 percent, and over; or

3. Use of second mortgages at rates of better than 6, 7, and up to 10 percent.

Each of these alternatives represented, in the committee's considered view, too high a price to pay for retention of a fixed interest rate—a rate which in effect is preventing the veteran from securing the GI loan to which he is entitled.

The committee, therefore, unanimously recommends adoption of the enclosed resolution.

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

Mr. CAPEHART. I yield.

Mr. MONRONEY. Does the Senator also wish to put into the RECORD the statement of the Veterans of Foreign Wars of America, another great veterans' organization, which takes a diametrically opposite view?

Mr. CAPEHART. I would be glad to put it in the RECORD. Does the Senator have a copy?

Mr. MONRONEY. Yes. I hand the copy to the Senator.

Mr. CAPEHART. I am very glad to put it in the RECORD. I wish to say, however, that while this organization adopted the resolution, in conversation with them since then—although I cannot speak for them—I am sure that as a result of that conversation they have changed their mind, particularly since there were only 4,000 VA starts in the month of January.

I ask unanimous consent to have printed in the RECORD the resolution of the Veterans of Foreign Wars.

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

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Kansas City, Mo., March 4, 1958.

Senator J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency, United States Senate, Washington, D. C.

DEAR MR. FULBRIGHT: I appreciate this opportunity to present the written views, as I interpret them, of the Veterans of Foreign Wars with respect to the several bills being considered which propose to extend the veterans' housing programs.

More and more veterans have been expressing their deep resentment and frustration over their inability to obtain money under either the guaranteed or direct-loan program. Last summer our delegates to the 58th national convention held in Miami Beach, Fla., August 25–30, 1957, grappled with this problem and adopted five resolutions which are very pertinent to this hearing, which read as follows:

(a) Extension to July 25, 1962, of the authority to make, guarantee, and insure loans under title III of the Servicemen's Readjustment Act of 1944, as amended.

(b) Extension to June 30, 1962, of the direct-loan program, and provision for the necessary funds.

(c) That the service charge currently authorized lending organizations by the Veterans' Administration with respect to any GI loans shall be prohibited by regulation or by legislation.

(d) That the Veterans of Foreign Wars of the United States vigorously oppose any legislation to increase the present interest rate of 4½ to 5 percent or higher.

(e) Expansion of the Veterans' Administration direct-loan program in all areas where private funds for guaranteed loans are not adequate or totally unavailable, and increase of the maximum direct loan from $10,000 to $13,500 (H. R. 4602, 85th Cong.). Further consideration of the proposal to use part of the NSLI reserve funds, with proper safeguards, for direct loans.

Taking thought of our national resolutions, therefore, would indicate our delegates favor extending both the direct- and guaranteed-loan programs to 1962, endorsing the Congressionally approved version of H. R. 4602, which was vetoed by the President, and vigorously opposing any increase in the present 4½-percent interest rate on VA-administered loans.

It is noted that the legislation being considered would authorize the Veterans' Affairs Administrator to prescribe by regulation such rate of interest as he may find the loan market demands—not to exceed at any time the rate of interest established by the Federal Housing Commissioner. At present the interest rate in FHA loans is 5¼ percent, with optimistic observers predicting a downward revision due to present economic conditions and governmental actions to loosen credit. Since the present FHA rate exceeds 4½ percent, I could not advocate the granting of discretionary authority to the Veterans' Affairs Administrator to establish an interest rate in excess of 4½ percent. Conversely, the Veterans of Foreign Wars would not oppose a flexible interest rate providing a maximum of 4½ percent were established.

One of the underlying reasons behind the firm position of the VFW on the interest issue stems from the widespread practice of discounts on GI loans which range up to 12 percent in some areas, according to our information. If it is decided to increase the present interest rate, the Veterans' Affairs Administrator should be given discretionary power to outlaw discounts on GI loans so that the interest rate will reflect the true cost of the GI loan to the veteran.

While the VFW has long championed the direct-loan program since its inception in 1950, your attention is directed to this fact. The VFW has never advocated an all-out direct-loan program—only to the extent and limits as contained in H. R. 4602, with the moneys to be used only when private funds are not readily available in any area. We feel a minimum of $200 million is required to revive this program for the coming year.

With the foregoing considerations in mind, the VFW strongly recommends favorable consideration of the legislation before your committee, to extend and liberalize the VA loan programs. Many veterans will be given an opportunity to obtain a home which has been previously denied because of circumstances beyond their control.

In conclusion may I once again express my sincere appreciation for this opportunity to express the views of the Veterans of Foreign Wars with respect to one of our most important legislative objectives.

Sincerely,

OMAR B. KETCHUM,
Director.

Mr. CAPEHART. Mr. President, I hold in my hand many telegrams urging Congress to pass the bill as it was reported by the committee. Let us keep in mind that the committee reported the bill, and that I am recommending, as, I hope, to the great majority of Senators, that the bill be passed as reported by the committee, with but one purely technical amendment on which the chairman of the committee, the Senator from Alabama [Mr. SPARKMAN], and I have agreed.

The telegrams I am about to place in the RECORD are telegrams supporting that position. For example, I have a long telegram from the president of the National Association of Home Builders, among others. There is one here from the president of the Shreveport Home Builders Association, which reads:

SHREVEPORT, LA., *March 5, 1958.*

Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

Strongly urge GI bill extension with rate increase but with elimination of discriminatory feature restricting direct loans to rural areas. This feature promotes attraction of suburban areas outside metropolitan city limits, causing costly commuting to veterans, while urban developments more desirably located but without benefits of direct loans are rendered unattainable to veterans.

E. L. BERRY,
President, Shreveport Home Builders Association.

I have another telegram from Montgomery, Ala., which reads:

MONTGOMERY, ALA., *March 5, 1958.*

Senator CAPEHART,
Senate Banking Committee,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: We desperately need extension of GI housing bill with authority for administrator to adjust interest rate in accordance with market requirements. Appreciate you doing all you can for us.

Yours very truly,

M. J. LEARY,
Contractor.

I shall not take the time of the Senate to read all the telegrams. However, I will say that I did not receive one letter or

one telegram from anyone in opposition to the bill as reported by the committee—not one. Nor have I received a telephone call in opposition to the bill.

The amendment of the able Senator from Oklahoma [Mr. MONRONEY] would strike out the amendment which was offered by the junior Senator from Virginia [Mr. ROBERTSON]. I strongly urge the passage of the bill without any amendments, for the reason that it is the only way I know of to put people back to work building houses, and to do it quickly. That is what we want to do.

We can talk all we want to about interest rates being high or low, but what we really want to do is put men to work, and we want the GI's to get housing, because the GI's can buy houses without any downpayment. Even with a slight increase in the interest rate, the monthly payments on GI housing are much less than the rents they are now paying in the places in which they live. We will not only get housing for GI's, but we will also put men to work. We in the committee know of no other way to do it, unless we want the Government to buy the mortgages.

Of course, we can adopt a 3-percent interest rate if we wish to do so, or a 2-percent interest rate, and use taxpayers' money with which to buy the mortgages.

That can be done. It does not require any imagination or intelligence to enact a law saying that the Government shall buy up all the mortgages. The $1,850,000,000 authorized in the bill, for the purpose of buying mortgages at the discretion of the President, if he were to use all of it, would buy 136,000 mortgages at $13,500 each.

As I said in the committee, we may now well need all the money we can get to handle the depression. Here is one case where it is the best judgment of everyone in the industry that private industry will buy the mortgages, thereby relieving the taxpayers in this instance of putting up any money. If we can do it, we ought to try to do it. We ought to give it a chance to work. We provide in the bill $1,850,000,000. If it becomes necessary, the President can buy the mortgages, but let us save our money for possibly a better use, if we can do it by having private industry pick up the mortgages.

I ask unanimous consent that the telegrams be printed in the RECORD at this point as a part of my remarks.

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

WASHINGTON, D. C., *March 11, 1958.*

Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

Your participation in housing debate today on S. 3418 tremendously important to entire home-building industry and to Nation's economy. We fully support committee bill and oppose changes which would curtail its effectiveness. Specifically we support:

1. Elimination of mortgage-discount controls which is accomplished by committee bill.

2. Committee proposal to give President discretion to adjust GI interest rate.

3. Extension of World War II home loan guaranty program.

4. Committee proposals for more funds for Federal National Mortgage Association to purchase FHA and VA mortgages.

5. Committee proposal to lower FHA downpayments for low-cost housing.

Elimination of discount controls and some authority for adjustment of GI rate are essential if veterans' home-loan program is to be effective in all areas of the country and produce needed stimulant to residential construction. I urge your full support for committee bill and your vote against amendments which would weaken it.

We believe that the bill as reported out by the Banking Committee is best possible means of assisting private industry to create more jobs, use more materials, and supply much-needed housing for the American people. This is the view of the entire home-building industry speaking through this association which represents 40,000 members affiliated in 302 local and State associations throughout the country.

NELS G. SEVERIN,
President, National Association of Home Builders.

WASHINGTON, D. C., *March 12, 1958.*

Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

Urge your support of realistic interest rate for GI loan program. If reactivated this program can boost home building and related fields and stimulate our economy. VA applications are down from 19,000 last January to 5,200 this January. Obviously 4½ percent will not do the job.

STEPHEN SLIPHER,
United States Savings and Loan League.

COUNTRYLANE HOME BUILDERS,
McHenry, Ill., March 8, 1958.

Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR: As an individual vitally interested in the construction of homes for qualified veterans and their families, I hasten to offer my congratulations for your recent introduction of a bill to continue the operation of a veterans' home-building program under the Veterans' Administration.

Our company owns a franchise from the National Homes and have constructed approximately 100 homes in the vicinity of McHenry, Ill., during the last 2 years.

We can fully appreciate the enjoyment which these veterans and their families have experienced in their own—well-built, well-designed—homes. This has been accomplished by reason of the plan which has permitted them to acquire such properties without any downpayment but upon the assumption of a 29-year, 4½-percent mortgage.

The change in the interest rate on mortgages has created a condition which naturally meant that any investor would be reluctant to invest in such low-rate paper when higher yield mortgages were available. This condition imposed upon the franchisee or builder a discount rate of anywhere from 11 percent to 13 percent. This prohibitive discount has definitely discouraged any further building of this character.

It is fair to say that the mere raising of the interest rate on such veterans mortgages is all that is necessary to reestablish such building and create a market for such paper comparable to anything now offered. It is no exaggeration to say that there is a desperate need for such homes at low cost. Hundreds of thousands of qualified veterans are desperate for a home of their own, and the veterans plan has been the answer. The simple revision, viz, the higher interest rate, will suffice. The investor is concerned with the yield provided the investment is safe. There has been no reluctance heretofore to invest in veterans mortgages. The builder, however, cannot survive if he is compelled to pay the prevailing discount rate.

I trust that I may have an expression of your reaction to the above suggestions.

Respectfully submitted,

E. N. HEINZ, Sr.,
Treasurer.

OAK PARK, ILL.

HOLLYWOOD, CALIF., *March 10, 1958.*

Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

We have constructed several thousand housing units under VA and FHA programs. Our program almost stopped under present FHA–VA conditions. Respectfully urge adoption of pending housing legislation, particularly upward adjustment of VA interest rate, lower FHA downpayment, and relaxation discount controls. If adequate housing bill adopted, we will commence substantial program at once which will provide employment for large numbers. Other builders in area indicate they will do the same. We believe adoption of the pending legislation will provide immediate substantial relief against growing nationwide unemployment.

DANIEL E. AND EDGAR M. COHN.
BEVERLY HILLS, CALIF.

HOLLYWOOD, CALIF., *March 10, 1958.*

Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

This office represents several homebuilders engaged in substantial housing projects under VA and FHA programs. On behalf of our clients, we urgently request favorable action on the proposed housing bill. We deem it imperative to bolster sagging economy. Believe substantial development in housing industry will result under new bill providing tremendous immediate employment. Upward adjustment VA interest vital to usability of program.

ROBERT K. LIGHT,
Light, Garcin & Grossman.

SAN BERNARDINO, CALIF., *March 11, 1958.*

Hon. HOMER E. CAPEHART,
Senate Office Building,
Committee for Housing Legislation,
Washington, D. C.:

Present conditions must change immediately if the housing industry is not to become entirely defunct on the west coast. One year ago we predicted current conditions would occur if the following were not approved:

1. Action must be taken immediately to eliminate any form of control over mortgage loan discounts.

2. Interest rate ceilings must be eliminated or substantially lifted on both VA and FHA insured loans. The current conventional rate is at not less than 6 percent.

3. Equity downpayment requirements under FHA loans must be reduced to the barest minimum. We recommend a flat 3 to 5 percent to a maximum sales price of $20,000.

FHA loan ceiling must be raised from $20,000 to at least $25,000.

5. FNMA regulations must be adjusted to allow purchase of any loan guaranteed or insured by VA or FHA regardless of size and without discount. We believe loan funds adequately available under above adjustments.

C. WM. FLEMING,
President, Mortgage and Loan Corporation of the West.

ELKHART, IND., *February 28, 1958.*

Hon. HOMER E. CAPEHART,
Member United States Senate,
Senate Office Building,
Washington, D. C.

DEAR HOMER: I have just read your introduction to your bill revising the GI housing

requirements and extending the loan guaranty program for World War II veterans.

Your bill looks very sound and sensible to me and should deserve the support of all lending institutions. It would, in my opinion, bring the GI mortgage back into an attractive picture; that is to say, a picture equally attractive against FHA title II mortgages and should appeal to mortgage lenders. Your figures on the number of homes financed by the GI housing bill, including the years 1951 through 1957, speak for themselves in reflecting the disfavor the GI mortgages have come under in the last 2 years. Based on their restricted rates and their restricted limits, I can say that if your bill is approved and becomes law, our bank, which has not been writing GI mortgages for several years, will again be interested in the GI mortgage borrowers.

I hope you every success with this bill, and meanwhile please accept my kindest personal regards.

Sincerely yours,

GEORGE S. ANDERSON,
President, First National Bank of Elkhart.

MARION COUNTY RESIDENTIAL BUILDERS, INC.,
Indianapolis, Ind., February 26, 1598.

The Honorable HOMER E. CAPEHART,
Senator from Indiana,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: We recently received your newsletter of February 24 which dealt with the extension of the GI housing law. Since that time I have had an opportunity to discuss your proposal with several of our local builders. All with whom I have talked expressed their enthusiastic support of extending the GI housing bill.

Here in Indianapolis we appreciate your constant support of the home building industry. If there is anything further we can do to aid your recent proposal, we shall be happy to do so.

We hope that we shall again have the opportunity to have you with us during the May directors' meeting in Washington.

Sincerely yours,

FELIX C. DEHEBREARD,
President.

JASPER, IND., *February 24, 1958.*

Hon. HOMER E. CAPEHART,
United States Senator,
Washington, D. C.

HONORABLE SIR: I wish to commend you on your recent proposal to extend the GI bill for 2 years and to raise the maximum loan amount from $10,000 to $13,500.

I feel this would be a fair way for the Government to curtail unemployment, and on the same token will be very beneficial to the veteran with no expense to the Government.

I also feel that in order for this program to work effectively the maximum interest rate will have to be 5 percent in order that more money will be available.

As in the past 5 or 6 years very few loans other than direct VA have been made because investment companies were able to get a better rate of interest elsewhere.

I realize this isn't giving a veteran a low interest rate, but being a veteran, and in this present day, the problem is finding money to build. By doing the two things mentioned you would make home building possible.

I'm employed as a banker and my fellow-workers share in my opinions expressed in this letter.

Very sincerely yours,

MAX L. BURKE.

NEW ROCHELLE CHAPTER,
WESTCHESTER COUNTY REALTY BOARD,
New Rochelle, N. Y., February 24, 1958.

Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SIR: I was pleased to read in the New York Times today that you are prepared to ask for a 2-year extension of the World War II GI home loan program. I was also pleased to see that you are in favor of raising the interest rate to 5½ percent.

Frankly, to extend the program without raising the interest would be an empty gesture. In 1956 our members, who deal only in used homes, used GI loans in about half our sales. In 1957, we were unable to secure a single GI loan. Incidentally, it was a very poor year for real estate in this area.

Many young veterans are able to carry a large mortgage, but between the high cost of living and high income taxes are unable to save enough money to make the down payment required in this area for a conventional deal, namely 40 percent. This prevents all but the most desperate GI's from buying. The really desperate ones load themselves with a conventional mortgage at 5½ to 6 percent, and with a second mortgage at 6 percent on top of the first mortgage. This is certainly not a healthy situation.

We feel that to extend the GI loan program and to allow a higher interest rate would be a service to the veterans and a real help to our stumbling economy. The veteran who is enabled to buy a home also buys stoves, refrigerators, washing machines, rugs, grass seed, garden tools, etc., etc. And this is one move that does not actually cost the Government any money, hence no additional taxes.

Wishing you every success in your efforts in behalf of the GI loan program, I am,

Sincerely yours,

PERRY B. HOUGH, JR.,
President, New Rochelle Realty Board.

GRINSLADE-KRABBENHOFT CONSTRUCTION CO.,
Indianapolis, Ind., March 3, 1958.

Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: I understand that the Senate Banking and Currency Committee is going to consider your bill 3336 to extend the loan guaranty program for World War II veterans.

As a legislative member of the National Association of Home Builders, I would like for you to know that this legislation is very important for our local veterans if they are to be able to build a home. Our builders are unable to secure VA loans until the interest rate is made realistic.

We hope very much that your bill becomes law.

Yours truly,

T. E. GRINSLADE.

ALBERT E. THOMPSON CO.,
Indianapolis, Ind., February 28, 1958.

HON. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR HOMER: I am in receipt of copy of the Senate bill relative to extension of GI loan privileges and the adjustment of interest rates introduced by you in the Senate.

I wish to compliment you on introducing this piece of legislation as it is much needed if we are to keep the home building industry going.

Thanking you for your interest in the affairs of the small builders, I remain

Very truly yours,

ALBERT E. THOMPSON.

HONOLULU, *February 25, 1958.*

Senator HOMER CAPEHART,
Senate Banking and Currency Committee, Senate Office Building,
Washington, D. C.:

Just read press dispatch you are introducing bill to extend GI home loan program for 2 years. This is inspiring news for thousands GI's and subdivider builders in Hawaii and on mainland. Such legislation realized as vitally important to Nation's economy and patriotic support of GI's thus comes this strong appeal for action.

J. R. BOLKER,
President, Brighton-Bilt Homes,
Los Angeles.

(Visiting Hawaii address Royal Hawaiian Hotel.)

LOS ANGELES, CALIF., *March 5, 1958.*

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Have read in Wall Street Journal re action taken by Senate Banking Committee to stimulate housing as anti-recession measure. Increased funds to FNMA for purchase VA and FHA mortgages, and lower down payments on FHA will both help. However, of utmost importance to raise interest rates from 4½ to 5½ percent or at least 5¼ percent, same as FHA. Also to eliminate discount controls. Will make more mortgage money available and will reduce need for direct purchases by FNMA of insured mortgages. Also of utmost importance VA program for World War II veterans should be extended for at least 2 years. Over 60 percent of VA home sales are to World War II vets as they are older, have larger families, have greater need of housing. Approximately 40 percent of VA sales are to Korean vets. If program not extended for World War II vets, 60 percent of potential VA housing sales will be eliminated as of July 25th. During past 5 years have built over 600 homes under VA programs. Respectfully urge you make every effort to put through above programs as it is vital to successful stimulation of recovery in housing construction, which is basic to our economic recovery.

JOSEPH LEIPZIGER,
Foremost Contracting and Engineering Co., Los Angeles, Calif.

NIAGARA FALLS, N. Y., *March 4, 1958.*

Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

Very much in favor of your proposed bill S. 3336 to extend the loan guaranty program for World War II veteran.

WALTER S. JOHNSON,
President, Johnson Building Co.

STATEN ISLAND, N. Y., *March 5, 1958.*

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Hope you are successful in securing support of S. 3336 which embodies position of American Legion to revitalize GI home loan program.

JOSEPH HOLZKA,
Member, National Economic Commission, American Legion.

JEFFERSONVILLE, IND., *March 4, 1958.*

Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

Urgently request extension of World War II GI home loan guaranty program.

R. P. VOIGT,
President, Home Builders Association of Southern Indiana.

PUEBLO, COLO., *March 5, 1958.*
Senator HOMER E. CAPEHART of Indiana,
Senate Office Building,
Washington, D. C.:

Extension of GI loan benefits without interest increase to 5 percent would hurt economy and building industry more than it would help. Increase to 5 percent imperative otherwise let program expire in fairness to buyers, builders, and investors.

PUEBLO, COLO., HOME BUILDERS ASSOCIATION.

MUNCIE, IND., *March 5, 1958.*
Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

We appreciate your vote regarding the increase in rate and the extension of the World War II program.

WILLIAM L. POOLE,
Secretary and Treasurer,
Muncie Homebuilders Association.

BEVERLY HILLS, CALIF., *March 9, 1958.*
Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

We feel that the home building industry in southern California will be seriously curtailed by the failure of the Senate Banking Committee to approve increase of interest rates on Veterans' Administration loans and the extension of loan program for World War II veterans. We would greatly appreciate your support of extension of program and increase of interest rates.

GRANDVIEW BUILDING CO.
BARNEY MORRIS.
EDWARD K. ZUCKERMAN.

LOS ANGELES, CALIF., *March 5, 1958.*
Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Housing is the backbone of American recovery. Don't penalize us. Make America strong. Vote for a free interest rate and extension of the World War II program.

THE TOBIN COMPANIES.
W. J. BORTNER, *Secretary.*

INGLEWOOD, CALIF., *March 5, 1958.*
Hon. HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Strongly urge GI rate increase plus extension of World War II program as deserved benefits to veterans and as antirecession move.

HARRY KISSEL,
President, Kissel Homes.

LOS ANGELES, CALIF., *March 5, 1958.*
Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

We consider it vital for the building business and United States economy that Senate Banking Committee decide in favor of GI rate increase plus extension of World War II program. Please do your utmost for a favorable decision.

HIRSCH VICTORY ENTERPRISES, INC.

LOS ANGELES, CALIF., *March 5, 1958.*
Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

Congratulations. Veterans and home builders all over country have been working all day long to assist you in your fight to convince the Democrats they should vote approval of your bill S. 3336 to extend the GI bill and increase interest rate.

J. R. BOLKER,
Brighton-Bilt Homes.

SAN DIEGO, CALIF., *March 5, 1958.*
Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Urge approval and extension of VA World War II program. Vital to our area.

CARL WHITE, Jr.,
Executive Vice President,
Palomar Mortgage Co.

BEVERLY HILLS, CALIF., *March 5, 1958.*
Hon. HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Strongly urge you vote for extension of World War II program and rate increase.

S. CHARLES LEE.

WHITTIER, CALIF., *March 5, 1958.*
Hon. HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Sagging economy needs shot in arm; urge GI rate increase and extension of World War II program.

K. C. TURNER,
President, Builders & Developers, Inc.

LOS ANGELES, CALIF., *March 5, 1958.*
Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

We strongly urge you to approve and support the GI rate increase and the extension of the World War II program.

JAMES M. WOODS,
President, Woods Construction Co.
and Pioneers Builders, Inc.

WHITTIER, CALIF., *March 5, 1958.*
Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

We wholeheartedly support GI rate increase and extension of World War II program and urge you vote in favor of same.

HAROLD H. PYRON.

LOS ANGELES, CALIF., *March 5, 1958.*
Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

The home builders of southern California urge your assistance in securing favorable passage of housing legislation now pending in Banking and Currency Committee. Extension of GI program at reasonable and equitable interest rates extremely important to southern California economy. Present GI interest rate is completely unreasonable and is major reason for lack of financing for builder and GI purchaser. Recommend this be placed on par with FHA interest rate. Current drop in local residential construction directly attributable to low-interest rate and possible expiration of GI program.

GEORGE O. PRUSSELL,
Executive Vice President, Home Builders Association of Los Angeles, Orange, and Ventura Counties.

LOS ANGELES, CALIF., *March 5, 1958.*
Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

Urge increase in GI interest rate and extension of same.

SAM YOUNG,
Surety Development Co.

LOS ANGELES, CALIF., *March 5, 1958.*
Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

I urge your recommendation and support of extension of World War II VA program and flexible interest rate.

ARTHUR C. WRIGHT.

LOS ANGELES, CALIF., *March 5, 1958.*
Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

We are among top 10 quantity home builders of United States. GI program was backbone of our business. Urge extension of program and increase of interest rate to prevent tremendous drop in number of homes built this year.

BOLLENBACHER & KELTON INC.

LA MESA, CALIF., *March 6, 1958.*
Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

We wholeheartedly endorse your proposal for the extension of the GI bill and increasing the interest rates we are wiring our Representatives and Senators from this area as well as the Senate Banking Committee giving our endorsement there are thousands of veterans in this area who have not yet purchased homes but who will be able to do within the next 2 years. The extension of this program will be good for San Diego and the Nation as a whole.

Respectfully,

HEATIZER HARRIS BUILDERS.
SAM C. HARRIS.
LEMON GROVE, CALIF.

LONG BEACH, CALIF., *March 6, 1958.*
Senator HOMER CAPEHART,
Washington, D. C.:

As one of the leaders in the building industry in southern California I know of no other single thing that would stimulate our economy more at the present time than the Government's approval of a GI interest rate increase. We sold over 1,200 homes last year and we feel that we could double that figure with the passage of this interest increase. Notwithstanding, but has appeared in the paper as to housing start sales at this time are practically at a standstill. The building industry needs this interest increase.

ROSSMOOR HOMES, ROSS W. CORTESE.
LONG BEACH, CALIF.

NEW YORK, N. Y.,
March 6, 1958.
Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Imperative that home building industry and general economy be helped by the extension of the GI bill for World War II veterans for 2 years with an interest rate increase.

GEORGE M. PARDE, Jr.,
Regional Vice President for Southern California National Association for Home Builders.

RICHMOND, IND., *March 3, 1958.*
Senator HOMER CAPEHART,
United States Senate,
Washington, D. C.:

Association requests your influence to have World War II GI home-loan guaranty program extended, also adjust interest rates.

WAYNE COUNTY HOME BUILDERS ASSOCIATION
W. S. WOOLLEY, *Secretary.*

MOTHERS OF WORLD WAR II,
Redkey, Ind., February 28, 1958.

DEAR SENATOR CAPEHART: The bill to extend the GI housing loan law 2 years while providing interest rates to attract mortgage money you are introducing in the Senate meets with the approval of Mothers of World War II, Inc., unit 87. We are glad the 14 million eligible veterans of World War II and Korean war will get what they are justly entitled to.

Thanks so much for your support and we hope the bill will pass.

Very sincerely,

Mrs. ROSE SMITH,
Legislative Chairman.

MUNCIE, IND., *March 4, 1958.*
Senator HOMER E. CAPEHART,
Washington, D. C.:
Congratulations for your introduction of the bill to extend World War II home loans. We still have lots of inquiries from veterans about GI loans and feel sure we could sell many more homes if the GI bill is extended and interest rates adjusted to be attractive to the lender. We feel sure you will use your best efforts to obtain extension of this program. Thank you.
HALTEMAN HOMES, INC.,
JOSEPH S. HALTEMAN, *President.*

ANDERSON, IND., *March 3, 1958.*
Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:
Local sentiment strongly in favor of extension of World War II GI home-loan guaranty program. Urgently recommend continuance past July 1957 and increased interest rates comparable to FHA rates to attract additional mortgage funds. GI construction at standstill since December 1957.
J. D. WEST,
Secretary, Anderson Home Builders Association.

FORT WAYNE, IND., *March 4, 1958.*
Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:
As a home builder, realtor, prefabricator, and chairman of the Fort Wayne Home Builders Legislative Committee, I strongly endorse and recommend passage of S. 3336.
ROBERT J. ALLEN.

FORT WAYNE, IND., *March 4, 1958.*
Hon. HOMER CAPEHART,
United States Senate,
Washington, D. C.:
Please use every possible means to encourage extension of the World War II GI home-loan guaranty program. This program is vital to construction industry and to potential home buyers. We urgently request your attention.
LEBRATO HOMESITES, INC.

RICHMOND, IND., *March 3, 1958.*
Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:
Appreciate your efforts on extension of GI bill under S. 3336. We as veterans as well as builders are behind you 100 percent.
J. E. DANNENBERG,
General Manager,
Modern Developments, Inc.

FORT WAYNE, IND., *March 4, 1958.*
Hon. HOMER CAPEHART,
United States Senate,
Washington, D. C.:
The World War II GI home-loan guaranty program is of major importance to the housing industry and to veterans. Your encouragement of this extension is extremely important and will be greatly appreciated.
STYLEMASTER HOMES, INC.

FORT WAYNE, IND., *March 4, 1958.*
Hon. HOMER CAPEHART,
United States Senate,
Washington, D. C.:
We urgently request that you give serious consideration to extension of World War II GI home-loan guaranty program. This would be invaluable both to home builders and prospective buyer. Your attention and consideration will be greatly appreciated.
LEBRATOR BROS., INC.

FORT WAYNE, IND., *March 4, 1958.*
Hon. HOMER CAPEHART,
United States Senate,
Washington, D. C.:
It is respectfully requested that you make every effort to insure extension of the World War II GI home-loan guaranty program. Such a program is of utmost importance to home buyers and builders of homes throughout the Nation. Your attention and support will be greatly appreciated.
HOMECRAFT DISTRIBUTING CO.

HAMMOND, IND., *February 28, 1958.*
Senator HOMER E. CAPEHART,
Washington, D. C.:
Urgently request your support in passage of extension of World War II GI home-loan guaranty program.
BALDWIN BUILDERS.

LOS ANGELES, CALIF., *March 6, 1958.*
Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:
Being a builder of GI houses, I feel that an extension of the VA program is imperative in order to stimulate the company.
R. A. WATT CONSTRUCTION CO.
R. A. WATT.

HOME BUILDERS ASSOCIATION
OF INDIANA, INC.,
Indianapolis, Ind., February 28, 1958.
HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: We have received, with a great deal of satisfaction, the news of your introduction of a bill extending the GI loan program with a realistic approach to interest rates, which has been the biggest stumbling-block to the program in the last couple of years.

The veterans should have the additional time as the lack of funds for financing at the present rate has deprived them of the opportunity of exercising the privileges which Congress intended to convey. I do not believe that the individual veteran should be penalized for the shortsighted zeal with which he has been represented in Congress in the matter of interest rates.

We applaud your alertness to the situation and feel certain that the veteran will welcome this renewed opportunity to avail himself of the benefits of the GI program which are so soon to be permanently withdrawn.

Your proposal is also timely in that it will have a tremendous effect in helping the home-building industry to take the lead in rolling back the threat of economic recession, and we certainly can use such help in Indiana right now.

Cordially yours,
JOSEPH W. VAN BRIGGLE,
Executive Vice President.

Mr. MONRONEY. Mr. President, may I inquire as to the remaining time on both sides?

The PRESIDING OFFICER (Mr. BEALL in the chair). The Senator from Oklahoma has 23 minutes remaining, and the Senator from Indiana has 23 minutes remaining.

Mr. MONRONEY. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter dated March 6, 1958, addressed to the chairman of the committee [Mr. FULBRIGHT] from the AMVETS, which is another of our very great veterans' organizations. The letter protests the increase in interest rates.

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

AMVETS NATIONAL HEADQUARTERS,
Washington, D. C., March 6, 1958.
Hon. J. W. FULBRIGHT,
Chairman, Banking and Currency Committee, United States Senate,
Washington, D. C.

DEAR SENATOR FULBRIGHT: We note with interest that your committee is considering legislation to extend the veterans' housing programs. In order that you may be apprised of the views of AMVETS, we would like to bring our position to your attention.

At our last national convention, AMVETS adopted a resolution, subsequently reaffirmed by our national executive committee, placing us firmly against raising the 4½ percent interest rate on GI mortgages. We believe there are other means of encouraging lenders to buy mortgages at this rate, and these methods should be tried before giving the cost-of-living index another boost. Also, there is no proof that an interest increase would have the desired effect of stimulating the veterans' housing programs, for this action has already been tried by the FHA with no great success.

At their last meeting, our national executive committee adopted a resolution stating "that legislation be enacted to the effect that those persons and institutions investing in GI loans at 4½ percent be permitted to receive the interest from these investments tax free thereby providing an incentive to invest funds in this program." They felt so strongly that this plan would be an overwhelming success that they included a restricting clause providing that "no more than 300,000 houses or units would be built or sold under this plan in any one year, funds for 50,000 of the 300,000 units to be made available in those sections of the country previously considered direct loan areas." This tax exemption would encourage private organizations to invest welfare, pension, and trust funds in the GI loan programs.

Another stimulant which we feel would be effective is the expansion and continuance of the Veterans' Administration direct loan program. We also recommend that conventional lending institutions have the right to purchase direct loan contracts from the VA at the established interest rate of 4½ percent.

And finally, both our national convention and national executive committee adopted resolutions emphatically urging the extension of the World War II housing loan program. Primarily because of the constantly rising cost of living, the recent period of tight money, and previous and current recessions, there are several million veterans who have not yet made use of their benefits under this law. Obviously these circumstances are not directly under the veteran's control, and should not deprive him of a basic right.

We sincerely urge you to report a bill that will incorporate these provisions.

Very truly yours,
JOHN R. HOLDEN,
National Legislative Director.

Mr. MONRONEY. Mr. President, I yield 10 minutes to my colleague, the distinguished junior Senator from Oregon, who is a cosponsor of the amendment.

Mr. NEUBERGER. Mr. President, I am privileged to be a cosponsor of the amendment offered by the able junior Senator from Oklahoma. The amendment is vital to the entire country, but it is particularly urgent as it concerns the region and the State which I represent, in part, in the Senate.

On November 16, 1957, the Oregonian, of Portland, which is the newspaper having the largest circulation in our State, declared editorially:

> The wood-products industry of the Northwest is a prime example of an industry depressed by a building slowdown caused by high interest and diminished credit.

I subscribe fully to that statement from the Oregonian. It summarizes and epitomizes what has happened in the Pacific Northwest.

As of February 1, 1958, these were the leading States in percentage of insured unemployment:

Montana, 13.3 percent.

Oregon, 12.3 percent.

Washington, 11.1 percent.

This demonstrates how the Pacific Northwest has suffered more than any other region in the Nation from the impact of high interest rates, and from the adverse effect of high interest rates on the housing and lumber industry.

The New York Times of January 6, 1958, in its authoritative National Economic Review, said that for the first time since 1940, during 1957 fewer than 1 million privately built dwelling units were started. About 975,000 units were started, which is still below the normal 1,093,000 private starts in 1956, and far less than the 1,352,000 private starts in the peak year of 1950.

High interest rates have cut down the great lumber industry, on which Oregon in particular, and the Pacific Northwest in general, are so reliant. For example, lumber production in the Douglas fir belt of the Northwest during December 1957 was 16.6 percent below the November level and an alarming 19.3 percent below December of 1956. This shows what has happened to our area's No. 1 industry. Furthermore, the Douglas fir realm is by far the major source of the Northwest's lumber production.

In Oregon, which is the foremost lumber-producing State in the Nation, there were 538 business failures in 1957, as compared with 282 business failures in 1956. This was an increase of almost 100 percent.

As evidence of what has happened to our lumber industry during the reign of tight money and high rates of interest, some 88 sawmills in southwestern Oregon closed down in the years 1956 and 1957.

I regret to say that I could continue to cite statistics indefinitely, if time were not limited, as to what has happened of an unfavorable economic nature to the Pacific Northwest in recent years. During every single year which the present national administration has been in office the per capita incomes of the people of Oregon have dropped with respect to the national average. This has been the result of high interest rates, of the slowdown in housing construction, and of the effect on Oregon's lumber industry.

About 75 percent of the lumber production of Oregon goes into housing. When residential housing construction is down, the production of lumber is down. When the production of lumber is down, Oregon is down. That is the reason I support the amendment offered by the Senator from Oklahoma. It seeks to lower interest rates so that more new housing starts may be undertaken throughout the Nation.

It is my understanding that about 5 years ago the total interest charge on a $5,000 home, financed with a standard FHA mortgage which ran for a period of 20 or 25 years, was approximately $10,400. Today, that interest charge will total approximately $15,600, or a sum greater than the cost of the house itself. In other words, the home buyer will pay more for the rental of the money than he will pay for all the labor, all the lumber, all the plywod, all the paint, all the bricks, all the lighting fixtures, and even the real property on which the house is built.

I should like to echo some words spoken in the Senate yesterday by the able senior Senator from California [Mr. KNOWLAND], when he called attention to the fact that only the San Francisco District of the Federal Reserve Board had not gone along with the lowering of the rediscount rate. I ask unanimous consent to have printed at this point in the RECORD a telegram which I have sent to Hon. William McChesney Martin, Jr., Chairman of the Board of Governors of the Federal Reserve Board, urging that he use his influence to see to it that the San Francisco Federal Reserve District adhere to the national policy in lowering the rediscount rate. I do this especially because the Pacific Northwest is a part of the San Francisco district, and because the Pacific Northwest has suffered so cruelly and grimly as a result of high-interest rates and what that has done to residential construction.

I am pleased that the distinguished Senator from California, the minority leader, called this to our attention yesterday. It is my hope that the San Francisco District of the Federal Reserve Board will follow what is now the prevailing policy of the Federal Reserve Board, although it comes very belatedly, in bringing about a lowering of the rediscount rate.

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

WASHINGTON, D. C., *March 12, 1958.*

Hon. WILLIAM MCCHESNEY MARTIN, Jr.,
Chairman, Board of Governors,
Federal Reserve Board,
Washington, D. C.:

It is my understanding that Federal Reserve Bank of San Francisco is only district in Nation which has not followed lead of the Board of Governors of Federal Reserve in lowering rediscount rate. In view of fact that Pacific Northwest is under San Francisco district, I feel this policy highly unwise. Northwest is suffering from highest rate of insured unemployment in United States. Much of this stems from adverse impact of high interest rates on both residential and commercial construction, with resulting adverse effect on northwest lumber industry. Urge you and your fellow governors to use all possible influence to have San Francisco Federal Reserve District adhere to national policy of lowering rediscount rate to member banks. Kind regards.

DICK NEUBERGER,
United States Senator.

Mr. NEUBERGER. Mr. President, I realize that time is limited. I do not desire to presume upon the patience of my colleagues any further, except to summarize very briefly.

The Pacific Northwest, which formerly was one of the most prosperous areas in the entire Nation, today is in the grip of a depression. What is a recession elsewhere is a depression in the Northwest. I have cited the figures showing that even though there is very grave, disturbing unemployment in other States, the three major States of the Pacific Northwest, Oregon, Washington, and Montana, have the highest ratio of insured unemployment of any of the 48 States. This is an unenviable distinction. It stems from the depression in the lumber industry. What has happened in the lumber industry is the direct result of high rates of interest which make it prohibitive for average families to build or buy homes, because residential construction takes about 75 percent of the softwood saw timber which is produced in the Pacific Northwest.

Ever since I came to the Senate early in 1955, I have been trying to emphasize and stress to my colleagues the adverse effect of the economic policies of this administration on my State and my region. I have culled from the newsletters entitled "Washington Calling," which Mrs. Neuberger and I publish, some of the warnings that we have cited from time to time about what was happening in our State. I conclude this brief presentation in support of the amendment offered by the junior Senator from Oklahoma by asking unanimous consent that there be printed in the RECORD particular items contained in our news letters, which stress what has happened to the lumber industry and the economy of the Pacific Northwest, and how high interest rates, as well as the diminution of low-cost Federal power projects, have had a direct and very unfavorable result on economic conditions in the Pacific Northwest.

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

[From Washington Calling of June 1955]

TAX REDUCTION AN ECONOMIC STIMULANT

(By Richard and Maurine Neuberger)

A great deal of self-serving talk is emanating from high places in the administration over recklessness of income tax cuts. A glance backward shows that on the eve of the 1954 elections, the ranking Republican member of the Senate Finance Committee himself proposed a $20 tax credit for each taxpayer. It wasn't as fair as the Democratic proposal made at this session, but it was along the same general lines. Republicans in the Senate favored the 1954 cut by a margin of 46 to 1, but there was then no charge of "irresponsibility" coming down from the administration.

There is ample reason for belief that the $20 tax cut, giving more take-home pay to every family, would benefit our economy. Average families would spend the money for such necessities as food, clothing, medical care, transportation, shelter, and a modest portion for recreation. This boost to consumption would stimulate the economy at a time when—as we in Oregon know from bitter experience—we do not have full em-

ployment and full use of the productive capacity of agriculture and industry.

[From Washington Calling of July 1955]

POWER RATES—OREGON'S FUTURE

(By Richard and Maurine Neuberger)

This was the page-one headline in America's leading daily newspaper, the New York Times, when the Hoover Commission submitted its report on water power and natural resources: "Hoover unit asks a rate increase in Federal power."

The headline points up the goal of the whole Republican attack on public power. That goal is the end of the low-cost power yardstick. When that goal is reached, Oregon can expect no more industries which use electric power for fuel. Our one great advantage in creating new payrolls will be forever at an end.

[From Washington Calling of August 1955]

BUBBLE ON THE BOOM?

(By Richard and Maurine Neuberger)

Times are good in most parts of the United States. This unquestionably helps the administration in office. A depression would help politically the party out of power, which is the Democratic Party. But we do not want a depression, of course. We are citizens first, Democrats second. No good American desires partisan advantage at the expense of his country.

That is why we are somewhat disturbed over a few of the manifestations of the boom. Commercial bank loans expanded by about $1 billion during the first half of the year. Real estate loans by commercial banks climbed a further $1.3 billion. Consumer debt in the United States has ascended to a new all-time high in our history of $31.6 billion. How high can the rocket soar? Are we overextended?

Even Secretary of the Treasury Humphrey has warned that "we believe at this time of great prosperity, all of us should exercise self-restraint in the use of public or private credit." Of course, the Secretary has not necessarily followed his own advice. I sat on the Public Works Committee while he urged upon us a highway bond issue which would have provided $11.5 billion in interest for banks, just to spend about $18.5 billion on roads.

We trust that the prosperity continues. We want the boom to go on. But we do not want the boom and bust of the Hoover era, and so we believe the danger signals should be watched carefully.

[From Washington Calling of May 1956]

IN DOLLARS AND CENTS

(By Richard and Maurine Neuberger)

City people read of the "farm depression" and think this is merely political oratory. Let's look at Fayette County, leading agricultural area in Ohio.

In 1953, the first year of the Eisenhower administration, the price of hogs was $21.65 per hundredweight. This dropped to $14.95 by 1955. The cash income of the county from hogs alone has dropped $2,640,000 per year since Eisenhower took office. Bank deposits in the county have not gone up during the time the Republicans have occupied the White House, although in nearby cities all bank figures are up enormously.

The New York Times reports that the leading attorney in Fayette County recently made out the income-tax returns for 73 farmers. "Only 11 of them had made enough money in 1955 to pay any income tax—and this in a county which is first in income per farm in the State," it added.

[From Washington Calling of October 1956]

HOW MUCH PROSPERITY FOR OREGON?

(By Richard and Maurine Neuberger)

In 1952 average per capita incomes of Americans stood at $1,727 annually. That in Oregon was $1,824, or nearly $100 higher than the national average.

In 1956, average per capita incomes of Americans stand at $1,915. That in Oregon is now $1,905, or $10 less than the national average.

This, in a nutshell, summarizes what has happened to Oregon economically in recent years. On December 31, 1952, each person in Oregon enjoyed an annual income $97 above the national level; now, as the year 1956 draws to an end, the annual income for each person in Oregon is $10 less than the national average.

When we consider that per capita income is averaged for every man, woman and child, this is a staggering loss in Oregon's wealth. It amounts to $107 multiplied by the 1,620,000 inhabitants in our State.

Between 1952 and 1956, per capita incomes in the country as a whole rose 10.9 percent, but in Oregon they rose a mere 4.4 percent—hardly enough to offset the simultaneous rise in the cost of living under the Eisenhower administration. We failed to keep pace. Neighboring California, by contrast, was just about even with the national rate: 10.2 percent upward.

Of course, Oregon relies preponderantly for prosperity and progress on timber, agriculture and expansion of our hydroelectric power system, all of which are greatly affected by Federal policies and legislation.

[From Washington Calling of March 1957]

HOW TO REVIVE OREGON'S ECONOMY

(By Richard and Maurine Neuberger)

Many letters come through the mail asking for our specific proposals as to how to halt the decline in Oregon incomes. This is the program which we presented through the columns of the Oregonian 3 months ago:

1. Revive the low-cost Federal hydroelectric-power system.

2. Repeal the 3 percent government tax on freight shipments.

3. Prevent monopolization of Federal timber stumpage by a few big absentee companies.

4. End the "hard-money" policy which chokes off credit, housing and lumber sales.

5. Promote Federal aid to schools, to help alleviate the financial crisis in Oregon educational support.

There are other ideas, of course, but these are some which seem the most feasible and practical.

[From Washington Calling of April 1957]

BEHIND THE CUTBACK IN LUMBER

(By Richard and Maurine Neuberger)

Numerous Oregon communities are feeling painfully the slowdown in lumber orders. Behind this looms the curtailment in housing. And behind the housing curtailment is the Eisenhower administration. Read this column by John G. Forrest, business editor of a famous pro-Eisenhower paper, the New York Times:

"The administration did take a small step toward reducing spending. Housing appropriations will be cut by one-third, or $200 million. Home building is already in somewhat of a slump. The spring season has gotten off to its poorest start in 8 years. The Labor Department has reported that new building starts had fallen to an annual rate of 910,000 homes. This is the first time in 5 years that starts have dropped below 1 million a year. Moreover, the prospect for reversal of the trend is far from encouraging.

"The National Association of Home Builders blames the housing lag on tight money. And there are no indications yet that the Federal Reserve plans to lighten its money-market restraints."

[From Washington Calling of July 1957]

OREGON'S URGENT NEED: PAYROLLS AND JOBS

(By Richard and Maurine Neuberger)

My mail, my personal contacts with people from home, the statistics cascading across my desk—all demonstrate one thing: Oregon desperately requires year-round payrolls for an economic revival.

That is why I have introduced an amendment to the Bonneville preference clause to make possible a higher priority for industrial uses of power. My amendment would assure the Oregon State Power Agency (if created by the voters next year) of low-cost energy on a preference basis, which could be offered to attract industrial customers to Oregon. Another objective stated in my amendment is to maintain fair geographic distribution of Columbia River kilowatts. This would enable Oregon to compete for manufacturing power loads with States which might otherwise receive a disproportionately large share of BPA power.

Of course, the success of any such proposal is dependent upon an adequate power supply. We must try to recover from the 3-year delay caused at John Day Dam by the ill-fated partnership scheme. We must try to recover from the administration's abandonment of the high dam at Hells Canyon. We must try to recover from the inability to reach an agreement with Canada for beneficial storage on the upper Columbia. One group of politically and selfishly motivated people caused all this loss of precious time.

Power for industry is my purpose. If given a choice, I believe it is less important to use low-cost kilowatts for roasting turkeys and lighting TV sets than it is to use them for jobs, so that Oregon families can buy turkeys and TV sets. When a great ceremony was held recently to herald the coming of St. Lawrence Seaway power to the major industrial State of this Nation, Robert Moses, of the New York Power Authority, said that it is "the primary function of power to attract industry and that, in the truest sense, is the way to benefit the family as the individual consumer."

[From Washington Calling of September 1957]

WHY HARD MONEY IS A HARD POLICY

(By Richard and Maurine Neuberger)

Many of our readers ask why high interest rates are so burdensome. An example will explain vividly why the economic policies of this administration prove adverse for the average family.

The cost of borrowing $15,000 at 5 percent interest, on a typical home mortgage, is $8,760! Thus the home buyer pays a total of $23,760—yet only 64 percent of his money goes for lumber or bricks or labor or plastering or light fixtures or the lot on which the dwelling stands. More than 36 percent of his total expenditure has been the fee paid for the advance use of $15,000. That is why every hike in the prevailing rate of interest saddles the home buying family with higher costs, just like the old man of the sea weighed down the shoulders of poor Sinbad the Sailor.

[From Washington Calling of January 1958]

WHAT'S HAPPENING TO OREGON?

(By Richard and Maurine Neuberger)

The condition of a State's unemployment reserves tells a good deal about a State's payrolls and economic health. Here is what

has been happening to the reserve funds in the Oregon State Unemployment Compensation Commission treasury since the White House changed hands 5 years ago:

	Million
1952	$76.9
1953	72.8
1954	61.2
1955	55.8
1956	53.9
1957	46.1

What lies ahead?

[From Washington Calling of February 1958]

THE TRUTH ABOUT OREGON'S RECESSION

(By Richard and Maurine Neuberger)

Several Oregon bankers and business leaders, more interested in politics than in business, have tried to make partisan capital out of the current unemployment crisis. Happily, not all bankers are in this sorry category. These are the opening paragraphs in a story in the Oregon Statesman of January 8:

"A slowdown in home construction in the United States caused mainly by tight money was blamed yesterday for bringing on Oregon's economic slump. H. M. Phillips, vice president and investment director of the First National Bank of Portland, spoke to members of Salem Kiwanis Club on Oregon—Today and Tomorrow.

" 'Home construction accounts for three-quarters of Oregon's lumber output and less construction means less lumber sold,' he said. 'National fiscal policy, as expressed by the Federal Reserve System, and the high debt level have tightened credit and made home financing more difficult and more unattractive to investors,' he said."

We congratulate Mr. H. M. Phillips upon being one Oregon banker who has the candor to talk economics instead of politics, in analyzing what has happened to our State.

[From Washington Calling of February 1958]

GOVERNOR MILLS AND HIGH INTEREST RATES

(By Richard and Maurine Neuberger)

When former Portland banker Abbot L. Mills came up for reappointment to the Federal Reserve Board, I felt I should ask him about the disastrous impact of tight money on the economy of the State where both he and I were born and raised. After all, Mr. Mills is the only person from the Western district of the Federal Reserve System among the Governors of the Board, and it is in this district where much of the economic misery has been concentrated. In December, Oregon topped the Nation in its unemployment rate, Montana was next and Washington State third.

Because Governor Mills is a member of the Board's committee specializing in economic growth and stability, I asked him if he thought the high interest rates decreed by the Board had contributed to the growth and stability of Oregon. Governor Mills conceded that our home State was suffering from adverse conditions, but he said he was on the Board as a national member and not from any one region. He also defended the Board's tight-money program as essential to controlling inflation.

However, Senator DOUGLAS, of Illinois, and PROXMIRE, of Wisconsin, emphasized to Governor Mills that inflation had not been controlled. They cited the fact that prices had continued to soar during the regime of high interest rates, and that the price rise actually had been the steepest in our peacetime history. Although not entirely satisfied with some of Governor Mills' replies, I made no effort to block his confirmation by the Senate because I regard him as a man of integrity and good character. I think the weapon of rejecting a nominee should not be used recklessly or indiscriminately.

Yet high interest rates are not to be taken with indifference. Of every $1 which each of us will pay in Federal taxes this year, 11 cents will go to meet interest on the national debt. You have heard President Eisenhower and his advisors complaining about sums spent on veterans' benefits, on social-welfare programs, on farm bounties. Yet the Treasury's interest bill is $2.9 billion more than that expended for veterans' welfare, $3.3 billion more than the cost of all farm programs, and over double the budgeted sums for all labor and welfare programs, even including those on medical research and the country's health. Interest cost on the national debt has risen $1.2 billion since 1953. Thus, a smaller part of each tax dollar goes to pay for actual Government service; a larger part to those who lend money to the Government through bonds and notes. That's what tight money means to taxpayers—less service, higher cost.

[From Washington Calling of January 13, 1957]

AS ANOTHER YEAR DAWNS FOR THE UNITED STATES OF AMERICA

(By Richard and Maurine Neuberger)

These are some of the fundamental issues which must be faced by the administration and Congress during 1958:

1. How to restore the prestige and influence of the United States throughout the world.

2. How to bring back full employment in the United States and particularly in the Pacific Northwest, the hardest-hit region of all economically.

3. How to make available to American schools and colleges some fair and reasonable measure of financial assistance and encouragement from the Federal Government.

4. How to prevent the waste and dissipation of America's natural resources, now taking place at a fearful rate.

5. How to strengthen social security so that men and women in their later years are liberated from constant financial pressure, especially with respect to hospital bills.

6. How to plug such tax loopholes as the 27½ percent depletion allowance, by which vast oil empires are allowed to pay a lower rate of taxation than the humblest wage earner.

7. How to end the Republican-fostered imbalance in our economy, under which farm income has dropped 17 percent during the past 5 years while banking profits have soared nearly 26 percent.

8. How to bring about full granting of civil rights for our colored citizens in all 48 States of the Union.

9. How to extend reciprocal trade, which is one of the best hopes for continued existence of a Free World alliance—an alliance now torn by many stresses and strains.

10. How to provide more Government support for basic medical research, which might lead to an answer to the terrible riddle of cancer and other grim diseases plaguing the human race all over the globe.

The second session of the 85th Congress will not begin to solve all these pressing problems; nor will the Eisenhower administration, which has demonstrated an alarming lack of leadership and vision. But if even a start is made in the right direction, there will be some hope for the future.

[From Washington Calling of November 25, 1957]

WHO KILLED COCK ROBIN?

(By Richard and Maurine Neuberger)

On November 16, when the GOP administration at last moved reluctantly to relax slightly the pinch of tight money, the Oregonian declared editorially: "The wood products industry of the Northwest is a prime example of an industry depressed by a building slowdown caused by high interest and diminished credit."

Of course, the Oregonian is 100 percent correct in this statement. And is this not exactly and precisely what we have been contending in Washington Calling over the past 2½ years? Yet how many local Republican politicians in Oregon have been filling the press and the air with cries that the lumber recession was due not to tight money but to Oregon's need for a sales tax?

Perhaps the flat statement by the Oregonian that high interest and diminished credit are at the root of lumber's difficulties may finally silence these people. After all, northern California and Washington State have shared in the lumber adversity, and they are areas which have been under sales-tax systems for a long time.

This is not to claim that Oregon's present State tax system is perfect—far from it. But it is not the tax system which has our State flat on its back economically today. It is (1) tight money and (2) no more low-cost Bonneville power. And both policies stem straight from the GOP national administration and no place else.

[From Washington Calling of January 20, 1958]

THE GRIM ECONOMIC DECLINE IN OREGON

(By Richard and Maurine Neuberger)

As Maurine and I traveled through Oregon this fall, we knew we were residents of a State in crisis. We talked with families out of work, with county officials worrying about rising welfare costs, with lumber operators who had shut their mills, with retailers unable to move their merchandise, with phone-company executives preoccupied with ripping out present connections rather than installing new ones.

And, everywhere, people asked us: "Why has this happened?"

Oregon, alas, is virtually a one-industry State. That industry is lumber. It relies mainly on housing to sell its product. When housing is up, lumber is up—and vice versa. Today housing is down. The tight-money policy of the present administration has choked it. When Mr. Truman left the White House, the prevailing total interest bill on a $15,000 home was $10,400; now it is $15,616 or more than the actual cost of the dwelling itself.

On January 6 the New York Times published its authoritative National Economic Review, awaited eagerly by business leaders throughout the world. Here is what it said of the year 1957: "For the first time since 1940, fewer than 1 million privately built dwelling units were started. About 975,000 starts were recorded, well below the 1,093,000 private starts in 1956 and the 1,352,000 private starts in the peak year of 1950."

Oregon has been hardest hit of Pacific seaboard States because it is most dependent on lumber. But not Oregon alone is caught, despite the shabby effort of some Portland bankers and realtors to make a political issue of their fellow citizens' economic distress. The Times headline in the National Economic Review ran: "West Coast Stumbles After a Long Advance—Aircraft Suffer—Northwest Injured by Lumber Cutback."

Mr. NEUBERGER. I thank my distinguished friend from Oklahoma for yielding me the time to make these brief remarks in support of his amendment.

Mr. MONRONEY. I thank the distinguished Senator from Oregon for his very clear portrayal of what the tight money policy has done to one of the great areas of the Nation.

Mr. President, how much time remains to me?

The PRESIDING OFFICER. The Senator from Oklahoma has 15 minutes.

Mr. MONRONEY. I yield 10 minutes to the distinguished junior Senator from Pennsylvania.

Mr. CLARK. Mr. President, no one could have heard the debate on the amendment of the distinguished Senator from Oklahoma during the course of the day without being not only instructed, but also entertained. It is rare that such undiluted partisanship has flowed across the aisle, at least in my brief tenure as a Senator.

Mr. President, I address myself to the purpose of the amendment, and shall discuss whether, if it be adopted, it will result in the building of more or fewer houses for veterans. I am confident that my good friends on the opposite side of the aisle are just as much interested in having more houses built as a result of the bill as I am as my colleagues on this side of the aisle are. There can be no partisanship about that.

I think the fact that the bill was reported to the Senate with such strong support on both sides of the aisle, with respect to almost all its features, indicates that the Senate as a whole is quite prepared to rise above partisanship in connection with the proposed legislation.

Very briefly, I shall state why, in my judgment, the adoption of the amendment sponsored by the Senator from Oklahoma will result in the building of more houses at an earlier time than if the amendment shall be defeated. I think we can all agree—at least, I hope we can—that in the United States we do not have a free money market, but an administered money market. The Federal Reserve Board was established for the specific purpose of administering the money market in the interest of the overall economy. I, for one, have no strong criticism of the Federal Reserve Board, or its distinguished Chairman, Mr. Martin, who I think, on the whole, has done an excellent job.

But there is another phase of the administration of the money market. Because of the large accumulations of capital which are controlled by small groups of individuals and corporations—as in the steel industry and in the automobile industry—there can be a long lag between a diminution of demand and a decrease in prices. So, in the money market, too, particularly in the mortgage money market, a similar situation will occur.

Mr. President, I believe we have only to look at the record to see that the interest rate has come down in the most extraordinary and rapid way.

I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, an article entitled "Treasury Bills Sold at 1.532 Percent Yield, Up From Last Week's Rate," which was published in the Wall Street Journal on yesterday. I also ask unanimous consent to have printed at this point in the RECORD a table showing the interest rate on Treasury bills during the last 5 months.

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

BOND MARKETS—TREASURY BILLS SOLD AT 1.532-PERCENT YIELD, UP FROM LAST WEEK'S RATE

WASHINGTON.—The Treasury's short-term borrowing costs for the second week in a row edged up from their 3-year low.

The latest issue of 91-day bills was sold for a price equivalent to an average yield of 1.532 percent. Last week, a similar issue drew a rate of 1.351 percent, which was up from the 3-year low of 1.202 percent announced February 24.

Department experts saw nothing unusual in the rise. They noted corporations are getting ready to pay their taxes, due March 15, and apparently did not buy many bills this week.

Accepted bids on the latest issue ranged from a high of 99.660 (1.345 percent), to a low of 99.609 (1.547 percent), and an average price of 996.613 (1.532 percent). Of the amount bid for at the low price, 3 percent was accepted, the Treasury said.

Applications for the issue aggregated $2,436,867,000. The Treasury accepted $1,700,377,000, including $312,155,000 offered on a noncompetitive basis and accepted in full at the average price.

These bills are dated March 13, and mature June 12.

Interest rate—3-month Treasury bills

	Percent
1956:	
October	3.591
November	3.337
December	3.102
1957:	
January	2.598
February	1.812
Current	1.532

Source: Council of Economic Advisers.

Mr. CLARK. Mr. President, this table reveals that the interest rate on Treasury bills declined from a high in October of 3.591 to a rate, this week, of 1.532 percent. This is the most precipitous decline in interest rates in the history of the Nation.

Comparably, Mr. President, the rate of yield of United States Government taxable bonds, on high-grade municipals, on corporate AAA bonds, on corporate BBB bonds has also declined. But the mortgage market is lagging behind, and it is doing so because a relatively small number of mortgage lenders are able to hold up the interest rate long after the general money market has loosened.

Now we come to the key question in this debate: Will holding the VA housing interest rate at 4½ percent help break the logjam, the capital strike in the mortgage market, and thereby bring down the interest rates on mortgages quicker; or, as my friends, the Senator from Connecticut and the Senator from Indiana, contend, will the result be that no mortgages at all will be sold, because the interest rate will be too low?

Mr. MONRONEY. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. CLARK. I am glad to yield.

Mr. MONRONEY. Does what the Senator from Pennsylvania has said illustrate the wisdom of the theory of throwing the baby off the sleigh, to the wolves? Or if the baby is thrown to the wolves, will the result merely be that the wolves will return, all the hungrier?

Mr. CLARK. Certainly the latter is the case; and I thank the Senator from Oklahoma for his contribution to the debate.

Mr. PROXMIRE. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. CLARK. I am glad to yield.

Mr. PROXMIRE. Mr. President, the point made by the Senator from Pennsylvania is the key point or question in the debate.

The members of the minority have ignored the point that time is all important in connection with keeping down the interest rates.

In that connection, I shall refer to testimony which was taken last week.

John C. Williamson, director of the National Association of Real Estate Boards, stated—page 89—that—

Realtors throughout the United States are reporting a marked easing of the residential mortgage market for FHA insured mortgages.

Mr. Robert E. Scott, president of the R. E. Scott Mortgage Co., reported—page 90:

Savings and commercial banks, life companies, savings and loans and mortgage companies all competing aggressively for mortgage loans on residential properties in New Jersey. Supply of money substantially exceeds demand as result, interest rates on conventional loans discounts on FHA–VA loans have been steadily dropping for 3 months.

Mr. Danie Brown, of Alberquerque, N. Mex., reported:

Residential mortgage money completely adequate in this area.

Mr. George J. Pipe, of Detroit, Mich., stated:

Investment funds here are seeking mortgage loans.

Others in other sections of the country report the same easing of the mortgage market. Surely now would be a poor time to raise interest rates.

I should also like to point out that the Administrator of FNMA, Mr. Baughman, said:

Under our secondary market operations, since the market has changed in the last few months—in fact, within the last 4 or 5 weeks—we are now selling mortgages. At the present time we have approximately $70 million under contract for sale.

The point is that within a few more weeks the interest rate will come down, unless the Senate acts to peg the interest rate and keep it high.

Mr. CLARK. I thank the Senator from Wisconsin.

Mr. President, I should like to add a reference to an article entitled "New 3 Percent Treasury Bonds To Raise $1,250,000,000 Oversubscribed Fivefold," which was published in the Wall Street Journal of March 5, 1958. I ask unanimous consent to have the article printed at this point in the RECORD, as a part of my remarks.

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

NEW 3 PERCENT TREASURY BONDS TO RAISE $1,250,000,000 OVERSUBSCRIBED FIVEFOLD

WASHINGTON.—The Treasury's offer of a new 3-percent bond to raise $1,250,000,000 in cash was oversubscribed by more than five times, the Department reported.

Subscriptions for the 8-year, 5½-month bond totaled $6,715,000,000, according to reports thus far from Federal Reserve banks.

Treasury officials were pleased with the outcome of the financing. Earlier, the Department said it expected the bond to be particularly attractive to banks. Officials said the preliminary figures on the results indicated that roughly half of the subscriptions came from banks.

The bond was offered publicly last Friday, the day after a one-half percentage point cut in Federal Reserve member bank reserve requirements took effect for the biggest banks. The Federal Reserve Board, in announcing the cut in the percentage of their demand deposits banks would be required to keep on reserve, said this move would free some $500 million directly, which would be a potential increase of $3 billion in the bank's lending power as the released reserve dollars made their way through the banking system.

One requirement in the offering, put in to curb possible speculation, was that nonbank subscribers put on deposit 15 percent of their subscriptions. Treasury officials said it was too early to tell for sure, but believed this helped curb any speculation in the issue.

The Treasury announced a 20-percent allotment on subscriptions in excess of $10,000 with subscriptions for $10,000 or less to be allotted in full. Subscriptions for more than $10,000 will be allotted not less than that amount.

In addition to the amount allotted to the public, the Department said, $100 million of the bonds will be allotted to Government investment accounts. Full details of the allotments and subscriptions will be announced when final reports are received from the banks, the Treasury said.

The Department is expected to go into the money market again next month for a substantial amount of cash, perhaps $3 billion to $4 billion.

Mr. CLARK. Mr. President, what does the article mean? It means that at a 3 percent rate of interest, those who had $6,715,000,000 of private funds were ready to buy Federal bonds at 3 percent. But only $1,250,000,000 of them were expected to be sold. In other words, the issue was oversubscribed fivefold. Thus, at the 3 percent rate of today, the private money market had ready for investment $5,465,000,000 more than had been anticipated.

Again I point out that the question may be one of judgment. However, my judgment causes me to believe that in view of all the money in the market, seeking investment, and with the FNMA selling its mortgages so quickly, adequate mortgage money is available, and that it will be available at the present rate of interest; and soon the termination of discount controls, which this bill requires—which I regret—will result in a little flexibility to tide us over for a few weeks, if that is needed.

One of the best reasons for supporting the amendment of the Senator from Oklahoma is that it will get into the market more loans and better loans than would be the case if the interest rate were increased or raised.

For that reason—not because of any philosophical position as to whether the Republicans were correct in regard to the tight-money, high-interest-rate issue, but because I believe that if the interest rate is pegged where it is today, more houses will be built for the people who need them, whereas fewer houses would be built if the interest rates were increased in the way our Republican friends would like to see them increase—I shall support the amendment of the Senator from Oklahoma.

Mr. MONRONEY. Mr. President, I yield 2 minutes to the distinguished Senator from Oregon [Mr. MORSE].

Mr. MORSE. Mr. President, I am going to discuss a subject of special interest to my State—the housing industry. In my request last night and again now I join my colleague [Mr. NEUBERGER] in opposition to increased interest rates. The health of Oregon's economy depends to a great extent upon the vitality of home construction. When housing is in a slump, as it has been for the past several years, Oregon is in a slump.

The housing industry is to Oregon what the automobile industry is to Michigan, what the steel industry is to Pennsylvania, and what the citrus fruit industry is to Florida.

A sick housing industry not only affects these families in Oregon who wish to buy a home, but it affects most all Oregon citizens as well, due to the major role that the lumber industry plays in our State's economy.

I do not have to tell the people of Oregon how serious the present situation is. Our State is suffering more than most. It was bad enough when we had to cope with a sagging housing industry, but now that it is coupled with the sharp downturn in the whole economy, the position of Oregon is made even worse.

The Labor Department reports that last year private housing starts totaled less than 1 million for the first time since 1949. This was a drop of 10 percent from 1956 and a drop of 24 percent from 1955. Within 2 years, in other words, private housing starts fell from 1,300,000 to 990,000. Is it any wonder that the economy of our State has suffered so greatly?

The question naturally comes to mind of why there should be such a drastic decline in home construction. There are millions of families who want and need homes. The population is steadily rising. Many large families have outgrown their present dwellings. And yet, fewer and fewer homes are being built.

The answer is really quite simple. It can be given in two words—"tight money." I have spoken to you many times these last 5 years on the dangers to the economy in the tight-money policies of this administration. As long ago as February of 1953, only a few days after it took office, I spoke out against its announced fiscal policies because they were designed to make credit harder to obtain and to raise interest rates. I warned then that such policies were not in the best interest of the country and that their ultimate effect would be to hold back its economic growth. And that is just what has happened.

The tight-money policies have jeopardized small business by making it ever more difficult for independent businessmen to obtain the credit they need to grow. They have given big business even a greater advantage over small competitors. This has been reflected in record profits for big business at a time when small business has seen its profits shrink. Tight money has resulted in the largest rate of business failures in 18 years. And no segment of business has been harder hit by tight money than the home-construction industry.

As a result of these policies, the interest payments of business, consumers, home buyers, and local, State, and Federal Government have increased by $11 billions in 5 years' time—an increase of 58 percent.

And who has benefited? The bankers, of course. This past year bank profits after taxes totaled $1,169,000,000. No wonder the bankers support this administration. It has given them a 41-percent rise in profits in 5 years, and that is not bad by anyone's standards.

With interest rates soaring, the banks and other lending institutions lost interest in making housing loans. FHA and GI home loans fell off sharply as interest rates rose to new heights. There were too many other more profitable places to invest money at higher rates of return. As a result, hundreds of thousands of American families of modest means simply could not obtain GI and FHA home loans. Unless a family could make a downpayment of several thousands of dollars, it could not even obtain a conventional loan. This meant that many potential buyers had to give up their dream of a new home. In the past 2 years, FHA home loans have fallen by 39 percent and GI loans by 67 percent. Is it any wonder that the housing industry is in trouble?

But despite the chaos in the housing industry and the national disgrace of not having a construction program to meet the growing needs of our people, what did the administration offer as a solution? It offered just what the bankers wanted—higher interest rates. This was the administration's answer to the housing crisis. Remove the interest-rate ceiling on GI loans so that money lenders can charge veterans a higher rate of interest; raise the interest rates on FHA loans for military, rental, and cooperative housing; and kill the GI loan program, despite the fact that some 9 million veterans have not yet used their GI benefits. That was the administration proposal.

I call it interest-rate leapfrog. It is a very neat trick to further line the pockets of financial institutions. But it is not the right answer—either economically or morally—to provide decent housing for the American people.

This housing bill is vital to the construction industry of our country. It is a housing bill designed to build an additional 200,000 private homes this very year. I would like to describe briefly the provisions of this housing bill.

First, the Senate bill overrides the objections of the administration, and extends GI mortgage guaranty and direct-loan program for another 2 years.

I strongly favored this extension, as the GI home-loan program has been a main bulwark of the housing industry.

The Senate bill also reduces the down-payment requirements on FHA-backed home loans. It provides an extra $300 million for direct loans to veterans and $50 million for military housing. It creates in the Federal National Mortgage Association a new special assistance fund of $1 billion to buy FHA- and GI-backed mortgages which will release additional private funds for making FHA and GI loans.

This housing bill will put new life into the housing industry. It will be a shot in the arm for our State's economy and for the lumber industry, in particular. As would be expected, the administration opposed the bill on the ground that we do not need it. Another example of its stand-pat thinking.

I am joining with the able Senator from Oklahoma [Mr. MONRONEY], and with several other Senators in opposing a section of the bill as reported out of committee which would raise GI interest rates from 4½ to 4¾ percent, and also raise from 4 to 4½ percent the interest rate on FHA-insured and Government-guaranteed mortgages on military housing. It is my position that at the very time when interest rates are finally dropping, it would be inexcusable for the Senate to boost them again and thereby hand over to the moneylenders additional millions in interest from veterans and military personnel. Raising interest rates would simply mean that more of a veteran's monthly mortgage payments would go for interest and less into the house itself. Perhaps he would buy a smaller house, or none at all.

There are over 9 million World War II veterans who have not yet exercised their entitlement to obtain a home through the medium of VA home mortgage financing. If only 2 million of them exercise their right, the committee bill would extract an additional $600 million in interest costs alone from these veterans. That is why I oppose increasing interest rates.

Amazing as it may seem, a rise in the interest rate of only one-fourth percent on an average-sized GI mortgage that is paid off in the average time of 12½ years means an additional $300 in interest payments alone. So when we talk about one-fourth percent rise in interest rates we are not talking about pennies or about peanuts. This is the reason why the administration is so insistent on boosting the GI interest rates. It knows what this means in cold, hard cash to its loyal banker allies who will reap the benefits.

In conclusion, I want to say again that this housing measure is a major step to end the recession. And in particular, for our State of Oregon it will serve as a prompt boost to the construction industry and to our lumber industry.

It is but the first of many steps which Congress must take to end the recession that has resulted from the administration's sorry fiscal and monetary policies. It is quite apparent that the administration itself is not going to take the kind of bold and imaginative action needed to stem the business decline. The administration has had its chance to act and has not done so. Congress must not sit by and wait for the President to act. Americans cannot afford at this crucial time in history to suffer another depression.

Mr. President, I hope the Monroney amendment will be agreed to, and that the Senate will keep faith with the GI's and the military personnel, because I believe that any increase in the interest rates at this time of spreading depression would be unjustified.

Mr. MONRONEY. I deeply appreciate the splendid speech made by the Senator from Oregon, and I also appreciate the speech he made last night. He has done much to help us in our effort.

Mr. President, I yield the remainder of my time, which is 3 minutes, to the Senator from Wisconsin, who is also a cosponsor of the amendment.

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

Mr. PROXMIRE. Mr. President, I should like to point out that one of the greatest puzzles for the American people these days is how in the world prices can be rising when unemployment is increasing and profits are dropping off. Action by the committee providing for an increase in interest rates, it seems to me, provides a large part of the answer.

The action of the committee will result in an increased cost of $730 on a $13,500 mortgage, over a 30-year period. That money will have to come out of the pocket of a veteran and go into the pocket of a moneylender. It will not contribute to bolstering the economy at all. It will increase prices without putting people to work. In fact, in doing so, it will discourage employment and increase unemployment.

I simply say, in conclusion, that the Senator from Utah [Mr. BENNETT] made an excellent statement on the bill. He discussed the issues in the bill. I think it should be made clear to the Senate, however, that there is involved a matter of timing, as the Senator from Oklahoma pointed out. As he indicated on the charts, interest rates have dropped more in the last few weeks than at any other time in history, and it is true that VA rates are bound to follow. It makes no sense for the Senate at this time, of all times, to increase interest rates.

Mr. CAPEHART. Mr. President, I yield 5 minutes to the Senator from Connecticut.

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

Mr. BUSH. Mr. President, I have already expressed myself on the bill at some length. My good friends, both Senators from Oklahoma, have given us an opportunity to develop our views; but I wish to make a few remarks on my own time.

I oppose very strongly the amendment offered by the distinguished junior Senator from Oklahoma. I oppose it for various reasons, but particularly because I think it carries with it the danger of an inflationary potential.

In the bill as reported by the committee there is created an opportunity to provide veterans and other citizens with housing, to stimulate the economy, and to create jobs by the building of homes, all by the use of private funds, the owners of which, as the Senator from Utah [Mr. BENNETT] said, are ready, willing, and able to have them used in this field.

The Monroney amendment, in contrast, may well force an outlay of public funds, running up to $2 billion, because the Monroney amendment provides a pipeline for $2 billion from the Treasury of the United States.

We are very much concerned about unemployment. We are considering many steps to create jobs. However, in attempts to combat unemployment, we must be careful not to create a dangerous, runaway inflationary situation, for which measures such as the Monroney amendment certainly will provide fuel.

The amendment seeks to strike out a section of the bill which resulted from a compromise sponsored by the distinguished Senator from Virginia [Mr. ROBERTSON]. I should like to quote what the Senator from Virginia had to say about the danger of inflation before the Committee on Banking and Currency, and I now read from page 23 of the hearings on the bill:

> I will not say who is trying to get to bat first to relieve this recession, but I remember the race between the *Robert E. Lee* and the *Whippoorwill*. The *Whippoorwill*, you remember, blew up.
>
> And the widow of the fireman of the *Whippoorwill* called her seven children together and said, "Children, one thing sure; your next daddy is going to be a railroad man."
>
> What blew the *Whippoorwill* up was too much fat pine put under the boilers, and it just could not take the steam pressure.
>
> All of us want to do something about this recession because unemployment, much of it seasonal, is reaching serious proportions, 4.5 million. Everybody has some fat pine to put under the boiler.
>
> We are going to put $2 billion of fat pine in the defense program; the revenue is going to be $2 billion less than anticipated. That is $4 billion right there. This bill will add $2 billion of borrowing power for FNMA against the Treasury. There is $6 billion. The morning paper says that Republican leaders say that a tax-cut bill is inevitable, and all estimates are that it will not be less than $5 billion. That is $11 billion of fat pine going to be put under the boiler.
>
> I say: Let us do something about it, but let us not blow the boiler up.

In opposing the Monroney amendment I think we are taking steps to keep the boiler from blowing up, as well as steps to help provide veterans with housing, and in that way create jobs in the housing industry and in the manufacturing industries which supply that field.

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

Mr. KNOWLAND. Mr. President, I yield 5 additional minutes to the Senator from Connecticut.

Mr. BUSH. Mr. President, the bill reported by the committee does not increase interest rates. It merely raises an artificially low ceiling placed on VA loan rates, a ceiling which has dried

up funds and prevented thousands of veterans from taking advantage of this program.

That is why the American Legion supports a loosening of interest rates. That is why it is for the committee bill and is opposed to the Monroney amendment. The bill would permit greater flexibility in rates, and allow interest rates to drop when funds are plentiful and to rise moderately as mortgage money becomes scarcer.

It has been argued that the 4½-percent rate on VA loans should remain unchanged because interest rates are now declining. The fact is that interest rates on mortgages lag behind other interest rates.

If it is desired that more houses be built and that more jobs be created, the committee bill should be supported, and the Monroney amendment should be rejected.

I think the issue is very simple: Do we want to invite our savings institutions and private enterprise to continue to support the VA mortgage program and expand loans for that program or do we want to force taxpayers to pay for it by having the United States Treasury bear the cost, which I believe would be the effect of the Monroney amendment?

Mr. President, in closing I may say that my friends on the other side of the aisle have made a great point about the question of interest rates, and have taken a great many slaps at the administration and at the Federal Reserve Board. I repeat my challenge. If they are sincere in a desire to do something about the matter, the way to do it is to introduce a bill to amend the Federal Reserve Act. If they really mean business they can do that. If they come forward with that kind of a proposal, I predict they will receive a very cold reception.

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

Mr. MONRONEY. Mr. President——

The PRESIDING OFFICER. The time allotted to the Senator from Oklahoma has expired.

Mr. JOHNSON of Texas. Mr. President, I yield the Senator from Oklahoma 1 minute on the bill.

Mr. MONRONEY. In answer to the statement of the distinguished Senator from Connecticut that the American Legion has come out in favor of higher interest rates for GI housing, I am sure the Senator is aware that the Veterans of Foreign Wars and the AMVETS have come out against an interest-rate increase.

I should like to say there is no pipeline into the United States Treasury on an FNMA operation. It is the most secure investment one can make when one buys mortgages insured by the Federal Government.

I say to Senators that any idea this bill will not raise interest rates is a complete fallacy and wishful thinking, because every time we grant the right to raise interest rates they are raised. The bill as reported would increase the rates by one-half of 1 percent, or would provide a 16 percent increase in the interest on Capehart housing, which is as secure as a Government bond. It would increase the rate on GI housing, so that the total increase over the period of the 30 years of the anticipated sales would be $775 million, simply because we are so afraid that the private lenders will not buy mortgages, which they were buying at the old rate.

Mr. President, I ask Senators to support the amendment.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, communicated to the Senate the intelligence of the death of Hon. JOHN J. DEMPSEY, late a Representative from the State of New Mexico, and transmitted the resolutions of the House thereon.

ACCELERATION OF CIVIL CONSTRUCTION PROGRAMS

Mr. JOHNSON of Texas. Mr. President, earlier in the day we entered into an agreement to call up for consideration at any time during the debate Senate Concurrent Resolution 68. I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Senate Concurrent Resolution 68.

The PRESIDING OFFICER (Mr. CLARK in the chair). The concurrent resolution will be read by title for the information of the Senate.

The CHIEF CLERK. A resolution (S. Con. Res. 68) favoring the acceleration of civil construction programs for which appropriations have been made.

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, which had been reported from the Committee on Public Works with amendments, on page 1, line 2, after the word "substantial", to strike out "and growing"; in line 3, after the word "since", to strike out "many" and insert "some"; in line 4, after the word "are", to strike out "either"; in line 5, after the word "idle", to strike out "or" and insert "and many are", and in the same line, after the word "partially", to strike out "occupied" and insert "utilized"; at the beginning of line 6, to strike out "there is a clear danger involved in"; in line 7, after the word "unchecked", to strike out "until it becomes unmanageable and unresponsive to even a maximum effort" and insert "makes it less responsive"; on page 2, line 1, after the word "to", to strike out "take"; and after line 13, to insert:

The Congress commends the President and the executive agencies for such action as they have taken to accelerate these programs.

So as to make the concurrent resolution read:

Resolved by the Senate (the House of Representatives concurring), That since there is substantial unemployment in many areas of the country; since some of the productive facilities of our economy are idle and many are only partially utilized; since permitting an economic downturn to continue unchecked makes it less responsive to corrective action; and since there are many authorized and urgently needed civil construction projects for which substantial appropriations have already been made;

It is hereby declared to be the sense of the Congress that all such construction programs for which funds have been appropriated should be accelerated to the greatest practicable extent so as to achieve the desirable objectives of reducing unemployment, putting our productive facilities to fuller use, and moving forward the date of completion of these projects which will contribute greatly to enhanced national productivity and continued economic growth and prosperity.

The Congress commends the President and the executive agencies for such action as they have taken to accelerate these programs.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the time for consideration of Senate Concurrent Resolution 68 and all amendments thereto be limited to 10 minutes for each side, to be controlled by the minority leader and majority leader, respectively.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? Without objection, it is so ordered.

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

Mr. JOHNSON of Texas. I yield.

Mr. HOLLAND. What is the subject matter?

Mr. JOHNSON of Texas. The concurrent resolution, submitted by the Senator from Texas and other Senators, which has now been considered and reported by the Committee on Public Works, and relates to an acceleration of civil construction programs for which appropriations have been made.

Mr. President, I yield myself 5 minutes.

Mr. President, the resolution before us today represents the first step in an urgently needed program of action.

These are serious days for America. The headlines shriek the news of 5,200,000 American working men and women who are jobless.

We are not here to indulge in academic debate as to the future of our economy. Neither dark forebodings nor rosy forecasts will put people to work.

The need of the hour is action—and action is precisely what we hope to accomplish with this resolution.

This resolution would express the feeling of Congress that it will support the administration in speeding up to the greatest extent practicable the civil works projects which have already been authorized and for which funds have been appropriated.

There is a companion resolution which I hope will be before us later this week. It expresses the same Congressional intent with regard to military construction projects.

Mr. President, this resolution comes before us with solid and substantial backing.

It bears the names of 66 Senators.

It expresses a philosophy which has been well stated in a report of the Joint Congressional Economic Committee.

The President has already acted to accelerate some projects.

I believe we should make it clear that, as far as we are concerned, he will have

our backing in using the fullest resources of his office to combat the specter of unemployment.

We all recognize that this resolution is only the beginning of a beginning. There is some $4 billion that could be covered by this resolution, and about $3.1 billion in the companion resolution.

These are the unexpended balances from appropriations for civil and military construction as of January 1, 1958.

But even though it is only a beginning, we must start somewhere. We cannot remain indifferent to the shocking news that came to us yesterday.

This resolution does not involve 1 cent of new money or one comma of new authority. It merely says that we will take the projects which we have already approved, and for which we have already provided money, and urge that the projects be constructed a little sooner and the money spent a little faster.

At this point, we do not know just how many of the projects can be accelerated. I have been informed that the Army Engineers could spend an extra $150 million by October 1 out of the $1 billion of the appropriation that they control.

This would mean jobs for 35,000 people. That might not appear to make a serious dent in the 5,200,000 unemployed. But it will make an important difference to 35,000 American men and women who otherwise must depend on unemployment funds—and perhaps even relief—for food, clothing, and shelter. But that example of 35,000 can be multiplied a number of times.

Furthermore, it would mean orders for steel, orders for cement, and orders for all the materials that go into construction. And one of the greatest pockets of unemployment is in the steel industry.

Mr. President, I would like to point out that not only is it good humanity to accelerate these projects at this time, it is good economic sense. This point was made—and well made—by the report of our Joint Economic Committee issued on February 27. The committee said:

> Outlays for development of the Nation's water resources, including navigation and flood control, water and soil conservation and reclamation command a high priority. These programs have great merit in the present circumstances, both for the immediate employment opportunities they create and because of their contribution to long-run economic development. Similarly, expanded grants to accelerate the Federal-aid highway program, stepped-up urban renewal programs, programs for needed public buildings such as post offices, the revision of present public and private housing programs to meet the accumulated backlog and demands of our expanding population, and a higher level of participation by the Federal Government for additions to the Nation's school and health plant would stimulate economic activity and contribute to long-run growth.

We are proceeding as rapidly as we can to consider new legislation which would create jobs. Before this session has ended, there will be a housing bill, a road bill, and, I hope, a public works agency to engage in some long-term planning and to be ready to go into action in the event the situation becomes worse.

I do not think that the situation will become worse. I think that Congress and the Executive will cooperate to put our people back on payrolls for productive work.

But even though I do not expect my house to burn down, I carry an insurance policy on it. And I count the cost of the premium as money well spent.

Mr. President, it is time that we face up to the situation and make the decisions that must be made. Five million two hundred thousand men and women unemployed is not just a figure. It is a human tragedy to which we cannot be indifferent.

We have to meet the problem in all of its aspects. We must act as soon as we can to open up new channels of credit for small business so it can survive. We must act as quickly as we can to give our farmers some assurance that they will not be driven to the wall.

I hope and anticipate that we will have action on agriculture this week. I hope and anticipate that we will hold early hearings on small-business credit and act as quickly as possible.

There have been some who have suggested a tax cut as an antirecession remedy. The suggestion will, of course, receive the serious consideration of serious men.

I have not come to any conclusion on this question. I do not consider this a time in which we should be bound by hard and fast theories nor should we say that one form of action rules out another.

There is only one worthwhile objective which should be firmly before us. It is to put 5,200,000 men and women back to work.

These working men and women must now depend on unemployment compensation. To this they have contributed out of their wages in more fortunate days.

But they are rapidly exhausting their benefits. The fund—unless it is to become a charity proposition—cannot stand the drain indefinitely.

And when unemployment compensation is exhausted, proud and upright American citizens must depend upon sources of income to which they have made no contribution.

Mr. President, Americans do not want something for nothing. America is a Nation that has achieved strength because its people are willing and eager to work.

The projects in this bill would add to the total wealth of America. We lose nothing by speeding up the dates upon which they will be ready. But we gain something very important and very vital—increased self-respect by Americans who want to work.

Mr. President, this resolution forthrightly commends the President of the United States for the action he has taken already. It may be that in the days that lie ahead he will want to take even more action. He should not have to hesitate to determine the Congressional will. It should be made apparent now and I hope that my colleagues on both sides of the aisle will embrace this resolution, support it, and send it to the House for concurrence.

Mr. JOHNSON of Texas subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD, immediately following my previous statement on the concurrent resolution, a letter which I wrote to Secretary of Defense Neil H. McElroy on February 19, in which I recommended that he consider "the immediate adoption of a policy of accelerating the completion dates of each authorized construction project in the military establishment located in areas where there is substantial unemployment." I also ask unanimous consent to have printed at this point in the RECORD the reply I received to that letter, the reply being dated March 6. It was delivered to me on March 7. The letter is signed by Donald A. Quarles, Deputy Secretary of Defense. In the letter Mr. Quarles makes the following significant statement:

> I wish to thank you for your recent suggestion that this Department accelerate the completion dates of authorized construction projects located in areas where there is substantial unemployment.
>
> Of course, our overriding aim in management of the defense program must be to do those things that will contribute the most to our national security. Nevertheless, we are fully alert to the economic implications of the program. In this regard, it is significant that the rate of contract placement for major procurement and construction during the last 6 months of the current fiscal year will be more than 50 percent greater than the comparable rate during the first 6 months of the fiscal year.

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

FEBRUARY 19, 1958.

Hon. NEIL H. MCELROY,
Secretary of Defense,
Washington, D. C.

MY DEAR MR. SECRETARY: Upon reflection and study, I have reached the conclusion that it is possible to accomplish two very desirable results by a single action within the capabilities of the Department of Defense. The present economic recession has temporarily idled many of our country's workers and much of its resources.

I should like to recommend for your consideration the immediate adoption of a policy of accelerating the completion dates of each authorized construction project in the Military Establishment located in areas where there is substantial unemployment. I hope that this suggestion can receive your immediate consideration and I shall be very pleased to discuss it with you and to receive your reactions and comments at any time.

Sincerely,

LYNDON B. JOHNSON.

THE SECRETARY OF DEFENSE,
Washington, March 6, 1958.

Hon. LYNDON B. JOHNSON,
United States Senate.

DEAR SENATOR JOHNSON: I wish to thank you for your recent suggestion that this Department accelerate the completion dates of authorized construction projects located in areas where there is substantial unemployment.

Of course, our overriding aim in management of the defense program must be to do those things that will contribute the most to our national security. Nevertheless, we are fully alert to the economic implications of the program. In this regard, it is significant that the rate of contract placement for major procurement and construction during the last 6 months of the current fiscal year will be more than 50 percent greater than the comparable rate during the first 6 months of the fiscal year. This substantial increase

during the months ahead will unquestionably provide a desirable impetus to the economy. Moreover, the effect of this increase will extend beyond the end of the current fiscal year, as defense contractors translate the increase in their order backlogs into procurement from their own subcontractors and suppliers and into employment of labor.

With reference to your specific suggestion, we have checked our construction program and find that there are approximately $450 million of projects currently authorized and funded which will involve construction within the labor-market radius of cities that have been designated as areas of substantial labor surplus by the Department of Labor. Construction of these projects is being initiated as expeditiously as possible. We are also exploring the feasibility of accelerating construction projects already under way in labor surplus areas without increasing the total cost to the Government.

Sincerely yours,

DONALD A. QUARLES, *Deputy.*

Mr. JOHNSON of Texas. Mr. President, I also ask unanimous consent to have printed in the body of the RECORD, immediately following my previous remarks, a letter which I wrote to the Director of the Bureau of the Budget, the Honorable Percival F. Brundage, on August 30, 1957, and the reply he made to that letter.

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

AUGUST 30, 1957.

Hon. PERCIVAL F. BRUNDAGE,
Director, Bureau of the Budget,
Washington, D. C.

DEAR MR. BRUNDAGE: I am deeply concerned about the practice of the Bureau of the Budget of controlling, through the apportionment procedure, the expenditure of funds appropriated by the Congress.

Prior to passage of the public-works appropriation bill this year, the Public Works Subcommittee of the Senate Appropriations Committee heard 1,132 witnesses in 40 sessions. The committee reported a bill that passed the Senate with only one dissenting vote. The bill thus may be conservatively said to represent the will of the Congress.

Yet a letter over your signature to the Secretary of the Army, under date of June 28, 1957, suggests that a portion of the funds appropriated by the Congress for construction projects by the Corps of Army Engineers will be placed in budgetary reserve by the Bureau of the Budget.

The Congress has consistently refused to grant the President the item veto of appropriation bills. The item veto has never been granted to the Bureau of the Budget. But in the implementation of your letter, referred to above, the Chief of Engineers has ordered delays in starting new contracts wherever possible, and requests for apportionment are to be held to 75 percent of available funds or accompanied by a list of deferrable items that will bring the request down to the level of 75 percent.

I request a report from you as to the authority by which such action, overriding the will of Congress, is taken.

I request that in the report you cite the source of the power you have assumed to postpone beyond a year a project for which the first step was being taken.

Sincerely yours,

LYNDON B. JOHNSON.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., September 10, 1958.

Hon. LYNDON B. JOHNSON,
United States Senate,
Washington, D. C.

MY DEAR SENATOR JOHNSON: This is in response to your letter of August 30, 1957, in which you state that you are deeply concerned about the practice of the Bureau of the Budget controlling, through the apportionment procedure, the expenditure of funds appropriated by the Congress. You state that my letter of June 28, 1957, to the Secretary of the Army suggests that a portion of the funds appropriated for construction projects of the Corps of Engineers will be placed in budgetary reserve by the Bureau of the Budget, and you request a report as to the authority by which such action is taken.

At the outset, I want to make it clear that my letter of June 28 did not relate to the function of the Director of the Bureau of the Budget to make apportionments and establish budgetary reserves. As the letter plainly states, its purpose was to convey to the agency head the instructions of the President with regard to action to be taken by the agency head. The opening sentences of the letter read as follows:

"The President has requested that all agencies in the executive branch keep the rates of commitments, obligations, and expenditures for fiscal year 1958 at or below the level for the fiscal year 1957, to the extent feasible, and that I inform you of the necessary procedures for achieving this purpose. This task can best be accomplished by positive action on the part of each agency head. The apportionment and allotment system offers an existing administrative channel for each agency head to accomplish these purposes. * * *"

The fiscal situation is such that careful management will be required—particularly during the next few months before heavier tax receipts can be expected—to keep Government borrowings within the statutory limitation on the national debt. It was for this reason that the President directed the issuance of the instructions which were transmitted to the Secretary of the Army by my letter of June 28, 1957, and similar instructions which I conveyed to the heads of other major agencies by other letters of the same date.

As you know, the appropriations to the Corps of Engineers referred to in your letter are available until expended—that is, amounts which are appropriated for 1 fiscal year but not obligated or expended in that fiscal year remain available for obligation and expenditure in subsequent fiscal years for the purpose for which they were appropriated. These are lump sum appropriations providing for many individual projects, and substantial unobligated balances are carried forward each year from the preceding fiscal year, due to inability to initiate construction on approved projects, slippages in progress of construction, completion of projects at a lower cost than originally estimated, and so forth. For example, the unobligated balance on July 1, 1957, in the appropriation "Construction, general, Corps of Engineers," is reported by the corps as being in excess of $2 million.

The apportionment requests for the Corps of Engineers have been received only recently and we have not yet completed their analysis. However, the President's instructions contemplate that some projects might be deferred until later in the fiscal year 1958, others might be deferred until the fiscal year 1959, and others might not be prosecuted as rapidly as might otherwise have been the case. This does not represent a determination that these projects should not ultimately be carried out as contemplated by the appropriation act; it simply means that they will be prosecuted only as rapidly as is permitted by a proper regard for the Government's overall fiscal situation.

I am aware, of course, that the item veto has not been granted to the Bureau of the Budget, as your letter points out. Nor has it been granted to the President. I am sure you will agree, however, that the President should not permit operations under these or other appropriations to continue at full speed without regard to the effect of such action upon the Government's ability to keep borrowings within the statutory limitation of the national debt.

Under the provisions of the Antideficiency Act (sec. 3679 of the Revised Statutes, as amended), I am required to apportion all appropriations granted without fiscal year limitation—such as those referred to in your letter—so as "to achieve the most effective and economical use thereof." I am authorized to establish reserves "to provide for contingencies, or to effect savings whenever savings are made possible by or through changes in requirements, greater efficiency of operations, or other developments subsequent to the date on which such appropriation was made available." In considering the requests submitted by the agency for apportionment of the appropriations for the Corps of Engineers I shall, of course, be guided by these provisions.

Sincerely yours,

PERCIVAL F. BRUNDAGE, *Director.*

Mr. STENNIS subsequently said: Mr. President, without causing alarm, we must face the fact that a serious economic situation confronts our Nation today.

Any time more than 5.1 million people who are both able and willing to work are unable to find jobs in the United States, the situation is serious. This has not caused panic, and it should not, but it has brought forth positive, constructive proposals for increasing job opportunities in a number of badly needed public works projects by advancing earlier schedules for completion.

Something must be done now to offset what can be a snowballing downward trend in production, employment, and income.

We want no leaf-raking or other make-work program. I feel strongly that this is the time to accelerate work on many necessary and economical public works projects presently authorized by law, and which have been recommended for years by responsible agencies for completion. Approval has been given on the bases of need, merit, and ultimate national benefit, but they have been delayed thus far because of the lack of necessary funds. Where money is necessary to get these constructive and useful projects moving, I advocate the necessary appropriations and spending.

The situation facing our Nation has been presented largely from the urban, industrial point of view. In my State, during February, there has been an increase of 27 percent in the ranks of the unemployed nonagricultural workers over the figure for the same month of 1956, and an increase of 14 percent over that for February of last year. The situation is growing steadily worse.

There is another side of this picture which is of equal importance and concern. This includes the agricultural problems and those attendant on an agricultural economy. By starting many local projects and providing some type of employment for people in as many different areas of the country as possible, the farm community may be able to hold on until a new long-range positive agricultural program has been designed to solve many farm problems.

The farm economy situation is serious. In my own State of Mississippi, private farm income derived from crops dropped from $425 million in 1956 to $270 million

in 1957—a drop of 36 percent in 1 year—Soil Bank payments for the same period amounted to only $17 million.

Total Mississippi private farm income decreased from $591 million in 1956 to $450 million in 1957. This is a drop in income of over 23 percent.

Present conditions require that immediate steps be taken to put men to work on needed public-works projects until the readjustment of farm economy and other factors in America improve the opportunities for private employment.

Typical projects which from personal knowledge I feel could be advocated for special treatment in my section at this time are:

First. Public buildings: Both Federal office buildings and post offices are authorized under existing law and the number of projects undertaken depends mainly on the leadership of the administration and the willingness of Congress to appropriate necessary funds—or authorize long-term lease-purchase agreements. It is in this specific area, where projects have been approved for years but passed over because of the lack of funds, that the great bulk of the activity in a new Federal program could be readily undertaken. In the area of public buildings, it would be highly desirable if the administration would follow a course of geographical uniformity in giving the green light to these projects. Every State needs modern Federal buildings and post offices.

Second. Roads: Where the States are ready, work should rapidly proceed to modernize our highways. In pushing this program to relieve our clogged arterial routes, we should not ignore the need for an adequate secondary and farm to market road system. Our highways and local road systems generally have not kept pace with modern traffic needs and further delay is both unnecessary and costly.

Third. Flood control: Flood-control work in the Mississippi River Valley is of paramount importance to the local economy, welfare, and protection of the people who face the greatest dangers of inundation from rampaging spring floods.

The Army Engineers, working with the levee boards and other local interests, have made great progress in developing a constructive and effective flood-control program. However, the growth of our agricultural and industrial economy has been so rapid in the Mississippi River Valley area that an expanded program and a more rapid rate of progress are most desirable. Specifically, in Mississippi more work is needed on the following projects affecting the Mississippi River and its tributaries:

(a) On the main stem: Mississippi River levees, bank-stabilization program, Memphis Harbor project, Vicksburg Harbor project, and the Old River control.

(b) Off the main stem in the Yazoo Basin: The lower auxiliary channel project, Yazoo tributary projects, and the Big Sunflower River control project.

In the same area work needs to be done on the Tombigbee River channel project.

All these projects should be pushed at the maximum economic rate if our water and land resources are to be fully utilized.

Fourth. Hill-Burton Act—hospital program: This vital program which has meant so much to the health and welfare of all our people is actually scheduled to expire this year. It must be continued; it should be greatly strengthened. We cannot ignore the need for adequate hospital facilities so vital to many communities. My efforts in the Appropriations Committee have, for the last 6 years, been directed to making adequate funds available for this necessary and humanitarian program.

Fifth. National Guard armories: The Department of Defense has given top priority to the construction of five National Guard armories in Mississippi for fiscal year 1958. I am urging the Department of Defense to approve early construction and make funds available for these facilities at the earliest possible date, and that this program be expanded so that badly needed National Guard facilities will be available in future years.

Sixth. The airport program: Along with the growing need for more adequate highways and local roads is the parallel and equally important need for adequate airport facilities to meet the requirements of modern commercial aviation. Expanding industry throughout the South makes adequate air transportation urgent.

Seventh. Military construction: As chairman of the Real Estate Subcommittee of the Senate Armed Services Committee, I am urging the military departments to speed up work on projects in progress and to begin work on those approved. I have been following closely the progress on projects under construction in my State, and feel that there have been unnecessary delays in the past which I hope will not be repeated in the future. Adequate funds are available for these programs, so there is little excuse for prolonged delay.

Eighth. Natchez Trace Parkway: This project was authorized in 1933 and actual work was undertaken in 1935. For 23 years it has been held to a slow pace by limited appropriations. By increasing available funds, this beautiful historic and necessary parkway could be brought to early completion and use. I am urging that construction work be speeded up on this long-standing and highly desirable undertaking.

Ninth. Tennessee-Tombigbee Waterway: This much needed inland navigation facility would provide a closer and good slack water route between the Tennessee River and the gulf. Navigation tonnage on the Tennessee River has been steadily increasing, and this new channel would provide a great stimulus to industry not only in the immediate Tennessee Valley but also in all points directly affected by the waterway. Beneficial results would flow to the whole southeastern section of our country. The latest report of the Corps of Engineers on expected benefits and feasibility of the projects is expected by June 30 of this year. The Rivers and Harbors Act of 1946 authorized the Tennessee-Tombigbee Waterway, but Congress has not appropriated necessary funds.

The waterway will make a lasting contribution to the southern economy, and I strongly believe that this project is fully justified, as I did when I urged our Appropriations Committee in 1956 to include $160,000 needed for the resurvey of the project, which is presently being concluded.

These programs certainly cannot be criticized as leaf-raking programs. Each of them will result in permanent and much needed improvements, will provide lasting benefits to the communities and the Nation. If they are carried into effect early enough, they can make some future leaf-raking program unnecessary.

I urge the administration to furnish the leadership for an extensive public works program of this type and put it in operation before the economic recession has gained such speed that it cannot be checked. An ounce of prevention is worth a pound of cure, and now is the time for prevention.

Mr. JOHNSON of Texas. Mr. President, I ask that the yeas and nays be ordered on the concurrent resolution now pending.

The PRESIDING OFFICER. The yeas and nays have been requested. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The pending business before the Senate is S. Con. Res. 68. The Senate is operating under a unanimous-consent agreement which allots 10 minutes for each side, of which the majority leader has used 5 minutes.

Mr. KNOWLAND. Mr. President——

The PRESIDING OFFICER. The Chair recognizes the Senator from California.

Mr. KNOWLAND. Mr. President, I yield to myself 1 or 2 minutes.

Mr. President, I shall support Senate Concurrent Resolution 68 in the form in which it has been reported to the Senate.

In the situation which is confronting the country I believe that both the executive branch of the Government and the legislative branch have an obligation to work together in trying to find a solution for the common problems which affect the Nation. As in a time of national emergency or in a time of war we do not divide on narrow partisan lines, in times of economic stress I think we should look at the problem from the standpoint of what is best for America and not what is best for a partisan political interest.

It is in this spirit that I believe the committee, by an overwhelming vote on the part of the membership of both parties, has reported the concurrent resolution to the Senate; and on that basis I shall support it.

I now yield 8 minutes to the Senator from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. President, I defer to the chairman of the committee [Mr. CHAVEZ].

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes to the Senator from New Mexico.

Mr. CHAVEZ. Mr. President, yesterday, the Senate Public Works Committee reported Senate Concurrent Resolution

68. This resolution which was introduced by the majority leader is designed to encourage the use of funds which have been appropriated in accelerating construction work or other type of work which will provide useful employment and which will reduce the unemployment in our country.

There are in excess of 5 million men and women in our country who are unemployed today. Many of our industrial and manufacturing plants are idle or are only operating on a part-time schedule. The steel industry is operating at about half capacity. Railroads are reducing their operations. Mining, lumbering, and many other industries are operating on reduced schedules.

The Congress has always been ready and willing to take prompt and proper action in granting authority and making appropriations to meet critical situations. However, after such appropriations are made it is up to the executive branch to put the programs into action.

There is a large backlog of authorized projects available. There is also a large amount of appropriations available which the Public Works Committee believes should be used to accelerate the programs which will result in prompt employment of many people. The resolution requires no additional authority; however, it does admonish and urge the executive branch to release funds and to proceed with all vigor in carrying out works which will help to relieve the unemployment in this great Nation of ours.

So concerned was the subcommittee about this subject matter that, as stated by the Senator from California, the subcommittee unanimously reported to the full committee day before yesterday. Yesterday, March 11, the full committee reported the concurrent resolution to the Senate. The committee action was completed within 2 days after the subcommittee started to work.

I feel that not only the subcommittee, but the full committee, realized the seriousness of the situation, and hence acted promptly.

I wish to thank not only the members of the subcommittee, but the members of the full committee for their fine cooperation.

Mr. KNOWLAND. Mr. President, I yield 8 minutes to the Senator from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. President, I yield 1 minute to the Senator from West Virginia [Mr. REVERCOMB].

Mr. REVERCOMB. Mr. President, I shall heartily support the concurrent resolution, as I did when it was first submitted to the Senate.

I think the concurrent resolution declares very clearly the purpose of the Congress in proceeding as promptly as possible with the works for which appropriations have already been made.

Furthermore, I think the concurrent resolution shows a great sense of fairness in commending the President for the action which was taken even before the submission of the concurrent resolution.

Personally, I know that steps have been taken to release appropriated moneys for the purposes for which they were appropriated.

So I come here today to join my colleagues in adopting the concurrent resolution declaring it to be the purpose of the Congress to proceed in this important field.

Mr. CASE of South Dakota. Mr. President, as has been indicated, the Senate Committee on Public Works acted promptly upon the concurrent resolution which was referred to it. It was submitted by its author, the distinguished majority leader [Mr. JOHNSON of Texas], and his statement was largely supported by a table which listed the civil public works and the military construction, and gave a summary of the unexpended and unobligated balances.

Inasmuch as it has been impossible to have the hearings printed by this time, and since only one or two copies are available, I ask unanimous consent that the table which was submitted by the Senator from Texas at the conclusion of his statement be incorporated in the RECORD.

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

Civil public works and military construction—Summary of unexpended and unobligated balances as of Dec. 31, 1957

	Unexpended balance Dec. 31, 1957	Unobligated balance Dec. 31, 1957
Legislative	$143,738,427	$131,048,157
Independent offices	1,857,688,383	918,264,892
Agriculture	67,422,385	47,304,522
Commerce	449,946,000	267,473,000
Defense:		
Military	3,188,690,000	2,071,360,000
Civil	376,359,698	260,698,428
Health, Education, and Welfare	613,705,939	262,996,441
Interior	305,674,935	198,755,956
Justice	1,930,252	1,066,212
Post Office	32,073,569	6,871,619
State	77,700,000	23,200,000
Treasury	2,976,576	2,238,027
District of Columbia	46,418,100	46,418,100
Total	7,164,324,264	4,237,695,354

Mr. CASE of South Dakota. An examination of the tables submitted as the hearings developed yesterday indicated that there was some misunderstanding about the so-called backlog of projects. There was a total of approximately $7 billion worth of military and civil works projects with respect to which appropriations had not been expended as of the last of December 1957, the end of the first half of this fiscal year. However, of that amount $3 billion had been obligated, so that the unobligated figure for both civil and military projects combined totaled $4 billion.

Of the $4 billion figure of unobligated money, about half was military and half civil works, or approximately $2 billion for each.

Of that half, a considerable part classed as civil works projects did not consist of projects within the purview of the Public Works Committee. Let me illustrate: Tennessee Valley Authority, $23 million; St. Lawrence Seaway, $34 million; Smithsonian, $34 million; legislative branch of the Government, $131 million.

Of the $131 million, $40 million was for the expansion of the Capitol; $84 million was for the additional House Office Building; $2.8 million for the new power plant for the Capitol, and $3.7 million for the new Senate Office Building, or a total of $131 million for the legislative branch, which was proceeding without any action by the executive branch of the Government.

The figure for the Civil Aeronautics Authority was $200 million; and the Department of Health, Education, and Welfare had a large portion of the money. Approximately $750 million, or 10 percent of the total of $7 billion, consisted of loan funds of the Department of Health, Education, and Welfare, of which $613 million was for loans to college housing authorities. A substantial portion of that sum had been obligated. The rate of expenditure of that money is controlled by the college housing authorities themselves, and not by the Government.

Next we considered the agencies with which the Public Works Committee dealt. The largest of those was the Corps of Engineers. General Itschner testified that in the latter part of January of this year he was advised that the reserve, or the expenditure ceiling, would be lifted so far as the Corps of Engineers was concerned.

On the 28th of February he sent word to some of those in the field, and all the funds for the civil works of the Corps of Engineers were released from reserve on March 3, which was Monday of last week, several days before the concurrent resolution we are now considering was submitted to the Senate.

That was the largest single item before the committee. All the funds of the Corps of Engineers were taken out of reserve before the concurrent resolution came to the Senate.

The Corps of Engineers expects to spend this year about $700 million, which will be the largest amount of money the Corps of Engineers has ever expended. We understand that a supplementary request will be submitted for $125 million additional appropriations for the Engineers. That is for the fiscal year 1959.

So the expenditure for 1959 will go up proportionately, and the expenditure for 1960 and 1961 will be higher; but all of them will be well above the ceiling for maximum expenditures by the Corps of Engineers for any previous year.

The committee then proceeded to consider other agencies, such as the soil conservation projects of the Soil Conservation Service; the Forest Service; and the Bureau of Reclamation.

The only funds we found to be still in reserve and not released, were some small funds in the Bureau of Reclamation with respect to which Mr. Dominy testified. He said they were in reserve because repayment contracts had not been worked out on the projects. There was also about $2 million more in the National Park Service. In that case a reserve was being held because of some local conditions. For instance, plans had not been approved for some hospitals in the Indian Service.

Actually the committee was unable to find any sizable amount which was still held in reserve.

Why was there an expenditure ceiling?

Mr. Merriam, of the Bureau of the Budget, testified that on the 27th of June of last year, when it was apparent that Congress was not going to raise the debt ceiling, a letter was addressed to the heads of agencies, asking them to try to hold expenditures within the level of expenditures in the fiscal year then ending, fiscal year 1957. This was necessary because the Treasury did not have the elbow room it needed to handle large expenditures in excess of revenue coming in, and the Treasury did not have any borrowing room. In the fall, Mr. Merriam testified, the Treasury situation was so close that at one time the Treasury had only $350 million below the debt ceiling. Had there been a snow storm, or if the inflowing revenue to the Federal Treasury had been delayed as much as 2 days, the debt ceiling would have been exceeded. That is why we had a debt ceiling and an expenditure ceiling during the fall. We had an expenditure ceiling because, the debt ceiling was not raised.

With the anticipation that in this Congress the debt ceiling would be raised, word was sent to the agencies that the expenditure ceiling would be lifted. That is why in January and February of this year they were able to release the funds. Consequently, the committee very properly, I think, on reviewing the whole matter, decided that the resolution should be appropriately amended, and it was amended to make it a little more direct, and also to commend the President and the executive agencies for the action they had taken in releasing these funds.

The PRESIDING OFFICER (Mr. CLARK in the chair). The time of the Senator from South Dakota has expired.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from South Dakota may proceed for an additional 2 minutes.

Mr. COTTON. Mr. President, reserving the right to object to the unanimous consent request, I merely wish to say that as a member of the committee who opposed the resolution in the committee, I regret that because I was faithful in serving on the committee in dealing with the so-called Gore bill, I was not on the floor, and by not being on the floor I was deprived of the opportunity of stating my reasons for opposing the resolution. Having been deprived of the privilege by the unanimous consent agreement which was entered in my absence, because of my service on the committee, and having been unable to obtain the floor on my own time, I merely wish to say that at some future time, after the vote has been taken, I shall express myself more fully and frankly as to my reasons for opposing the resolution than I had intended to do had I been given the time to do so at this time. I do not object to the unanimous consent request of the Senator from South Dakota.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas? Without objection, the Senator from South Dakota may proceed for an additional 2 minutes.

Mr. CASE of South Dakota. In conclusion, I should like to say that I regard the resolution as having served a very useful purpose. It has spotlighted the funds available for obligation. It has brought out the steps which have been taken to remove the roadblocks in the way of spending the funds which Congress had appropriated. The author of the resolution was very emphatic in pointing out to the committee that the resolution dealt with funds already appropriated.

As one illustration of roadblocks which we found had been removed, in the consideration of small watershed balances, the official testifying for the Department of Agriculture said that S. J. Res. 148, which the Senate passed some time ago, prescribing methods of speeding up small watershed projects, had been used and had been helpful in clearing the way for these projects to go ahead.

I also believe that the Forest Service, the General Services Administration, the National Park Service, the Indian Bureau, the Corps of Engineers, all understand now that it is the desire of Congress that they go forward and commit their funds in the days remaining so that the expenditures will achieve the maximum beneficial results in putting people to work.

Mr. JOHNSON of Texas. I yield 3 minutes to the Senator from Oklahoma.

Mr. KERR. I wish to congratulate the Senator from South Dakota on his statement to the effect that in his judgment the resolution has focused the attention of the country, of Congress, and of the executive branch of the Government and its agencies upon the need for acceleration in the expenditure of moneys heretofore appropriated by Congress, which funds have been in part held in reserve under a prudent fiscal policy, and detained on the journey from the Congress to the implementation of the construction projects authorized. I wish to congratulate the minority leader upon his visit to the White House, which brought forth the President's letter of last Saturday, in which he says:

> In recent press conferences I have stressed the point that in the current economic situation, certain kinds of governmental measures, including the acceleration of planned and needed public improvements, can be useful in promoting increased growth of the economy.

Members of the committee who heard a great number of witnesses were impressed by the fact that the Budget Bureau had been holding in reserve substantial sums of money appropriated by Congress, arranging it so that they were not available for expenditure under the authorizations and appropriations for the construction projects.

The resolution is not a crash program. It is not deficit spending. Neither is it meaningless. It represents action. That is what the country needs. That is what the people demand.

I was happy to hear from the Director of the Budget that in the past few weeks, and, indeed, last week, reserves had been released and were being released, to the point where, when he came before the committee, it was evident that practically all the reserves accumulated by administrative action had been released.

I am happy to have a part in commending the President and the executive agencies for such action as they have taken to accelerate these programs. I am happy that the resolution not only commends them for such action as they have taken, but also will be inspirational to them, leading to their taking further and more substantial action.

The PRESIDING OFFICER. All time allotted on the resolution has expired.

Mr. CASE of South Dakota. Mr. President, I ask unanimous consent that an additional 20 minutes be allotted for the discussion, 10 minutes to each side.

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

Mr. KNOWLAND. Mr. President, I suggest the absence of a quroum, and I ask unanimous consent that the time for the quorum call not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. 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. Without objection, it is so ordered.

The Senate is operating under a unanimous-consent agreement to consider Senate Concurrent Resolution 68. By unanimous consent, an additional 20 minutes has been allotted for further discussion, half the time to be controlled by the majority leader, and half by the minority leader.

Mr. KNOWLAND. Mr. President, I yield to the distinguished senior Senator from Pennsylvania [Mr. MARTIN], the ranking minority member of the Committee on Public Works.

Mr. MARTIN of Pennsylvania. Mr. President, I have always favored public works programs during periods of recession. However, we should consider projects which will create as many man-hours of work as can possibly be provided.

I favor the concurrent resolution. As it is now framed, it is highly commendatory of the executive branch of the Government.

The letter of the President, dated last Saturday, discloses that the executive department has a very clear understanding of the situation which confronts the Nation. None of us wants to see out of employment anyone who desires to work. However, we must not forget that the number of people who are becoming employable is increasing by more than 900,000 each year. So the number now unemployed is not at a dangerous level. That does not mean that this is not a good time to construct public works.

Congress should consider the matter of reducing taxes with great caution, because the program of public works will be not only for the moment, but for future years. The work now contemplated by the resolution applies to the future. For that reason, it must not be dangerous to the general economy.

All of us, Democrats and Republicans alike, should remember that during the past few years productivity in the United

States has not kept pace with the increased cost of wages. This is a serious matter. What made America the great economic nation of the world, the country upon which the other nations of the world, economically speaking, are now leaning, was the productivity of the individual American under the free-enterprise system.

I shall vote for the concurrent resolution; but let us bear in mind that we should not engage in the construction of projects which will not be of permanent value to the United States. The building of roads and post offices, the improvement of rivers and harbors, and projects of that kind, will add to the economic assets of the Nation.

I favor the resolution; but let us consider all proposals of this kind with the greatest of care.

Mr. KNOWLAND. Mr. President, I yield to the distinguished junior Senator from New Hampshire.

Mr. COTTON. Mr. President, as a member of the Committee on Public Works, I felt compelled, reluctantly, to vote against the concurrent resolution submitted by the distinguished majority leader. I state most emphatically that in casting that vote I did not intend in any way to reflect upon the complete sincerity of the majority leader in presenting the resolution, and I do not have any quarrel with the members of the committee or with the overwhelming membership of the Senate who, I have no doubt, will vote to adopt it.

However, I feel impelled to state, in the time which has been yielded to me, my reason for opposing the resolution in committee, and the reason why I shall not vote for it in the Senate.

Either the resolution means something or it does not mean anything. If it does not mean anything, then at this particular time, when everyone agrees that we are engaged in psychological warfare to preserve the solvency, the prosperity, the life, and the vigor of the Nation, Congress should not be adopting meaningless resolutions which are mere grandiose gestures.

It has been quite clearly brought out in the debate by the distinguished Senator from South Dakota [Mr. CASE], and brought out rather clearly in the deliberations of the committee, that the resolution, which calls for speeding up the spending of money already authorized and appropriated, affects, as a matter of fact, only a very small sum and would produce very few jobs.

In that case, Mr. President, what does the resolution mean? In the opinion of the Senator from New Hampshire, by means of the resolution, the Congress of the United States would take formal action to tell the people of the United States that the Congress has decided to sound a clarion call that the way to deal with the present situation is to speed up spending. But, Mr. President, speedier spending or faster spending is foolish spending.

Mr. President, I stand ready to vote for a reasonable acceleration of appropriations for our highway program, and certainly we have necessarily accelerated the expenditures for the national defense. Such expenditures mean something. They put money into circulation and they mean jobs.

But I believe that a resolution which simply sounds a call for hurry-up spending is not the kind of medicine we should be giving to the country at this time. It would amount to whipping a horse that already is running, but not giving him any more oats.

If we are to adopt a policy of pump-priming—which I would oppose—then let us meet the issue in manly fashion and decide whether or not to follow such a policy.

Mr. President, even if I were to be the only Member of the Senate to vote against this proposal, I would still vote against it, not because I question the sincerity or the motives of the Senator who submitted the resolution, but because I cannot see how it would result in any material good, and because I rather fear its psychological effect.

Mr. FULBRIGHT. Mr. President——

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes to the distinguished Senator from Arkansas [Mr. FULBRIGHT].

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 2 minutes.

Mr. FULBRIGHT. Mr. President, again I wish to commend the distinguished majority leader for submitting this resolution.

I shall support it because it seems to me that acceleration of our public-works program is the most logical and sensible thing we can do under present conditions.

I am at a loss to understand why to decrease the income taxes of the unemployed would add any substantial benefits either to them or to the country as a whole. With vastly increased expenditures facing the country, tax reduction should not be resorted to until the necessity therefor is more urgent than it now appears to be.

The pending resolution is the proper measure for the Senate to take favorable action on at this time.

I was amazed at the remarks of the Senator from New Hampshire [Mr. COTTON], who said that the pending resolution was similar to a proposal to whip a horse that already was running, but not to give him any oats.

If I correctly understood it, the response the President made the very next day after the resolution was submitted by the majority leader was that the President was in favor of accelerating the public-works programs and that he would take steps to do so. In other words, the President of the United States, the leader of the party to which the Senator from New Hampshire [Mr. COTTON] belongs, accepted the principle of acceleration of the public-works programs as a proper response and a proper step to be taken under the present conditions. So I am unable to understand the remarks the Senator from New Hampshire made in opposition to the principle of acceleration.

I believe that the pending concurrent resolution calls for the sound way to proceed.

The report shows that $8 billion will be available, under such acceleration, and that $4 billion of it will be in the civil construction field. In my State alone, so the Corps of Engineers has informed me, $22.1 million more than is called for in this year's budget could be used effectively on authorized river-development projects.

So I certainly believe the pending concurrent resolution is a wise measure, and that, when agreed to, it will be of immediate benefit to the national economy.

Mr. President, I hope the Senate will agree, by an overwhelming vote, to the pending concurrent resolution.

Mr. JOHNSON of Texas. Mr. President, how much time remains available to each side?

The PRESIDING OFFICER. Seven minutes remain under the control of the Senator from Texas, and 4 minutes remain under the control of the other side.

Mr. HOLLAND. Mr. President——

Mr. JOHNSON of Texas. I yield 5 minutes to the distinguished Senator from Florida.

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

Mr. HOLLAND. Mr. President, I strongly support adoption of the pending concurrent resolution. I do not regard it as a meaningless or an idle gesture.

Mr. President, I am not here to raise any partisan question, because I realize perfectly well that last fall, when there was danger of getting into a situation in which operations would be impossible, because of the level of indebtedness, there was reason for the slowing down of the construction of various projects.

However, I wish to point out what has been the result of slowing down the construction of those projects; and I also wish to point out that the letting of contracts which commit the additional funds now available, under appropriations made for various projects, both in my State and elsewhere in the Nation, means that we are trying to get back to the former tempo of construction, the one under which we were working prior to the time when we had to have that slowing down.

I realize that when a Senator calls for new construction projects in his own State, some persons may think he is thinking only in terms of his own State. However, Mr. President, that is not a fact in this case. I use the projects in my State only to illustrate my point.

Mr. President, by way of such illustration, let me refer to the following:

Last year the Congress made an appropriation of $5,500,000 for the central and southern Florida flood control project. That appropriation was recognized as insufficient; and the Engineers were working toward an appropriation of $10 million, to be included in the budget for the fiscal year 1959.

But as a result of that slowdown, Mr. President, a smaller amount is reflected in the budget for the fiscal year 1959. The amount reflected is $5 million, or just half of what the Engineers were working toward, under the tempo which they believed would result in the construction of the project at an economical rate.

As to the Tampa Harbor project, the appropriation for last year was $2,250,-

000. I have before me a telegram from the district engineer, and the telegram shows what was the expectation for the appropriation for the fiscal year 1959 in order to proceed on the project in an orderly manner—namely, an appropriation of $2,950,000. However, because of the necessity to slow down on the commitment of funds for the fiscal year 1958, the entire project was set back; and the amount included in the budget for the fiscal year 1959 is only $1,150,000, instead of $2,950,000, even though the larger amount could have been spent economically, and can still be spent economically if we resume construction operations at the rate we were working last year.

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

Mr. HOLLAND. Mr. President, will the Senator from Texas yield 1 additional minute to me?

Mr. JOHNSON of Texas. Yes, Mr. President; I yield 1 more minute to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized for 1 additional minute.

Mr. HOLLAND. Mr. President, the third project I shall mention is the East Coast Intracoastal Waterway. The appropriation made for it for this fiscal year was $1,150,000. The engineers had expected to step up the work materially, because it is a project of the greatest importance from the standpoint of the national defense. The Intracoastal Waterway runs along the east coast, where so many tankers and other ships were sunk by submarines during World War II.

But instead of speeding up or stepping up the completion of the project, as a result of the entire slowdown the amount requested for the project in the 1959 budget is only $800,000.

Mr. President, I do not expect projects in my State to be treated differently from projects in other States.

However, Mr. President, I expect the concurrent resolution to be used as a notice that the Congress expects to have a return made to an economical rate of construction of projects such as these highly desirable projects which mean so much to the Nation.

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

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. HOLLAND. I shall be glad to yield if I may do so under the time permitted.

Mr. SALTONSTALL. I yield 1 minute to the Senator from South Dakota.

Mr. CASE of South Dakota. I wish to say to the able Senator from Florida that I think it will be found that many of the projects will have a higher rate of construction under the supplemental request for 1959 of $125 million, which General Itschner stated was needed. That will also entail a larger appropriation for civil functions projects in the succeeding fiscal year. The $700 million level for this year is the highest it has ever been, and it will go to $775 million in fiscal 1959, and $850 million in fiscal 1960.

Mr. HOLLAND. I thank the Senator from South Dakota. I desire to make it clear that what he has said is what I am driving at. We are not in favor of just getting money to work which has already been appropriated. We are anxious to get back to the rate of construction which was prevailing and which was slowed down by the order to reduce work. Unfortunately, as reflected by the smaller amounts in the 1959 budget, it is proposed to spend less than can be economically spent to bring about this accomplishment.

Mr. JOHNSON of Texas. Mr. President, I am prepared to yield back my remaining time, on condition that the acting minority leader will yield back his time.

Mr. SALTONSTALL. Mr. President, I am prepared to yield back my remaining time, unless any Senator wants additional time. I see none who does. Therefore I yield back the remainder of my time.

Mr. JOHNSON of Texas. 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. 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.

All time remaining on the concurrent resolution has been yielded back.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc.

The PRESIDING OFFICER. Is there objection to considering the committee amendments en bloc? The Chair hears none, and the committee amendments will be considered en bloc.

The question is on agreeing to the committee amendments en bloc.

The amendments were agreed to en bloc.

The PRESIDING OFFICER. The question is on agreeing to Senate Concurrent Resolution 68, as amended. 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 Massachusetts [Mr. KENNEDY] is absent because of illness.

The Senator from Montana [Mr. MURRAY] is absent on official business.

I further announce that if present and voting the Senator from Massachusetts [Mr. KENNEDY] and the Senator from Montana [Mr. MURRAY] would each vote "yea."

The result was announced—yeas 93, nays 1, as follows:

YEAS—93

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

NAYS—1

Cotton

NOT VOTING—2

Kennedy Murray

So the concurrent resolution (S. Con. Res. 68) was agreed to.

Mr. LANGER. Mr. President, may we have order, please?

The PRESIDING OFFICER. The Senate will be in order.

STIMULATION OF RESIDENTIAL CONSTRUCTION

The Senate resumed the consideration of the bill (S. 3418) to stimulate residential construction.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on the amendment offered by the Senator from Oklahoma [Mr. MONRONEY].

The yeas and nays were ordered.

DEATH OF REPRESENTATIVE JOHN J. DEMPSEY, OF NEW MEXICO

The PRESIDING OFFICER. The Chair lays before the Senate a resolution from the House of Representatives, which the clerk will read.

The legislative clerk read, as follows:

Resolved, That the House has heard with profound sorrow of the death of the Honorable JOHN J. DEMPSEY, a Representative from the State of New Mexico.

Resolved, That a committee of eight Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect the House do now adjourn.

Mr. CHAVEZ. Mr. President, on behalf of myself and the junior Senator from New Mexico [Mr. ANDERSON], I send to the desk a resolution which I ask to have read, and for which I ask immediate consideration.

Mr. JOHNSON of Texas. May we have order, please, Mr. President.

The PRESIDING OFFICER. The Senate will be in order.

The resolution will be read for the information of the Senate.

The resolution (S. Res. 274) was read, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. JOHN J. DEMPSEY, late a Representative from the State of New Mexico.

Resolved, That a committee of two Senators be appointed by the Presiding Officer to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative, the Senate, at the conclusion of its business today, adjourn until 10 a. m. tomorrow.

The PRESIDING OFFICER. The question is on proceeding to the consideration of the resolution.

The resolution was considered by unanimous consent, and unanimously agreed to.

Under the second resolving clause, the Presiding Officer appointed Mr. CHAVEZ and Mr. ANDERSON as the committee on the part of the Senate to attend the funeral of the deceased Representative.

STIMULATION OF RESIDENTIAL CONSTRUCTION

The Senate resumed the consideration of the bill (S. 3418) to stimulate residential construction.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. MONRONEY] on behalf of himself and other Senators. The opposition has 12 minutes remaining. The time of the affirmative side has expired.

Mr. MONRONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MONRONEY. Does the distinguished Senator from Indiana [Mr. CAPEHART] choose to use any further time?

Mr. CAPEHART. I do not believe so. I wish to say only this: I sincerely hope, in the best interests of housing and employment in the United States, that this amendment will be rejected, and that Senators will support the action of the full committee.

With that statement I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been exhausted or yielded back.

Mr. MONRONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MONRONEY. Inasmuch as some time has elapsed since the beginning of debate on this amendment, I ask the Chair if the following is a correct statement: Senators wishing to continue the GI and Capehart interest rates at their present level should vote "yea" on the amendment.

The PRESIDING OFFICER. That is the understanding of the Chair.

Mr. CAPEHART. Mr. President, all the bill does is to establish a ceiling of 4¾ percent. The President will have to take action to increase the interest rate from 4½ to 4¾ percent. This measure would simply give the President that authority if, in his opinion, it should be done.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. MONRONEY] on behalf of himself and other Senators. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The vote was recapitulated.

Mr. HUMPHREY. Mr. President, how am I recorded?

The PRESIDING OFFICER. The Senator from Minnesota is recorded as having voted in the affirmative.

Mr. McNAMARA. Mr. President, how am I recorded?

The PRESIDING OFFICER. The Senator from Michigan is recorded as having voted in the affirmative.

Mr. LONG. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator from Louisiana will state his point of order.

Mr. LONG. Mr. President, is it in order for a Senator to change his vote at this time?

The PRESIDING OFFICER. It is in order.

Mr. LONG. Will the Chair inform me if I am recorded as having voted in the affirmative?

The PRESIDING OFFICER. Yes; the Senator from Louisiana is recorded as having voted in the affirmative.

Mr. LONG. I thank the Chair.

Mr. KNOWLAND. Mr. President, I request the regular order.

The PRESIDING OFFICER. The regular order has been called for.

Mr. MANSFIELD. I announce that the Senator from Massachusetts [Mr. KENNEDY] is absent because of illness. The Senator from Montana [Mr. MURRAY] is absent on official business.

I further announce that if present and voting, the Senator from Massachusetts [Mr. KENNEDY] and the Senator from Montana [Mr. MURRAY] would each vote "yea."

The result was announced—yeas 47, nays 47, as follows:

YEAS—47

Anderson	Jackson	Neuberger
Bible	Javits	O'Mahoney
Carroll	Johnson, Tex.	Pastore
Chavez	Johnston, S. C.	Proxmire
Church	Kefauver	Revercomb
Clark	Kerr	Russell
Douglas	Langer	Scott
Eastland	Lausche	Smith, Maine
Ervin	Long	Sparkman
Fulbright	Magnuson	Stennis
Gore	Malone	Symington
Green	Mansfield	Talmadge
Hayden	McClellan	Thurmond
Hennings	McNamara	Thye
Hill	Monroney	Yarborough
Humphrey	Morse	

NAYS—47

Aiken	Case, N. J.	Hoblitzell
Allott	Case, S. Dak.	Holland
Barrett	Cooper	Hruska
Beall	Cotton	Ives
Bennett	Curtis	Jenner
Bricker	Dirksen	Knowland
Bridges	Dworshak	Kuchel
Bush	Ellender	Martin, Iowa
Butler	Flanders	Martin, Pa.
Byrd	Frear	Morton
Capehart	Goldwater	Mundt
Carlson	Hickenlooper	Payne
Potter	Schoeppel	Wiley
Purtell	Smathers	Williams
Robertson	Smith, N. J.	Young
Saltonstall	Watkins	

NOT VOTING—2

Kennedy	Murray

So the amendment offered by Mr. MONRONEY, on behalf of himself and other Senators, was rejected.

Mr. CAPEHART. Mr. President, I move to reconsider the vote by which the amendment was rejected.

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

The PRESIDING OFFICER. The question is on the motion of the Senator from California [Mr. KNOWLAND] to lay on the table the motion of the Senator from Indiana [Mr. CAPEHART].

Several Senators requested the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

The vote was recapitulated.

Mr. SPARKMAN. Mr. President, may I ask how I am recorded?

The VICE PRESIDENT. The Senator from Alabama is recorded as voting in the negative.

Mr. HICKENLOOPER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Iowa will state it.

Mr. HICKENLOOPER. What is the result of the vote?

Mr. CAPEHART. Mr. President, I ask for the regular order.

Mr. JOHNSON of Texas. Mr. President, a Senator is en route to the Chamber. It is customary to allow a reasonable time for him to arrive. I hope the Chair will recognize Senators to enable them to inquire how they voted.

Mr. JOHNSTON of South Carolina. Mr. President, I should like to know how I am recorded.

The VICE PRESIDENT. The Senator from South Carolina is recorded as voting in the negative.

Mr. KERR. Mr. President, how am I recorded?

The VICE PRESIDENT. The Senator from Oklahoma is recorded as voting in the negative.

Mr. GORE. Mr. President, am I recorded?

The VICE PRESIDENT. The Senator from Tennessee is recorded.

Mr. GORE. How am I recorded?

The VICE PRESIDENT. The Senator from Tennessee is recorded as voting in the negative.

Mr. MANSFIELD. I announce that the Senator from Massachusetts [Mr. KENNEDY] is absent because of illness.

The Senator from Montana [Mr. MURRAY] is absent on official business.

I further announce that if present and voting, the Senator from Massachusetts [Mr. KENNEDY] and the Senator from Montana [Mr. MURRAY] would each vote "nay."

The yeas and nays resulted—yeas 47, nays 47, as follows:

YEAS—47

Aiken	Bennett	Butler
Allott	Bricker	Byrd
Barrett	Bridges	Capehart
Beall	Bush	Carlson

Case, N. J.	Hoblitzell	Potter
Case, S. Dak.	Holland	Purtell
Cooper	Hruska	Robertson
Cotton	Ives	Saltonstall
Curtis	Jenner	Schoeppel
Dirksen	Knowland	Smathers
Dworshak	Kuchel	Smith, N. J.
Ellender	Martin, Iowa	Watkins
Flanders	Martin, Pa.	Wiley
Frear	Morton	Williams
Goldwater	Mundt	Young
Hickenlooper	Payne	

NAYS—47

Anderson	Jackson	Neuberger
Bible	Javits	O'Mahoney
Carroll	Johnson, Tex.	Pastore
Chavez	Johnston, S. C.	Proxmire
Church	Kefauver	Revercomb
Clark	Kerr	Russell
Douglas	Langer	Scott
Eastland	Lausche	Smith, Maine
Ervin	Long	Sparkman
Fulbright	Magnuson	Stennis
Gore	Malone	Symington
Green	Mansfield	Talmadge
Hayden	McClellan	Thurmond
Hennings	McNamara	Thye
Hill	Monroney	Yarborough
Humphrey	Morse	

NOT VOTING—2

Kennedy	Murray

The VICE PRESIDENT. The result of the vote is 47 yeas and 47 nays. Under the Constitution, the Vice President, having the right to vote in the case of a tie, casts his vote in the affirmative.

So Mr. KNOWLAND's motion to lay on the table was agreed to.

Mr. MORSE subsequently said:

Mr. President, I have been a Member of the Senate 13 years, and I have witnessed some great legislative battles. I wish to say very good naturedly that I do not think in my 13 years I ever witnessed such a symbolic battle as I witnessed this afternoon, when an overwhelming majority of Republicans won the great battle for high interest rates to be imposed on GI's and military personnel. I believe it was particularly symbolic because on one such occasion Vice President Dawes did not get here at all, but our present Vice President got here for half of the battle, and really inflicted the final coup de grace to the cause of low interest rates in America. I think the action will make political history.

Mr. COOPER subsequently said: Mr. President, I may say the official action of the Vice President of the United States, in breaking the tie, needs no comment from this side of the aisle; but inasmuch as a comment has been made, from the other side I should like to say that, as one Member of the Senate, and as a veteran, I think the Vice President of the United States, in casting his vote, as he had the duty to do, cast a vote for the veterans of the United States.

As a veteran, I may say that the amendment offered by the Senator from Oklahoma was not an amendment in the interest of veterans. It was an amendment which appeared to be in their interest, but in reality it was not. I am glad, as a veteran, to have voted for the interest of veterans. I am glad the Vice President, a veteran himself, also had an opportunity to cast a true vote for the veterans.

SPECIAL ELECTIONS AND THE POLITICAL TIDE

Mr. FULBRIGHT. Mr. President, I should like to have the attention of the senior Senator from Connecticut [Mr. BUSH], if I may.

Three days ago I had a brief colloquy with the senior Senator from Connecticut about a supposed plan on the part of the Republican Party not to hold special elections this year. The senior Senator from Connecticut questioned my authority for that statement, which at that time was an article in the New York Times.

I merely wish to cite to him an editorial from the Wall Street Journal of March 7, 1958, which I think speaks for the Republican Party as much as does any other newspaper in the country.

The editorial concludes with the following:

Now that means that for the next 8 months more than 350,000 people living in 5 Wisconsin counties will be denied representation in the House. That is not only a denial of basic principle of republican government, it is an act that will hardly make those voters sympathetic to the GOP next November.

The legend goes that King Canute once proved the difficulty of turning a flowing tide. But even he did nothing to add to the tide that ran against him.

I ask unanimous consent to have this editorial printed in the RECORD at this point as a part of my remarks.

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

STEMMING THE TIDE

The Republicans, like any sensible group of men who sense a storm in the wind, are trying to stem a political tide they believe is right now running for the Democratic Party. There is a question, though, whether some of the things they are doing are politically sensible.

For example, reports from Washington tell us that the Republicans are trying to prevent the holding of special Congressional elections right now. They were upset by the election of a Democrat, Mr. PROXMIRE, to the late Senator McCarthy's Wisconsin seat last year. And 2 weeks ago the First Congressional District in Minnesota gave them an even greater start. Though the Republican won in this special election, the Democratic candidate came within less than 700 votes of winning in a traditional GOP stronghold.

So the political generals of the GOP have decided these special elections are far too risky. The word is that a policy is being tried out that will avoid the riskiness by avoiding the elections.

There are two phases to this policy. One is a decision said to have been suggested by the Attorney General, Mr. Rogers, not to name any Republican Congressmen to the Federal bench right now. Such an appointment would cause a vacancy in Congress, which, if filled by a special election, may well go to the Democrats and thus increase even more that party's majority.

Now the trouble with this sort of thing is that it is not only not the best kind of government; it isn't even good politics. This newspaper, to be sure, thinks that a good rule of thumb for appointments to the Federal bench is to choose men already on a lower Federal or State bench. But we certainly would never say that a good judge cannot be found in Congress. And it is even worse to say that, for partisan political reasons, Congress may not provide a judge.

In a great many places in this country Federal court dockets are already overcrowded, and the Attorney General's office has from time to time reminded Congress of that in its requests for additional judges. From a viewpoint of good government, one may fairly ask whether the Attorney General's interest in this matter is to be found on the side of what is best for an orderly judicial process or on the side of what is best for the GOP?

And if, as seems plain, the weight is in the political balance, what is the effect one may expect on the Republican Congressmen who are now denied a chance at the Federal bench? Does Mr. Rogers actually believe that creating disappointed—and perhaps even disgruntled—Congressmen benefits the internal structure of his party?

Even more serious in its implications is the second phase of a policy of preventing special elections. Representative Lawrence H. Smith, of Wisconsin's First Congressional District, a Republican, passed away last January. Gov. Vernon Thomson, a Republican, has said he will not call a special election to fill the vacancy, but will leave the seat unfilled until the general elections next November.

Now that means that for the next 8 months more than 350,000 people living in 5 Wisconsin counties will be denied representation in the House. That is not only a denial of basic principle of republican government, it is an act that will hardly make those voters sympathetic to the GOP next November.

The legend goes that King Canute once proved the difficulty of turning a flowing tide. But even he did nothing to add to the tide that ran against him.

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

Mr. FULBRIGHT. I wanted the Senator from Connecticut to be reassured as to my authority. This editorial is from the Wall Street Journal.

Mr. BUSH. I am glad to hear the Senator quoting from the Wall Street Journal. I find it quoted from more frequently on the other side of the aisle than on this side. I agree with the Senator that it is usually a pretty good authority on such subjects.

The Senator from Arkansas is a very good friend of mine. I admire him as a great Senator. I intended by what I said to him a few days ago to caution him about following political forecasts of elections. I invite his attention to the fact that the New York Times, to which he referred, and from which he inferred that it forecast a disastrous result for the Republicans in the next election, might prove to be a dangerous forecaster indeed. In 1956 it attempted to forecast senatorial election results and other election results. It ended with an average of about 50 percent. It made about as many bad guesses as good guesses. That is the point to which I desired to invite the Senator's attention.

Mr. FULBRIGHT. The Senator misconstrues the purport of the editorial. It does not forecast anything. It gives good advice to the Republicans, to the effect that it would be a mistake to withhold special elections in case of vacancies this year, on the theory that they might not win them. They should still abide by the democratic processes.

I believe that this is a very good editorial in that connection.

OIL IMPORTS

Mr. JOHNSON of Texas. Mr. President, I wish to call to the attention of the Senate and of the country a very serious situation that strikes at the lifeblood of a vital industry.

Constantly mounting oil imports from the Middle East and Venezuela are flooding our country. The domestic industry is being undermined by imports from areas where wages are so fantastically low that domestic operators cannot compete without forcing down the living standards of the American workingman.

In my own State of Texas at least 300 oil rigs have been closed down. That means a minimum of 6,000 skilled workingmen who cannot work at their trade.

For the month of March, our operators are allowed to produce only 9 days. This means greater unemployment and those still at work will be only partially employed.

The impact of imports is dramatically illustrated by the sharp decline in our petroleum reserve. The American Petroleum Institute released figures today showing that total reserves of liquid hydrocarbons have declined by 349 million barrels between December 31, 1956, and December 31, 1957.

This is the first time our domestic industry has had to dip into its backlog of crude reserves since the abnormal war year of 1943.

Mr. President, this decline does not result from the inability of the domestic industry. It comes directly from declining exploration and drilling activity because our operators do not have adequate incentives.

There was a 7.4-percent drop in drilling for oil in the United States in 1957. Had there been adequate incentives drilling would have followed a normal course. This is a bad omen for the future. It also has serious implications as to our preparedness to face an unexpected emergency.

As Russell Brown, general counsel for the Independent Petroleum Association of America, has pointed out:

> The result is a stark final warning that a dependable solution to the important problem can no longer be postponed. To ignore this clear warning will be to invite dependence on remote and indefensible petroleum supplies in any future emergency such as the Suez crisis or, even worse, in war.

I have talked to leaders in the industry—both labor and management. They share a common concern. They know the industry cannot survive under such conditions and if the industry cannot survive neither can its payroll.

I am a strong advocate of reciprocal trade. I believe it is a policy vital to America's prosperity. I am going to do whatever I can to see that the measure is passed once again.

But, Mr. President, a mule team cannot pull a wagon up a hill when it is too heavily loaded, and this is one case in which a far too heavy load may have been dropped into the wagon.

I believe in the Golden Rule. I believe in treating other people as I would have them treat me.

I also believe in treating our own people as well as we treat others. And I hope that those who have the responsibility for administering the act will execute their responsibility as Congress clearly intended when we passed the last extension of the Trade Act. And I hope some action is taken soon. Otherwise the wagon may break down.

Last week, I wrote to the President and suggested a course of action. I proposed a 20-percent cut in imports and a system whereby imports can be cut back from month to month on a basis comparable to the cutbacks in the domestic industry.

There is ample authority to take such action in the Trade Agreements Act. It is a part of simple justice.

If we do not act and act soon, an important industry will be lost and with it will go the jobs of skilled workers throughout the country.

I ask unanimous consent that there be printed in the RECORD as part of my remarks a copy of the letter I wrote to President Eisenhower on March 6.

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

MARCH 6, 1958.

The PRESIDENT,
The White House,
Washington, D. C.

MY DEAR MR. PRESIDENT: I am writing you directly about a situation which has already had a grave impact upon an important domestic industry and which, if unchecked, will have a greater depressing effect upon the economic standards of our people.

The domestic oil industry is reeling under the impact of imports. There is no necessity of repeating the figures here. They are very well known. Imports have continued to mount and have been offset by cutting production to a point where in Texas the allowable for March has been set at 9 days.

No industry can be prosperous and strong when it operates on the basis of 9 days out of the month. Any depressed industry tends to drag down other segments of our economy with it. To this must be added the importance to our defense efforts and our preparedness of having a strong domestic oil industry in the event of an emergency.

I respectfully suggest two steps:

First, a mandatory reduction by 20 percent of oil imports under the authority which Congress has granted to you under the Reciprocal Trade Agreements Act.

Second, a system whereby imports can be cut back from month to month on a basis comparable to the cutbacks in the domestic industry in those States where prorationing is in effect.

It would seem to me that it is difficult to justify cutbacks for our people when no similar cutbacks are suffered by importers. Some action is necessary to keep the domestic oil industry in a healthy state and to reassure our people that their interests are being safeguarded by our Government. I commend the above proposals to your attention.

Sincerely,

LYNDON B. JOHNSON.

STIMULATION OF RESIDENTIAL CONSTRUCTION

The Senate resumed the consideration of the bill (S. 3418) to stimulate residential construction.

Mr. JAVITS. Mr. President, I call up my amendment identified as "3-10-58-D," and ask that it be stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 1, between lines 5 and 6, it is proposed to insert a new subsection, as follows:

> (b) Section 203 (b) (3) of such act is amended by striking out "30" and inserting in lieu thereof "40."

On page 1, in line 6, it is proposed to strike out "(b)" and insert in lieu thereof "(c)."

Mr. JAVITS. Mr. President, the purpose of my amendment is in no way unfriendly to the bill. The amendment is for the purpose of extending the period for the maturity of a mortgage on the typical one-family dwelling which is dealt with by the bill from a possible maximum of 30 years to a possible maximum of 40 years.

My position regarding the bill is entirely friendly—as is my position in regard to the effort being made by the committee to bring in, in what I regard as an admirable way, an antirecession housing bill.

Extension of the term of the mortgage from 30 years to 40 years will have the effect of lowering the monthly payments by means of which most of these homes are bought at the present time.

Mr. REVERCOMB. Mr. President, at this point will the Senator from New York yield for a question?

Mr. JAVITS. I yield.

Mr. REVERCOMB. Does the amendment of the Senator from New York apply to FHA housing or to Veterans Administration housing?

Mr. JAVITS. My amendment would apply to the standard FHA mortgage—the Federal Housing Administration mortgage.

Mr. REVERCOMB. I thank the Senator from New York.

Mr. JAVITS. My amendment would have the effect of lowering the monthly payments, the means by which most of these homes are bought.

In view of the fact that the chief problem confronting the country is how to deal with middle-income housing, it seems to me that this amendment, if adopted, would make a real contribution, because as the cost is lowered, we come closer to what middle-income families can afford.

The great hope for middle-income housing now, aside from cooperative housing in the cities, which have not as yet attained great size, is in the kind of housing to which this particular section of the National Housing Act is directed. Payments would be brought down somewhere between 15 and 25 percent, depending on interest rates. It is obvious that if the term of the mortgage is extended, there will be continued payment of interest, so over the whole length of the mortgage greater interest will be charged.

Mr. President, I have checked with the Housing and Home Finance Agency on the possibilities of 40-year instead of 30-year mortgages. The agency has advised me that there are two kinds of mortgages now which are allowed to have the 40-year term on the same type of structure which I am discussing. One is insurance of mortgage in individual sales-type properties under section 213 upon their release from a project sales type mortgage—that relates to a cooperative type housing project—and the other is the insurance of mortgages on homes of those who have been relocated because of dislocation brought about by the construction of roads or other pro-

grams being carried on by the Government.

There is no question about the actuarial questions involved in the endurance of the houses to justify a mortgage of 40 years instead of 30 years. Indeed, the Housing and Home Finance Agency has stated that—

> While our experience to date has been inadequate, the fact that the 40-year maximum is available under these two programs will give us an opportunity to study the effect of its use and to consider the desirability of adopting it for section 203.

So the matter is having the consideration of the Housing and Home Finance Agency.

I thought it was desirable and important that the subject be raised at the same time we are considering the possibility of getting the maximum amount of building which can be encouraged, and therefore the maximum amount of buying.

I have discussed the matter with the distinguished chairman of the subcommittee. If he will help me at this time by stating his views on this subject, perhaps we can dispose of the amendment very promptly.

Mr. SPARKMAN. Mr. President, I appreciate the interest of the Senator from New York in the subject. We have discussed this matter. It has been discussed with others. The staff director of the Subcommittee on Housing wrote a letter to the Housing and Home Finance Agency regarding it. A reply was received, in which a promise was made that the Agency would study the matter.

I may say to the distinguished Senator from New York that it is our plan to start hearings before not too long. We plan hearings immediately after we return from the Easter recess—if we shall have such a recess—on an omnibus housing bill. The proposal of the Senator from New York would properly be a part of that bill. I hope by then we shall have helpful information from the Housing and Home Finance Agency. I hope the distinguished Senator from New York will withhold his amendment until that time, and present it as a part of the omnibus housing bill. I assure him the committee will give full consideration to it.

Mr. President, I should like to ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, the letter from Mr. Cole to Mr. Jack Carter, staff director of the Subcommittee on Housing of the Committee on Banking and Currency.

Mr. JAVITS. Mr. President, I ask unanimous consent that that may be done, without my losing the floor.

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., February 28, 1958.

Mr. JACK CARTER,
Staff Director, Subcommittee on Housing, Committee on Banking and Currency, United States Senate, Washington, D. C.

DEAR MR. CARTER: In response to your inquiry of January 27, addressed to Mr. Sweet, Deputy Commissioner of the Federal Housing Administration, we are pleased to supply the following comments relative to the proposals for section 203 mentioned in your letter.

With respect to the extension of the maximum mortgage term to 40 years, it may be noted that such a maximum term is currently in effect for two special FHA programs, (1) the insurance of mortgages in individual sales-type properties under section 213 upon their release from a project sales-type mortgage, and (2) the insurance of home relocation mortgages on single-family dwellings under section 221. In the latter case, the mortgagee has an option to assign, transfer, and deliver to the Commissioner the original credit instrument and the insured mortgage securing it, provided such mortgage is not in default at the expiration of 20 years from the date of endorsement. Up to the present time, while there has been considerable use of the 40-year term under section 213, there has been relatively limited use of this maximum term under section 221. While our experience to date has been inadequate, the fact that the 40-year maximum is available under these two programs will give us an opportunity to study the effect of its use and to consider the desirability of adopting it for section 203.

With respect to the regular program of mortgage insurance under section 203, the Federal Housing Administration has in recent months taken at least three significant steps designed to liberalize this program for the prospective home purchaser. These include (1) the adoption in August 1957 of the lower downpayments permissible under the Housing Act of 1957, (2) at the same time, the elimination of the first annual mortgage insurance premium which had formerly been paid at the time of closing and is now amortized over the first year of the mortgage term, and (3) just last month, the removal of the requirement for FHA home buyers to pay closing costs in cash. We are only now beginning to have an opportunity of studying the effect of these liberalizing moves in other than a very tight money market situation and believe no further liberalization should be undertaken until we have had an opportunity to appraise the effect of these measures in stimulating the production of new housing.

With reference to the second proposal in your letter, as you know the annual mortgage insurance premium under the FHA home mortgage program, is one-half of 1 percent of the average outstanding balance during the year. The proposal of reducing the present mortgage insurance premium rate to a single premium of one-half of 1 percent of the face value of the mortgage would provide income totally inadequate to cover the administrative expenses and insurance losses for this program. The present premium rate of one-half of 1 percent per annum has been determined to be actuarially necessary to make the mutual mortgage insurance fund self-sufficient under adverse economic conditions. Any excess income over expenses and losses after the accumulation of earned surplus necessary to cover the reserve requirements is returned to the mortgagor at termination of the mortgage. The proposal, if adopted, would undoubtedly require appropriated funds to administer this program since the one-half of 1 percent would be insufficient to cover even administrative costs, aside from insurance losses.

With reference to the proposal for a single premium or one amortized annually over all or part of the life of the mortgage, from the point of view of actuarial soundness of the insurance program, the single premium or the annual premium can be made to yield to the insurance fund whatever premium income may be deemed necessary for sound operation of the program. Following the present value procedure, depending on the discount rate used and the earnings on fund investments, identical resources can be made available to the fund through either procedure.

With regard to the proposal authorizing second mortgages to cover that part of the total payment between the purchase price and the insured mortgage amount, we have on many occasions expressed our growing concern over the apparently increasing use of the second mortgage device. I believe that FHA's great contribution to home financing in this country has been the advancement of the high percentage fully amortized single mortgage to obviate the need for high-cost secondary financing and thereby eliminate the attendant evils of such practices.

As you know, we have from time to time recommended legislation liberalizing the financing terms of home purchases, and we are only now beginning to experience the effect of the most liberal terms ever available to the homeowner.

In view of your request for an immediate report, this is being sent to you prior to clearance with the Bureau of the Budget. As soon as the Bureau's views are obtained, we will send you a supplemental report.

Sincerely yours,

ALBERT M. COLE,
Administrator.

Mr. JAVITS. I am very grateful to the chairman of the committee. I think the matter deserves the attention of the committee. I hope it will have concentrated attention when the committee considers the bill. May I have that assurance?

Mr. SPARKMAN. The distinguished Senator from New York is correct. It will.

Mr. JAVITS. I thank the Senator. Upon that basis, I ask unanimous consent that I may withdraw my amendment.

The PRESIDING OFFICER. The Chair may state that no action is necessary because, under the rule, a Senator has a right to withdraw his amendment.

Mr. JAVITS. I call up my amendment, identified as 3–10–58–E, which I ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from New York will be stated.

The CHIEF CLERK. It is proposed, on page 1, between lines 8 and 9, to insert a new section, as follows:

SEC. 2. (a) Section 203 (c) of the National Housing Act is amended by inserting before the period at the end of the first sentence a colon and the following: *"Provided further,* That in the case of any contract of insurance executed by the Commissioner under this title after the effective date of this proviso the premium charge for the insurance of mortgages shall not exceed an amount equivalent to one-quarter of 1 percent per annum on such outstanding principal obligation."

(b) Section 803 (c) of such act is amended by inserting before the period at the end of the first sentence a colon and the following: *"Provided,* That in the case of any contract of insurance executed by the Commissioner under this title after the effective date of this proviso the premium charge for the insurance of mortgages shall not exceed an amount equivalent to one-quarter of 1 percent per annum on such outstanding principal obligation."

Renumber succeeding sections.

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

Mr. JAVITS. Mr. President, I can finish my remarks in about 2 minutes. Would the Senator prefer to have the floor in his own right?

Mr. CAPEHART. I should like to discuss this subject.

Mr. JAVITS. I yield to the Senator from Indiana.

Mr. CAPEHART. Madam President (Mrs. SMITH of Maine in the chair), I, too, consider the action of the Senate on the Monroney amendment a great victory for the veterans and those unemployed in the United States.

We had a recession in 1953 and in the early part of 1954, at which time the interest rate on the Veterans' Administration GI housing was increased from 4 percent to 4½ percent. In 1953, when the interest rate was at 4 percent, there were 156,000 houses built under the VA mortgage program. With a one-half of 1 percent increase in the interest rate, in 1954 there were 307,038 such houses built. Then in 1955 there were 391,789 such houses constructed. The housing construction was twice as great when the interest rate was 4½ percent as it was when the interest rate was 4 percent. It is my best judgment the increase in the interest rate resulted in the building of so many houses under the VA mortgage program in 1954 and 1955 that that home-building program brought us out of the slight recession we were experiencing at that time.

I consider the Senate action in this regard to be a victory for those who are unemployed. I cannot help but be reminded that when we had higher interest rates, when we had so-called tight money, we had full employment.

I say that when we again have full employment in the United States, when we again have nobody out of work, we shall have pressure upon interest rates. We shall have pressure upon money. The reason is that everybody will be working. Homes will be under construction. Everything will be going strong. Factories will be going full blast. Full employment will require a lot of savings and a lot of money, simply to handle the business.

Let us hope we can get back to where we were a year ago when we had full employment, when everybody was working, when the Nation was prosperous.

I say again that we shall have a shortage of money. We shall have higher interest rates. We shall find it hard to sell mortgages or any other kind of paper when there is full employment, when there is prosperity, when every factory is in operation. Then all the money will be at work.

When there are low interest rates—and we shall have them—we shall have much unemployment. Back in 1932 we had low interest rates. We shall have them again.

I consider the action we have taken to be a victory for those who are unemployed, and a victory for the veterans of America. I am happy about the outcome, because in my best judgment we can now get many houses built this year.

I also invite the attention of Senators to the fact—and this information will be out in the morning, I think—that during the month of February there were the smallest number of housing starts since 1949, on the basis of only 890,000 houses for the year. That was not because there was a shortage of money; it was because there was a lack of attention to interest rates. I think we ought to encourage the American people to be thrifty and to save their money, since the money can be invested, and provide more jobs. It is the investment of money which provides jobs. We ought to encourage the people to save their money, and to invest it in houses and factories. We ought to assure the people of a fair return on their investment, rather than to discourage them from saving money and investing money.

I say to the Senate that today is a great day in the lives of veterans, and particularly in the lives of the unemployed men. I am sure the man who is unemployed today would like to have the good job he had a year ago, even though the interest rates might have been a little higher a year ago than they are today. I am confident the man who is unemployed today would be happy to trade a little higher interest rate for a good job.

Let us be very careful that we do not talk ourselves into a depression. Let us do the things which will bring out all the money in the United States which is in the savings accounts, in the banks, and every place else, so that it can be invested in home mortgages, in the purchase of bonds, and in the construction of highways and churches. That is the way to put the people back to work, rather than to discourage business.

Several Senators addressed the Chair.

Mr. JAVITS. Mr. President, I prefer not to yield except upon my amendment.

Mr. JOHNSON of Texas. Mr. President, who controls the time on the opposite side, in opposition to the amendment?

The PRESIDING OFFICER. The majority leader, if he is against the amendment.

Mr. JOHNSON of Texas. Mr. President, if the Senator from New York desires to speak further, let me state I have a request or two from Senators who desire recognition. I should like to yield some time in opposition when the Senator has concluded.

Mr. JAVITS. If the majority leader will permit me to proceed for about 3 minutes, he will find there will be nothing further left to do. I think the chairman of the subcommittee and I have agreed as to the disposition of the amendment.

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

Mr. JAVITS. I yield to the Senator from Alabama, the chairman of the subcommittee.

Mr. SPARKMAN. Mr. President, I appreciate the Senator's yielding to me. He and I voted alike on the interest-rate issue.

It is not my purpose to discuss that issue, but I desire to discuss the proposal the Senator has suggested. This was one of the suggestions which was talked over between us, and which I also took up with Mr. Cole, the Administrator of the Housing and Home Finance Agency. Mr. Cole makes an objection to it, to the effect that the amount proposed for the insurance would, according to his words, "provide income totally inadequate to cover the administrative expenses and insurance losses for this program."

Of course, we have heard no evidence, so far as this proposal is concerned, but I assure the distinguished Senator from New York that it will receive attention in connection with the omnibus housing bill.

I may say, Mr. President, that this matter was discussed in the letter which I had printed in the RECORD.

Mr. CAPEHART. Mr. President, I think the proposal of the Senator from New York should be given careful consideration.

Mr. JAVITS. I thank both of my colleagues.

I wish to say a word as to why my attention was fixed on this matter. If the amendment were put into effect, it would result in cutting the carrying charges for the homes which are insured by the FHA under this program by a quarter of 1 percent, which, when figured out on the basis of a long-term repayment of a mortgage, would be an appreciable reduction.

The facts and figures, very briefly, are these: About three-quarters of a billion dollars have been taken in as premiums on FHA mortgages of one-half of 1 percent. At present the reserve funds on hand as a result of the payment of the one-half of 1 percent premium are $368 million. From the one-half of 1 percent payments, roughly, $76 million a year is realized, of which we will still have some $45 million, after we pay all the administrative expenses of the FHA which are chargeable to this particular program.

The balance which is realized by the FHA is put into two funds. One is the insurance reserve, and the other is the so-called property reserve. The only thing that is done with the property reserve is that ultimately the money is returned to certain of the mortgagors who happen to be around and who have paid out their mortgages.

It seems to me an insurance reserve is legitimate. For a mutual organization to return money to the mortgagor is not. The mortgagor ought to have the benefit of that in his interest payment.

I am very pleased, Mr. President, that by bringing the matter so forcibly to the attention of the committee, as I have by proposing the amendment, it will now receive attention. I deeply feel that the next time we have a housing bill under consideration it will be possible to decrease the carrying charges on these FHA mortgages from 6 percent, as so many of them are, or five and three-quarters percent, by one-quarter percent, by virtue of the savings which can effectively and properly be made.

Mr. President, with the assurance I have from the chairman of the subcommittee, I withdraw the amendment.

My purpose in proposing the amendment was to bring forcibly to the attention of the Senate and the committee

the need for digging into both these questions, and I am very pleased to know that that will now be done.

IMPACT OF EXISTING AND PROPOSED TAX LAWS UPON INCOME OF LIFE-INSURANCE COMPANIES

Mr. ANDERSON. Mr. President, the life-insurance-tax bill will shortly be before the Senate. We have tried to find some estimates as to what the proposed legislation would do to various companies. On Friday, March 7, the Senate Committee on Finance requested information along this line from the Life Insurance Association of America and the American Life Convention.

I desire to present two lists. The first list shows that under the existing law 51 mutual companies would pay $302,566,000 in taxes. Under the tax-forgiveness provisions of the Mills bill, they would pay $206,625,000, or a savings to that group of 51 companies of $95,941,000.

I desire to present also a list showing estimated amounts of Federal income tax on the 1957 income of the 25 largest stock life-insurance companies, computed under the formulas of the Mills bill and the 1942 law.

Those companies, under existing law, would pay $74,242,000. Under the so-called Mills bill, they would pay $54,903,000.

I ask unanimous consent that these two lists be printed in the RECORD at this point as a part of my remarks.

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

ESTIMATED AMOUNTS OF FEDERAL INCOME TAX ON THE 1957 INCOME OF THE 51 LARGEST MUTUAL LIFE INSURANCE COMPANIES COMPUTED UNDER THE FORMULAS OF THE MILLS LAW AND THE 1942 LAW

This information was requested of the Life Insurance Association of America and the American Life Convention by the Senate Finance Committee on Friday, March 7. These two associations requested the data by wire of the companies listed below, which companies, in turn, submitted the reported data by wire.

	Mills law	1942 law
1. Acacia Mutual Life Insurance Co., Washington, D. C.	$968,000	$1,464,000
2. American Mutual Life Insurance Co., Des Moines, Iowa	121,000	204,000
3. American United Life Insurance Co., Indianapolis, Ind	309,000	479,000
4. Baltimore Life Insurance Co., Baltimore, Md	142,000	233,000
5. Bankers Life Co., Des Moines, Iowa	2,559,000	3,593,000
6. Bankers Life Insurance Company of Nebraska, Lincoln, Nebr	301,000	477,000
7. Berkshire Life Insurance Co., Pittsfield, Mass	492,000	752,000
8. Boston Mutual Life Insurance Co., Boston, Mass	122,000	204,000
9. Central Life Assurance Co., Des Moines, Iowa	368,000	587,000
10. Connecticut Mutual Life Insurance Co., Hartford, Conn	3,510,000	5,260,000
11. Equitable Life Assurance Society of the United States, New York, N. Y	25,000,000	36,100,000
12. Fidelity Mutual Life Insurance Co., Philadelphia, Pa	781,000	1,185,000
13. General American Life Insurance Co., St. Louis, Mo	662,000	1,003,000
14. Guarantee Mutual Life Co., Omaha, Nebr	219,000	336,000
15. Guardian Life Insurance Company of America, New York, N. Y	1,225,000	1,808,000
16. Home Life Insurance Co., New York, N. Y	952,000	1,389,000
17. Indianapolis Life Insurance Co., Indianapolis, Ind	280,000	438,000
18. John Hancock Mutual Life Insurance Co., Boston, Mass	13,860,000	19,060,000
19. Lafayette Life Insurance Co., Lafayette, Ind	63,000	111,000
20. Lutheran Mutual Life Insurance Co., Waverly, Iowa	190,000	305,000
21. Manhattan Life Insurance Co., New York, N. Y	326,000	485,000
22. Massachusetts Mutual Life Insurance Co., Springfield, Mass	5,551,000	8,394,000
23. Metropolitan Life Insurance Co., New York, N. Y	44,743,000	64,931,000
24. Midland Mutual Life Insurance Co., Columbus, Ohio	252,000	398,000
25. Minnesota Mutual Life Insurance Co., St. Paul, Minn	470,000	722,000
26. Mutual Benefit Life Insurance Co., Newark, N. J	4,720,000	7,020,000
27. Mutual Life Insurance Co. of New York, New York, N. Y	$7,300,000	$10,900,000
28. Mutual Trust Life Insurance Co., Chicago, Ill	403,000	605,000
29. National Guardian Life Insurance Co., Madison, Wis	100,000	172,000
30. National Life Insurance Co., Montpelier, Vt	2,003,000	3,005,000
31. New England Mutual Life Insurance Co., Boston, Mass	4,996,000	6,924,000
32. New York Life Insurance Co., New York, N. Y	16,840,000	25,000,000
33. North Carolina Mutual Life Insurance Co., Durham, N. C		
34. Northwestern Mutual Life Insurance Co., Milwaukee, Wis	10,050,000	15,000,000
35. Pacific Mutual Life Insurance Co., Los Angeles, Calif	1,985,000	2,674,000
36. Pan-American Life Insurance Co., New Orleans, La	619,000	888,000
37. Penn Mutual Life Insurance Co., Philadelphia, Pa	4,495,000	6,716,000
38. Phoenix Mutual Life Insurance Co., Hartford, Conn	2,034,000	2,943,000
39. Presbyterian Ministers' Fund, Philadelphia, Pa	172,000	279,000
40. Provident Mutual Life Insurance Co., Philadelphia, Pa	2,184,000	3,270,000
41. Prudential Insurance Company of America, Newark, N. J	38,369,000	57,000,000
42. Security Benefit Life Insurance Co., Topeka, Kans	109,000	183,000
43. Security Mutual Life Insurance Co., Lincoln, Nebr	56,000	100,000
44. Security Mutual Life Insurance Co., Binghamton, N. Y	326,000	470,000
45. Shenandoah Life Insurance Co., Roanoke, Va	122,000	207,000
46. Standard Insurance Co., Portland, Oreg	170,000	285,000
47. State Life Insurance Co., Indianapolis, Ind	211,000	341,000
48. State Mutual Life Assurance Company of America, Worcester, Mass	1,796,000	2,668,000
49. Union Central Life Insurance Co., Cincinnati, Ohio	1,822,000	2,736,000
50. Union Mutual Life Insurance Co., Portland, Maine	305,000	413,000
51. Western and Southern Life Insurance Co., Cincinnati, Ohio	1,972,000	2,849,000
Total	206,625,000	302,566,000

ESTIMATED AMOUNTS OF FEDERAL INCOME TAX ON THE 1957 INCOME OF THE TWENTY-FIVE LARGEST STOCK LIFE INSURANCE COMPANIES COMPUTED UNDER THE FORMULAS OF THE MILLS LAW AND THE 1942 LAW

This information was requested of the Life Insurance Association of America and the American Life Convention by the Senate Finance Committee on Friday, March 7. These two associations requested the data by wire of the companies listed below, which companies, in turn, submitted the reported data by wire.

	Mills law	1942 law
1. Aetna Life Insurance Co., Hartford, Conn	$10,528,000	$13,568,000
2. American National Insurance Co., Galveston, Tex	1,723,000	2,512,000
3. Business Men's Assurance Company of America, Kansas City, Mo	593,000	769,000
4. California Western States Life Insurance Co., Sacramento, Calif	701,000	847,000
5. Connecticut General Life Insurance Co., Bloomfield, Conn	5,353,000	7,350,000
6. Continental Assurance Co., Chicago, Ill	1,585,000	2,051,000
7. Equitable Life Insurance Company of Iowa, Des Moines, Iowa	1,573,000	2,365,000
8. Franklin Life Insurance Co., Springfield, Ill	1,001,000	1,513,000
9. Great Southern Life Insurance Co., Houston, Tex	547,000	835,000
10. Jefferson Standard Life Insurance Co., Greensboro, N. C	1,740,000	2,613,000
11. Kansas City Life Insurance Co., Kansas City, Mo	863,000	1,307,000
12. Liberty National Life Insurance Co., Birmingham, Ala	617,000	940,000
13. Life & Casualty Insurance Company of Tennessee, Nashville, Tenn	$632,000	$971,000
14. Life Insurance Company of Virginia, Richmond, Va	1,167,000	1,694,000
15. Lincoln National Life Insurance Co., Fort Wayne, Ind	3,717,000	5,040,000
16. Monumental Life Insurance Co., Baltimore, Md	479,000	736,000
17. National Life & Accident Insurance Co., Nashville, Tenn	1,992,000	2,788,000
18. Northwestern National Life Insurance Co., Minneapolis, Minn	798,000	1,210,000
19. Occidental Life Insurance Company of California, Los Angeles, Calif	2,288,000	2,951,000
20. Ohio National Life Insurance Co., Cincinnati, Ohio	406,000	633,000
21. Southland Life Insurance Co., Dallas, Tex	532,000	755,000
22. Southwestern Life Insurance Co., Dallas, Tex	1,038,000	1,568,000
23. Travelers Insurance Co., Hartford, Conn	13,377,000	17,105,000
24. United Benefit Life Insurance Co., Omaha, Nebr	703,000	940,000
25. Washington National Insurance Co., Evanston, Ill	941,000	1,181,000
Total	54,903,000	74,242,000

Mr. ANDERSON. These lists indicate that of the $124 million which the bill would return retroactively to the life-insurance companies, $115,280,000 would go to 51 mutuals and 25 of the principal stock companies. The other approximately $8 million would go to the other 1,100 companies, for which all the tears are being shed.

These small companies need help. The relief of $20 million proposed for one company is far greater than all the relief which would go to the one-thousand-one-hundred-odd small insurance companies.

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

Mr. ANDERSON. I yield.

Mr. LAUSCHE. Did I correctly understand the Senator to say that there is a retroactive provision in the bill?

Mr. ANDERSON. The bill provides a retroactive rebate of approximately $124

million to the life-insurance companies of America.

Mr. LAUSCHE. What is the theory behind the granting of relief?

Mr. ANDERSON. There is a difference of opinion. They have been given this promise year after year for several years, and they made up their statements this year in the belief that they would be able to get such a bill through Congress. It has been vigorously opposed by some of us who think it is an improper thing to do.

STATEHOOD FOR ALASKA

Mr. RUSSELL. Mr. President, I noted with great interest in today's Washington Daily News an advertisement which carries an editorial from the Daily Alaska Empire, a newspaper printed in Juneau, Alaska.

This editorial deals with the question of statehood for Alaska in more realistic fashion than almost any other material I have ever seen on the subject. It confirms the position I have taken, that the economy of Alaska is not such at this time as to support a State, and that the Congress, instead of voting statehood for Alaska under present conditions, should interest itself in bettering conditions there, particularly in the field of agriculture, so that the people of that Territory may be able to purchase their food supplies at a reasonable cost.

I also happened to notice, in an article in today's Wall Street Journal which deals with the question of unemployment insurance, a statement to the effect that no State had been compelled to borrow from the $200-million fund which we established for that purpose, but that in both 1955 and 1956 the Territory of Alaska was compelled to borrow from the fund.

I hope that in considering the bill to grant statehood to Alaska, which is being pressed upon us so vigorously, we will consider the wishes of the people who live in Alaska, people who have been there for some time, and not land speculators or those engaged in Government employment which is likely to be of limited duration.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the editorial to which I have referred.

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

[From the Washington Daily News of March 12, 1958]

Alaska's Delegate ROBERT (BOB) BARTLETT, has put his finger on the statehood problem in the only realistic way that it can be solved for the benefit of the 48 States and the Territory of Alaska.

Delegate BARTLETT announced February 2 of this year that he has a bill pending in Congress to remove the 25-percent ceiling on the cost-of-living bonus given Federal employees in Alaska and allowing this 25-percent tax benefit to be placed at a realistic figure of about 50 percent or more.

Statehood in Alaska is the most misunderstood fact facing the House of Representatives and Senate because it is loaded with political emphasis and is sponsored by voters in Alaska, 90 percent of whom never remain in Alaska longer than 36 months.

Congressman Dr. MILLER, of Nebraska, conducted a survey and found that the overwhelming majority of the people of Alaska only want statehood after some realistic adjustment of taxes and are against statehood at this time. And yet Congressman MILLER stated before his survey that he would be for statehood regardless of what his sample balloting reflected.

The Alaska Daily Empire is the oldest daily newspaper in Alaska and it has been owned by three separate families, including the present owners, who have had interests and members of their families in Alaska more than 60 years.

Considering statehood, this is what the Federal Internal Revenue Department announced last fall: "The tax collections in Alaska have dropped from a high of $43,566,000 down to $36,431,000, which indicates that Alaska's economy has only approximately 20 percent of the strength of the Hawaiian economy.

In other words, Hawaii pays in Federal income taxes five times as much as Alaska ever paid and Hawaii's is increasing and Alaska's economy is decreasing.

To further reflect the soundness of Alaska's economy, 65 percent of all income in Alaska is paid to Army personnel and Federal Government employees and because of the Army spending in Alaska is on the decline, Alaska's economy is on the decline.

To further reflect the truth about Alaska, we combined some figures for Mr. Seaton and for Congressman MILLER of Nebraska and this showed that Lincoln, Nebr., had a far greater amount of money in savings accounts than the total of Alaska and yet the population of Alaska was approximately twice the population of Lincoln, Nebr.

Alaskans are the highest taxed group under the American flag, with sales tax and Territorial income tax and a cost of living that runs 50 percent to 100 percent higher than the balance of the United States.

Alaska needs a 10-year moratorium on the statehood issue, which is a political football, and is being forced by intimidation on the property owners of Alaska. During this moratorium we can put our house in order to develop industry so that we can afford statehood at the end of 10 years.

And we need to have Delegate BARTLETT'S realistic tax concession granted to Federal employees and extended to all taxpayers in Alaska for 10 years so industry can be established and we in Alaska can pay into the Treasury of the United States rather than being a liability, which is now the case. We believe industry will bring us revenue and growth plus statehood.

Now here's some sober thinking for the Congressmen and Senators who have the interests of the United States in the uppermost part of their minds: To grant statehood to Alaska at this time, we would find that the leftist extreme element in Alaska and Hawaii would undoubtedly run a race in case of war to see which area would voluntarily join the Communist bloc first, and being next door to Russia, Alaska might go first.

These Congressmen and Senators should heed the statement of Dr. Allan M. Bateman, professor of geology of Yale University, who said on February 23 of this year: "There are 32 critical minerals necessary for successful war or peace or industry." Now what he didn't say was that Alaska is the great reservoir under the American flag for these 32 necessary minerals and statehood at this time would delay the development of these minerals for at least 25 years.

Dr. Bateman stated that Russia alone has more of these necessary 32 minerals and is less dependent than any country in the world. The British Commonwealth has a surplus of 25 of these minerals with a deficiency of only 7 of these minerals.

He further stated that the United States is third from the top and is in a serious position.

Alaska has more of these necessary minerals. Therefore, statehood taxes and the welfare of our Nation should be considered in one package—which is the true way to develop Alaska. Bring about statehood and at least a 10-year moratorium by having Congress wash its hands of this situation which is festered throughout with leftist intimidation and is lacking in integrity and good for the 48 States plus the Territories.

Our continued request to be heard has been jockeyed and moved around. Anyone who speaks realistically about the development of Alaska for the benefit of all of the United States meets the propaganda of the emotionists and the leftists and those who put political gain first and our Nation second.

THE GROWING PLIGHT OF SMALL BUSINESS

Mr. HUMPHREY. Mr. President, in the Washington Star of March 11 there appeared a very thought provoking article by Sylvia Porter on the growing plight of small business. Miss Porter warns that unless a real effort is made soon to solve the problems of financing and taxation of small business the industrial giants will dominate the economy more and more.

I ask unanimous consent that this timely article be inserted at this point in the RECORD.

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

[From the Washington Evening Star of March 11, 1958]

TRIUMPH OF GIANTISM

(By Sylvia Porter)

"Within 18 years, all manufacturing business and most of the distribution and service business of the Nation will be controlled by corporations having more than $100 million of assets. * * *"

So predicted the House Small Business Committee in January 1957. It qualified its forecast with only one if—"if small-business failures and big-business expansions continue at the rate of the past 5 years."

Today I can report that the committee's timing for the triumph of industrial giantism is beginning to appear conservative.

The rate of small-business failures is intensifying by the week. So far in 1958, businesses are failing at the pace of 306 a week, close to 16,000 a year.

At the same time, the business birthrate is slowing down. In January new business incorporations were 2.3 percent below the number of new formations in January a year ago. In 1957, business births were below both 1956 and 1955.

Meanwhile, the merger trend is as strong as ever.

Voluntarily or involuntarily, dozens of medium-big firms merge and consolidate every day. In addition, the number of companies which do not fail but which disappear nevertheless through merger with stronger firms or through just simple dissolution runs from 350,000 to 400,000 a year now, authoritative sources estimate.

There's no missing the trend or the reasons behind it.

The squeeze of rising costs of materials and manpower is a major force. While this cost squeeze may pinch a big corporation, it often strangles a smaller one.

The difficulty of getting loans and capital is an immense factor. While stiff credit requirements may annoy a large corporation, they frequently destroy a smaller one which can't get the cash it must have in time and at a price it can afford to pay.

Taxes are a brutal killer. In prosperous periods the tax burden doesn't permit a smaller firm to accumulate a nest egg to carry it through rougher times. Again, while the taxload may slash a big company's net profits, it often wipes out a smaller one.

And this era of fierce competition is proving the final blow to painful numbers of little businesses. The price wars which have followed the abandoning of fair trade on small appliances may be building plenty of business for the big stores, and they're certainly giving consumers a chance to grab some bargains, but the wars also are dooming small-appliance retailers the Nation over.

There's nothing new about the plight of small business. The only news is that the plight is getting steadily worse.

What, then, did the 1st session of the 85th Congress, and what did the administration do about it last year?

Nothing.

Oh, there was plenty of talk. There were lots of proposals, promises, speeches, pledges, hearings, "tidbits" of assistance. But when you ask what important and practical moves were made, the answer must be: Nothing significant was done.

What, then, is the outlook for 1958?

Because of the business recession, because this is an election year, because some leaders in Congress really seem to care about preserving our system of free, competitive enterprise, there may be some tax-relief measures, a few other moves.

But there still is no convincing evidence of a major effort to solve the problems of financing and taxation of small business. And until this effort is made, the industrial giants will dominate the economy more and more. And our economic system will continue to die—fast.

BIPARTISAN FUND RAISING

Mr. HUMPHREY. Mr. President, on February 25, 1958, I placed in the CONGRESSIONAL RECORD an article by John Obert entitled, "Money, Politics, and the Minnesota Story." This article grew out of and discussed the imaginative experiment conducted in Alexandria, Minn., in the interest of bipartisan fund raising.

Recently I have been happy to note that the American Heritage Foundation has taken up this cause. The New York Herald Tribune for Saturday, February 15, 1958, contained an editorial entitled "Grassroots Campaign Funds." This editorial specifically mentions the new effort which the American Heritage Foundation is to make and places it in the context of the Alexandria, Minn., experiment.

I ask unanimous consent that the text of this editorial be printed at this point in the RECORD.

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

GRASSROOTS CAMPAIGN FUNDS

Two Gallup polls prove that millions of voters are ready to contribute to the political party they support—but most of them are never asked to give. Although exact statistics are not available, experts estimate that more than 90 percent of the financing involved in Federal elections is done by less than 1 percent of the population. This is unhealthy for democracy. The American Heritage Foundation is trying to remedy it by a campaign to broaden the base of political giving through enlisting the support of more individuals giving smaller amounts.

When Senator FRANCIS CASE, of North Dakota, reported in February 1956 that he turned down a $2,500 campaign contribution because it seemed to him to be based on the assumption that he would support a bill to exempt natural gas producers from Federal regulation, he touched off a Senate investigation by the Gore committee of the effectiveness of the laws concerning political donations. Among other things, the committee charged that during the 1956 campaign:

"Although the national committees of the Democratic and Republican Parties were limited to expenses of $3 million each, up to 10 other committees collected funds for each party in two or more States.

"Although Senators themselves can spend only a maximum of $25,000 and Representatives $5,000, independent committees supporting them raised and spent much more.

"Although individual contributions are limited to $5,000, there are so many committees that one Democrat gave as much as $70,000 and one Republican as much as $65,000.

"Although national committees, Senators and Representatives have to report on their expenditures, there were some 300 Republican committees operating at State, county, and local levels and nearly 250 similar Democratic organizations, most of which did not have to make any reports."

The American Heritage Foundation, in cooperation with the Advertising Council, has proposed a national, nonpartisan educational campaign to get more of the American people to appreciate the importance of giving financial support to the candidates or parties of their choice. In the words of Brig. Gen. David Sarnoff, chairman of the foundation, it "looks upon such widespread participation by the American citizenry as a basic element of participating citizenship, the fundamental goal to which our foundation is dedicated." Such a campaign would certainly provide more widespread participation, would strengthen the vigor of the political system by enlisting the interest of the grassroots voter and would probably be a better way of financing our two-party system. That it can be done was demonstrated in Alexandria, Minn., where teams of Republican and Democratic solicitors canvassed 1,000 voters in three evenings. They collected $1,200 from 76 percent of those canvassed. It is worth trying on a national scale.

ANNUAL GIDEON SEYMOUR MEMORIAL LECTURE BY DR. HARRISON BROWN

Mr. THYE. Mr. President, on Sunday, March 9, the annual Gideon Seymour memorial lecture was given at the University of Minnesota by one of our Nation's leading scientists, Dr. Harrison Brown, professor of geochemistry at the California Institute of Technology.

I have noted much comment in the press which has resulted from Dr. Brown's views, but I think his address is worthy of being brought to the attention of my colleagues in the Senate. In this connection, there was an editorial in the Minneapolis Morning Tribune of March 10 commenting on Dr. Brown's lecture. Because of the difference in views which has been expressed by other scientists with respect to Dr. Brown's views, I ask unanimous consent that both the text of Dr. Brown's lecture and that editorial be printed in the body of the RECORD at this point as part of my remarks.

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

OUR INSTANT OF TIME

Another, brilliant contribution to the dead-earnest debate over America's and the world's proper approach to survival was put before Minnesotans Sunday in the 7th Gideon Seymour memorial lecture. Scientist Harrison Brown underscored the urgency of the moment by warning that "today, in but an instant of time, man is called upon either to exert his power (to control his destiny and to understand the universe) or forever to lose it."

In a sense, Brown joined issue forcefully with another outstanding speaker recently here, Henry Kissinger, and with physicist Edward Teller, whose views have gained wide attention through his testimony before Congressional committees and his public writings.

With Kissinger, Brown's dissent was only implicit but nonetheless basic. Kissinger, though he rejects the label of advocate, does believe in the possibility of and even, under certain circumstances, the necessity for limited wars (employing tactical nuclear weapons). Brown believes it fantastically wishful thinking to expect that human beings will handle themselves intelligently and coolly in these wars and that everyone's ability to retaliate with massive destruction will result in stabilization.

Brown's difference with Teller are bluntly, almost brutally explicit. The chief point at issue between them is whether it may be possible to achieve some kind of agreement with the Soviet Union which might reduce world tensions, offer a political solution to global problems, and head off the nuclear holocaust toward which Brown fears we may be marching. Brown feels there can be such agreement * * * must be. Teller—out of a deep-rooted hatred of the Soviet Union which borders upon the fanatic, according to Brown—sees no political solution on the horizon and maintains we have no choice but to continue our military policy of nuclear stalemate with Russia.

Such questions, of course, lie in the realm of another science, political, and have to do with elements, human emotions and reasoning not entirely subject to the techniques and tools used by either Brown or Teller in their fields of special expertness (geochemistry and nuclear physics). However, Western scientists, unlike their Soviet counterparts, do study and speculate and debate outside the narrow confines of their laboratories, and their achievements both in their scientific fields and in outside speculation command respect and attention for their views.

It may be confusing to the mere laymen who may ultimately make or shape the national decisions on these momentous matters to find disagreement, even deep disagreement, among such eminent men. But the questions involved are complex, they cannot be much simplified without danger, and they invite difference of opinion, even among the best informed.

We cannot, however, if we pay attention, be other than helped in our own thinking by the shared speculation of men like Brown. We can be thankful for the free-flowing channels of communication which make such sharing possible in our society, whatever burdens and perplexities may be foisted upon us as a result.

BROWN SAYS NEXT DECADE OFFERS NEW LIFE OR DOOM

(Following is the text of the Gideon Seymore memorial lecture given Sunday at Northrop Auditorium by Harrison Brown, professor of geochemistry at California Institute of Technology:)

Today we are confronted with the most critical, the most desperate, the most dangerous situation in mankind's long history.

The way in which human beings conduct themselves, and in particular the way in which we in the United States conduct ourselves during the next brief decade may well

determine whether man continues to inhabit the earth. In all likelihood, our conduct during this short period will determine whether or not it will be possible for civilization of any sort to thrive.

Almost certainly our conduct will determine whether or not it will be possible for man to continue to move forward and attain the new level of life and understanding—the new level of richness—which is within our reach.

Never before have we been in a position in which the decisions of individual men have been so critical in determining the ultimate destiny of all mankind. We are at a junction which has been thousands of millions of years in the making and unfortunately we are only beginning to perceive the real nature of this turning point.

EONS REQUIRED

A billion or so years were required for our earth and sun to be formed from primordial matter. Another billion or so years elapsed before the first primitive life forms emerged in the early oceans. Additional billions of years passed before life evolved to the point where it could survive on land. Hundreds of millions of years were required before life on land evolved to the point where a creature could emerge which was endowed with the power of conceptual thought; which could use tools and which could control his environment.

It took this creature, man, hundreds of thousands of years to reach the point where he could create a civilization. Additional thousands of years passed before he attained the power not only of controlling his destiny but of understanding the universe in which he lives.

Today, in but an instant in time, he is called upon either to exert that power or forever lose it.

It is both ironic and tragic that man, the only animal capable of both understanding his environment and controlling it, is the primary threat to his own survival. He is able to look up at the stars and wonder. He is able to build machines with which he can study both the infinitely great and the infinitely small. He probes the depths of the oceans and the earth beneath his feet, the world within the atom and the universe of galaxies. His mind enables him to transport himself far into the past and into the future. He has the power of flying to the stars. He has come close to achieving the almost godlike power of creating life in the laboratory. And he has the power of destroying the natural life around him on an unprecedented scale.

As he pursues his endless quest, his probing into the far reaches of the unknown, there emerges the bare glimmering of an understanding of the how of his universe and of his place within it.

As yet his degree of understanding is small. But the important thing is that he understands enough to realize that he can understand, if he persists in his quest, and if he preserves the tools which he now has together with the wherewithal to create new ones. And he is even sufficiently bold to believe that he need not stop once he understands the how of his universe—that there remains the problem of the why. And that, too, he believes he may one day answer.

MAN CREATES BEAUTY

But man is capable of more than cold mechanistic understanding—he is capable of emotional feeling as well. He can feel and appreciate the beauty of his universe and of the wondrous laws which regulate its motions. He can isolate himself on a mountaintop or in a forest, and without attempting to understand he can feel the beauty which engulfs him.

He can close his eyes in a concert hall and permit the sounds to transport him into a world where emotional experience is the only reality and understanding is both impossible and unnecessary. He can feel the beauty of life, both of the flesh and of the spirt. And where nature is deficient, he can create beauty where it had not previously existed—beauty in words, in sound, in sight, in touch, and in a variety of unclassifiable emotional experiences.

Yet this same creature, who is endowed to such a high degree with the powers of understanding, of feeling, and of creating, now finds himself threatened by the very qualities of nature which were responsible initially for his emergence. He permits instincts which were formed in a totally different environment from that in which he now lives to dominate his actions. He destroys that which he does not understand and which might possibly be a threat. He thinks of today and ignores tomorrow. He is concerned far more with himself than with the community of mankind to which he belongs. He tolerates ugliness and selfishness in the interest of expediency. And he tolerates expediency without thinking of the long-range effects of his actions and his inactions.

I do not wish to imply that if we survive the next decade our problems will be solved. Indeed, for as long as our civilization lasts we are going to be faced with critical problems involving its perpetuation. But I do wish to make clear the fact that we are called upon today to make decisions which will have vastly greater effect upon mankind's destiny than any decisions which have thus far been made in the course of human existence.

No decisions which Alexander or Caesar or even Hitler could possibly have made could have determined whether mankind as a whole would live or die. They could make decisions which could determine the destinies of their own civilizations and cultures. Their decisions could result in a speeding up or a slowing down of progress. But no decision within their power could have excluded the later emergence of new civilizations. No decisions on their part could have resulted in the destruction of the greater part of humanity.

By contrast, the decisions we make today, if they are wrong, can result in exactly that. Can we as a Nation and as a people devise the means of forestalling the unprecedented dangers which confront us? This is the overwhelming question of our age.

MEN THINK OF TODAY

If we were to compile a comprehensive list of those characteristics of man which operate to his disadvantage, very high in relative importance would be his reluctance to look ahead. He thinks primarily of today. He takes actions aimed at satisfying immediate needs and ignores their long-range consequences. And his failure to look ahead frequently precludes actions aimed at preventing the emergence of serious new problems.

In a society which is relatively stable, in which there is little or no change either in the society or in its external environment from one year to the next, it is not necessary to look ahead. And even were one inclined to do so, one would see but an interminable sameness.

These were the conditions which prevailed in the millenniums during which the ancient empires of the East reigned supreme, or later during the centuries of Roman supremacy, or still later in the Middle Ages. To be sure there were changes in those societies, but they were slow when compared with the life span of a human being. So slowly did changes take place, they were usually not noticeable from one generation to the next. Totally new problems appeared only at infrequent intervals.

For as long as a society could cope with the new problems as they arose, it survived. But when new problems emerged with which the society was unable to cope, death was the inevitable result.

By contrast with the rates of change which prevailed in the ancient civilizations, those in modern industrial societies are fantastically high. And we must recognize that so rapid is the rate of change, the solution of the immediate problems which confront us today will by no means stem the tide, that there will be even more problems tomorrow of even greater complexity.

EMOTIONS ENTER

It is clear that both the recognition and the anticipation of problems are necessary for our survival. It is obvious, however, that recognition and anticipation are not sufficient, that problems demand solution. And unfortunately it often happens that although most problems can be solved on the intellectual level, they all too frequently resist solution on the emotional level. All of us know of problems where the solutions might make a great deal of sense intellectually, mathematically, economically, biologically, and morally, but where the solutions would not be valid for the reason that they would not be acceptable to most of the people.

The fact that problems must be recognized and anticipated if we are to survive indeed makes life seem difficult. Even were we called upon only to arrive at intellectual solutions to these problems life would seem unreasonably complex. But called upon as we are not only to anticipate, to recognize, and to arrive at conclusions intellectually, but to arrive at conclusions which will satisfy most people emotionally as well, I fear is a challenge so great that it makes pessimists of most of us.

Certainly such thoughts have made a pessimist of me—although I would like to stress that I am a pessimist with hope. Somehow I have the feeling that once people understand the major problems which confront us, they will find solutions. And I feel that even those who don't really understand the problems might eventually turn out to be at least somewhat tolerant of the solutions which emerge.

This afternoon I will speak primarily of problems, but at the risk of irritating you I will speak but little of solutions. With the conviction that problems must be spelled out before they can be solved, I hope to outline the major problems which confront us today, as I see them, together with those which will in all likelihood confront us tomorrow.

NUCLEAR WAR THREAT

The most obvious threat to our survival today is nuclear war with the Soviet Union. This is also the most immediate threat, but I would like to stress that in the long run it is not necessarily the most serious one.

For more than 12 years we have been locked in an arms race with the Russians. Both parties in this race fully realize that war between them is a very real possibility. Both sides have expended prodigious efforts aimed at putting themselves in the position of winning the war should it break out. Both sides have been developing varieties of nuclear armaments for tactical, strategic, and defensive purposes.

The race has led to the concentration of tremendous technological resources upon military problems and has resulted in the emergence of dramatically new techniques of waging war.

Efforts to secure some measure of arms limitation have failed repeatedly and there is little prospect that disarmament negotiations will be reopened in the near future. The United States now relies in large measure for its defense upon her ability to retaliate with devastating power against an aggressor.

Today we can strike with planes carrying nuclear bombs and which stand ready for

practically instantaneous takeoff from a worldwide network of bases. Tomorrow we will be able to strike with missiles carrying nuclear warheads launched from both stationary ground and mobile sea bases scattered throughout the world. The Russians also presumably have the means of striking with devastating power using planes, possibly with submarine-based missiles and soon with land-based long-range missiles.

We in turn are engaging in an intensive program aimed at developing a variety of nuclear antiplane and antimissile devices. We recognize that in the event of war far more nuclear explosives may be detonated in the process of defending ourselves than in striking at the enemy.

We recognize further that the radioactive products of these explosions can result in far more deaths than those resulting from the bombs which are aimed at cities. In part for this reason we have been working intensively on the development of a so-called clean H-bomb.

Deadlocked as we are with the Soviet Union and hoping that the threat of retaliation will prevent the outbreak of a major nuclear war, we have reached the conclusion that small or limited wars are perhaps inevitable. We have, as a result, embarked upon a program of devising nuclear armaments which are particularly suited to this type of war.

The proponents of preparedness for limited nuclear war apparently believe that the leaders of nations will be guided predominantly by rational considerations and that they will handle their warmaking in a sufficiently wise manner that the boat will not be rocked unduly—that fear of the consequences will prevent the outbreak of an allout nuclear war involving the strategic use of megaton bombs.

INFLUENCE EXERTED

There are many sincere proponents of the view that massive preparations for massive retaliation and for limited war represent the only realistic path toward security at the present time. Outstanding among these proponents is a group of men, symbolized in the public mind by Dr. Edward Teller, and who exert enormous influence upon our policies in this area.

Indeed, the combination of Dr. Teller's position, his prestige, his knowledge, and the iron wall of secrecy which enables him to make statements which cannot easily be checked or refuted by critics outside and often inside the Government, gives this group a degree of influence in the area of policy formation which rivals that of any group of persons in our country in modern times.

In a recent article in Foreign Affairs and still more recently in an article in Life magazine Dr. Teller explains his views concerning disarmament. He states that "since a political solution of the global problem is nowhere in sight, it has been proposed to make the world more peaceful by eliminating the means rather than the causes of war."

He then goes on to say, "There are at present two major reasons why such schemes are doomed to failure. One is the existence of the Iron Curtain. The other is the nature of modern scientific discoveries." He states that it is obvious that the Second World War was brought about by a race in disarmament, and although he notes in passing that historical analogies are not reliable, it is amply clear that he is convinced that any agreement on our part aimed at achieving some degree of arms limitation would be suicidal.

Concerning the Iron Curtain, it seems clear to me that Dr. Teller is motivated by a deep-rooted hatred of the Soviet Union which borders upon the fanatic. From this hatred there stems the belief that no agreement with the Soviet Union can be trusted and that in our modern technological age no inspection system can be relied upon. "In the contest between the bootlegger and the police," he says, "the bootlegger has a great advantage."

The combination of his fear of the Soviet Union and associated with it his fear that the United States might engage in disarmament agreements have led Dr. Teller to make some statements which are designed to convince but not necessarily to clarify.

Concerning control of H-bomb tests he says, "Actually a nuclear test is easily noticed only if it is performed in the most obvious manner. There can be no doubt that if a nation wants to carry out tests in secrecy, observation will become difficult and uncertain." He then minimizes the dangers of radioactive fallout from testing with statements which are somewhat reminiscent of the old saying that gonorrhea is no worse than a bad cold.

And finally, Dr. Teller argues that the very rapidity of technological progress renders disarmament an impossibility. "Scientific and technological developments," he says, "have produced and will produce unexpected types of weapons. How shall one check whether such weapons exist when the person who does the checking does not even know what he is looking for?"

Thus, the American people have placed before them the rationale for what is, in effect, our policy today—a policy which stems primarily from fear and hatred of the Soviet Union and which has produced a blindness concerning other serious short-range and long-range problems. I, for one, believe that this almost fanatic fixation, this blind fear, this hatred which causes us to look upon the Soviet Union as the only threat, and which leads us to justify practically everything we do or don't do on the basis of what the Soviet Union does or does not do can, in the long run, lead to disaster.

SECURITY CONSIDERED

At this point I should like to make my position with respect to the Soviet Union clear. I dislike her form of government as intensely as I dislike any totalitarian regime. I believe that she would, if given the opportunity, dominate the world. Her recent behavior in Hungary was despicable.

I do not believe that she would keep agreements unless it were to her advantage to do so. I also believe that science and technology have placed in the hands of the Soviet leaders weapons of both persuasion and coercion of such power that the prospects for a dramatic change in the nature of Soviet leadership are remote.

But I do not believe that the Soviet leaders are stupid, nor that they are necessarily blinded by preconceived goals to the extent that they would attempt to achieve those goals by means which would seriously jeopardize their own security. And here, I believe that we should keep in mind that security in the eyes of the Soviet leaders has two aspects—the first is the security of the nation; the second is the security of the regime.

These aspects of the problem should obviously be recognized and taken into account in our attempts to extricate ourselves from the morass in which we find ourselves. But there is a difference between taking facts into account coolly and logically and permitting ourselves to become so hysterical over the facts that we establish a blind, one-track policy, which in the long run may be suicidal.

We have seen that the policy as prescribed by Doctor Teller is to continue the arms race into the indefinite future. He offers us no short-term prospects or even remote long-range hopes for an end. There must be no disarmament. We must wage an endless sequence of little wars. We must continue developing new and more effective weapons for offense and defense. The specter of nuclear holocaust will be ever-present. We must resign ourselves to this and shape our way of life accordingly.

Where might such a policy take us in the long run? What will happen not only to our own culture but to the rest of the world if we pursue such a policy for the next quarter century and if, by some miracle, catastrophe does not intervene in the meantime?

TECHNOLOGY ASSESSED

Recently I have had the opportunity of participating in a series of discussions concerning these problems which have been held under the sponsorship of the National Planning Association. A group, composed about 50 percent of scientists, a number of whom possess considerable knowledge of weapons systems, has been surveying the general technical and political problems of disarmament.

In our first working paper we have attempted to take a long look into the future and to assess what military technology might be like in another 20 to 25 years in the absence of any weapons-control agreements. The picture which unfolds, I regret to say, is not a pretty one.

We must realize that today we are in the middle of an enormous revolution characterized by the rapid spread of industrialization throughout the world. Hand in hand with the growth of industrialization goes the power of waging modern war. Within the last half century we have seen the growth of industrialization and of war-making potential in Japan. We all know what happened as a result.

More recently we have seen the growth of industrialization in the Soviet Union and we see today what is happening as a result. But I would like to stress that the Soviet Union is by no means last on the list, that we are closer to the beginning of this revolution than we are to the end. China is industrializing and already she is causing trouble. Other areas of the world will follow—India, Africa, the Middle East, South America. We must recognize that the potential for waging modern war is likely one day to become worldwide.

FALLOUT INCREASES

As nuclear weapons are increasingly taken for granted in fighting small wars, the techniques of making them and of using them will become worldwide—and here I mean all nuclear weapons ranging from the artillery shell to the superbomb. I suspect that about 15 nations will be in the business of manufacturing nuclear explosives within the next 25 years. In another 25 years the number may well be double that.

This brings up one point concerning which Dr. Teller and I are in complete agreement. If weapons are to be used they must be tested. Presumably each nation will run its own testing program and the level of radioactive fallout, which Dr. Teller calls insignificant, may well increase another tenfold.

Today this insignificant effect results in the deaths of perhaps a few thousand persons each year who might not otherwise have died (Dr. Teller would probably express this differently, the average length of life is shortened by only a few hours). Tomorrow the annual additional deaths might well be numbered in the tens of thousands.

In the next quarter of a century we will make great advances in the struggle for space supremacy. There will be manned satellites, television observation satellites, radar satellites, bomb-carrying satellites. And as we are driven relentlessly into space, we will also be driven relentlessly into the oceans.

There will be missile-carrying submarines which will be capable of descending to vastly greater depths than do those of today and which will be even less subject to detection. There will be underwater vehicles driven by remote control which will carry thermonuclear explosives capable of destroying coastal cities.

And in 1975, I can see in a flight of fancy, an article in Life magazine, written by Dr. Edward Teller, grand old man of science and father of the H-bomb, who by then has succeeded in establishing a crash program at the Livermore laboratories aimed at beating the Russians to the moon.

He is worried that the then-current Soviet-American negotiations aimed at placing the moon under United Nations jurisdiction might succeed, and in eloquent words he describes how such an agreement might work to our disadvantage. He states that "since a political solution of the space problem is nowhere in sight, it has been proposed to make space more peaceful by eliminating the means for waging war in space."

He then goes on to say that "there are at present two major reasons why such schemes are doomed to failure. One is the existence of the iron curtain. The other is the nature of modern scientific discoveries." He concludes ominously, "Actually the establishment of a lunar base is easily noticed only if it is established in the most obvious manner. There can be no doubt that if a nation wants to establish such bases in secrecy, observation will become difficult and uncertain."

MEANS ACHIEVED

But to return to the problem of military technology, we are faced during the course of the next 25 years with the prospect of seeing one nation after another achieve the means of manufacturing nuclear explosives and of delivering them with planes, missiles, and submarines. With the addition of each new nation to the list, the problem of achieving control of any sort will increase enormously. As missiles become more dependable agents for delivery increased emphasis will be placed upon the use of nuclear explosives for defensive purposes.

Eventually most nations will be heavily armed with these weapons. Stockpiles for offensive purposes will be numbered in the hundreds of thousands, and those for defensive purposes will be numbered in the millions.

Within this anarchic framework there will be little wars in which tactical nuclear weapons will be used. We are asked to believe that human beings will handle themselves intelligently and coolly in these wars and that everyone's ability to retaliate with massive destruction will result in stabilization. No nation, it is argued, will employ H-bombs strategically for fear of being destroyed herself.

The degree of wishful thinking which is involved in this view is, I believe, fantastic. In a rapidly changing world, such a situation would be about as stable as a billiard ball balanced on a pinhead.

To persons who doubt this, I can only say that a Tunisian village was bombed the other day as the result of an order which was given by an officer who acted rashly and without the knowledge of the government of France. This was not the first time a French officer has taken a rash action on his own and it may not be the last.

Imagine if you will a world in which nuclear weapons of all sizes have become commonplace and widespread. Couple this with the ever-present possibility of rash military action such as we have just witnessed in Tunisia. Add to this the prospect that rash actions can be precipitated in virtually every region of the globe. Mix with this the consideration that individual human beings are more likely to act in a crisis on the basis of heated emotions and deep-seated fears than on the basis of considered judgment. Add to this the extent to which ignorance permeates human society. Add, for what it is worth, our knowledge from past history concerning the frequency of occurrence of wars.

Now examine all of these factors and ask yourselves for how long a time you honestly believe violence on a large scale can be avoided. Our opinions will, of course, vary. But I believe that most of us who are able to divorce ourselves from our tendency to indulge in wishful thinking would agree that the time which stands between us and large-scale disaster some place in the world is agonizingly short.

WHOM TO BLAME?

There will also be another problem. Against whom does one retaliate? If Minneapolis were suddenly destroyed today, we would know that either a large meteorite or the Russians were to blame, and being that the fall of a large meteorite is perhaps considerably less probable than a Russian attack, we would retaliate with full force against the Soviet Union.

But what about tomorrow? If San Francisco is destroyed by a nuclear bomb launched from a submarine in 1980; against whom should we unleash our power? We might guess that the Russians were to blame. But what about the Chinese, the Egyptians, the Japanese, the Peruvians, the Indians?

I do not believe that much imagination is required to appreciate that such a situation would be intolerable and probably in the long run fatal. Yet, it is the kind of situation which will almost certainly emerge if we pursue our present policies.

Thus far we have discussed the most urgent of our survival problems. But we must realize that in the decades ahead we will be faced with other and in a sense even more difficult ones involving not only our biological survival, but the survival of individual freedom as well.

I am convinced that if the Soviet Union were, by some magic, to disappear tomorrow our situation would not be greatly eased—we would soon be confronted by other difficulties of equally grave magnitude. I am convinced that as industrialization continues its relentless spread, within the framework of international anarchy, we are going to be faced by new Germanys, new Japans, and new Soviet Unions.

FUTURE PROBLEMS

As worldwide consumption of goods increases and as the earth's resources of high-grade raw materials diminish in abundance, we will be faced with the necessity of applying our science and technology on an unprecedented scale to the task of surviving on the leanest of natural materials.

As the population of the world continues its accelerating rise, mankind will be faced with problems of providing living space and adequate food and shelter for billions of new additions to the human community.

As industrialization spreads we will be faced with the prospect of watching more and more nations shift to totalitarian forms of government in the interest of shortening their periods of transition and in the interest of their own military survival.

As our own population grows, as the pressures from outside become even more intense, as our industrial network becomes increasingly complex, as the problems of military defense become even more involved, we will be confronted internally by extraordinarily difficult problems involving our learning how to live in an industrial society.

We have only seen the beginnings of rules and regulations designed to regulate and bind men's actions. In Dr. Teller's world of the future, the world of the armed peace, the brush-fire war and the do-it-yourself air-raid shelter, the people of the United States will be driven steadily toward increased organization, increased conformity, and increased control over the thoughts and actions of the individual.

In the face of the powerful modern tools of persuasion and coercion I fear that what dignity and freedom we still possess may one day vanish.

TOTALITARIAN DRIFT

Today we are arming ourselves against the Soviet Union because we are afraid she may destroy us. But equally important, we are arming ourselves because we don't like totalitarianism in any form. Would it not, then, be ironic if in the process of combating totalitarianism in this narrow manner, it were to descend upon us through the back door?

China has already embraced communism. I believe that the pressures of eking out an existence will soon force Japan to return to the totalitarian fold. Several months spent in India have led me to the belief that we should not be surprised were that nation to attempt to emulate China. And even in our own country I would not be surprised if we were to drift into some form of totalitarianism which we would, of course, continue to call democracy.

I would now like to say that if I really thought that the dismal future which I have discussed thus far were inevitable I would not be with you now discussing the matter. If a friend of mine were suffering from an incurable disease, I would not be inclined to give him a vivid description of the nature of his disease, nor would I be inclined to give him a detailed outline of his future agonies.

On the other hand if I believed my friend's disease curable, and if an understanding of his difficulties were a prerequisite for the cure, I would be inclined to describe his disease to him and to project its course into the future as best I could.

CURES ARE POSSIBLE

I am not at all certain that the political diseases which now infect mankind can be cured. But I believe that cures are possible. And for as long as the possibility of cures remains I believe we should do everything we can to find them and apply them. I believe further that our present policies can be likened to the ancient practices of bloodletting or of applying leeches—practices which stemmed from ignorance rather than from knowledge and which killed more often than they cured.

I have already stated that it is not my intention this afternoon to discuss solutions to our problems. But I would like to discuss in the few remaining minutes some possible approaches to solutions.

First we must take both the long view in time and the broad view in personal outlook and ask ourselves: What kind of a world do we want? When we examine the future in time perspective we must recognize that change will be the major characteristic of our society for many decades, and perhaps for centuries. We must recognize that one day, other nations may be as powerful, or perhaps even more powerful than ours.

In our thinking in time perspective let us keep in mind the tremendous superiority enjoyed by the United Kingdom for so many years. There were many reasons for the decline in British power, but certainly one of the major ones was the failure of the leaders to take a long view of the future. They worked, often brilliantly, on the immediate problems of the day, but they failed to come to grips with the problems of the future until it was too late. Secondly, they attempted to maintain a vaguely defined status quo, much as we in the United States are doing today, not realizing that change was as much a characteristic of their world as it is of ours.

It seems to me that our primary long-range objective should be to do what we can to help create a world in which the great majority of the people have the opportunity of leading free and abundant lives. But when I look at the world of the future it seems obvious to me, and I believe also to most persons who think about the problem, that world anarchy is incompatible with this objective.

Enforceable world law is the only alternative and I believe that we should both understand this and state it clearly as one of our long-range goals, recognizing fully that enormous difficulties lie in the path.

STABILITY NEEDED

Our second long-range goal should be to make the industrial transition in the presently unindustrialized parts of the world as painless as possible. We should recognize that a world in which a few own much and in which many persons suffer deprivation, is inherently unstable. Even were we to look at the problem solely from the selfish point of view, the elimination of starvation in India would appear to be more to our advantage in the long run than the development of the ultimate in intercontinental ballistics missiles.

In connection with the second goal we should realize that our modern science and technology can in principle, in the absence of catastrophe, enable mankind to provide an abundance of food and goods for an indefinitely long period of time. Given the will and the mobilization of effort, there is little doubt that large-scale deprivation could be eliminated from the world scene.

I realize that being in favor of eliminating starvation and deprivation is like being against sin—it is respectable, but only for as long as operational details are omitted. In the present situation the operational details are loaded with concepts which give rise to strong emotional reactions.

One of these, which I have already cited, is world law or world government, which is our only alternative to world anarchy. Another, for example, is birth control, which is our only means for adjusting to the consequences of death control, which we have practiced for so many decades.

In assessing our long-range goals it seems to me essential that we do everything we can to divorce emotion from such concepts, and others like them, and give them the hardheaded respectability which they deserve.

EDUCATION IS GOAL

Our third long-range goal should be the education of people. We have got to realize that we are simply not sufficiently well-educated to survive in our complex industrial world, that the savage in the jungle is far better equipped to survive in his world than we are in ours.

We have reached the point where we have become completely dependent upon the smooth functioning of our science and technology for our survival—yet few persons know anything about what science is, how it operates, or what its potentialities and limitations are. A savage in the jungle who knows nothing about the operations of his own tools and weapons, or the habits of the plants and animals about him cannot survive for long.

In addition, we have become dependent upon our ability to accumulate new knowledge which can enable us to control the forces of nature. Yet we are producing far fewer scientists and engineers than we need today, and our needs tomorrow will be even greater.

Our fourth long-range goal should be to decrease the vulnerability of industrial society to disruption. No matter how successful we are in the decades ahead in disarmament, in world development or in the achievement of enforceable world law, the specter of nuclear war will be with us for a long time in the future.

As our industrial network is now arranged, the destruction of a few well-chosen centers could result in complete stoppage of our production, and in effect could result in the death of our Nation. It is possible, I believe, to rearrange our network in such a way that our vulnerability would be greatly reduced.

I have only mentioned four aspects of what I believe our long-range goals should be—world law, world development, education and, related to it, the accumulation of new knowledge, and the lessening of our vulnerability. There should undoubtedly be many more goals. But whatever they are, they should be stated forcefully and clearly in terms that all people of the world can understand. Given a clear statement of our long-range goals, it is then possible to formulate short-range goals which make sense.

URGENCY NOTED

Of all of our short-range goals, the one of overwhelming urgency, it seems to me, is to secure agreements which would make it extremely difficult for the Soviet Union and the United States to engage in large-scale nuclear war and which would severely hinder, if not completely stop, the spread of nuclear military technology to the rest of the world.

Dr. Teller believes that any such agreements would work to our disadvantage because we could not be certain that the Soviet Union might not "bootleg" tests. I challenge this view, and in doing so I do not stand alone in the scientific world.

I believe that Dr. Teller is willfully distorting the realities of the situation. I believe that it is possible for us to secure agreements with the Soviet Union to stop tests and I believe further that the agreements could be of such a nature that the Soviet Union would adhere to them because it would be very much to her advantage to do so. I also believe that it is well within the realm of feasibility to establish a detection system which would make the bootlegging of tests extremely difficult, if not impossible.

I would now like to speak more specifically and outline a possible sequence of steps which could be taken which I believe would ease the present critical situation and which would create an atmosphere within which longer-range goals might be pursued.

TESTING HALTED

First, we could agree to stop testing nuclear explosives of all sorts for a specified period of not less than 1 year and not more than 3. This agreement should be divorced from all other aspects of military technology and all international-political considerations. The existing detection stations, located in various parts of the world, would render difficult gross violation of the agreement in the short time during which the agreement would be in effect.

The staffs at the various nuclear armaments laboratories here and abroad could make plans for new weapons and they could assemble devices for future testing on as large a scale as they might desire.

During the first few months of the agreement, an international conference could be held, composed primarily of scientists and technologists in the military-nuclear field, for the purpose of discussing in detail the technical requirements for detecting nuclear tests in relation to their size, nature and method of detonation. I believe that such a group could, in a relatively short time agree upon a scheme which would be workable both technically and politically.

DETECTION OUTLINED

It seems likely to me that a worldwide network of landbased detection stations, spaced approximately at 1,000-mile intervals, coupled with a similar network of observation ships over the oceans would be a reasonable recommendation. These stations would be equipped with the most modern seismographs, microbarographs, and radiation-detection instruments and they would be in daily radio communication with a central detection headquarters.

The network of detection stations could be under United Nations jurisdiction and operation. The stations could be located and operated in such a way that other aspects of a nation's military program could remain unobserved. Once agreed upon, stations could be established first in those areas of the world where tests have been conducted thus far. Then over a period of 5 to 10 years the network could be extended over the entire surface of the earth. In the meantime the original short-term agreement could be placed on a permanent basis.

But what about Dr. Teller's bootlegger? Would not the United States be at a disadvantage? We would not think of violating such an agreement, but the Russians might expend vast efforts in attempts to conduct tests in secret.

I believe that there is an answer to this difficulty. Remote though the possibility of conducting tests in secret might be, it is conceivable that some bright young scientist might think of a way of circumventing the agreement. In view of this possibility and in order to place the United States on an equal footing with the Soviet Union, I would be inclined to legalize secret nuclear tests—in short to make the bootlegging of tests an honorable profession.

DANGERS CURTAILED

The agreement which I visualize would not be one to stop all nuclear testing. It would be an agreement to stop all tests which could be detected by the established network. This would mean that no appreciable radioactivity could be poured into the atmosphere to contaminate the air, no appreciable air pressure waves could be initiated, no large ground-shocks could be generated.

It would mean further that our scientists and technologists at Los Alamos and Livermore could be kept happy and busy exploring all possible roads which might enable them to circumvent these formidable restrictions.

I believe that it is possible for us to approach the problems of controlling missiles and satellites which will soon be upon us, in a similar way—although the technical problems will be much more formidable. Yet here also I believe we can reach agreements which can be kept because it would be to the interest of all parties to keep them.

As a start it should be possible to place the region outside the earth's atmosphere under United Nations jurisdiction and to establish a system whereby a satellite could be launched only with United Nations approval following inspection to ascertain its function.

I realize that it is a long way from cessation of nuclear tests and the assignment of the control of space to the establishment of a truly peaceful world. But it seems to me that we have got to start some place and we have got to start soon. We are rapidly approaching the time when it will be too late.

It is time that our policymakers face the realities both of the present and of the future and conduct our affairs accordingly. It is time that we abandon our narrow view of world affairs and our negativistic approach to them, and establish positive policies which have meaning, which can be understood abroad and which can effectively get us started on the path toward peace.

It is time that we realize that we in the United States, the most powerful, the richest, and technologically the most advanced nation in the world are in the position to take leadership in the creation of a world such as has been dreamed of by man for thousands of years but never realized—a world in which freedom reigns, in which all persons are able to lead abundant lives, in which all persons are free from the fear that the skies may once again darken with the clouds of war. I realize that this is a big order. But the order is no greater than the stakes we forfeit if we lose our race with time.

STIMULATION OF RESIDENTIAL CONSTRUCTION

The Senate resumed the consideration of the bill (S. 3418) to stimulate residential construction.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on final passage of the bill, in order that all Senators may be informed that a yea-and-nay vote is expected.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, we are approaching the close of debate on one of the most important measures we could pass to combat the recession.

A few weeks ago, I met with union representatives of my State. They reported on conditions in their areas and the facts they had to present gave no cause for comfort.

One of the darkest pictures was that in the building trades industry.

One after another the facts rolled in.

In one city in the South High Plains, 30 percent of the carpenters out of work.

In union halls on the gulf coast, idle workers congregating in the hope that someone would call for their services.

In heretofore expanding towns of east Texas, no new construction in sight to take up the employment slack.

Legislation to stimulate housing at this time has an unusually strong appeal. Not only will it put skilled workers back on payrolls, but it will provide more homes for the families of America.

The experts of the Senate Banking Committee estimate that this measure could stimulate at least 200,000 extra housing starts in 1958. If the estimate is correct, this could put more than 10 percent of our unemployed back on the job.

Mr. President, under any circumstances I would consider this essential legislation. Homebuilding is not expanding as rapidly as the needs of the Nation. It has fallen below levels that are adequate.

Even this bill would do more than restore homebuilding to what it was 3 years ago.

Mr. President, this is only one of the measures which are to come as the response of Congress to the serious emergency which confronts our workingmen and women.

We have already approved a resolution to speed up the civil works which Congress has already authorized and funded. Before the week is over, I hope we will have completed action on farm legislation.

Shortly thereafter, I hope we can proceed to the highway bill, and a measure to establish capital banks for small business. I also anticipate facing up to a proposal to establish a Public Works Administration to engage in long-term planning and to be ready to go in the event a large-scale public-works program becomes essential.

We will face up—I hope very quickly—to the question of tax cuts. I have not come to any firm conclusion on this issue. But I believe we owe it to our fellow Americans to end the suspense at the earliest possible moment.

There is no intention here of jumping into crash programs or poorly-thought-out schemes. The steps we are taking are steps that will be carefully considered by prudent men.

But neither are we going to allow catch phrases and Madison Avenue slogans to sabotage the steps that must be taken.

I wish to congratulate the very able chairman of the Committee on Banking and Currency [Mr. FULBRIGHT] and his associate subcommittee chairman, the Senator from Alabama [Mr. SPARKMAN], for the many long hours of arduous effort they have devoted to the bill which we are about to pass.

I express my appreciation also to members of the minority who have cooperated in reporting this proposed legislation. I hope we may soon have a heavy vote in favor of its passage.

We cannot forget that we are confronted with an emergency—at least it is an emergency to 5,200,000 men and women. There is no intention to disrupt the economic life of America by rash moves. But there is an equal determination not to disrupt further the lives of 5,200,000 men and women by procrastination and delay.

Mr. President, the committee has done an excellent job. This is a bill which I believe can be supported proudly.

I hope that it is approved by an overwhelming vote and that we can start this legislation marching on its way to the relief of our fellow Americans.

Mr. President, I believe it is appropriate here to point out that no Member of the Senate has shown a greater awareness of the housing problem than the junior Senator from Oregon.

He has been in constant contact with me and with his colleagues. Just last week, I received a letter from him on the housing and other economic needs of Oregon and I ask unanimous consent that it be printed in the RECORD at the end of my remarks.

In this, as in all other matters, the junior Senator from Oregon [Mr. NEUBERGER] has displayed the keen interest that is to be expected from a Senator who is trying to give his constituents the highest type of service.

The people of Oregon have shown excellent judgment in sending him to the Senate. They assured themselves representation of the ablest, most patriotic and effective type.

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

UNITED STATES SENATE,
COMMITTEE ON INTERIOR
AND INSULAR AFFAIRS,
March 6, 1958.

HON. LYNDON B. JOHNSON,
United States Senate,
Washington, D. C.

DEAR LYNDON: You were kind enough to invite my opinion as to what action the Senate could take to do most for Oregon's lagging economy and high rate of unemployment.

In my opinion, there is no doubt that this action would be passage of an effective and adequate housing bill to encourage the early construction of a large volume of new homes throughout this country.

Oregon produces more lumber than any other State; about 75 percent of that lumber goes into housing. When housing is down—as it has been under this administration's progressively higher interest rate policies—lumber output is down, and Oregon is gripped by unemployment, mill closures, declining sales along Main Street. The other States of the Pacific Northwest are similarly affected.

One need not be a prophet of gloom and doom to recognize the depressed business conditions in Oregon. All the facts illuminate this reality. Unemployment has gone on so long that many insured workers have already exhausted their full quota of benefits, thus they do not show in compilations which currently place Oregon in second place in percentage of insured unemployment. Of 105,276 persons filing claims for unemployment benefits in the first 7 months of the 1957–58 benefit year, 5,318 already have drawn their full amount and this number is increasing at the rate of more than 800 a week.

On top of all this, public assistance payments in Oregon in December of 1957 topped the $3 million mark for the first time in the history of the State Public Welfare Commission. This reflects the burden of direct relief of those not covered by unemployment compensation and of those whose unemployment benefit protection has expired. Lumber production in the Northwest Douglas fir belt during December was 16.6 percent below the November level and an alarming 19.3 percent below December of 1956. Department store sales for Oregon in December were at an index of 106, compared with the year earlier figure of 115.

Even before effects of tight-money policies were felt nationally, Oregon's economic health began to dwindle. During the winter of a year ago, this condition was erroneously diagnosed as a seasonal decline. However, the sharp drop in housing starts, reduction of the backlog of new orders for lumber and other factors forecast more serious consequences. At that time, I urged study for designation of Oregon's major metropolitan area as one having a labor surplus. I did this so that contracts for Federal purchases might be channeled into the area early enough to partially restore employment. It was not until last month, when joblessness touched one out of every 8 persons covered by unemployment insurance, that the Portland metropolitan area was placed on the list of distressed employment centers.

These events illustrate the results of policies which do too little, too late and give urgency to our efforts to accelerate action on a broad and dynamic housing program. Danger still exists that the administration will continue to ignore underlying factors, thus failing to act with the required promptness. There have been predictions that an upswing in employment will come this month, or in April or May. No one needs a crystal ball to foresee a rise in jobs during later months of this year. That has been the historic pattern of our Nation's employment trends—even in depression years. What must be sought is an antirecession program of sufficient volume and velocity to carry the economy above its former plateau when the upturn comes.

In my opinion, a vastly expanded housing program will be the key to achievement of such a goal. Housing absorbs a wide variety of materials and manufactured products and requires a large amount of manpower. Money funneled into the economy through this avenue shows up quickly in the market place.

There are other beneficial social and fiscal aspects of an enlarged housing program. Our Nation will have difficulty turning the tide against spread of slums and inadequate housing until a rate of new starts in the neighborhood of 2 million units annually is achieved. Moreover, money de-

voted to housing has less of an inflationary impact because—even with a large degree of Government support—housing attracts funds derived from savings into the avenues of commerce.

The lumber industry is so responsive to conditions in the housing market that an early improvement in the Oregon situation is possible through a housing program of broad scope undertaken at an early date. A program including direct Government loans to reach the middle-income bracket housing market, more rapid scheduling of public housing construction, expansion of FHA lending authority, and acceleration of urban renewal projects would certainly provide stimulus for restoring prosperity to my home State, as it would to other parts of the country.

Low-cost Federal power from sites like John Day, Libby and Hells Canyon is another urgent need for improvement of the economy of my State. Expansion of public works projects far above the unrealistic level proposed by the administration also is needed, and I intend to work for larger allocations for vital Oregon projects through the House and Senate Appropriations Committees. But it takes from 5 to 7 years to construct great projects such as these which would strengthen our long-range industrial base through greater diversification. Housing starts would give a far earlier and prompter forward thrust to Oregon's economic situation.

I am pleased to have had an opportunity to give my views on means of reversing the down-hill trend of our economy. Please be assured of my desire to cooperate in your efforts to bring forth the constructive housing program needed to meet the present perilous situation.

With best wishes, I am,

Sincerely,

RICHARD L. NEUBERGER.

Mr. SPARKMAN. Mr. President, in connection with the remarks of the distinguished majority leader on the housing bill, I wish to acknowledge at this point the very active interest taken in the measure by the majority leader himself. He early sensed the need for legislation which would put people to work. I remember one day early in the session, at the beginning of the year, he talked with me about a housing measure which would put people to work. That is what we have tried to do in the pending measure.

I should also like to say that we have had the finest type of cooperation in the Committee on Banking and Currency on both sides of the table. Everyone was eager to have a bill passed which would do the job, and I believe the pending bill will do it. The only controversy was on the subject of the interest rate, and we all saw how sharp that controversy was.

Mr. JOHNSON of Texas. I appreciate the remarks of the Senator from Alabama. I commend my able colleague from Oklahoma [Mr. MONRONEY] on the gallant fight he made on the floor of the Senate.

Mr. SPARKMAN. We should not forget the very fine cooperation that has been shown on the housing measure by the distinguished Senator from Indiana, the ranking minority member of the Committee on Banking and Currency [Mr. CAPEHART]. He was eager to get a bill through.

By the way, if the Senator from Texas will permit me, I should like to make one more observation concerning the seriousness of the present situation. So far I am one who has not viewed the present situation with exceeding alarm. I have thought of it all along as one that could become dangerous, but only if we did not act quickly enough to stop it. I certainly felt that we could act quickly.

In the report which came from the Secretary of Labor, there appear some charts which I commend to the attention of every Senator. They show a sharp decline in employment and a precipitous incline in unemployment. That line runs sharply up.

I have heard the statement made, in connection with economic matters, that if a change is rather steady and gradual, there is nothing to become excited about, but if it is a sharp break, then there is something to become excited about. It is not possible to have a sharper break than that shown on the chart in connection with unemployment in comparison with employment. That facts lends emphasis to the statement of the majority leader.

Mr. JOHNSON of Texas. Mr. President, I must leave the Chamber, but first I shall yield to the Senator from Oklahoma, with the request that when he has concluded he suggest the absence of a quorum before final vote is had on the bill. He is authorized to assign the available time as he sees fit.

Mr. MONRONEY. First I should like to congratulate the Senator from Indiana on his victory. I now yield to him.

Mr. CAPEHART. That is very gracious of the Senator from Oklahoma. Mr. President, I send some amendments to the desk and ask that they be stated.

The PRESIDING OFFICER (Mr. HOBLITZELL in the chair). The amendments will be stated.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUSH. What is the pending question?

The PRESIDING OFFICER. The Senator from New York has withdrawn his amendment. The amendments offered by the Senator from Indiana will be stated.

The CHIEF CLERK. On page 9, lines 20 and 21, it is proposed to strike out "20 days" in each place it appears and insert in lieu thereof "20 working days."

On page 8, line 24, before the comma, to insert "or expects to do so within 10 additional working days."

On page 10, line 2, to strike out the quotation marks.

On page 10, between lines 2 and 3, to insert the following:

(3) As used in this subsection, the term "working days" means calendar days exclusive of Saturdays, Sundays, and legal holidays.

Mr. CAPEHART. Mr. President, it was the intention of the committee to give 20 days for the specific purpose stated, exclusive of Saturdays and Sundays. It is therefore necessary to amend the bill to exclude Saturdays and Sundays.

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

Mr. CAPEHART. I yield.

Mr. SPARKMAN. The Senator from Indiana has discussed this question with me. So far as I am concerned, I am perfectly willing to accept the amendments.

Mr. MONRONEY and Mr. HUMPHREY addressed the Chair.

The PRESIDING OFFICER. Do Senators on both sides of the question yield back the remainder of their time?

Mr. MONRONEY. I should like to reserve my time on the final passage of the bill.

The PRESIDING OFFICER. Do the Senators yield back their remaining time on the amendments?

Mr. CAPEHART. Yes.

Mr. MONRONEY. Yes.

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 en bloc.

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

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

Mr. HUMPHREY. It was my intention to offer an amendment to the bill relating to section 6, on page 13, which would have restored section 605 of the Housing Act of 1957.

I discussed the matter with a number of my colleagues and also with the chairman of the subcommittee and the chairman of the full committee. I should like to ask the chairman of the subcommittee, the distinguished Senator from Alabama, whether in the regular housing bill which is apt to be considered later, the whole matter of discount rates will be taken up again, in light of the trouble we have had with the discounting practice, and in view of the fact that in the pending bill, as I understand, FNMA is instructed to buy up to 99 percent of the value of the mortgages, or at least up to $1½ billion.

Mr. SPARKMAN. The Senator is correct. As I said a moment ago, the bill is a hurry-up measure, in an attempt to try to get housing starts going. We provide in the pending bill that FNMA shall have authority to buy all mortgages up to $13,500. Under the special assistance program in existing law, it is required to pay 99 percent of par. Therefore, the matter of discount control is not of concern at the moment. In order to be technically correct, let me say that the law requires it to pay par, but there is a 1 percent fee for handling, so that makes it 99 percent.

Mr. HUMPHREY. Had the Monroney amendment which would have stabilized the interest rates, been adopted, I would have felt that it was not nearly so important that we have control over discount rates. However, one of the most vicious practices that has developed in the housing finance field is the practice of discounting paper. It has the tendency to raise the interest rate. That is the indirect effect.

Mr. SPARKMAN. An 8-point discount is equal to a 1 percent increase in the interest rate.

Mr. HUMPHREY. Is it the Senator's view that the provision contained in the

act of 1957 worked to the disadvantage of the home buyer?

Mr. SPARKMAN. We have been told so by the people who have had to administer the law, and the people who finance the mortgages. They tell us that this is the effect, because it scares investors away.

Mr. HUMPHREY. Is it the Senator's view that with the high interest rate which is now authorized by the bill, money will be available?

Mr. SPARKMAN. Plus the special assistance program of FNMA.

Mr. HUMPHREY. Plus the special assistance program of FNMA, money will be available without the rather obnoxious practice of discounting?

Mr. SPARKMAN. The Senator is correct.

Mr. HUMPHREY. I hope that when the Committee on Banking and Currency begins to consider the general housing program, which I gather will be done this year——

Mr. SPARKMAN. We plan to start the hearings immediately after the Easter recess.

Mr. HUMPHREY. I hope the discounting practices will be thoroughly reviewed, and that the Commissioner will be called in for a much more careful examination than was possible during the consideration of the special emergency program which we are about to pass.

I shall not press the point tonight; but at the time the regular housing bill is considered, I respectfully request that the chairman and the other members of his subcommittee inquire intensively and in detail into the discounting practice. I hope they will ask the Commissioner for his recommendations as to how that practice can be stopped.

Mr. SPARKMAN. I give to the Senator from Minnesota my personal assurance that not only will we inquire into it, but that we shall watch it carefully as this program gets under way. It will be a matter of interest and concern to us at all times.

Mr. HUMPHREY. Does the Senator from Alabama agree with me that those who are lenders of money under the emergency housing program and under any housing program ought to be on guard lest they abuse the privileges which are accorded them, and not engage in the discounting practice?

Mr. SPARKMAN. I certainly do.

Mr. HUMPHREY. I serve notice now that if the discounting practice continues in the manner in which it has been used in the past, in the light of the action of Congress relating to interest rates on FNMA purchases, I shall be back when the housing bill is before the Senate with an amendment even stronger than that which was placed in section 605 of the act of 1957.

Mr. SPARKMAN. That was the Senator's amendment which was accepted at that time by the Senate.

Mr. HUMPHREY. I hope I will have some support of my proposal.

Mr. SPARKMAN. There is no difference between the Senator from Minnesota and me concerning this practice.

Mr. HUMPHREY. I thank the Senator from Alabama.

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

Mr. MONRONEY. I yield.

Mr. CARROLL. I commend the Senator from Alabama and the Senator from Minnesota for making the RECORD crystal clear that the passage of the bill without the discount provision will not place a stamp of approval on the discount practice, which is injurious to the buyer.

As I recall the legislative history, in 1951 there was a statutory regulation. Then last year Congress provided what was, at least, a discretionary action on the part of those in charge of the housing program. This time we have withdrawn it.

The ultimate effect of the bill actually will not minimize or diminish the interest rate to the home builder in Colorado at all.

The report says that this matter is difficult to administer. Very often the minimum standards which are set become the maximum standards.

I think the Senator from Minnesota is absolutely correct. We ought to establish a real watchdog committee—a housing watchdog committee—as the junior Senator from Alabama has said, to watch the discount rate practice. We can be very easily misled by the bill which we are about to pass by the deletion of an important provision from the bill.

Mr. HUMPHREY. It should be understood by the lenders and other financial institutions that by the passage of the bill they are, in a sense, put on their honor and their good behavior. If they exercise the prerogatives they seem to think they have, of discounting to the point where it has a substantial effect on the interest rate, they will have to face another legislative battle in Congress.

I know the Senator from Colorado will be in the forefront of that struggle, as will other Senators who have spoken to me, including the Senator from Oklahoma [Mr. MONRONEY], the Senator from Tennessee [Mr. GORE], and the Senator from Wisconsin [Mr. PROXMIRE]. We do not intend to stand idly by and see the interest rates raised, first, by act of Congress; second, by the repeal of a provision which allows banks and lending institutions to run the market at their own pace.

Not only do we hope the Committee on Banking and Currency will exercise a watchdog operation upon this matter, but that other committees of Congress, too, can be alerted to it.

I was speaking only recently to the Senator from Louisiana [Mr. LONG], who said that even the Select Committee on Small Business, in some of its operations, could interest itself in this matter. Happily, the chairman of the Subcommittee on Housing of the Banking and Currency Committee is the chairman of the Select Committee on Small Business.

Mr. CARROLL. I remember the brilliant work done last year by the distinguished Senator from Tennessee [Mr. GORE] and the arguments made by the distinguished junior Senator from Minnesota [Mr. HUMPHREY].

Notwithstanding the action taken by the Senate today, as a result of the tie vote which was broken by the Vice President, this is only one step in the legislative process. The House of Representatives can act on the bill. It can give protection, just as the Senate sought to do. The House, historically, always has been closer to the people. I hope the House will take a very close look at the bill. They know that 47 Senators have a deep concern about the increase in interest rates.

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

Mr. MONRONEY. I yield.

Mr. LAUSCHE. I subscribe to the words spoken by the Senator from Minnesota [Mr. HUMPHREY] about practices which will sap the strength of the bill we contemplate passing. Any activity by any segment of the economy which will take from the ordinary citizen the benefits which Congress contemplates giving, by this bill will be contrary to the purpose which I will have in mind when I vote for the bill. The taking of an unjust discount rate from a man who wants to buy a house ought to be watched and condemned.

But I go beyond that. Any segment of the economy, whether labor leaders, banks, contractors, or building material suppliers, which contemplate receiving special benefits from the passage of the bill ought to be warned. I listened to the words of the leader of the majority, who said that labor leaders in the building crafts unions came to him and said that a great many of their members were out of work. I suggest to the Senate that in this year, while we are providing money to reestablish the economy and to help Americans build houses, we should be watchful so as to guard against, if possible, a huge wave of demands for increased wages and increased prices by material suppliers which will be financed by the general taxpayers and will destroy the purposes we have in mind as we pass the bill.

I want to vote for the bill, but I shall watch with interest to see how quickly the labor leaders and suppliers step in and ask for 25- and 30-cent-an-hour wage and also price increases, which will reduce the size of the house which a veteran will be able to buy, and will nullify the purpose of the bill.

The purpose of the bill is to reestablish the economy. While the general taxpayer is contributing to the fund which will make possible the buying of the mortgages, we should call upon all segments of the economy to join shoulder to shoulder to hold the price line, and to recognize that we are in a recession, and that we should cooperate in the effort to help the economy pull out of it.

I ask the chairman of the subcommittee, while he is watching other things, to watch to see that in the depression the cost of building houses does not go up. If the cost goes up, there will be shame upon us in taking money from the general taxpayers and spending it.

Mr. MONRONEY. Mr. President, I join with the distinguished chairman of the Subcommittee on Housing [Mr. SPARKMAN] and the distinguished Senator from Minnesota [Mr. HUMPHREY] in condemning, in the strongest possible terms, the shyster practice which has

grown up of discounting Government guaranteed mortgages. The purpose of the Government guaranty was to endeavor to give a full dollar's value for every dollar invested in such a mortgage.

However, when a mortgage is discounted by 10 cents on the dollar, that is a concealed manner of giving the veteran only 90 cents for each dollar of his mortgage.

I hope our committee will search for every possible way to end what I consider to be one of the most onerous of all the practices that have grown up in the mortgage field. I trust that a way can be found to put an end to it.

If, 6 years ago, such mortgages had been discounted, that practice would have been made the subject of a Congressional committee investigation. However, today, that is standard operating procedure even for the Federal National Mortgage Association. I suspect that today the discount rate is being set by that Government agency. I believe we should put an end to this despicable discount practice.

Mr. President, today the Senate voted to make a 16-percent increase in the interest rates. If the discount practice continues, the United States Senate will have been played for a sap. I hope the practice will be ended beyond any question.

Mr. CAPEHART. Mr. President, will the Senator from Oklahoma yield to me?

The PRESIDING OFFICER (Mr. HOBLITZELL in the chair). Does the Senator from Oklahoma yield to the Senator from Indiana?

Mr. MONRONEY. I am glad to yield to the Senator from Indiana.

Mr. CAPEHART. Mr. President, I believe the RECORD should be kept straight. Under the law the Congress passed—and the bill was voted for by almost every Senator who was present—the Congress provided that when the FNMA purchased mortgages, it should purchase them at the market, and that it could not purchase them above the market. From time to time the Congress has admonished the FNMA not to purchase mortgages above the market, and it has not been supposed to purchase them above the market.

If we do not like what has been done under that law, the law will have to be changed.

Mr. MONRONEY. What I meant to say was that more times than not the FNMA discount rate has set the pattern for the discount rate throughout the country; and instead of buying the mortgages at the market rate, the FNMA has been setting the market rate. I believe it is despicable for a Government agency even to condone, much less to establish, a practice of giving the veteran only 90 cents for each dollar of his mortgage money.

Mr. SPARKMAN. Mr. President, will the Senator from Oklahoma yield to me?

Mr. MONRONEY. I am glad to yield to the Senator from Alabama.

Mr. SPARKMAN. Of course, the Senator from Oklahoma knows that I have brought up this matter many times in the subcommittee's hearings. The Senator from Oklahoma has placed his finger exactly on the trouble spot.

Let me say that the Senator from Indiana [Mr. CAPEHART] has correctly stated the situation. The mistake was made by the Congress in the 1954 act, by reconstituting the FNMA and by making it a profit-making institution and by giving it the direction which the Senator from Indiana has correctly pointed out.

I agree with the Senator from Oklahoma that as a matter of fact the Federal National Mortgage Association, a Government agency, ought not be a profit-making organization. It ought to influence the market toward par, instead of away from par, as is the case at the present time.

I agree that in order to accomplish that, a change in the basic law will be required.

Mr. MONRONEY. Mr. President, the FNMA was established under the Democratic administration, for the original purpose of stabilizing at par the Government-insured mortgages which, in fact, are as good as Government bonds.

But as a result of the practice which has developed since the changeover—and it was urged upon us by many persons in the home-construction field—the FNMA has become a quasi-moneymaking institution, and has been engaging in what I believe the loan sharks call "shaving paper." In other words, the interest rate has been "loaded," but the borrower has not read the fine print. That is the practice today, and it will continue to be the practice if we permit the FNMA to continue to operate as it does at the present time. I say it is a despicable practice; and it should be corrected at the earliest possible time, and by means of the strongest possible law.

Mr. SPARKMAN. Mr. President, will the Senator from Oklahoma yield again to me?

Mr. MONRONEY. I am glad to yield.

Mr. SPARKMAN. I was interested in the statement the Senator from Oklahoma made, namely, that a Government-guaranteed mortgage is almost as good as a Government bond. In fact, if possible, one type of Government-guaranteed mortgage—that is to say, the mortgage on Capehart housing——

Mr. MONRONEY. The Senator from Alabama means the type of mortgage for which the bill will increase the interest rates, does he not?

Mr. SPARKMAN. Yes. If possible, a Government-guaranteed mortgage on Capehart housing ought to be better than a Government bond, because a Government bond is guaranteed only once, but a mortgage on Capehart housing is guaranteed three times; and today the Senate voted to increase the rates of interest applying to such mortgages—which action I suppose constitutes a still stronger guaranty.

Mr. CAPEHART. Mr. President, will the Senator from Oklahoma yield to me?

Mr. MONRONEY. I yield.

Mr. CAPEHART. Mr. President, several times today I have heard Senators say on the floor of the Senate that a mortgage on Capehart housing is as good as a Government bond. I wish to say that the same can be said of everything connected with the name CAPEHART, including CAPEHART's word and CAPEHART's promises. All of them are equally as good as Government bonds.

Mr. MONRONEY. Mr. President, we hope everything connected with the name of the Senator from Indiana is regarded in that way.

Mr. President, I should congratulate the Senator from Indiana for the very successful fight he has made. I wish to congratulate the chairman of the committee for the very fine fight he has made. Above all, I realize that I should congratulate the President of the Senate, the Vice President of the United States. Let me say that never before have I been so completely knocked out as I was today by the final punch delivered by the Vice President. It is one which I shall do my best to avoid in the future. [Laughter.]

Although I protest against increasing the interest rates on these mortgages at a time when other interest rates are dropping, and although I protest against the $1 billion premium, the payment required to the moneylenders, nevertheless I feel that I cannot vote against the bill, when my colleague, the chairman of the Housing Subcommittee of the Banking and Currency Committee [Mr. SPARKMAN], with whom I serve on that committee, and with whom I served for 12 years in the House of Representatives—a body which in some ways is closer to the people of the country than is the Senate—has taken the position that the Senate should pass the bill, and that then, in the conference, the conferees on the part of the Senate will have an opportunity to reach a decision as between the interest rates voted by the House of Representatives and the higher interest rates voted today by the Senate with the help of the distinguished Vice President.

Mr. MCNAMARA. Mr. President, will the Senator from Oklahoma yield to me?

Mr. MONRONEY. I yield.

Mr. MCNAMARA. I thank the Senator from Oklahoma for his courtesy in yielding to me.

Mr. President, I desire to state that I subscribe to the sentiments and views which have been expressed by the Senator from Oklahoma.

I shall vote for the bill, despite the fact that it includes a provision for the high interest rates, which I believe are most unjustified, particularly in view of the colloquy which has just occurred between the Senator from Alabama [Mr. SPARKMAN] and the Senator from Oklahoma [Mr. MONRONEY], who have pointed out that the faith and credit of the United States are behind these mortgage loans, and guarantee them, and that, therefore, under the existing economic condition, there is no justification for requiring such high interest rates.

However, Mr. President, despite the high interest rates which are provided for by the bill, I take the position that, in view of the prevailing unemployment and the desperate situation of those who are unemployed, I should vote for the bill. Therefore, I shall vote for it.

Mr. YARBOROUGH. Mr. President, will the Senator from Oklahoma yield to me?

Mr. MONRONEY. Mr. President, I yield to the distinguished junior Senator from Texas, who has waged such an able fight for low-interest rates.

Mr. YARBOROUGH. Mr. President, I desire to congratulate the distinguished Senator from Oklahoma for the able fight he has made in opposition to the unconscionably high interest rate for which the pending bill provides.

I also desire to associate myself with the position taken by the Senator from Oklahoma, as indicated by his remarks in opposition to the discount practices now prevailing, and also as indicated by his remarks in opposition to the higher interest rate established by the bill.

I shall vote for the bill because its enactment is needed.

However, Mr. President, this situation reminds me of a story I was told when I was a young man. The story was that a boy about 18 years of age was about to drown, while another boy who was swimming was holding onto a log. The boy who was drowning screamed for help. The boy who had hold of the log yelled, "I will shove it out to you for $20."

In other words, the boy who had hold of the log was demanding that a premium be paid by the drowning boy for his survival.

Mr. President, that is similar to what has been required by the proponents of the higher interest rate.

As the Senator from Ohio [Mr. LAUSCHE] has said, they know that a depression and a recession exist. I congratulate the Senator for stating the facts. The people know a depression and a slowdown exist. Fortunately, they have not been going on for years and years; and, fortunately, the Government—especially the Members of the Senate on this side of the aisle—is moving to do something about this situation.

But then to say—as the bill now provides—that, as the price for giving assistance to the millions of workers who today are unemployed and are walking the streets, the payment of a higher price, by means of higher interest rates, will be required, to me is unconscionable.

Mr. President, I am proud to have joined today in the fight which has been made under the leadership of the distinguished junior Senator from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. I thank the Senator from Texas.

Mr. PROXMIRE. Mr. President, will the Senator from Oklahoma yield to me?

Mr. MONRONEY. I yield.

Mr. PROXMIRE. Mr. President, I, too, wish to associate myself with the position which has been taken by the Senator from Oklahoma.

I feel very strongly that the higher interest rates are wholly unjustified, are improper, will have an adverse effect, and will retard the effect of the other provisions of the bill in putting people back at work.

Mr. President, I shall vote for the bill; but I shall do so with a very heavy heart. I shall vote for the bill because it is my understanding, on the basis of the testimony which has been given by the distinguished senior Senator from Alabama [Mr. SPARKMAN], the outstanding expert in this field, that the bill, when enacted, will put 500,000 people to work.

Under the circumstances, although it will result in an increase in interest rates, I have no choice but to vote for the bill.

Mr. MONRONEY. I am not so sure it will result in an increase in interest rates, because if I understand the psychology of the Members of the House, they are going to look a long time before they buy a package such as the Senate has bought today.

Mr. PROXMIRE. I am glad the Senator has pointed out that fact. For whatever little influence it may have on the conferees' report, I hope an opportunity will be presented for them to keep the interest rates as they are, and to agree on a bill which will not result in increasing interest rates.

Mr. MONRONEY. I thank the Senator.

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

Mr. MONRONEY. I yield to the Senator from Tennessee.

Mr. GORE. It has been my privilege and pleasure to serve with the distinguished Senator from Oklahoma in both Houses of Congress. I have seen him make many able and vigorous fights. This is surely one of them. In almost every fight he has made I have been on his side. I have been on his side today. I congratulate him on a brilliant job, and I am sorry he suffered defeat at the hands of the Vice President of the United States—an event he will long remember.

Mr. MONRONEY. I thank my distinguished colleague. His remarks almost make up for the disappointment of losing the amendment.

Mr. LONG. Mr. President, will the Senator yield so that I may offer an amendment?

Mr. MONRONEY. I yield for the purpose of having the Senator from Louisiana offer an amendment.

Mr. LONG. Mr. President, I have an amendment at the desk, which I offer at this time and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Louisiana will be stated.

The LEGISLATIVE CLERK. It is proposed to insert the following at the appropriate place:

It is the sense of the Congress that interest rates for housing loans as of March 12, 1958, were too high, and that the Federal Reserve Board should exercise its powers to assure that an adequate volume of money and credit should be available to assure that housing loans subject to guaranties by instrumentalities of the United States Government should be available at a rate not to exceed 4½ percent per annum (assuming that no discount is paid).

Mr. LONG. Mr. President, the purpose of the amendment is to make it clear that the Federal Reserve Board should see to it that there is adequate credit and that there are adequate funds available for housing loans at 4½ percent interest, as Congress from time to time has indicated is desirable.

We have heard the argument made on the floor, by Republicans in the main, and by a few of our Democratic members, that they voted for higher interest rates on loans for veterans and others in order that housing may be built. If that argument is sound, and if those Senators are against high interest rates, if they are at heart in favor of having veterans and others obtain housing loans at reasonably low interest rates, they should certainly join us in having the Federal Reserve Board, which instrumentality was created by the Congress, see to it that credit is made freely available for such purposes, at reasonable rates of interest. The question is that simple. They will not have to resolve any conflict of conscience as to whether they are for higher interest rates and housing, or low interest rates and no housing. They can say they are for housing and for low interest rates. If they believe that the way to get housing is to see to it that housing funds are available at reasonable interest rates, this is the way to do it.

Senators have asked from time to time how we can go about getting reasonable interest rates. We have been challenged by leaders in favor of high interest rates as to what we can do about it. The first thing I would like to do is have Congress, which created the Federal Reserve Board, tell the Board that it is the sense of Congress that 4½ percent is a high enough interest rate to pay on Government guaranteed loans.

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

Mr. LONG. I yield.

Mr. REVERCOMB. Of course, the Senator is aware, is he not, that the Federal Reserve Board has reduced the discount rate another half percent, making it now 2½ percent? I know the Senator from Louisiana wants to be fair in his discussion. A moment ago he made the all-encompassing statement that the Republicans opposed the amendment offered by the Senator from Oklahoma. I think the RECORD will show, and I am sure the good Senator noted, that there was a division on both sides of the aisle on that vote.

Mr. LONG. I quite agree.

Mr. REVERCOMB. Both Republicans and Democrats divided on the vote.

Mr. LONG. It is my estimate that about 80 percent of the Republicans voted against the provision which, in my judgment, would have led to lower interest rates, and about 80 percent of the Democrats voted for the provision which would have led to lower interest rates.

My proposal will resolve a conflict of interest. It will permit veterans to have housing by expressing the sense of Congress that 4½ percent is enough interest to pay for Government-insured mortgages.

The Senate Finance Committee has been studying the matter for the past year. Lengthy hearings have been held. I should imagine that the printed hearings will comprise over 2,000 pages. The committee heard the Secretary of the Treasury, the Under Secretary of the Treasury, and the Chairman of the Federal Reserve Board. We have heard conflicting testimony and conflicting answers, and we can count on one thing; at a time when the Nation appears to be having a serious recession, it would be desirable to have housing loans available at reasonable rates.

I hope the Senate will adopt the proposal that it is the sense of Congress that interest rates on housing loans are presently too high and should be reduced.

Mr. President, I ask for the yeas and nays on my amendment.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. FREAR in the chair). The Senator will state it.

Mr. BUSH. I should like to ask whether the question before the Senate is an amendment or a resolution.

Mr. LONG. It is a resolution expressing the sense of Congress that interest rates on housing loans guaranteed by the Federal Government should be available at 4½ percent and that the Federal Reserve Board should use its powers to see that that obtains.

Mr. BUSH. Mr. President, I raise a point of order.

Mr. LONG. I am offering this proposal as an amendment to the bill.

Mr. BUSH. I raise a point or order and a parliamentary inquiry as to whether a resolution of this type is appropriate upon the pending bill.

Mr. LONG. This is not a resolution; it is an amendment to the bill.

Mr. BUSH. I thought the Senator said it was a resolution.

Mr. LONG. I am offering it as an amendment to the bill, to express the sense of the Congress. I am saying we should state it is the sense of Congress that no more than 4½ percent is a fair rate of interest on a Government-guaranteed housing loan.

Mr. BUSH. Mr. President, may we have the proposal now pending read?

The PRESIDING OFFICER. Without objection, the clerk will read.

The LEGISLATIVE CLERK. It is proposed to insert in the appropriate place the following:

It is the sense of the Congress that interest rates for housing loans as of March 12, 1958, were too high, and that the Federal Reserve Board should exercise its powers to assure that an adequate volume of money and credit should be available to assure that housing loans subject to guaranties by instrumentalities of the United States Government should be available at a rate not to exceed 4½ percent per annum (assuming that no discount is paid).

Mr. CAPEHART. Mr. President, I move that the amendment of the Senator from Louisiana be laid on the table.

The PRESIDING OFFICER. The motion is not in order at this time.

Mr. BUSH. Mr. President, I raise a question as to whether that motion is in order.

The PRESIDING OFFICER. Does the Senator from Connecticut desire a ruling from the Chair?

Mr. BUSH. I do.

The PRESIDING OFFICER. It is the opinion of the Chair that the amendment is germane.

Mr. BUSH. Is it in order?

The PRESIDING OFFICER. The amendment is in order.

Mr. LONG. Mr. President, I ask that the yeas and nays be ordered on this amendment.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were not ordered.

Mr. CAPEHART. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator from Louisiana [Mr. LONG] has the floor.

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

Mr. CAPEHART. Mr. President, a point of order—a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. Mr. President, a point of order. The Senator from Louisiana suggested the absence of a quorum.

The PRESIDING OFFICER. The Chair did not hear the suggestion.

Mr. CAPEHART. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. Just a minute. The Chair will advise the Senator from Louisiana that a call of the roll will have to come out of his time, if the Senator suggests the absence of a quorum.

Mr. CAPEHART. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CAPEHART. Why is the motion to lay on the table the amendment offered by the Senator from Louisiana not in order?

The PRESIDING OFFICER. The Chair will advise the Senator from Indiana that the Senator from Louisiana has the floor.

Mr. CAPEHART. Is that the reason why I cannot move to lay the amendment on the table?

Mr. GORE. The regular order, Mr. President.

Mr. LONG. Mr. President, how much time do I have on this amendment?

The PRESIDING OFFICER. The Chair will advise the Senator from Louisiana that he has used 8 minutes out of 90, leaving a balance of 82 minutes.

Mr. PAYNE. Mr. President, will the Senator from Louisiana yield so that I may ask to have a statement printed in the RECORD?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Maine?

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

Mr. LONG. I will yield for that purpose.

The PRESIDING OFFICER. The Senator from Louisiana yields to the Senator from Maine.

Mr. PAYNE. Mr. President, I ask unanimous consent that a statement I have prepared in connection with the housing 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 ON THE HOUSING BILL BY SENATOR PAYNE

The housing bill now before the Senate is the first major piece of housing legislation to reach the floor this session and will be one of the most important bills to be acted on this year. The drafting of this legislation was dominated by two policy considerations, namely: the need to continue the VA housing programs and the need to counter the current economic slump.

The two veterans housing programs—direct loan and insured mortgage—have allowed more than a million former servicemen to build or purchase homes, providing the impetus for one of the greatest housing booms in history. Through the insured mortgage program the Government has stimulated the flow of funds into housing without involving the Government directly in the housing field. The direct loan program was designed to augment the insured mortgage program in areas where mortgage funds were not available from regular credit sources. It too has proven successful, especially during the last 2 years when mortgage money has been relatively tight.

Both of these valuable programs are due to expire this summer. Indeed, the funds for the direct loan program are already exhausted and many veterans who have applied for these loans have had to be turned down. Veterans in Maine have written to me recently explaining that the direct loan program offered the only source of mortgage funds available at reasonable rates.

Ever since the issue of extending both these programs came before the Congress last year it has been my belief that they were valuable and necessary and that they should be extended. Less than a month ago here in this Chamber I reiterated this position and called for a rejuvenation of the direct loan program, and the $150 million annual authorization included in this bill will go far toward accomplishing that goal.

It is imperative that both of these veterans housing programs be extended for at least 2 years as provided in this bill.

The second and most important aim of this legislation is to combat the effects of economic recession. In this respect a unique device is incorporated in this bill which makes use of the rather involved operations of the private mortgage market. The prevailing interest rates in the mortgage market today are governed by the rates set by FHA- and VA-insured mortgages. These mortgages, after being issued, are often sold by the issuing bank or other lending institutions, and it is in this sale that the real supply-and-demand effect of the money market is reflected. In most money markets, it is still felt that both VA and FHA mortgage-interest rates are too low and therefore the dollar value of the mortgage is discounted upon this sale. These discounts may amount to from 3 percent to nearly 8 percent. Banks and builders usually take this loss and it has made many of them reluctant to issue mortgages, even those insured by the Federal Government, since they probably will not realize full value if they decide to sell.

To stimulate the flow of mortgage money again into VA- and FHA-insured mortgages this bill would authorize the Federal National Mortgage Association to purchase $1 billion worth of these mortgages from banks and other issuers at par value without discount. To boost the construction industry and aid employment the bill requires these mortgages to be only on new homes. There can be little doubt as to the effect this shot in the arm will have on the economy. It will increase home construction by at least 100,000 units this year and create hundreds of thousands of new jobs. The building-supply manufacturers can immediately set their sights higher. Transportation and appliance industries will be aided. The result may well be the economic stimulus to reverse the present economic trends.

In addition to the $1 billion for FHA- and VA-insured mortgages this bill gives the President an extra $500 million to use in this or other FNMA par purchase programs as he sees fit. This money can be used in the same fashion as the $1 billion which I just mentioned. And its results can be the same.

This is an outstanding piece of legislation and deserves prompt and favorable action by the Senate.

Mr. CAPEHART. Mr. President——

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

Mr. LONG. Mr. President, I yield to the Senator from Indiana [Mr. CAPEHART].

Mr. CAPEHART. Mr. President, I ask unanimous consent that I may move to lay on the table the amendment offered by the able Senator from Louisiana.

Mr. LONG. Mr. President——

Mr. CAPEHART. And I ask further unanimous consent that there be a yea-and-nay vote on the motion.

Mr. LONG. Under those conditions, Mr. President, I will agree.

The PRESIDING OFFICER. The Senator from Indiana has proposed a unanimous-consent request. Is there objection to the request of the Senator from Indiana? The Chair hears none, and it is so ordered.

The question is on the motion of the Senator from Indiana to lay on the table the amendment offered by the Senator from Louisiana [Mr. LONG]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from North Carolina [Mr. ERVIN], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent because of Illness.

I further announce that, if present and voting, the Senator from Nevada [Mr. BIBLE], the Senator from North Carolina [Mr. ERVIN], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Vermont [Mr. FLANDERS], and the Senator from Kansas [Mr. SCHOEPPEL] are detained on official business.

If present and voting, the Senator from Maryland [Mr. BUTLER], the Senator from Vermont [Mr. FLANDERS], and the Senator from Kansas [Mr. SCHOEPPEL] would each vote "yea."

The result was announced—yeas 45, nays 43, as follows:

YEAS—45

Aiken	Curtis	Martin, Pa.
Allott	Dirksen	Morton
Barrett	Dworshak	Mundt
Beall	Fulbright	Payne
Bennett	Goldwater	Potter
Bricker	Hickenlooper	Purtell
Bridges	Hoblitzell	Robertson
Bush	Hruska	Saltonstall
Byrd	Ives	Smith, Maine
Capehart	Jenner	Smith, N. J.
Carlson	Knowland	Thye
Case, N. J.	Kuchel	Watkins
Case, S. Dak.	Lausche	Wiley
Cooper	Malone	Williams
Cotton	Martin, Iowa	Young

NAYS—43

Anderson	Douglas	Green
Carroll	Eastland	Hayden
Chavez	Ellender	Hennings
Church	Frear	Hill
Clark	Gore	Holland
Humphrey	Mansfield	Scott
Jackson	McClellan	Smathers
Javits	McNamara	Sparkman
Johnson, Tex.	Monroney	Stennis
Johnston, S. C.	Morse	Symington
Kefauver	Neuberger	Talmadge
Kerr	Pastore	Thurmond
Langer	Proxmire	Yarborough
Long	Revercomb	
Magnuson	Russell	

NOT VOTING—8

Bible	Flanders	O'Mahoney
Butler	Kennedy	Schoeppel
Ervin	Murray	

So Mr. LONG's amendment was laid on the table.

Mr. SPARKMAN. Mr. President, I point out, even at this late hour, that the veterans legislation proposed in the housing bill is almost word for word the substance of the bill which was introduced earlier this year by the distinguished junior Senator from South Carolina [Mr. THURMOND] and myself, as joint sponsors, and also is almost identical with an amendment which we sponsored to the housing bill last year. The bill passed both Houses of Congress, but was vetoed by the President subsequent to the adjournment of Congress. I think it is particularly important to point that out for this reason.

In the Senate there is dual jurisdiction of housing. A similar situation exists in the House. In the Senate, the Committee on Labor and Public Welfare has jurisdiction of the Servicemen's Readjustment Act, except for the direct loans. It happens that the Committee on Banking and Currency, by a long established practice, has jurisdiction of the direct loans, but the GI guaranteed loans are under the jurisdiction of the Committee on Labor and Public Welfare.

The distinguished junior Senator from South Carolina is the chairman of the Subcommittee on Housing of that committee, and he has rendered very valuable and distinguished service in helping to get the bill which was passed today in proper form. It was the working agreement which the Committee on Banking and Currency had with the Committee on Labor and Public Welfare which made it possible to handle the veterans provisions in one bill.

I hope that when the bill goes to the House, the House Committee on Veterans' Affairs will not insist upon dividing the jurisdiction, but that the bill will be handled as one bill in the House. I have reason to believe that the Chairman of the House Committee on Veterans' Affairs will agree to such a procedure.

I pay tribute to the Senator from South Carolina for the excellent cooperation and outstanding work he has done on the measure which is about to be passed, and for the excellent cooperation he has shown in making it possible to have it considered in the manner in which it was.

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

Mr. SPARKMAN. I yield.

Mr. THURMOND. I appreciate the kind remarks of the distinguished Senator from Alabama. It has been a pleasure to work with him on the matter of veterans housing. I am vitally interested in any matter pertaining to the welfare of veterans. If it were not for the veterans, we would not have a country today. I shall do anything I can for their welfare and the promotion of their interests.

I deeply appreciate the great interest which has been taken in this matter by the distinguished Senator from Alabama, and I express to him my deep gratitude.

The VICE PRESIDENT. 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 was read the third time.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time.

Mr. KNOWLAND. I yield back the remainder of my time.

The VICE PRESIDENT. The question is on the passage of the bill. The yeas and nays have been ordered, and the Secretary will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from North Carolina [Mr. ERVIN], the Senator from Arizona [Mr. HAYDEN], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent because of illness.

I further announce that, if present and voting, the Senator from North Carolina [Mr. ERVIN], the Senator from Arizona [Mr. HAYDEN], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

On this vote the Senator from Nevada [Mr. BIBLE] is paired with the Senator from Virginia [Mr. BYRD]. If present and voting, the Senator from Nevada would vote "yea" and the Senator from Virginia would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Vermont [Mr. FLANDERS], and the Senator from Kansas [Mr. SCHOEPPEL] are detained on official business.

If present and voting, the Senator from Maryland [Mr. BUTLER], the Senator from Vermont [Mr. FLANDERS], and the Senator from Kansas [Mr. SCHOEPPEL] would each vote "yea."

The result was announced—yeas 86, nays 0, as follows:

YEAS—86

Aiken	Cotton	Humphrey
Allott	Curtis	Ives
Anderson	Dirksen	Jackson
Barrett	Douglas	Javits
Beall	Dworshak	Jenner
Bennett	Eastland	Johnson, Tex.
Bricker	Ellender	Johnston, S. C.
Bridges	Frear	Kefauver
Bush	Fulbright	Kerr
Capehart	Goldwater	Knowland
Carlson	Gore	Kuchel
Carroll	Green	Langer
Case, N. J.	Hennings	Lausche
Case, S. Dak.	Hickenlooper	Long
Chavez	Hill	Magnuson
Church	Hoblitzell	Malone
Clark	Holland	Mansfield
Cooper	Hruska	Martin, Iowa

Martin, Pa.	Proxmire	Stennis
McClellan	Purtell	Symington
McNamara	Revercomb	Talmadge
Monroney	Robertson	Thurmond
Morse	Russell	Thye
Morton	Saltonstall	Watkins
Mundt	Scott	Wiley
Neuberger	Smathers	Williams
Pastore	Smith, Maine	Yarborough
Payne	Smith, N. J.	Young
Potter	Sparkman	

NOT VOTING—10

Bible	Flanders	O'Mahoney
Butler	Hayden	Schoeppel
Byrd	Kennedy	
Ervin	Murray	

So the bill (S. 3418) was passed, as follows:

Be it enacted, etc., That (a) section 203 (b) (2) of the National Housing Act is amended by striking out "$10,000" wherever it appears and inserting in lieu thereof "$13,500."

(b) Section 220 (d) (3) of such act is amended by striking out "$10,000" wherever it appears and inserting in lieu thereof "$13,500."

SEC. 2. Section 305 (c) of the National Housing Act is amended by striking out "$450 million" and inserting in lieu thereof "$950 million."

SEC. 3. (a) Section 305 (f) of the National Housing Act is amended by striking out all that follows the first colon and inserting in lieu thereof the following: "*Provided,* That the total amount of purchases and commitments authorized by this subsection shall not exceed $500 million outstanding at any one time: *Provided further,* That of the amount authorized in the preceding proviso not less than $58,750,000 shall be available for such purchases and commitments with respect to mortgages insured under section 809."

(b) The last paragraph of section 803 (b) of the National Housing Act is amended by striking out "4" and inserting in lieu thereof "4½."

SEC. 4. Section 305 of the National Housing Act is amended by adding at the end thereof a new subsection as follows:

"(g) With a view to further carrying out the purposes set forth in section 301 (b), and notwithstanding any other provision of this act, the Association is authorized to make commitments to purchase and to purchase, service, or sell any mortgages which are insured under title II of this act or guaranteed under the Servicemen's Readjustment Act of 1944, if the original principal obligation thereof does not exceed $13,500: *Provided,* That the total amount of purchases and commitments authorized by this subsection shall not exceed $1 billion outstanding at any one time: *Provided further,* That applicants for such commitments shall be required to certify that construction of the housing to be covered by the mortgages has not commenced."

SEC. 5. (a) Section 512 of the Servicemen's Readjustment Act of 1944 (38 U. S. C., sec. 694 (1)) is amended to read as follows:

"DIRECT LOANS TO VETERANS

"SEC. 512. (a) The Congress finds that housing credit under section 501 of this title is not and has not been generally available to veterans living in rural areas, or in small cities and towns not near large metropolitan areas. It is therefore the purpose of this section to provide housing credit for veterans living in such rural areas and such small cities and towns.

"(b) Whenever the Administrator finds that private capital is not generally available in any rural area or small city or town for the financing of loans guaranteed under section 501 of this title, he shall designate such rural area or small city or town as a 'housing credit shortage area,' and shall make, or enter into commitments to make, loans for any or all of the following purposes in such area—

"(1) For the purchase or construction of a dwelling to be owned and occupied by a veteran as his home;

"(2) For the purchase of a farm on which there is a farm residence to be owned and occupied by a veteran as his home;

"(3) For the construction on land owned by a veteran of a farm residence to be occupied by him as his home; or

"(4) For the repair, alteration, or improvement of a farm residence or other dwelling owned by a veteran and occupied by him as his home.

If there is an indebtedness which is secured by a lien against land owned by a veteran, the proceeds of a loan made under this section for the construction of a dwelling or farm residence on such land may be expended also to liquidate such lien, but only if the reasonable value of the land is equal to or in excess of the amount of the lien.

"(c) No loan may be made under this section to a veteran unless he shows to the satisfaction of the Administrator that—

"(1) he is a satisfactory credit risk;

"(2) the payments to be required under the proposed loan bear a proper relation to his present and anticipated income and expenses;

"(3) he is unable to obtain from a private lender in such housing credit shortage area, at an interest rate not in excess of the rate authorized for guaranteed home loans, a loan for such purpose for which he is qualified under section 501 of this title; and

"(4) he is unable to obtain a loan for such purpose from the Secretary of Agriculture under the Bankhead-Jones Farm Tenant Act or under the Housing Act of 1949.

"(d) (1) Loans made under this section shall bear interest at a rate determined by the Administrator, not to exceed the rate authorized for guaranteed home loans, and shall be subject to such requirements or limitations prescribed for loans guaranteed under this title as may be applicable.

"(2) The original principal amount of any loan made under this section shall not exceed an amount which bears the same ratio to $13,500 as the amount of guaranty to which the veteran is entitled under section 501 at the time the loan is made bears to $7,500; and the guaranty entitlement of any veteran who heretofore or hereafter has been granted a loan under this section shall be charged with an amount which bears the same ratio to $7,500 as the amount of the loan bears to $13,500.

"(3) In connection with any loan under this section, the Administrator is authorized to make advances in cash to pay the taxes and assessments on the real estate, to provide for the purpose of making repairs, alterations, and improvements, and to meet the incidental expenses of the transaction. The Administrator shall determine the expenses incident to origination of loans made under this section, which expenses, or a reasonable flat allowance in lieu thereof, shall be paid by the veteran in addition to the loan closing costs.

"(4) Loans made under this section shall be repaid in monthly installments; except that in the case of loans made for any of the purposes described in paragraph (2), (3), or (4) of subsection (b), the Administrator may provide that such loans shall be repaid in quarterly, semiannual, or annual installments.

"(5) The Administrator may sell, and shall offer for sale, to any person or entity approved for such purpose by him, any loan made under this section at a price not less than par; that is, the unpaid balance plus accrued interest, and shall guarantee any loan thus sold subject to the same conditions, terms, and limitations which would be applicable were the loan guaranteed under section 501 of this title.

"(6) No veteran may obtain loans under this section aggregating more than $13,500.

"(e) (1) If any builder or sponsor proposes to construct one or more dwellings in a housing credit shortage area, the Administrator may enter into commitment with such builder or sponsor, under which funds available for loans under this section will be reserved for a period not in excess of 3 months, or such longer period as the Administrator may authorize to meet the needs in any particular case, for the purpose of making loans to veterans to purchase such dwellings. Such commitment may not be assigned or transferred except with the written approval of the Administrator. The Administrator shall not enter into any such commitment unless such builder or sponsor pays a nonrefundable commitment fee to the Administrator in an amount determined by the Administrator, not to exceed 2 percent of the funds reserved for such builder or sponsor.

"(2) Whenever the Administrator finds that a dwelling with respect to which funds are being reserved under this subsection has been sold, or contracted to be sold, to a veteran eligible for a direct loan under this section, the Administrator shall enter into a commitment to make the veteran a loan for the purchase of such dwelling. With respect to any loan made to an eligible veteran under this subsection, the Administrator may make advances during the construction of the dwelling, up to a maximum in advances of (A) the cost of the land plus (B) 80 percent of the value of the construction in place.

"(3) After the Administrator has entered into a commitment to make a veteran a loan under this subsection, he may refer the proposed loan to the Voluntary Home Mortgage Credit Committee, in order to afford a private lender the opportunity to acquire such loan subject to guaranty as provided in paragraph (5) of subsection (d) of this section. If, before the expiration of 60 days after the loan made to the veteran by the Administrator is fully disbursed, a private lender agrees to purchase such loan, all or any part of the commitment fee paid to the Administrator with respect to such loan may be paid to such private lender when such loan is so purchased.

"If a private lender has not purchased or agreed to purchase such loan before the expiration of 60 days after the loan made by the Administrator is fully disbursed, the commitment fee paid with respect to such loan shall become a part of the special deposit account referred to in subsection (c) of section 513 of this title. If a loan is not made to a veteran for the purchase of a dwelling, the commitment fee paid with respect to such dwelling shall become a part of such special deposit account.

"(4) The Administrator may exempt dwellings constructed through assistance provided by this subsection from the minimum land planning and subdivision requirements prescribed pursuant to subsection (b) of section 504 of this title, and with respect to such dwellings may prescribe special minimum land planning and subdivision requirements which shall be in keeping with the general housing facilities in the locality but shall require that such dwellings meet minimum requirements of structural soundness and general acceptability.

"(f) The authority to make loans under this section shall expire July 25, 1960, except that if a commitment to a veteran to make such a loan was issued by the Administrator before that date the loan may be completed after that date.

"(g) (1) The Administrator shall commence the processing of any application for a loan under this section upon the receipt of such application, and shall continue such processing notwithstanding the fact that the assistance of the Voluntary Home Mortgage

Credit Committee has been requested by the Administrator for the purpose of ascertaining whether or not such loan can be placed with a private lender.

"(2) If the assistance of such Committee has been requested by the Administrator in connection with any such application, and the Administrator is not notified by such Committee within (A) 20 working days after such assistance has been requested, or (B) 20 working days after the date of enactment of this subsection, whichever is the later, that it has been successful in enabling the applicant to place such loan with a private lender or expects to do so within 10 additional working days, the Administrator shall proceed forthwith to complete any part of the processing of such application remaining unfinished, and to grant or deny the application in accordance with the provisions of this section.

"(3) As used in this subsection, the term 'working days' means calendar days exclusive of Saturdays, Sundays, and legal holidays."

(b) (1) Subsection (a) of section 513 of such act (38 U. S. C., sec. 694m) is amended (1) by striking out "June 30, 1957" and inserting "July 25, 1960", and (2) by inserting immediately before the period at the end of the second sentence thereof the following: "retaining, however, a reasonable reserve for making loans with respect to which he has entered into commitments with veterans before such last day."

(2) Subsection (c) of such section is amended by striking out "June 30, 1958" and inserting "June 30, 1961."

(3) Subsection (d) of such section 513 is amended by striking out "1957" and inserting "1960."

(c) (1) The fourth sentence of subsection (a) of section 500 of such act (38 U. S. C., sec. 694) is amended by striking out all that follows "in this title," and inserting "is automatically guaranteed by the Government by this title in an amount not exceeding 60 percent of the loan if the loan is made for any of the purposes specified in section 501 of this title and not exceeding 50 percent of the loan if made for any of the purposes specified in section 502, 503, or 507 of this title: *Provided*, That unless the loan is made for one of the purposes specified in section 501 of this title the aggregate amount guaranteed shall not exceed $2,000 in the case of non-real-estate loans, nor $4,000 in the case of real-estate loans, or a prorated portion thereof on loans of both types or combination thereof."

(2) Subsection (b) of section 501 of such act (38 U. S. C., sec. 694a) is amended by striking out all that follows "(b)" to the colon immediately preceding the first proviso and inserting: "Any loan made to a veteran for any of the purposes specified in subsection (a) or subsection (c) of this section 501 of automatically guaranteed, if otherwise made pursuant to the provisions of this title, in an amount not exceeding 60 percent of the loan."

(3) Subsection (c) of such section 501 is amended by striking out "may be guaranteed" and inserting "is automatically guaranteed."

(d) (1) Section 500 (a) of the Servicemen's Readjustment Act of 1944 (38 U. S. C. 694) is amended by striking out "eleven" and inserting in lieu thereof "thirteen."

(2) Subsection (g) of such section is to read as follows:

"(g) Notwithstanding any other provision of this title, if a loan report or an application for loan guaranty relating to a loan under this title has been received by the Administrator on or before July 25, 1960, such loan may be guaranteed or insured under the provisions of this title on or before July 25, 1961."

(3) Section 507 of such act (38 U. S. C. 694h) is amended by striking out "eleven" and inserting in lieu thereof "thirteen."

(e) (1) Section 500 (b) of the Servicemen's Readjustment Act of 1944 is amended by striking out the last proviso and inserting in lieu thereof the following: "*And provided further*, That the Administrator, with the approval of the Secretary of the Treasury, may prescribe by regulation from time to time such rate of interest as he may find the loan market demands, but the rate of interest so prescribed by the Administrator shall not exceed at any time the rate of interest (exclusive of premium charges for insurance, and service charges if any), established by the Federal Housing Commissioner under section 203 (b) (5) of the National Housing Act, less one-half of 1 percent per annum; except that such rate shall in no event exceed 4¾ percent per annum."

(2) The provisions of the Servicemen's Readjustment Act of 1944 with respect to the interest chargeable on loans made or guaranteed under such act which were in effect prior to the date of enactment of this act shall, notwithstanding the amendment made by this subsection, continue to be applicable (1) to any loan made or guaranteed prior to such date of enactment, and (2) to any loan with respect to which a commitment to guarantee has been entered into by the Veterans' Administration prior to such date.

SEC. 6. Section 605 of the Housing Act of 1957 is hereby repealed.

Mr. SPARKMAN. 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 VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Texas.

The motion to lay on the table was agreed to.

Mr. MORSE subsequently said: Mr. President, I desire to make a brief comment on the housing bill which was so ably generaled, from a parliamentary standpoint, by the distinguished Senator now presiding over the Senate, the Senator from Alabama [Mr. SPARKMAN].

I voted for the bill. I did so with a sad and heavy heart because of the unfair blow the bill strikes against the veterans of the country, as a result of the higher interest rates provided by the bill. During the proceedings in the Senate today, I spoke against that provision, as I also did last evening.

Mr. President, knowing what the general attitude of the House of Representatives has been regarding policies such as the one which would be established by the Capehart proposal for increased interest rates, which now has been included in the bill the Senate has passed, I am very hopeful that that provision for increased interest rates will be eliminated from the bill in the conference.

As I said in the course of the speech I made in the Senate last night, I believe stimulation of the construction industry is essential, not only to improvement of economic conditions in Oregon, but to improvement of economic conditions throughout the entire country.

In the case of Oregon, in particular, in view of the fact that many, many lumber mills in Oregon are closed and thousands of Oregon lumber workers are now unemployed—I believe it essential that the Congress take steps to proceed as rapidly as possible with an accelerated home-construction bill. Therefore, I voted for the bill.

But, Mr. President, in fairness to myself and to my record, and particularly in view of the bitter and unfair criticisms of me which constantly are published by the reactionary press of Oregon, I wish to say that last year—as the distinguished Senator from Alabama [Mr. SPARKMAN], who now is the Presiding Officer, will recall—I was very critical of the bill which he, as the chairman of the Housing Subcommittee of the Banking and Currency Committee, brought to the floor of the Senate. I was critical of it because it did not provide for the number of public-housing units which I thought it obviously should provide for. The Senator from Alabama will also recall that I urged that provision be made for a minimum of 200,000 units.

The Senator from Alabama on the record took the position that he did not disagree with my objective; but he stated frankly that he was confronted with a situation in which a bill containing provision for more public-housing units simply could not be passed.

The Senator from Alabama will further recall that on that occasion I said that I believed, however, that the battle should be fought out on the line which we knew was in the best public interest; and in my speech on that bill I criticized it because it failed to contain provision for the number of public housing units which I thought essential if we were to save the construction industry from a slump. I forewarned that the high-interest-rate policy of this administration and the failure of the bill to contain the provision for the number of public-housing units which I thought obviously it should contain, would result in deprivation to the lumber industry, the closing of many of the lumber mills in my State, and a serious blow to the construction industry.

Mr. President, if it becomes necessary—in case the conferees are not able to plug this loophole—then I believe we should get busy before the Congress adjourns this summer and pass some proposed legislation dealing with the discount practice.

I make these statements about the housing bill, because I yield to no other Member of the Senate in my desire for, and my consistent work in the Senate for, the enactment of a bill which will provide for an adequate housing program. I take that position because, as I indicated in the course of the remarks I made in the Senate last night, I know the direct relationship which exists between the construction industry of the country and the one industry in my State that determines more than anything else the status of the economy of Oregon at any given time, namely, the lumber industry. As construction goes down, the lumber industry goes down; and as the lumber industry goes down, Oregon tailspins into a depression—which tragedy has been visited upon

Oregon at the present time. That is what has happened; I thought at that time it was easy to see that it would happen.

But I am glad that today we are again dealing with the problem, and that today the Senate has passed a bill which we hope will do at least some good.

I believe the bill will do a great deal of good if we are able to eliminate from it, as a result of the conference, the provision for increased interest rates.

I believe the bill would do even more good if it contained a provision for the elimination of what I consider to be the discount scandal. I believe the distinguished Senator from Minnesota [Mr. HUMPHREY] is to be commended for the record he made today in regard to that scandal. I believe the present practice of the moneylenders, in connection with mortgage loans, spells out "avarice." I know of no other word which more properly would describe that of which the moneylenders are guilty. I believe that they simply are guilty of avarice when, in effect, they say to a GI, "We will lend you $10,000, but we will give you only $9,000." There are a good many instances in which the discount has been much higher than that, in fact. That is a charlatan practice. It is legalized usury, because they are able to get by with it under the law. However, that does not make it moral. I believe it is an immoral business practice. I hope that, somehow, in the conference this problem, too, can be solved.

But, at least—as the Senator from Minnesota [Mr. HUMPHREY], the Senator from Ohio [Mr. LAUSCHE], the Senator from Oklahoma [Mr. MONRONEY], and other Members of the Senate have pointed out—today the Senate has served notice that it does not intend to keep its eyes shut to this discount malpractice.

Mr. President, as I speak from this desk tonight, I wish to say to the people of Oregon that I made the best fight I could to prevent the gouging of the GI's and the military personnel by an increase in the interest rates. I want them to know that I shall join other Senators in exercising vigilance over the discount matter, and I shall continue to work for an even better housing bill than the one the Senate passed today.

ADDRESS DELIVERED BY SENATOR COOPER

Mr. PAYNE. Mr. President, I ask unanimous consent that an address delivered by my colleague, the Senator from Kentucky [Mr. COOPER], before the Economic and Legislative Conference of the American Federation of Labor and the Congress of Industrial Organizations, at the Sheraton-Park Hotel, be printed in the body of the RECORD.

The PRESIDING OFFICER. Did the Senator's request apply to the body of the RECORD?

Mr. PAYNE. The body of the RECORD, Mr. President.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Maine?

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

REMARKS OF SENATOR JOHN SHERMAN COOPER, REPUBLICAN OF KENTUCKY, BEFORE THE ECONOMIC AND LEGISLATIVE CONFERENCE OF THE AMERICAN FEDERATION OF LABOR AND THE CONGRESS OF INDUSTRIAL ORGANIZATIONS, SHERATON-PARK HOTEL, WASHINGTON, D. C., MARCH 12, 1958

Chairman Reuther and members of the Economic and Legislative Conference of the American Federation of Labor and Congress of Industrial Organizations, I thank you for your invitation to discuss one of the Nation's most serious shortages—school classrooms for the Nation's children.

I appreciate very much the introduction of your chairman today, Mr. Walter Reuther. On hearing him speak again, I recalled the past occasions when I had heard him speak words of encouragement to the small, but active labor movement, and words which kindled the fire of freedom in the hearts of the people of the country.

This conference has met to discuss the immediate problem of unemployment, which reached in February a total of 5,173,000. And I understand that the objective of the conference is to determine how to put America back to work.

I read with great interest in the morning's papers, the speech of your president, Mr. George Meany, one of the great labor statesmen in our country's history. I read also the speech of Secretary of Labor Mitchell, an able official and one deeply interested in labor's problems and welfare. Both were straightforward speeches.

I am not here to speak on the subject of the total steps that can be taken by the Government to stimulate employment, immediately. Nevertheless, I would like to say that the most effective steps that can be taken are in those fields where programs are established, where funds are now available, or can be made quickly available by the Congress. And these are, in my view: (1) Highway construction on the Interstate Highway System, and more particularly on the primary, secondary, and urban Federal-aid roads; (2) housing; and (3) accelerated defense expenditures.

Mr. Meany suggested in his speech yesterday the long delay in getting some type of public works into action. River and harbors, and reclamation projects are examples, because they must be preceded by engineering studies, required by law, which take months, and usually years. But highway construction, housing, and defense expenditures can begin at once. Housing and road construction reach every State, every section in the States, and can be directed to the neediest areas. And accelerated defense expenditures would stimulate employment in the durable-goods sector, which, as Secretary Mitchell has pointed out, is the real core of unemployment.

And these expenditures utilize the great sources of strength in this country, labor and private industry, which have the organization and the resources to throw immediately into the effort to relieve unemployment.

And it is these organizations of production, as well as all the people, that a tax cut will reach, to stimulate immediate consumption and investment.

Immediate provision of unemployment insurance funds by the Federal Government is necessary to sustain those whose insurance has expired. On Monday, my colleague, Senator CASE of New Jersey, joined by Members of the Senate, including myself, introduced a bill which would provide Federal funds, as needed, until more comprehensive legislation, as proposed by the Kennedy-McCarthy bill, can be considered.

As the Secretary of Labor stated yesterday, the President has been moving, and is moving now, for the acceleration of these efforts, and we in the Congress will do our part.

I have faith in the strength of our economy, that has been steadily growing, and I am sure that we will meet these tests.

In these last few weeks, because of our concern for unemployment, we have not been talking and thinking as much about other long-range problems of our country. While the present situation is being righted, and it will be righted, we must not forget that we must strengthen the defenses and security of this country. For if our security is lost, all is lost.

And it is now recognized, if belatedly, that the long-range security of the United States, as well as the economic position, will depend upon educated men and women.

The problem of education is immense. In October, Prof. John R. Dunning, of Columbia University, speaking at a conference, said the United States must meet the challenge of the Soviet Union in our "age of technological imperialism" if our strength and progress are to be maintained. "While the Soviets have already begun their exploitation of this new and awesome age," Professor Dunning said, "we have not, because our people, our Government, and schools have not yet grasped its full significance."

In large measure this challenge must be met by the decisions of State, local, and private school bodies. It will involve better teaching and scholarships, higher standards in curricula, and more classrooms.

And we must face the fact—the problem cannot be met without Federal aid.

The problem of classroom shortages is not new. We all know that the shortage has not blossomed full-bloom overnight. We have known for a long time that not enough schools were built during World War II and the Korean war because of shortages of both manpower and materials during those emergencies. But we have done little about it.

This fall the opening elementary and secondary school enrollment is estimated at 32,899,000. Accordingly to projections made by the United States Census Bureau, by 1960 the country's elementary and secondary schools will have an enrollment of 39,970,000 and it is entirely possible that by 1965 this enrollment could swell to the thought-provoking figure of 44,103,000.

Moreover, according to the United States Office of Education, there are almost 2 million pupils in excess of the normal capacity in various publicly owned schools throughout the country.

Right now, according to the Office of Education, we need 140,400 classrooms. Almost half of these classrooms—63,200, to be exact—are needed to take care of the overflow or excess of students in relation to present space capacity, and 77,200 classrooms are needed to replace classrooms no longer fit for children to use.

Unofficial and official surveys have shown our desperate need for these new classrooms; official surveys have confirmed it. No matter how you analyze or interpret the fact, there is only one logical conclusion. This country does not have classrooms enough for its present school-age population and this situation will grow steadily worse in the years to come.

This crisis is a real one. As Secretary Marion B. Folsom has pointed out, 59,000 to 65,000 additional rooms are needed each year simply to keep up with each year's enrollment increases and replacement needs. The States estimated that they would build 69,000 classrooms in 1956–57. Actually they completed 68,600. Even if the States had reached this all-time peak of classroom construction, Mr. Folsom points out, the States "would reduce the shortage by only 4,000 to 10,000 classrooms. At this rate, a minimum

of 16 years would be required to eliminate the shortage. The maximum would run all the way to 40 years."

Four years ago I was chairman of a Senate subcommittee of the Labor and Public Welfare Committee, which committee reported out a version of a school construction bill which I had introduced. The evidence presented to the committee then clearly indicated in the words of our committee report "that merely to meet the present need for schoolrooms, and without regard to the facilities needed to meet the tremendous expansion in enrollment expected to occur in future years, an expenditure of between 10 and 12 billion dollars would be required."

We knew at that time—and we emphasized this point—that this estimated expenditure would merely overcome existing needs. We also knew that the proposed bill would authorize an appropriation designed only to permit Federal assistance for the most urgent needs of the State and Territories. But even legislation of this limited scope was not enacted, and two subsequent proposals debated in the House met the same fate.

Last year we got nearer to action in the House. But leaders and members in both parties killed the bill. With the bill killed in the House, we took no action in the Senate. And so education is still unfinished business. There is a need for at least a billion dollars a year from the Federal Government for the next ten years to save, to maintain, to develop our Nation's public schools.

You people know that many of the States cannot do the job themselves. They have not the necessary taxable resources. Some have the resources, but will have to work for years to change State laws to utilize present financial resources, and to develop their potential resources. But our schools, our children's schools—our children cannot wait ten or twelve years for a school. Today's children need help today. It is proper that the States and local communities should make the greatest effort, but even using all the States' resources we would still be short. Today well over half—almost two-thirds of the money used to run our schools comes from local resources. Local funds, as we all know, must rely heavily on property taxes. And your property taxes—both on real property and on personal property—are about as high as you can stand.

We cannot expect these heavy taxes to be raised because some people don't want Federal resources touched, and because some people may lose heavy personal gains if Federal funds now available were used to build schools. This is the simple fact.

Enough has been said about this shortage among groups such as this great labor organization, which is willing to face up to this problem on the merits. Further delay will only increase the seriousness of our alarming classroom shortage. This the Nation cannot afford. It is false economy. We can never save money by short-changing the children of America. We are doing just that when we do not enact Federal aid legislation to help meet this emergency situation. The problem has reached flood-tide proportions—State and local sandbags will not hold much longer. It is increasingly apparent that only a federally supported program of school construction can avoid a serious washout.

The impact of our times makes a program of Federal assistance to education an even urgent necessity. The scientific advances of recent months dramatically underline the Nation's need for a continually improving educational program which is not limited to the need for better facilities. We must also find ways of getting and retaining more qualified teachers, of encouraging the education of the gifted, of raising the quality of education. This is a program which will adequately prepare the Nation's children for the broader horizons which stretch even into the limitless beyond of outer space. If there was ever a time for the Nation to take stock of its materials for the future the time is now.

I do not want to pass over, or derogate many good bills which are now before the Congress. But I will mention one briefly. Because of the unique demands of the times in which we live I have joined with a number of other Senators, Republican and Democratic, in cosponsoring a bill introduced by Senator MURRAY which would authorize assistance to the States and local communities to help stimulate school construction and to remedy the inadequacies in the number of teachers and in their salaries. Although we recognize that responsibility for providing adequate school facilities and teaching staffs rests primarily with the States and local communities, we believe the national interest requires that the Federal Government assist them in solving these pressing problems.

S. 3311 would provide a program of Federal grants to the States based on a contribution of $25 per school-age child in the first year rising to $100 per child in the fourth year and each year thereafter. With approximately 40 million school-age children, Federal funds could amount to slightly over a billion dollars in the first year of the program.

This legislation, if enacted, would provide for a reasonable Federal sharing in the basic financial support of education and would leave the responsibility and full discretion to the States in dividing their Federal allotments between salaries and construction. Since this proposal is to aid the States in financing an almost overwhelming burden there would be no requirement for the States to match Federal funds, but they will be required to keep their effort index at the same level as the national educational effort index or above it.

In my opinion, we need Federal legislation of this scope and size in order to keep our freedom and our leadership in the world.

I heartily agree with the Resolution of your Executive Council last month when it stated, "There can be no disagreement about the need to protect America's most precious asset—its children. * * * There must be no limit on what we do to protect and strengthen this asset." In urging the "Administration and Congress to move boldly and quickly" you have once again demonstrated your full support for education in this country. For, as the resolution concludes "the future of our children and the world they inherit is at stake."

We need to broaden our outlook to match the explosive expansion of our age. If our educational system is to be "re-tooled" in order to help us meet today's challenges and tomorrow's plans, we must, in the national interest, recognize the actual significance of the impact of education upon the Nation's present and future security. The Federal Government cannot ignore the Nation's vital educational needs, nor can it be bound by attitudes and opinions which perhaps in the past have seemed merely provincial or dilatory, but which in today's fast-moving world constitute a real threat to our continued existence.

There are other aspects of our educational needs, about which I wish I could speak.

We should maintain our aid to education for Federally affected areas, which is now being threatened. We should see to it that any school construction bill embodies the Bacon-Davis Act—and if you permit a little partisanship, both of these men were Republicans.

Today there are almost 90,000 teachers in our public schools who are not prepared well enough to be certified as qualified teachers. Speaking frankly again, on the low salaries now offered teachers one can't expect to attract a great number of professionally qualified men and women to teaching. We know that not many of today's college students will go into teaching. Worse still, we know that at least 7½ percent of the qualified teachers we now have will leave the profession this year, as they have done in former years. Teaching is hard, even under the best conditions. But today, with classes badly overcrowded, with schools unfit and unsafe for use, with essential school facilities lacking, with clerical work piled up on already heavily burdened classroom teachers, with little or no relief from their low salaries in sight—and it won't materialize without Federal aid in most places—what is offered to enable a community to hold its teachers?

While Federal aid for school construction is necessary, we need, also, Federal aid to enable the States to hold qualified teachers in the classrooms.

I've talked on school needs and Federal aid in general terms today because I know I'm talking to an audience whose views are sympathetic to these problems.

You, in the labor movement have good cause to be in the forefront of this fight today. It's where labor has been since the Revolution. There's no more stirring story in our national history than is labor's fight for the establishment of the free public school system. I know the textbooks will tell of the part played by Barnard, by Horace Mann to establish the free public school. And they did a magnificent job.

But before them as long as there was light at night after work, and as soon as there was light in the morning before work, labor put in time to help build schoolhouses for their children and for their neighbors' children. Their pay was the better chance in life they were building for their children. Today, as then, organized labor is still determined to build more, good, schoolhouses for America's children.

We are facing a disturbing economic situation. We know we must adopt a constructive program which will enable us to combat the threat of an economic crisis. We know that action to meet this threat must be put in full operation. We cannot detach man from his economic problems nor from the world of which these problems are a part. We must use all possible means to understand the issues and to find the ways through which to meet them.

The power, the dignity, and indeed, the sanctity of the individual men and women must be preserved and developed in an atmosphere of freedom. It is through a program of better education, a program to awaken thought and to develop ideas that we may approach these objectives. In this program, I expect now as ever before, that organized labor will play a significant role.

SUPPORT PRICES FOR DAIRY PRODUCTS — UNANIMOUS-CONSENT AGREEMENT

Mr. JOHNSON of Texas. Mr. President, on behalf of the minority leader and myself, I send to the desk a proposed unanimous-consent agreement and ask that it be read.

The VICE PRESIDENT. The proposed unanimous-consent agreement will be read.

The proposed agreement was read, as follows:

Ordered, That during the further consideration of the joint resolution (S. J. Res. 163) to stay any reduction in support prices for dairy products until Congress can make appropriate provision for such support prices, debate on any amendment, motion, or ap-

peal, except a motion to lay on the table, shall be limited to 3 hours, 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 joint resolution shall be received.

Ordered further, That on the question of the final passage of the said joint resolution debate shall be limited to 4 hours, 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 joint resolution, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

SUPPORT PRICES ON ACREAGE ALLOTMENTS

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Senate Joint Resolution 162.

The VICE PRESIDENT. The joint resolution will be stated by title for the information of the Senate.

The CHIEF CLERK. Calendar No. 1377, Senate Joint Resolution 162, to stay any reduction in support prices or acreage allotments until Congress can make appropriate changes in the price support and acreage allotment laws.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

Mr. JOHNSON of Texas. Mr. President, I should like to state for the information of the Senate, with reference to the unanimous-consent agreement which has just been stated, that I have an identical unanimous-consent agreement with respect to Senate Joint Resolution 162. If I could get the Senate to enter into the two unanimous-consent agreements, we could proceed with the consideration of Senate Joint Resolution 162, and when action has been completed on that joint resolution, we could take up Senate Joint Resolution 163, on dairy price supports.

The proposed unanimous consent agreement submitted by Mr. JOHNSON of Texas on Senate Joint Resolution 162 is as follows:

Ordered, That, during the further consideration of the joint resolution (S. J. Res. 162) to stay any reduction in support prices or acreage allotments until Congress can make appropriate changes in the price support and acreage allotment laws, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 3 hours, 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 joint resolution shall be received.

Ordered further, That on the question of the final passage of the said joint resolution debate shall be limited to 4 hours, 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 joint resolution allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the unanimous-consent agreements are entered.

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

The VICE PRESIDENT. The Senator will state it.

Mr. JOHNSON of Texas. I understand that both unanimous-consent agreements have been agreed to.

The VICE PRESIDENT. Both unanimous-consent agreements have been entered.

The question is on agreeing to the motion of the Senator from Texas to proceed to the consideration of Senate Joint Resolution 162.

The motion was agreed to; and the Senate proceeded to consider the joint resolution.

Mr. JOHNSON of Texas. Mr. President, I should like to announce for the benefit of all Senators that, so far as I know, there will be no controversial matters to come before the Senate requiring a yea-and-nay vote this evening. The Senate will meet tomorrow morning at 10 o'clock, and we expect to have an evening session tomorrow and for the rest of the week, if necessary, and also have a Saturday session, if necessary, in the hope of concluding action on the two joint resolutions and on the tax bill.

AUTOMOBILE EXCISE TAXES

Mr. DOUGLAS. Mr. President, I ask that my amendment to H. R. 10021, designated "3-10-58-F," be modified as in the text I now send to the desk. I further ask that the amendment be printed as modified, so that Senators may have it before them in the RECORD tomorrow morning.

The purpose of my modification is to meet the objections advanced by certain of the automobile companies that the prospect of a decrease in the automobile excise taxes will prevent sales while customers are anticipating such a tax cut.

My modified amendment meets these objections by providing for refunds of the excise taxes paid by the customers after March 1, 1958.

Therefore, a customer who buys a car tomorrow will know that if the automobile excise reduction proposed in my bill shall be finally passed, he will receive a refund of the tax.

The VICE PRESIDENT. The amendment, as modified, will be received, printed, and lie on the table.

AMENDMENT OF CAREER COMPENSATION ACT OF 1949, RELATING TO CERTAIN TRANSPORTATION

Mr. SPARKMAN. Mr. President, what seems to me to be an unfair procedure has been brought to my attention on several occasions recently. I refer to the practice of the armed services not defraying the transportation costs of dependents, household effects, and so forth, of service personnel separated under other than honorable conditions to a location beyond the port of entry.

Under the present practice, the family of a man from Alabama serving in Japan but separated under other than honorable conditions could be stranded in the port of entry, say San Francisco.

The Defense Department should at least have the authority to pay the expenses of transportation of the dependents and household effects of such a person to a destination determined by the Department and the serviceman to be his home.

I have checked with authorities in the Department of Defense and am advised that legislation such as I propose will be necessary to give such authority.

I now introduce a bill which covers the matter.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3465) to amend section 303 of the Career Compensation Act of 1949, as amended, to authorize in all cases the transportation of dependents, baggage, and household effects under certain conditions, introduced by Mr. SPARKMAN, was received, and read twice by its title, and referred to the Committee on Armed Services.

AMENDMENT OF AGRICULTURAL ACT OF 1938, RELATING TO PARITY FORMULA FOR CERTAIN AGRICULTURAL COMMODITIES

Mr. SPARKMAN. Mr. President, from conversations with leaders in agriculture, I am convinced that the level of price support for the basic agricultural commodities for 1958 other than cotton, tobacco, and rice will be around 75 percent of parity unless Congress acts to impose a higher level. Seventy-five percent is the minimum level that the Secretary of Agriculture can establish under present law. In some instances, this would assure that farmers will receive a lower level of support for their commodities in 1958 than they received in 1957.

There is one provision of law which, coupled with the 75 percent support level—or in fact any support level—will serve to reduce further farm income in 1958 on basic commodities of peanuts, corn, and wheat unless the provision is made inoperative. This provision is the so-called transitional parity provision, which does not affect cotton, tobacco, and rice because they have already reached new parity.

A few years ago, legislation was enacted which eliminated old parity, determined on the 1910–14 period, and substituted a so-called new parity. In the majority of instances, new parity for the various commodites was substantially below old parity. In order to prevent farm income from decreasing drastically in any one year, legislation was enacted which in effect prevented more than 5-percent change in parity price in a given year. However, since the support level is going to be materially less for several of the basic commodities in 1958, I am introducing a bill for the Senator from Alabama [Mr. HILL]

and myself which would make the transitional parity formula inactive for the 1958 crop year.

Without this legislation, the effective support level for peanuts, corn, and wheat would be 90 percent of old parity. With this proposed legislation, the parity price would be 95 percent of old parity for these commodities. In other words, the percentage of parity received on these commodities in 1958 under our bill would be the same as that received in 1957.

Attached is a table showing the effect this proposed provision would have on assuring farmers higher income on corn, wheat, and peanuts, which I ask unanimous consent to have printed in the RECORD.

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

The bill (S. 3466) to amend the Agricultural Adjustment Act of 1938, as amended, to make the transitional parity formula inoperative for basic agricultural commodities for 1958, introduced by Mr. SPARKMAN (for himself and Mr. HILL), was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

The table presented by Mr. SPARKMAN is as follows:

Crop	Old parity	New parity	Transitional parity	Effective parity for 1958 under present legislation	Effective parity for 1958 if transition from old to new parity is halted	Difference in loan rate if transition from old to new parity is halted, assuming a support level of 75 percent of effective parity
Corn	$1.93	$1.70	$1.74	$1.74	$1.83	7.0 cents.[1]
Wheat	2.65	2.37	2.38	2.38	2.52	11.0 cents.
Peanuts	.144	.128	.13	.13	.137	0.525 cents or $10.50 per ton.

[1] Farmers in noncommercial area receive 75 percent of effective support—7 cents×75 percent=5.2 cents.

PRESIDENTIAL DISABILITY STOPGAP

Mr. NEUBERGER. Mr. President, two editorials which were published in the Portland Oregonian, one on March 5, the other on March 10, 1958, express some of my own sentiments regarding the so-called disability pact between President Eisenhower and Vice President Nixon.

While this arrangement should certainly have been revealed to the public from the start, the agreement itself has definite merits and should not be cavalierly denounced. In my opinion, the principal fault with the pact was that it was kept from the press and public for so long, rather than being disclosed at the beginning.

But this informal arrangement may be equally as acceptable as some of the proposed constitutional amendments that are presently before the Congress. For example, the Oregonian's editorial emphasizes that, under the Eisenhower-Nixon pact, the decision as to disability would be "confined to the top executives, both directly indorsed by the people." Some pending amendments to the Constitution, by contrast, would allow an appointed Cabinet to declare vacant the highest office in the land, that of the President of the United States. This certainly is a step which should be undertaken slowly, if at all.

Mr. President, I think the two Oregonian editorials are worthy of attention, and I ask unanimous consent that they be printed in the body of the RECORD.

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

[From the Portland Oregonian of March 5, 1958]

DISABILITY STOPGAP

The White House memorandum setting forth the procedure to be followed in event of the disability of the President appears to be a reasonable extension of article II, section 1, paragraph 6, of the United States Constitution, which reads:

"In case of the removal of the President from office, or of his death, resignation, or inability to discharge the powers and duties of the said office, the same shall devolve on the Vice President, and the Congress may by law provide for the case of removal, death, resignation, or inability, both of the President and Vice President, declaring what officer shall then act as President, and such officer shall act accordingly until the disability be removed or a President shall be elected."

The natural assumption has been that the decision on disability is the President's or, should he be unable to act, the Vice President's. This is the theory spelled out in the Eisenhower-Nixon agreement.

Among objections to such an arrangement are these: (1) That a President could become incompetent to judge his own ability or even to recognize the propriety of a Vice President's taking over on that ground, and (2) that an ambitious Vice President might usurp the authority of a weak but not actually disabled President.

The Nation has had no experience with the latter hypothetical situation, but it has weathered critical periods of Presidential disability or near disability without Presidential or Vice Presidential action. The constitutional authority, Edward S. Corwin, writes in the 1957 edition of The President: Office and Powers:

"In connection with neither Garfield nor Wilson nor FDR, whose inability was clearly evident to his close associates even before his last election, was any official action taken. The disabled Presidents were left to depend on their immediate families and personal entourage."

The Eisenhower-Nixon agreement gives substance to the implication of the Constitution. Had such a procedure been generally recognized at the times recalled by Dr. Corwin it might have been useful. It will not, of course, be binding on subsequent administrations. But Congress could do worse than to adopt it as a guide to action in any future crisis.

It is not a perfect solution. It is possible to imagine situations (such as those cited by Dr. Corwin) in which both President and Vice President would fail to act. But it is as good as any other proposal before Congress. It has the merit of holding strictly to the spirit of the Constitution and of confining the decision to the top executives, both directly endorsed by the people. Moreover, it is in being. President Eisenhower has acted while Congress argues over even the method it should pursue in implementing the constitutional provision.

[From the Portland Oregonian of March 10, 1958]

PRESIDENT OR VEEP STILL?

President Eisenhower's reference to the Vice President's oath as covering all matters of concern to a Vice President acting in the place of a disabled President raises a fundamental constitutional issue: Is a Vice President, who replaces a President because of the latter's "death, resignation or inability," as provided in article II, section 1, paragraph 6 of the Constitution, then acting as President or as Vice President?

The President's implication is that the Acting President would legally be acting as Vice President, although performing the duties of the Presidency. There would therefore be no need for a new oath and no insurmountable complications should the President's disability come to an end. The President would merely resume the responsibility of his office.

This, too, was initially the expressed belief of the first Vice President affected by succession provision. When President William Henry Harrison died April 4, 1841, Vice President John Tyler avowed that he was fully qualified to perform the duties and exercise the powers and office of President * * * without any other oath than that taken as Vice President. In short, it was clearly his view that he was Vice President acting as President and would remain so until the election of a President. Two days later, however, he took the Presidential oath, as he said, for "greater precaution."

Still later, when he published his inaugural address on April 9, Tyler was bold enough to proclaim that he had been called to the high office of President of this confederacy. And when Congress convened a few weeks later, routine resolutions were drawn to inform the President that the Houses were in session. An amendment to change this to the Vice President was promptly voted down, 38 to 8, by a Senate mindful of its relations with the new Chief Executive. And thus was established the precedent that upon the death of the President, the Vice President actually becomes President in name as well as in duty.

It must follow, therefore, that a Vice President who succeeds on the disability of the President also assumes the higher post, for the Constitution does not distinguish between the proceedings as a result of death and those as a result of disability. But what a complication application of the precedent brings about, in the case of disability: Visualize two President—one disabled, the other serving in his stead. How does the former resume his role if able?

The constitutional authority, Dr. Edward S. Corwin, believes that John Tyler was right in his initial interpretation of his role, that he remained a Vice President merely acting as President. Thus Dr. Corwin also endorses what appears to be the Eisenhower view that Mr. NIXON would not need to take an additional oath upon taking over the Presidential duties under terms of the Eisenhower-Nixon agreement.

"It was clearly the expectation of the framers (of the Constitution)," writes Dr. Corwin in "The President: Office and Powers" (New York University, 1957), "that the Vice President should remain Vice President, a stopgap, a locum tenens, whatever the occasion of his succession, and should become President only if and when he was elected as such."

The Tyler precedent has been repeated six times, most recently by Harry Truman, so that it has effectively become the law of the land, admits Dr. Corwin, although it is, in his view, contrary to the intent of the Constitution. If it were not so, the problem of Presidential succession, in event of disability, would not be such a complicated one.

AMERICA'S EDUCATION NEEDS

Mr. MORSE. Mr. President, on yesterday, March 11, I testified before the Senate Committee on Labor and Public Welfare on the subject, America's Education Needs.

Because I wish to have that testimony and the colloquy I had at that time with the chairman of the committee, the Senator from Alabama [Mr. HILL], printed as a reprint, I now ask unanimous consent to have both the testimony and the colloquy printed at this point in the body of the RECORD, as a part of my remarks.

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

TESTIMONY OF SENATOR WAYNE MORSE, OF OREGON, ON AMERICA'S EDUCATION NEEDS BEFORE SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE, UNITED STATES SENATE, MARCH 11, 1958

Chairman HILL. Our next witness will be a man who has taught for 21 years, a former teacher, a former dean of his law school, the University of Oregon, and, may I say, one of the most brilliant men I have ever known, and surely one of the ablest Senators that it has ever been my privilege to know and to serve with.

So at this time I am delighted to have before us the teacher, the professor, the dean, and now the Senator from Oregon, our good and brilliant friend Senator WAYNE MORSE.

STATEMENT OF HON. WAYNE MORSE, UNITED STATES SENATOR FROM THE STATE OF OREGON

Senator MORSE. Mr. Chairman, in response to those flattering remarks I want to say you just demonstrated how wealthy I really am because you represent one of the greatest treasures a man can have, a biased friend. I do not know of anything more precious than a biased friend.

I am delighted to respond to your kind remarks, but with no flattery, when I say that you honor me by listening to me this morning as chairman of the committee. As I sit before you, I would have the record show that I am sitting before a man in the Senate who deserves the title "Mr. School" and "Mr. Hospital," because to those of us in the Senate of the United States who have followed your leadership on education and health legislation that is just what the Senator from Alabama [Mr. HILL] really is.

The CHAIRMAN. Thank you, Senator, most generously.

Senator MORSE. I could not begin to summarize the contributions that you have made to the school and health needs of the American people during your brilliant service in the House and in the Senate. Let me assure you that I shall be very proud of the transcript of your remarks here this morning about the Senator from Oregon for my descendants to read.

It reminds me, Mr. Chairman, of a little experience I had last week, when the vice president of the Oklahoma State College expressed great surprise when he saw me at a cattle show and discovered that it was my cattle that had the horns. [Laughter.]

I am very glad to have this record for my descendants to read because it tends to refute those who think I have horns.

In all seriousness, Mr. Chairman, I turn to my testimony this morning.

This hearing extends to all proposals for science and education for national defense now pending before the Senate Labor Committee and it is with that understanding that I wish to bring out a few points I feel have not yet been sufficiently emphasized.

Most of the testimony we have had so far has involved higher education and most of that has emphasized higher education aimed at improving our standing in science and technology vis-a-vis the Soviet Union.

I do not quarrel with the need to improve the use we make of our intellectual resources in these fields. But I would warn this committee against stopping there. We need a national scholarship program, and we also need grants to the States for education at the elementary and secondary levels. At all levels, aid must not be confined to any special fields of study, and that is true even if our sole purpose is to raise our standards in terms of the progress being made in Soviet Russia.

It is quite true that action by Congress in this field has been stimulated by the Russian sputniks.

But while Soviet achievement with satellites and missiles presents a challenge to us in these fields, we must not react so defensively that we meet only that one challenge. We know enough about communism to know that it menaces Western civilization as a whole, not just our scientific and technical capacity. It will not confine its assaults upon us to these fields. It is a challenge to our entire culture, to our political, economic, and social systems, to our religions, and to our creative arts. The Communist system will seek by any avenue it can find to overthrow our own. Therefore, we must develop our intellectual resources in all fields of endeavor—in the humanities, the arts, and the social sciences, as well as in the physical sciences and mathematics.

For Communist advances are not made only via modern transportation. They are made through literature, through all kinds of propaganda, and through subversion. Its appeals are made to the sympathies and aspirations of mankind. It attacks any weakness that appears in a national society, and cannot be guarded against just by putting a rocket on the moon ahead of Russia, as important as that is.

We must remember that it is all the intellectual power and talent of our youth that must be mobilized, whatever their field of endeavor. I think this must be the framework of the legislation that is developed from these hearings.

That is why I said a few moments ago, Mr. Chairman, that we need to watch out that we do not waste brainpower in our country. I do not think we have any right to deny to a boy and girl a college education if he or she has the mental potential to do satisfactory college work. We need to follow various criteria for admission to college. A high school transcript is one, but it must not be made an exclusive one.

I would like to point out that in all my years of teaching I used to take the position that if a boy or girl of normal intelligence failed out of the law school it was my failure and my faculty's failure and not the boy's or girl's. It simply meant that we had failed some way, somehow, to find out where that particular student's best aptitudes lay. That is why I always sought to get a student transferred to some other academic discipline at which that boy or girl could be a success.

I recognize that there are those students who just have no intention of doing satisfactory work. They attend college primarily for recreational purposes. They, of course, should be flunked out. We also have a certain percentage of students that do not have the intellectual capacity to do college work.

But I want to point out that time and time again, so many times that I am not going to accept a high-school transcript as an exclusive criterion for admission to college, the high school C student and low B student can make a satisfactory record in college. Frequently, greater maturity, the passage of time, a developing sense of values, a newfound ambition, and other similar factors cause a boy or girl to find himself or herself upon entrance to college. To deny such students admission to college, I think, is wrong from the standpoint of the Nation, and it is wrong, Mr. Chairman, from the standpoint of what it does to the individual student.

I am speculating and conjecturing about this but I am inclined to believe that a scientific study would prove my conjecture right. We are doing great psychological damage to a lot of young men and young women in this country by denying them admission to college because of the fact that they are C high-school students. I wish there were some way of measuring the cost of this human loss to the American society.

I am critical of college presidents about this only because I think that too many of them are not giving us the assistance that we need in trying to get legislators to see that there are other criteria for admission to college that must be followed. Many college presidents are harassed men. They are running institutions with inadequate funds. They see a flood of students pounding at the school gates. They understandably ask such questions as the following: Where are the classrooms? Where are the teachers? Where are the facilities? How are we going to educate all of them with our inadequate budget? Not being able to answer such questions they adopt shortcuts. They pick what they think are the upper 5 or 10 percent of the applicants and deny an education to the rest. This is inexcusable human waste.

It is an easy way out, but it is a wasteful way out. We in a legislative position have the duty and the obligation to these young people to see that the education facilities are available so that they can obtain the best education their abilities will permit.

The major premise on which I approach this problem is that I want to see the maximum education benefits given to every boy and girl who wants to go on and develop his or her mental potential. That means I want whatever facilities are necessary to save the brainpower of American youth.

The chairman has heard me say on the floor of the Senate and I repeat for the record this morning, "We are not going to keep ahead of Russia in manpower but we just better not fall behind Russia in brainpower." We are going to fall behind Russia in brainpower if we adopt any such rule of thumb that too many college presidents are adopting these days that only the upper 5 to 10 percent of high-school graduates should go to college. It is not a sound criterion that we should take this upper 5 to 10 percent of high-school graduates and let the others go ahead and do some other type of work. It is a waste, I repeat, of valuable brainpower.

I want every American boy and girl to have the opportunity for a maximum development of his brainpower potential.

I would be the first to admit the need for better high-school standards in many places. This is especially true in connection with high school preparation for college. But my point is that we cannot justify penalizing an American boy or girl's chance to go on to college simply because of a C average in high school. We need to do a better job at the high school level it is true. But we also need to develop a college orientation program during the first year of college that will save many high-school graduates from being denied a chance, with greater maturity that

rapidly develops after high school, to go to college.

That is an underlying thesis of the remarks I make here this morning.

Aid to primary and secondary schools

I think we must start meeting our national responsibility by providing financial assistance to the States for their elementary and secondary schools. No American program that deals only with the final stages of our education system, as the Eisenhower administration's program does, is going to restore America to an equality with Russia, even in the fields of science and technology. In my judgment, any legislation that comes out of the 85th Congress on education that does not deal with this part of the education system will not meet the real need. We know from many estimates, including the White House Conference on Education and the President's Committee on Education Beyond the High School that educational expenditures must be increased at least 75 percent within the next 15 years just to stay where we are now. With half our public elementary and secondary school revenue tied to local property taxes, there is little hope, in my opinion, that local governments can double their contributions to education. And we should be improving our education system in that time, not just maintaining what we have now.

As a matter of fact, just what do we have now? First, we have 840,000 boys and girls attending classes only part time because of classroom and teacher shortages. I respectfully ask what good we can do these youngsters by offering them scholarships to attend colleges and universities? They are being penalized right now, and the penalty will be felt again when they compete with full-time students for financial assistance to go to college which so many of us think necessary and desirable.

Second, we have 87,391 emergency teachers. I do not intend at all to disparage these men and women by pointing out that they do not have the minimum requirements for teaching in their States. We can be thankful we have them at all in the teaching profession. But their continued employment means that our boys and girls are not getting the standard of instruction that each State has fixed for itself. Interestingly enough, the United States Office of Education does not seem to regard these emergency teachers as replaceable, but includes them in its figures for the entire teaching staff in American schools. The skill of our teaching staff as a whole will not rise to where we want it until salaries are raised to a level in keeping with what these men and women can earn outside the profession. That is one of the primary reasons why I believe Federal grants to the States are essential.

School construction needed to combat slump

Third, we need more classrooms and other school facilities. As we cast about for construction projects to stimulate our sagging economy, I can think of no more useful and timely program than one of school construction. The American Association of School Administrators has written to me about this, as I expect it has written to other Senators. I ask to have the letter I received from the association's executive secretary, Mr. Finis Engleman, placed in the record at this point.

The CHAIRMAN. We will have the letter put in the record at this point, Senator.

(The letter follows:)

AMERICAN ASSOCIATION
OF SCHOOL ADMINISTRATORS,
Washington, D. C., February 18, 1958.

The Honorable WAYNE MORSE,
United States Senate,
Washington, D. C.

MY DEAR MR. MORSE: I write to propose a Congressional action which in my judgment would result in two exceedingly significant and timely advantages to the people of the United States. They grow out of my observation of what at this moment constitutes two of the biggest problems facing the Nation. I refer to the recession in business and employment, which is seemingly growing more serious every day and must in some way be halted. The second is the need for school-building construction which also is increasing in its seriousness.

I believe that both of these problems could be sufficiently met by quick action of the Congress. I therefore propose that a schoolhouse construction act, somewhat on the plan submitted by Representative KELLEY in the last session of Congress, would be a suitable plan. I believe that it is generally agreed that building construction constitutes one of the best means of improving the economy. Surely increased school building would seemingly affect unemployment in nearly all aspects of labor and at the same time it would stimulate business in a great many directions. In the first place, heavy equipment such as trucks, cranes, and bulldozers would be in increased demand. Steel, masonry, and lumber would have an immediate pickup. Furthermore, industries producing window shades, many kinds of furniture, glass, floor coverings, plumbing accessories, stoves, boilers, slate, draperies, and the like could be relieved of their excess inventory rather quickly, and industries which produce these materials would again spring into full production.

While stimulating our economy, we would be, at the same time, strengthening the Nation by providing schools for our potential workers and leaders of tomorrow. This in itself justifies the expenditure, and certainly holds many advantages over almost any kind of construction, particularly public buildings such as post offices and the like.

Never before, in my judgment, have so many people been concerned over the improvement of our school system. I believe, too, that the Congress would hit a popular note by embarking on such an enterprise.

Sincerely,

FINIS E. ENGLEMAN,
Executive Secretary.

Just last year, the administration was agreeing with us about the classroom shortage to the extent of giving half-hearted support to a construction bill. Now it has abandoned that program, without, of course, giving any indication that Federal assistance is no longer needed. It did not because it cannot. At the opening of the school year, the Nation required about 200,000 new classrooms to meet new enrollments and replace obsolete buildings. The States are building about 60,000 new classrooms a year, thereby keeping up with new enrollments but making only a small dent in the backlog of construction needs.

I can think of no more worthwhile public works program than one of school construction. The bill I sponsored last year with Senator CLARK, S. 1134, and the new bill introduced by Senator MURRAY and cosponsored by myself and many others would include school construction among the uses to which the Federal grants could be put. Senator PROXMIRE of Wisconsin, this year joined us as a cosponsor of S. 1134.

To those who still cling to the old notion that Federal assistance would lead to Federal control, I remind them of the history of Federal school construction. A great many people have forgotten that school buildings were among the major projects built by the Federal Government during the depression of the 1930's. In the 1955 report on Federal Aid for School Construction by the Library of Congress, there is contained a summary of the activities of the Public Works Administration and the Works Projects Administration. PWA made its grants to the localities to use for the construction they needed most. From 1933 through 1942, PWA made allotments for 6,687 elementary and secondary schools costing over $979 million. Every State of the Union participated in this program. School buildings comprised 40 percent of all non-Federal projects for which PWA made allotments.

Every Senator, in other words, has schools in his State that were built with Federal grants in the 1930's. Can any one of them show where any Federal control of teaching methods or curricula has resulted? Can anyone point to a single school in this country built with PWA funds and say that it fell under Federal domination because Federal money helped build it?

Then we have WPA schools. The WPA did not make grants to the localities or States, but built its projects directly. Over a period of 8 years, more than 5,900 new schools were built, and more than 33,000 others were modernized under WPA, at a cost of $466,700,000. Can any Senator who is opposing Federal aid because of fear of Federal control point to any WPA-constructed school and say that it is now being run or dominated by the Federal Government?

The same record can be shown for Public Law 815, under which Federal money is provided to build schools in the so-called federally impacted areas.

I think the record already made on Federal funds for school construction puts to rest these fears of Federal control of the schools of America.

In fact, I digress to point out that millions of dollars have poured into the States over many, many years for the so-called land-grant colleges under the Morrell Act. I am going to have complete computations shortly on this. We are at work on it now.

Does any Senator want to tell me that any State college in his State is dominated by the Federal Government because it has been the recipient of great sums of money over the years?

Of course, the answer is that such a charge is nonsense. It is pure nonsense. It is a fear argument. It is a scarecrow that is being built up in the communities of America, with the result that timid politicians too frequently are following this propaganda line, and unwittingly, I am sure, but nevertheless effectively, denying to American boys and girls the educational opportunities that I think are their heritage.

I have said before, and I repeat this morning, we cannot let the educational opportunities of American boys and girls be dependent upon an act of God. The place of birth of an American boy and girl is an act of God.

I take the position that every American boy and girl, wherever born in this country, is deserving of an equal chance for the maximum development of his or her brain potential. That is basic in this whole philosophy that the chairman and I have been fighting for, along with other wonderful colleagues in the Senate, for decent Federal aid to education for many years past.

The committee already has before it the testimony of Dr. Edward Teller to the effect that there is no more important segment of our school system in developing scientists and engineers than the high-school level. I wish to reenforce that opinion with my own, based on 21 years of teaching at the college level. Every college professor and administrator knows that what is accomplished with a student in college depends in large measure upon what he brings with him, intellectually speaking, from high school. If the high-school training is deficient—and we have a lot of evidence that it is—then the colleges must make up the difference. They are doing it with special classes for freshmen, for example, in English, in mathematics, and other basic subjects that should have been learned in high school. This does not even take into account the number of boys and girls with good minds who were unable to

meet college requirements at all. Money will not solve all this problem of our educational deficiencies. But it is a part of the problem where the Federal Government can and should help out. The billion a year provided in S. 1134 is a reasonable and even conservative amount for the Federal Government to contribute to the States for school support.

Scholarships alone not enough at college level

Now I would like to devote myself for a moment to the college aspect of education for defense. I am a cosponsor with Senator CLARK of S. 1237, about which he will testify tomorrow. Our bill is somewhat broader in scope than the Hill bill, as you know. It provides for more scholarships and does not limit eligibility to specific fields. I appreciate that the Hill bill, which I also cosponsored, does not limit the field of study for the student as he enters college, but awards the scholarships on the basis of the student's achievement in science, mathematics, and foreign language in high school. It assumes that the curricula in these departments will thereby be strengthened in our high schools.

There is one major deficiency in both these measures, in my opinion. This is a grant to the institution for each student it enrolls with a Federal scholarship, whether the program follows the essentials of the Clark-Morse bill or the Hill bill. Last November, I received from the chancellor of the Oregon State System of Higher Education a copy of the statement presented to the House Subcommittee on Special Education on behalf of the Oregon State Board of Higher Education. It presents a very convincing case, in my judgment, in showing that scholarships alone will be of little value without accompanying grants that will enable our colleges and universities to expand their facilities.

"Unless some way can be found to build classrooms, libraries, laboratories, dormitories, and other college buildings," says the Oregon State Board of Higher Education, "there will not be enough space available for students. Unless funds are available to pay adequate salaries to attract and retain added faculty, there will not be enough professors available to teach students who might be recruited by a scholarship program."

Oregon expects a 58-percent increase in 4 years in the enrollment in our eight institutions in the State system of higher education. A scholarship program that would increase the number of boys and girls able financially to enroll in these schools would require the schools to raise their admission standards in order to cut down the total number admitted. Oregon has traditionally admitted all Oregon high-school graduates to its colleges. Recently, it has had to abandon that policy. I think it is most unfortunate that we had to do so in Oregon. I know that some schools do favor selective admissions and may welcome a greater degree of selectivity.

But at the same time it is the objective of a Federal scholarship program to give college training to qualified young men and women presently unable to obtain it for financial reasons. It is surely not the objective of these scholarship programs—neither the Hill bill nor the Clark bill—to raise admission standards only, and keep the number of students admitted at current levels or at levels only proportionate to the population. Yet that is the effect they well may have if we do not help the institutions expand their facilities.

I ask to have the statement by the Oregon State Board of Higher Education appear at this point in my remarks.

The CHAIRMAN. The statement will be placed in the record at this point.

(The statements follow:)

"STATEMENT OF WILLARD B. SPALDING, DEAN OF THE FACULTY, PORTLAND STATE COLLEGE

"The Honorable CARL ELLIOTT, members of the Subcommittee on Special Education, ladies, and gentlemen, the official position of the Oregon State Cystem of Higher Education, which I represent at this meeting, can be stated briefly. The proposed scholarship program is not generally opposed, but neither is it strongly endorsed, for it will be of little assistance to the colleges. The larger student bodies become, the harder pressed colleges will be for physical facilities and added faculty. Unless some ways can be found to build classrooms, libraries, laboratories, dormitories and other college buildings, there will not be enough space available for students. Unless funds are available to pay adequate salaries to attract and retain added faculty, there will not be enough professors available to teach students who might be recruited by a scholarship program. Scholarships, at best, are a modest and most inadequate approach to the problems of higher education in seeking to avoid being overwhelmed by students. The Congress of the United States would do well to study the major problems, as well as the present minor one.

"The size of the general educational task is set forth clearly on pages 8 and 9 of the report on the development of scientific, engineering, and other professional manpower prepared for your committee by Charles Quattlebaum. Some added specific data for the Oregon State System of Higher Education may shed further light on the problem.

"In 1953–54, there were 14,968 students enrolled in the eight institutions in the State system. By 1956–57, this number had increased to 20,918 and, for the current year is up 9 percent over 1956–57. A 58 percent increase in 4 years is a precursor of even greater increases in the next decade. Predicting enrollments is hazardous for they are determined by economic conditions, admissions policies, world tensions and many other factors and forces. But, if these remain constant, the Oregon State System of Higher Education could enroll, under its present policies, a minimum of 40,000 students in 1967–68, if space and faculty were available.

"One of its present policies, created in part to meet the impending crisis of increasing enrollment and inadequate physical facilities, is that of selective admissions. While this policy can be defended on educational grounds, it is significant that only when the enrollment crisis was imminent did the Board of Higher Education abandon its traditional procedures of admitting all Oregon high school graduates to its colleges.

"Even though providing scholarships is, at best, an inadequate answer to the problems of higher education when confronted by increased enrollments, the proposal deserves to be considered as a possible way to induce more able youth to attend college. As the distinguished members of this committee are well aware, the Nation needs the contributions to the arts, to industry, to agriculture and to science which able young men and women can make after appropriate education.

"We in higher education have some unique interests in encouraging superior students to enroll in our institutions. First, all evidence points to an immediate and almost overwhelming increase in the number of high-school graduates desiring to enter college. The already meager supply of recruits for college faculties will become proportionally smaller as enrollments rise. Encouraging more superior graduates to attend college will increase the source of professorial possibilities.

"Second, much faculty research requires the assistance of graduate students. Individual professors develop new concepts in their studies, the validity of which must be tested in laboratory, library, or the field. Many routine, and some not so routine, tasks of investigation are carried on by students under the direction of the master. Everyone profits from this arrangement; research is done more rapidly; students learn to be scholars as they work with their professors; professors learn more about their fields and their students.

"Third, graduate students, and some advanced undergraduates, assist in teaching. Laboratory assistants, readers of examinations and other papers, proctors and the like are commonly drawn from the ranks of able college students. Unless this supply keeps pace with increasing enrollments, either professors will be forced to spend more of their own time in such activities, to the detriment of their teaching and other scholarly work, or colleges will be forced to use less able assistance to the detriment of their students.

"Use of graduate assistance in teaching and scholarly activity is closely related to increasing the supply of college teachers, for in pursuing these two occupations students begin their progress toward faculty status.

"But the need of the Nation for more highly trained and highly intelligent specialists and the peculiar needs of institutions of higher education should not overshadow the complexity of the problem of encouraging able youth to attend college, nor lead to the acceptance of partial answers to it. The problem cannot be solved by the easy answer of scholarships at Federal expense, worthy as they may be.

"The proposal to solve the problem by providing Federal scholarships is based upon the assumption that most able students who do not go to college would do so if they could afford it. This assumption is of doubtful validity. True, able students who fail to enter college are, on the average, from less wealthy homes, although there are marked individual exceptions. Undoubtedly, some of them, perhaps a sizeable fraction but surely much smaller than one-half, would take advantage of Federal scholarships. But the gain would be much less than that claimed by proponents of scholarships and not all of those who enter would be able to complete college courses successfully.

"To turn first to the probable failure of some able students, a point which is often overlooked, one needs to recognize that success in college is due more to what the student knows and what he can do than to his latent ability. Students who cannot spell, who cannot read college-level texts, who cannot write an intelligible paper, who cannot compute accurately, will not secure passing grades in any reputable college. Accurate performance in these basic skills is as much a result of the environment and homes in which these students were born and lived as of the public schools which they attended. The records of urban colleges, like those of Portland State College, reveal that many students of unquestioned ability are dropped from college because of failures due to the above-mentioned defects.

"These defects are at least as widespread among able students from less well-to-do families who do not attend college as among those who do attend, and probably more so. To the extent that Federal scholarships encouraged more students with defective skills to attend college, they would also be increasing the number and probably the proportion of those who are dropped because of academic failure. Each such failure means waste of both college and Federal funds.

"Turning back to the basic problem, many able students have acquired life goals, often because of their experiences in school and at home, which do not include extended education. They are motivated to succeed in careers which they see as not requiring any more preparation than they already possess. Further, many of them have learned to look at intellectual activity as the work of eggheads, and have no desire to pursue it. Discovering fully what makes able students

choose other ways of life than attending college will involve careful and extensive research. This committee might well propose Federal support of research into this aspect of the problem as a first step toward developing a more nearly complete solution than can be provided through scholarships.

"Present students of high ability would be eligible for national scholarships, for they would apply at the most sizable source of income. This would release some presently available local funds for the support of less able students than those who now receive them. Thus, the cumulative effect of national scholarships upon college enrollment would be considerably in excess of the actual number of recipients.

"Most proposals for national scholarships include distributing them among the States on some basis, often in proportion to population. But, if the aim is to attract the largest number of able students to college, geographical limitations are undesirable. The publication by Mr. Quattlebaum, to which I referred earlier, mentions the national merit scholarship program on pages 117–118. These scholarships are available by States, on a quota basis, to students who score high on the test used. If my information is correct, there were more students in New York State who scored higher than the best student in the 16 lowest States and yet did not score high enough to secure a scholarship, than there were students in these low States who received scholarships. In other words, if the funds had been used to support the most able students in the country, irrespective of residence, residents of New York would have received many more scholarships, residents of the 16 lowest States, few or none.

"In closing, I repeat, the major problems confronting higher education are providing faculty and facilities for the tremendous number of students who are about to apply for admission. National scholarships compound this problem, while also providing a small but needed supply of able students. How large a supply will be provided and how to increase the supply by other means than scholarships deserve careful study. This committee could well propose that the Congress underwrite scholarly research as a basis for a many-pronged attack upon the problem of attracting more able youth to the Nation's colleges."

Senator MORSE. I also received more recently a letter from John R. Richards, the chancellor of the State board. I quote one sentence of it: "Removing the financial barriers to attendance at college is recognized to be important but secondary to the provision of teachers, classrooms and laboratories in our public and independent institutions."

The second half of that sentence is underscored in his letter. I ask to have his entire letter of January 29, 1958, appear at this point.

The CHAIRMAN. We will have it appear in the record at this point in your testimony.

(The letter follows:)

OREGON STATE BOARD
OF HIGHER EDUCATION,
OFFICE OF THE CHANCELLOR,
Eugene, Oreg., January 29, 1958.

Hon. WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MORSE: The present Congress is under great pressure to do something about higher education. Many suggestions are coming to you, and I write to express the official position of Oregon public higher education.

It must seem to you at times that the position of college educators is somewhat mixed on the direction of Federal support. Actually, there is a consensus among us about what should be done by the Congress in this session. Enclosed is a statement from the American Council on Education which outlines an agreed-upon program in some detail.

Please note that there are five groups of action that are recommended to you. First priorities are given to legislation that will have the effect of increasing the numbers of teachers and improving the physical facilities of our institutions. Removing the financial barriers to attendance at college is recognized to be important but secondary to the provision of teachers, classrooms and laboratories in our public and independent institutions.

I shall be glad to attempt to answer any questions that you may have about our adopted program for the strengthening of higher education in the United States through increased Federal support.

Sincerely,

JOHN R. RICHARDS,
Chancellor.

Senator MORSE. I have come to the conclusion, as I told Chancellor Richards, that a direct grant, as a kind of matching sum for each student entering an institution under a Federal scholarship program is essential if their facilities are not to be overloaded.

I urge the committee to add such a provision to any Federal scholarship bill it approves.

While I have this opportunity, I would remind the chairman of the committee of my long-standing support of his oil-for-education proposal which would provide a source of revenue for school support. It would be most unfortunate for the future of American education if his proposal were allowed to wither at a time when it is most vitally needed.

I also want to call attention to S. 714 and other bills like it that would reestablish education and training benefits for veterans. Hearings have been held on these bills by the veterans subcommittee, and I am very anxious that action be taken. The World War II and Korean GI bills were an investment in our intellectual resources that will continue to bring returns to the Nation for many years to come.

I ask to have printed in the record the testimony I gave the subcommittee last year in support of renewal of the GI bill.

The CHAIRMAN. At this point in the record we will have it printed.

(The testimony referred to follows:)

"REVIVAL OF THE GI BILL OF RIGHTS IS A SOUND INVESTMENT IN AMERICA'S FUTURE

"(Statement of Senator WAYNE MORSE before Subcommittee on Veterans' Affairs, Committee on Labor and Public Welfare, March 22, 1957)

"Mr. Chairman and members of the subcommittee, I appreciate this opportunity to present my views to the subcommittee on the vital legislation before it.

"As a cosponsor of S. 714, I urge its favorable consideration and an early report to the Committee on Labor and Public Welfare so that it can be acted upon during the present session of Congress.

"This is not a new field for me. In the 80th Congress it was my privilege to be chairman of this subcommittee. That experience and my work on the parent committee afforded me a priceless opportunity to observe the operation of the World War II GI bill of rights. As a member of the Labor Committee in the 82d Congress, I participated in the writing of the Korean GI bill of rights, the benefits of which were terminated by Presidential order.

"That experience in the formulation of these programs and observation of their effects convinces me that they were among the great achievements of our democratic system.

"The policy underlying the GI bills

"Any consideration of the bills before the subcommittee requires a restatement of the policy underlying the GI bills.

"Historically the United States, as a peace-loving nation, has maintained only small regular Armed Forces composed of professionals. It is the hope of all peace-loving peoples that we will once again be able to limit the military establishment to a small professional force and that other nations will be relieved of the heavy burdens of armament and large military forces.

"Since the outbreak of World War II this has not been possible. Unsettled world conditions and the aggressive designs of Hitler's Germany, and since World War II, the Soviet bloc, have forced upon the United States a program of military preparedness as a means of discouraging aggression and having available, if the dread occasion arises, military capability sufficient to crush an aggressor.

"We have sought to build and maintain that military capability in a democratic manner by the use of a civilian draft in which the burdens of service fall as equally as possible upon our able-bodied young people.

"Since the beginning of the World War II draft, we have recognized that most draftees are civilians in uniform taking their turn in manning our defenses. This has been the policy in both war and peace.

"I do not recall that any proponents of the peacetime draft argued or urged that the draft should be a means of staffing the armed services with permanent or long service personnel. To the contrary, the basic argument was made that enlistments were insufficient to provide the full requirement of manpower, that the draft was a supplement to supply the deficiency by rotating civilians for fixed periods of time. In enacting the so-called Universal Military Training and Service Act, the basic approach of training civilians for short-term service in the Armed Forces was not changed.

"The 1955 act does attempt to extend training so that there will be a pool of relatively skilled manpower in recognition of the continual need for trained personnel.

"However, the basic pattern was maintained; namely, that compulsory service was to be required for civilian servicemen.

"In the testimony of the representatives of the armed services on Tuesday the basic objection to all benefits provided by the GI bills was bottomed on the proposition that such benefits would be lures back to civilian life which would defeat reenlistment, which the armed services naturally desire.

"The Department of the Army painted a bleak picture of its reenlistment rate. I appreciate the problem. However, we must recognize that the draft and Reserve programs are primarily and almost exclusively concerned with civilians temporarily in the Armed Forces. Numerically and by percentage they have been and would be the principal beneficiaries of the GI-bill program.

"To the extent that Regular Army personnel are induced to return to civilian life by a cutoff date for qualifying for such benefits I see no objection, although I have not reached a final conclusion on the matter to extending the qualifying period for those who reenlist.

"However, the present administration is in an awkward position indeed when it opposes the proposed revival of a GI bill on the ground that it discourages reenlistment. The administration's policies of cutting the manpower of the Army in particular have been a principal cause of discouraging young men from making a career of the Army. The administration's cutbacks in the Air Force have had the same result. I only wish I had every letter I have received from captains and majors who were forced out of the Air

Force as overage in grade, 2 and 3 years ago, to present to this subcommittee. They would make a voluminous budget document look like a Reader's Digest short story in comparison.

"This administration has forced out of service thousands of men who desired to make the Army and the Air Force their careers. Many of us warned that this would be a costly process both in terms of individual loss and retraining replacements.

"The Army and the Air Force fail to make a convincing case on many counts in their narrow approach to this legislation.

"General Hershey's testimony

"As I am not a member of this subcommittee I was not present for General Hershey's testimony, but I have read it. Let me say that he is a great American who has discharged a hard and onerous task with great distinction. I respect his ability and integrity, and feel that he has manned a difficult station for long and thankless years without sufficient recognition for his patriotic service.

"I note, however, that the answers that he gave concerning his views of the desirability of bills such as S. 714 were off-the-cuff opinions. I must disagree with some of the conclusions he presented.

"My comments on the incentive to leave service argument also apply to General Hershey's comments, although I do not suggest that he is in any way accountable for the administration's on-again, off-again manpower policies.

"He did state that the various forms of compulsory service are designed to be universal and to require equality of sacrifice for at least all able-bodied persons. That is the theory of the system, but it has not been the practice. No one can serve in Congress for long without observing that in fact the obligations of service do not fall equally upon even the able bodied. Many tens of thousands, for various reasons, do not serve their time in the armed services. In most instances deferments are warranted and justified. But we should not close our eyes to the fact that many young men whose families can afford sending them to college are thereby obtaining deferments. In that period of deferment they may marry and have children and become, for all practical purposes, draft proof.

"There are many other circumstances in which economic good fortune or special status enable some young men to delay their service to more convenient times, or completely, when less fortunately situated Americans have no option but to comply with the President's greetings. Anyone with a television set has seen several professional baseball players hot-foot-it through a full world series game but receive deferments or even exemptions from military service on physical grounds.

"So, I think it fair to say that the present system is not in fact universal, has seldom been universal and its burdens and sacrifices fall unequally.

"GI bill not an incentive or special reward

"But, I disagree with General Hershey on another basic principle. The GI bill is not an incentive or special reward. First, I should emphasize that, so long as a civilian draft is necessary, such service is a right and privilege of citizenship and residence in this country of freedom and opportunity. But it is not carried by all families and all young men. The service obligation applies only to males—families without sons are not all affected even indirectly. Many families with sons do not have their lives disrupted for a great variety of reasons. The men in service and their families in time of international tension, such as the one we have been living through in recent months, experience anxiety that is not so intense or direct when the obligations are contingent upon future changes of status.

"We must recognize that many thousands who are in service during peacetime have more arduous and onerous duties and stations than many of those who served in relatively safe positions in wartime. Even in war the exposure to enemy action falls upon a relatively small number.

"What then is the basic purpose of the GI bill? I submit it is to enable the individual to make up for many of the lost opportunities that 2 or more years of military service involve. The young man who loses 2 years of civilian life thereby loses many economic opportunities—some excellent, some routine. But it can hardly be argued that 2 years of military service do not represent a 2-year handicap in relation to his contemporaries or the stage of economic and family life the individual would otherwise have.

"Many young men just out of high school who are drafted will not go on to college or into vocational training if they lack the GI bill. A young man out of service at 21, who may marry as many do while in service, needs a home for his new family which frequently only a GI insured loan will make possible.

"These opportunities to make up for lost time and improve his lot are not only for the benefit of the individual. They are good for the country because we thereby receive a better trained, more self-sufficient, more skilled crop of young adults.

"The GI bill is not an incentive for service. The service must be performed. It is, rather, a national insurance policy that our young people will not be permanently handicapped by reason of their military service.

"General Hershey suggested that if we provide such incentives in peacetime what is there to offer in a real emergency? The answer is simple: we needed no incentives during World War II or the Korean war for our young men to render gallant service. I do not fear that we will need any incentives in future emergencies.

"Education

"As a longtime educator I am specially interested in the educational opportunities the GI bill has afforded and will afford.

"College professors and school administrators are practically unanimous that their veteran students were among the best they have worked with. Young people with their military service behind them are more mature, in addition to being a few years older. They are more serious about their work, put more into it, and get more out of it.

"The GI bill is no gravy train. No GI students have lived high on their benefits. At best, the benefits are enough to get by on while taking a full-time course. Tens of thousands used their entitlement for night study while working—and received only tuition and not subsistence. Tens of thousands had to work their way through schools or their wives worked. The GI bill made it possible to have that extra margin of income and help to finish school, but only with great effort and sacrifice.

"As a result, however, our World War II and Korean veterans have improved themselves and the schools, too. We have better educated employees, fathers, and citizens. Industry and commerce have benefited from the new skills. Many communities have doctors and dentists they would not otherwise have.

"In sum, the Nation is richer not just in money, but in more fully developed human resources.

"Home and business loans

"Home and business loans have provided similar benefits to both individuals and communities by making possible home building and better family life and providing the enterprising with a start in business. Whether we are at war or not, the need is as great and the benefits as full to communities throughout the Nation.

"An incentive to end the draft

"The philosophy of S. 714 is that so long as military service is required of civilians, the Nation will provide its young servicemen with assistance in reestablishing themselves in civilian life.

"As the Department of Defense testimony indicates, one basic problem of the military establishment is the lack of career personnel who are skilled. The answer to this is not to make civilian life less attractive to civilian draftees. I believe that the answer was suggested by Adlai Stevenson in 1956—the encouragement and establishment of a professional military unit geared to the highly technical weapons which are the mainstay of our defenses will relieve the pressure for civilian draftees. Indeed, the turnover of technically trained personnel testified to by the Department of Defense witnesses indicates that we are spending more money than we should for retraining because of the lack of an adequate professional career corps.

"These costs and those of the GI bill may serve as an inducement for remedying the current situation.

"But we should bear in mind that the dividends of the GI bill are far greater than the dollar investment.

"Administration cuts—but only human benefits

"This administration claims to be liberal in human affairs and conservative in economic affairs. There is never any doubt that in case of conflict, the dollar will be the victor over the human being.

"In this case, the administration opposes revival of the GI bill and its proven benefits to tens of thousands of human beings and their communities. Yet it has money for weapons, talking (but not human) stamp-vending machines, Mideast dictators, hydrogen bomb tests, quick tax writeoffs for utilities and railroads.

"I suggest to the mothers and fathers of America that instead of adding 'Jr.' to their youngsters' names, they will prosper far more if they add 'Inc.' "

Senator MORSE. I wish to close by emphasizing that better facilities and teachers in the sciences at all levels of education are vital to our military defense. But meeting the needs of war is not enough; we must prepare our citizens to attack as well the problems that lead to war. To do that we must develop our brainpower in the social sciences and the humanities, in addition to developing our brainpower in nuclear physics and aerodynamics. It may well be that in today's world it will take more brains for us to live in peace than it would take to go to war.

In my judgment, the American people are far ahead of the administration and even ahead of Congress in their willingness to put forth effort and even money to improve our education system. We need to show them that we in Congress will also do our part, and we must do it now.

I would like, Mr. Chairman, to also quote from that great educator and politician of Pennsylvania, Thaddeus Stevens, who once pointed out that we should "learn to dread ignorance more than taxation."

I also would like to emphasize, in closing, that great tenet of Thomas Jefferson, "The strength of a democracy can be no greater than the enlightenment of its people."

Who among us can deny the fact that if we fail to give the support to the American school system that we should, we are selling short future generations of American boys and girls?

Lastly, I will close the record with a couple of rhetorical questions.

As I have said in debate in the Senate: "Give me that price tag, will you, on a nuclear physicist. What is he worth? What is a great biochemist worth? Price him for me."

But let us move out of the natural sciences into the social sciences. What is the value of a great theologian? What is a great historian worth? What is a great linguist worth?

Or to summarize it, what is any trained mind worth?

The CHAIRMAN. Let me interrupt you. What is a great teacher worth?

Senator MORSE. Yes; what is a great teacher worth? What is any trained mind worth? You cannot price trained minds because in fact they are priceless.

To the American people I say from this witness chair this morning, as a people we are guilty of a great waste of a great natural resource in America, the greatest natural resource we have, the brainpower of millions of our boys and girls. They are God's gift to America.

I want to plead that the politicians in the Congress, in this year 1958, do a little rethinking about this whole matter of training brainpower, because the real source of fear of Russia, the real cause of fear from Russia, in my judgment, is the fear that she may outstrip us in brainpower. I urge the passage of a broad Federal aid to education bill.

The CHAIRMAN. Senator, let me thank you on behalf of the committee for this most powerful and eloquent statement. I am sure these gentlemen who heard this statement this morning now understand why I presented you as "this brilliant Senator."

We are coming to the close of these hearings, and it is certainly very fine that we could have this magnificent statement of yours here in the record at this point, sir.

Senator MORSE. I appreciate you kindness to me.

The CHAIRMAN. There is a deep appreciation for your testimony.

Senator MORSE. I appreciate your comments, Mr. Chairman, and I am glad at the end of the testimony I still have with me my biased friend the distinguished chairman of this committee and Senator from Alabama [Mr. HILL]. Thanks very much.

VIEWS OF OREGON FARMERS ON THE EISENHOWER-BENSON PROPOSALS TO REDUCE PRICE SUPPORTS

Mr. MORSE. Mr. President, the Eisenhower-Benson proposals to reduce price supports have caused a great deal of consternation among farmers of the State of Oregon, particularly the dairy farmers. I am sure that farm families across the Nation share the views of the majority of our Oregon farmers with respect to the administration's farm program or lack of a program.

In order that the administration may have the benefit of the views of Oregon farmers, I ask unanimous consent that there be inserted at this point in the RECORD, in connection with my remarks, an open letter on subsidies, written by the North Bayside Grange No. 691, of Coos Bay, Oreg.; a letter dated February 10, addressed to me by Mrs. Melissa Berber of Nehalem, Oreg., protesting the Benson dairy price reduction proposal; a letter dated March 6, written to me by Mr. A. Cellers, president of the Buchanan-Cellers Grain Co., of McMinnville, Oreg., expressing opposition to the administration's cut in soil-conservation-practice payments; a letter dated March 4, written by the United Dairymen's Association of Seattle, Wash., urging opposition to a drop in dairy price supports; and a letter under date of March 6, addressed to me by Mr. W. E. Davis of The Dalles, Oreg., containing a very profound analysis of Benson's program to unbalance the farm economy of the Nation.

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

OPEN LETTER ON SUBSIDIES

The members of North Bayside Grange, No. 691, of Coos County, Oreg., have seen fit to protest the proposed lowering of dairy support prices. Coos County is a dairy county, so our members are concerned over this development.

This protest should not be construed as an argument for subsidies as such. The dairyman is as willing as anyone to cease being dependent on the Government, providing that all other segments of the economy return to the same basis.

The dairyman has unwittingly been caught in the subsidy trap. The price of cheese is governed by the support price and his costs of production is kept high by other artificial means. Lowering of supports on one commodity without lowering on all is clearly a discrimination against that commodity.

Agriculture is the only industry that has been and is being ridiculed for receiving subsidies. Airlines and shipping, rapid amortization and other beneficiaries receive little or no publicity at all.

The majority of our press, nationally, has pursued a policy that has been both misleading and harmful. Namely, they create the impression that the entire budget of the United States Department of Agriculture is being used for price supports. The fact is that the major part of this budget is being used for the benefit of nonfarmers in the Forest Service, school lunches and many reimbursable funds. If the United States Department of Agriculture has done anything to counteract this trend it has not been noticeable in this area. This grange has always been committed to the belief that the United States Department of Agriculture should be helpful to the farmers.

Public utilities are guaranteed the right to set their rates according to costs so that they may have a profitable operation.

Labor is guaranteed the right to bargain for a raise based on the cost of living. In many cases, escalator clauses are in effect. Labor also has a national minimum wage law.

The grange does not begrudge labor a decent standard of living but where this is reflected in the basic commodities we must buy, the dairyman becomes more acutely aware of his diminishing income and lowered standard of living.

Taxes continue to climb and no one is optimistic enough to predict that they will not continue to do so. Our responsibility to the school system is clearly mapped out for a number of years in advance. Teachers' salaries are increasing. There is national publicity on behalf of raising teachers' salaries.

The dairyman will acknowledge this responsibility unless he is forced out of business and can find no place in industry. Industrial unemployment is now a major problem.

The major portion of the milk in Coos County is used for cheese. This cheese has been moving into the markets under competitive conditions, but at a subsistence rate to the producer. The support price alone would not be a profitable operation so it has been used only in cases of extreme emergencies. All that cheese supports have meant is insurance that the market will not collapse.

It is the grassroots opinion of this representative cross section of dairymen, that we deserve some consideration.

The trend of the administration to eliminate the small operator could result in a monopoly condition which would be more harmful to the general public than the total of all subsidies ever paid.

If the time has come to end subsidies, let us eliminate them on everyone alike. The dairyman does not ask for preferential treatment—all he asks is equal treatment. It is not realistic to expect the dairy industry to exist in competition to Government largess.

BONNIE FULLERTON,
Secretary, North Bayside Grange No. 691.
COOS BAY, OREG.

NEHALEM, OREG., *February 10, 1958.*
Hon. WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: I am glad to read you were one of several Senators that joined in a move to avert the threatened reduction in dairy product support levels on April 1, 1958.

We need a prosperous agriculture to keep our Nation's economy sound. I trust the self-help plan, as proposed by the National Milk Federation, National Grange, and many dairy cooperatives, will receive your support when it gets to Congress. I don't like subsidies, but with the rising costs of production and the inflation resulting, we need some help.

I have read that one in every 11 left the farm last year. Total farm population dropped 4.7 million people in 7 years. Where are they going to find jobs and employment?

Yours truly,

MELISSA BARBER.

P. S.—As a dairyman and rural mail patron, I would rather have our mail service cut to every other day service than have the postal rates on first-class mail advance.

I am much interested in your newsletter. I also believe that our billions for foreign aid should be used more to help the underprivileged masses in the Middle East rather than military aid to the dictators who govern these countries.

I feel badly when I hear over the radio the reports that France used our made planes to bomb a Tunisian frontier town. Bad enough to use their own made ones.

France and Britain have in the past (as our history teaches) been dictators, and still do mistreat their possessions in Africa.

Yours sincerely,

MELISSA BARBER.

BUCHANAN-CELLERS GRAIN CO.,
McMinnville, Oreg., March 6, 1958.
Hon. WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: We are informed that the Secretary of Agriculture and the administration have announced in advance that they oppose crop-sharing assistance for liming, seeding, and fertilizing, and the planting of perennial crops to prevent water and wind erosion or to be plowed under to maintain the organic matter content and fertility of the soil. They also oppose cost sharing on vegetative cover used for this purpose.

Now, in our way of thinking, our soil is the most sacred heritage that we have left and anything that can be done to prevent soil erosion and build up the fertility certainly should be encouraged.

We are also informed that the Secretary of Agriculture and the administration propose to drop the soil-conservation-practice payments from the present $250 million to $125 million for the fiscal year 1959 and we consider this a very backward step, one that we should not tolerate. If this is done present practices that cover about 75 percent of the farm participation under the ACP program will be done away with and we think that everything should be done to continue this program for the good of the farmers

throughout the Nation who use the program and your Senators and Representatives from Oregon. A good percentage of the income of the farmers particularly of the Willamette Valley is in the production of these cover-crop seeds and if this ACP program is thrown overboard they will have no market for their seed.

Not only does this program help them in the way of cash income but in growing the seed they are preventing soil erosion and building up the fertility of the soil here in the Willamette Valley. No doubt you know this without having it called to your attention because it is self-evident fact.

We earnestly urge that you do everything you can to see that these administration recommendations to cut these soil-conservation-practice payments back to $125 million for 1959 are defeated and that the ACP program be continued as it is at the present.

We understand that hearings on this start March 10 and we are taking the liberty of writing to you now.

We believe this is vital not only to the farmers in the southeastern part of the United States but to our own Oregon farmer.

Thanking you in advance, we are,

Yours very truly,

A. CELLERS, *President.*

UNITED DAIRYMEN'S ASSOCIATION,
Seattle, Wash., March 4, 1958.

The Honorable WAYNE MORSE,
The United States Senate,
Washington, D. C.

MY DEAR SENATOR: Attached please find copy of resolution unanimously adopted last week at the regular quarterly directors' meeting of the United Dairymen's Association. This association is composed of twenty-nine cooperative dairy associations located in the States of Washington, Oregon, Idaho, and Montana with a combined membership of approximately 50,000 dairy farm families. There were assembled in Seattle February 28, 1958, ninety-one delegates from the four States, consisting of officers, directors and managers of the associations, all duly elected or qualified by the dairy farmers themselves.

We urge you, as a representative of the dairy producers in your State, to use your every effort through legislation or otherwise to prevent the drop in dairy support prices announced to become effective April 1, 1958. Also, we urge you to use your influence to secure passage of the dairy self-help bills now before Congress, which will permit dairymen, if they so choose, to finance the surplus disposal of their own products to the benefit of producers and consumers alike.

We thank you in advance for your support on these two measures.

Very truly yours,

R. S. WALTZ,
General Manager.

RESOLUTION OF UNITED DAIRYMEN'S ASSOCIATION

At the regularly assembled meeting of the board of directors of United Dairymen's Association, February 28, 1958, in the city of Seattle, it was moved, seconded, and unanimously adopted that this association go on record as being opposed to the announced drop in dairy support price announced to become effective April 1, 1958, and that Congress be urged to take action to prevent such drop in price.

It was further urged that all Congressional Representatives be requested to use their influence to secure passage of the dairy self-help bills now introduced in Congress.

THE DALLES, OREG., *March 6, 1958.*

Senator WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR SIR: After viewing and hearing the program Youth Wants To Know, Secretary of Agriculture Benson as guest, I cannot restrain myself from making the following comments:

If you, and Members of the Senate and House, allow the administration's farm policy, the lowering of agriculture prices, while at the same time allow all the forces to flourish which raise prices of commodities, which of necessity the farmer must buy, creating a tighter squeeze, and a more general unbalanced economy.

Not many months ago Mr. Benson made a public statement: "If business and laber does not hold down prices, drastic steps must be taken." Well, what is he waiting for?

More than 2 million farmers have been forced off the land into the ranks of the unemployed. These 2 million, added to the millions which will also be forced from the land by Benson's wrong thinking, will eventually build a vast army of unemployed.

Let the crackpots continue on with the theory of substantial wage increases, longer paid vacations, theoretically to put more money into the pockets of consumers and the creation of more jobs. While all this is going on, encourage Benson to further lower agriculture prices and you will have created that which will certainly worsen our now serious economic mess.

Mortgage debt has risen 70 percent on Oregon farms since 1950. Total interest paid has more than doubled, due mostly to increased debt. Interest paid on short-time loans has also doubled in amount with only a small increase in rate.

Undoubtedly what started this depression is low agriculture income, a repetition of 1929.

I know very well that the other elements of the economy who have effectively protected themselves against free competition are not going to allow the blessings of a free market to include themselves. The farm problem must be viewed in light of the economy in which it actually exists and not in a theoretical situation which Benson may be trying to obtain.

Yours very truly,

W. E. DAVIS.

Mr. MORSE. Mr. President, here and there a lonely voice is heard in support of what Benson is doing to our farmers. But it is my opinion that an analysis of the arguments put forth by those who support Mr. Benson cannot withstand the acid test of logic and the general public interest. Illustrative of what I mean is a copy of a letter forwarded to me by a person who wrote to the Secretary of Agriculture and commended his activities. I ask unanimous consent that the letter be included at this point in the RECORD, together with a copy of my reply.

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

Mr. EZRA T. BENSON,
Secretary of Agriculture,
Washington, D. C.

DEAR MR. BENSON: In this election year we note that some of our Senators and Representatives have asked that you resign so that high farm price supports and soil conservation payments may be continued. We just wish you to know, and we believe that many, many people will agree with us, that we feel your stand on the matter is absolutely correct.

We have reason to believe that our large grain growers and dairymen in Oregon are reaping a rich harvest from soil conservation payments and farm price supports, to the detriment of consumers and other small farmers as well. We would like to see a statistical record of the number of dollars received by some of the large Oregon farmers in 1957 which can be traced directly or indirectly to soil conservation and farm price supports. Surely some such compilation has or could be made.

As for Oregon's depressed economy, it is quite fashionable to say that it can be blamed on tight money. This is possibly true to some extent, but we are convinced that higher costs, principally labor, are pricing many things, and particularly homes, out of the market. In spite of depressed building here, yet within the past three months we have seen in the papers where the building trades workers received a raise of some $1.20 per day, and plumbers helpers also received a substantial raise. These increases aggravate an already bad condition. Our family sold our old home last summer. We shopped around for another here in Portland. We looked at several new ones. We bought an older home, not because we couldn't get financing, but simply because we couldn't see paying $13,500 for a skimpy three bedroom home and assume terrific monthly payments, including the interest thereon.

To be blunt, it is our opinion that there is nothing in our recession that $10,000 three-bedroom homes, $1.00 haircuts and five-cent coffee, won't cure.

Sincerely yours,

_____, _____.

MARCH 12, 1958.

DEAR SIR: Thank you for bringing to my attention a carbon copy of your letter of March 3 addressed to the Secretary of Agriculture. While I certainly can appreciate the desire that you, and most of us, have to lower the cost of living, candor compels me to respectfully dissent from the conclusions that you have drawn from the analysis you have made of our economic plight.

To begin with, I think that we can both agree on the premise that ours is an interlocked economy; and that as a corollary, economic ill-health in one section of the economy has repercussions elsewhere.

If this be so, then it is in the national interest to take such steps with respect to agriculture, as will tend to assure a fair economic reward to this segment of our population, some 13 percent of all Americans, who produce the food and fiber upon which we all depend. The Eisenhower-Benson farm program asserts this is the objective of the administration. Yet, what are the facts? After almost 6 years of modern republicanism in the farm sector, while the Benson policies have been operative, we find that in terms of what the farmer has to pay for the industrial goods and commercial services he uses, his own return in prices paid to him, at the farm gate, amounts to 80 to 83 percent of what he received in 1937. The term parity, as you know, refers to what a farmer could buy per dollar value received for his goods in a base period. The years 1912–1913 and 1935–1937 are almost equivalent in this respect. Most of us feel that the years 1935–1937 were not prosperous years, yet the farmer is getting almost 20 percent less now than at that time for what he has to sell, in terms of what can be bought.

The Benson proposals to drop price supports, without advancing other programs designed to increase farmer's buying power, seek to make the position even more untenable for a great many farmers.

The problem may be simplified by the statement that what is sought is the replacement of many farmers by a few operating larger units. What will the cost be if many of our farmers go broke? Can men in their upper forties and fifties be retrained for other employment if they move to the city once their land is gone, or will they and their families join the ranks of the unemployed?

I feel with a deep conviction that the administration farm proposals are wrong on

two major counts. They neither satisfy canons of economics nor morality in the deepest sense. On the first count, the Benson plans have not worked as we were assured they would, and, on the second count, they violate the ethical imperatives that hold it morally wrong to reduce food production when human beings are hungry. Again from the standpoint of our national interest, but this time with Russia in mind, the strongest weapon we have in our arsenal of democracy is the wheat, meat, cotton, and cheese that we send to hungry people abroad, especially in the Middle East and Asia, and the food that we use in our school-lunch programs here at home.

Benson tells us over and over again that we have overproduction of food and fiber; he is wrong. We need instead to work out ways of distributing the food and fiber we raise within the framework of our political and economic system of free enterprise so human needs are satisfied. It can be done, but only if we have the will to do it. I am afraid that the administration lacks both the vision and the will to take the steps necessary to accomplish the job.

When an administration becomes so paralyzed that it cannot fulfill its function, it ought in a democracy, to make way for those who can do the job. Secretary Benson, by his attitude, gives the impression that he would prefer ruin to agriculture rather than to reevaluate his position. The stop-gap measures that are under debate in the Senate at this time seem to me, inadequate as they may be, essential to counteract the slow economic strangulation of small farm and small business being aggravated by the Benson policy. It is for this reason that I am reviewing with care S. J. Res. 163 on dairy price-support legislation. The report of the committee is attached for your information.

Sincerely,

WAYNE MORSE.

Mr. MORSE. Mr. President, I turn now to the last subject I desire to discuss this evening.

The PRESIDING OFFICER. The Senator from Oregon has the floor.

RULING ON POINT OF ORDER ON AMENDMENT PROVIDING PAYMENT TO JEROME K. KUYKENDALL

Mr. MORSE. Mr. President, I turn now to another subject, by way of a reply to the minority leader [Mr. KNOWLAND]. I spoke to the minority leader and told him I was going to make this reply. He knows of it. He agreed that, in view of what he had said on the floor of the Senate, which is his position on the issue, and because he had another important engagement, it would not be necessary for him to be on the floor of the Senate while I made this reply to him.

This morning I spoke on the very unfortunate action that was taken by the Senate of the United States last night in sustaining, by a vote of 55 to 29, the granting, on an appropriation bill, of a $3,000 gift to the Chairman of the Federal Power Commission, which I submit was clearly legislation on an appropriation bill. The vote does not change the fact that it was, because the vote of the Senate does not repeal the rules of the Senate. The most charitable thing that could be said of the vote of the Senate last night would be that they knew not what they did, because it was perfectly obvious that Senators who voted in favor of overruling my point of order simply did not take the time to study the rules. I am sure if they had, my point of order would have been sustained by an overwhelming vote.

Because a matter of precedent is involved, I shall do everything I can to make a legislative record, so that future Senates, if they come to deal with this problem again—and the question will come up again, Mr. President—will know very clearly exactly what happened last night.

This morning the minority leader took the position that the Senate acted properly last night. The RECORD will show that he took the position that the $3,000 gift to Mr. Kuykendall was not, in fact, legislation on an appropriation bill; and it is to that, I respectfully say, in my opinion, unsound position taken by the minority leader that I now reply.

I said earlier today I thought it was most unfortunate that the Senate did not have a quorum call last night, so there could have been some conferences with the Parliamentarian before the great error was made.

I am not a competent witness, Mr. President, to testify as to what actually did go on at the desk while I was debating my point of order; but I surmise—and this is a little bit more than conjecture, based on conversations I have had with colleagues today—that there were those who, realizing the soundness of the position taken by the senior Senator from Oregon, suggested that the procedure be followed of submitting the point of order to the Senate, under rule XX.

I have never denied, and I do not now deny, that, under rule XX, a point of order can be referred to the Senate by whoever is presiding in the Senate at the time. In fact, for the RECORD, I shall read rule XX:

> 1. A question of order may be raised at any stage of the proceedings, except when the Senate is dividing, and, unless submitted to the Senate, shall be decided by the Presiding Officer without debate, subject to an appeal to the Senate. When an appeal is taken, any subsequent question of order which may arise before the decision of such appeal shall be decided by the Presiding Officer without debate; and every appeal therefrom shall be decided at once, and without debate; and any appeal may be laid on the table without prejudice to the pending proposition, and thereupon shall be held as affirming the decision of the Presiding Officer.

So I do not take the position, and never have in this debate, that the Presiding Officer did not have the right to resort to rule XX if he wanted to; but I have sat in the chair the present Presiding Officer, the Senator from Alabama [Mr. SPARKMAN], is now occupying, and I know what happens. I know the Presiding Officer is advised by the Parliamentarian, and I know what happened last night so far as physical observations are concerned. There was quite a bit of consultation at the desk. Several Senators went to the desk and talked to the Parliamentarian. There was a conversation held with the Presiding Officer.

As I pressed for a ruling on my point of order, it was then announced by the Presiding Officer of the Senate that he was going to refer the question to the Senate. That is when I think an error was committed, as a matter of policy, because the point of order went to such a fundamental procedural safeguard in the Senate. In my judgment, the Senate of the United States should have had the benefit of the advice of the Parliamentarian, through the Presiding Officer of the Senate.

As I said this morning, that is what the Parliamentarian is paid for; and other Senators, as well as the Presiding Officer, are also entitled to his advice. I respectfully submit that when there is raised a point of order so far reaching and so important as the point of order I raised last night, it is due us that the decision be based upon the rules. It should not be based upon a play of alinement in the Senate, which in some instances I am satisfied was influenced by the known position of the Senator from Oregon against the confirmation of the nomination of Mr. Kuykendall in the first place.

I tried to make clear that my objection to paying the $3,000, which I think is an unwarranted taking of money from the pockets of the taxpayers, had nothing to do with my opposition to the confirmation of the nomination, but had to do with a very precious procedural safeguard in the Senate, that the Appropriations Committee shall not function as a superlegislative committee.

Oh, I know there are those who said to me today, "Well, don't ride the Appropriations Committee too hard, because, after all, you know, it is a committee of tremendous power." The members of that committee are my colleagues and I have complete respect for each one of them, and my respect for each one of them is such that I know they will respect the position I am taking that the Appropriations Committee must be held within the bounds of functioning as an Appropriations Committee, and not as a legislative committee.

If we permit this precedent, which was established in the Senate last night, to stand, I do not know where the limit will be. Therefore, I say we should have taken the time last night to obtain the advice of the Parliamentarian, through the Chair. We should not have permitted the Parliamentarian to escape his responsibility of advising us as to what the rules mean.

As a result of the procedural course of action we followed, Mr. President, a very bad precedent was established, and I intend to do the best I can to write such a record in the Senate that it will not be much of a precedent in the future when the question again arises in debate.

Mr. President, for the benefit of the minority leader, who took the position this morning that the rules were not violated by the Committee on Appropriations, I return to a consideration of rule XVI, which was cited by the chairman of the Committee on Appropriations, the Senator from Arizona [Mr. HAYDEN] last night in justification of the action his committee took, and which was cited by the chairman of the Committee on Interstate and Foreign Commerce, the Senator from Washington [Mr. MAGNUSON], as a justification for the action which was taken, although in fairness to the

Senator from Washington it should be pointed out he tacitly admitted in the debate that the Committee on Interstate and Foreign Commerce never took any formal action, as required by subsection 1 of rule XVI.

I am about to proceed, Mr. President, to point out that even if the committee had taken formal action it would have been illegal action. What I desire to say, is that the explanation of the chairman of the Committee on Appropriations, the Senator from Arizona, wherein he stated he received an oral communication from the chairman of the Committee on Interstate and Foreign Commerce, to the effect that the Committee on Interstate and Foreign Commerce was in favor of the $3,000 appropriation to Mr. Kuykendall, is not sufficient.

In view of the position taken by the Senator from Arizona I think it is important to make perfectly clear in the RECORD the relationship between subsection 1 of rule XVI and subsection 5 of rule XVI. In my judgment, the Senator from Arizona is as wrong as a man can be in his interpretation of the rule of the Senate, because his interpretation violates a very elementary principle of statutory construction, namely, that when in one part of a statute—and it is similar in this case, because we are considering one part of a rule—when in one part of a rule there is a general provision and in another subsection of the rule or the statute there is a specific prohibition against a certain course of action, then the general language in the forepart of the statute does not apply to the specific prohibition.

I respectfully say that the Senator from Arizona in his discussion of the matter ignored subsection 5 of rule XVI and sought to rest his case, which is a weak case, I respectfully submit, on subsection 1.

The same statement applies to the position taken by the Senator from Washington and it also applies to the position taken by the Senator from Florida [Mr. HOLLAND]. The Senator from Florida talked about substantial compliance, but, Mr. President, there was not any compliance which either the Committee on Appropriations or the Committee on Interstate and Foreign Commerce could name to legalize under the rules of the Senate the action which the Committee on Appropriations took.

I desire to read the rule, to point out why subsection 5 of rule XVI, in my judgment, removes any doubt as to the procedure followed last night being a violation of the rule of the Senate that legislation must not be added to an appropriation bill. Then I desire to answer another argument which was developed today, namely, that because the appointment was for a 5-year period perhaps the $3,000 amendment could be justified on the ground that after confirmation of the nomination the appointment really was effective at the end of the last term of the particular nominee. That in my judgment is an equally fallacious argument.

Let me read to the Senate rule XVI, subsection 1:

> All general appropriation bills shall be referred to the Committee on Appropriations, and no amendments shall be received to any general appropriation bill the effect of which will be to increase an appropriation already contained in the bill, or to add a new item of appropriation, unless it be made to carry out the provisions of some existing law, or treaty stipulation, or act, or resolution previously passed by the Senate during that session; or unless the same be moved by direction of a standing or select committee of the Senate, or proposed in pursuance of an estimate submitted in accordance with law.

What is the contention of the Senator from Arizona and of the Senator from Washington? As I understand their contention, it is that the Senate Committee on Interstate and Foreign Commerce at one of its meetings informally decided that there ought to be added to the appropriation bill an item to authorize the payment of $3,000 to Mr. Kuykendall. It was admitted by the Senator from Washington that no motion to that effect was ever adopted by the Committee on Interstate and Foreign Commerce. I could rest the case there, Mr. President. The fact is that, even if we accept the interpretation of the Senator from Arizona and the Senator from Washington as to rule XVI, the Committee on Interstate and Foreign Commerce never met the requirements of subsection 1 of rule XVI. The Senators admit that no motion was adopted by the committee as is required.

Mr. President, what is the purpose of such a requirement in rule XVI? One of the purposes is to protect those of us who are not members of a given committee. I hope we have not reached such a point in the Senate that we are to be at the mercy of committees of which we are not members, by having them proceed without any notice whatsoever to us to decide to hand $3,000 over to anybody because his wife was operated upon—which seemed to be one of the arguments of the Senator from Washington—because he had had a hard time, because he was a man without means, or because there had been a long delay before the Senate acted to confirm his nomination.

Mr. President, it simply does not happen to be within the prerogatives of the committee, in my judgment, to take action in that way. The fact is that the Committee on Interstate and Foreign Commerce never complied with the language of the rule, and the Senator from Washington admits it. Suppose that had been done. Would that mean the Committee on Interstate and Foreign Commerce could meet and adopt a motion to pay a private claim of Tom, Dick, or Harry? If so, what a nice state of affairs we would be in.

If the committee had followed the rule in subsection 1 of Rule XVI, some of us, at least, would probably have had a pretty good chance of obtaining some notice as to what the committee was doing, and we would have been given an opportunity to appear before the Committee on Interstate and Foreign Commerce, or before the Committee on Appropriations, to protest. But what happened? We woke up to an accomplished fact in the Senate Chamber, when the chairman of the Committee on Appropriations reported an appropriation bill containing in italics an amendment by way of a $3,000 grant to Mr. Kuykendall.

Mr. President, I thought the Senator from Washington was exceedingly fair when he saw the position he was in. When he recognized, after we pointed it out to him, that no formal action had been taken by his committee, I thought his proposal was very fair. The proposal was that the amendment be withdrawn last night, and that the committee meet this morning, which would give an opportunity to those of us who so desired to raise some questions about the $3,000 grant. The committee then could have taken formal action, after there had been such deliberation.

As the CONGRESSIONAL RECORD of yesterday will show, I said that I wanted to know what Mr. Kuykendall had done to earn the $3,000. My understanding then was that his name had been taken off the door of the room he had occupied; that he had taken the position that he had no official position with the Federal Power Commission; and that he could not act officially until his nomination was confirmed. In that respect I think he was absolutely correct.

We had a debate last night without any proof. The allegation was made that he had worked during that period of time. In my opinion, if he had done so, whatever he might have done would have been an illegal act, because he was not a member of the Federal Power Commission during that period of time. He had no interim appointment. This is not the case of an interim appointment. This is the case of a new appointment while the Congress is in session. So he had no official standing during the period of time his nomination was under consideration. He was simply out of a job.

When any Senator stands on the floor of the Senate and says that Mr. Kuykendall performed services for the American people during that period of time, that is a confession that he does not realize that during that period Mr. Kuykendall was not carried on the rolls of Government employment, and could not be until his nomination was confirmed.

So I say most respectfully to my colleagues that in what they did—and I do not care what language is used to try to cover up what they did—they proceeded to seek to give $3,000 of the taxpayers' money to a man who was not on the payroll of the taxpayers at the time. It was an out-and-out gift to him.

We shall be in a sorry state of affairs if the Congress of the United States, through any committee, is to start passing out gifts of $3,000 to some of its favorites who are not even on the payroll of the Federal Government.

So I say that even if my colleagues had followed the course of action set forth in subsection 1 of rule XVI, they would have been acting illegally. If they had done that, they would have flown in the face of subsection 5, which contains a specific prohibition, involving the elementary rule of statutory construction that when a part of a statute specifically prohibits an act, that act cannot be justified under general language contained in another section of the statute. I did not teach that rule

of statutory construction for years to law students, only to walk out on it when I came to the Senate. It happens to be so elementary that it is not subject to dispute—that is, not subject to logical dispute.

I read subsection 5 of rule XVI:

> No amendment, the object of which is to provide for a private claim, shall be received to any general appropriation bill, unless it be to carry out the provisions of an existing law or a treaty stipulation, which shall be cited on the face of the amendment.

I challenge the minority leader; I challenge the chairman of the Committee on Appropriations; I challenge the chairman of the Committee on Interstate and Foreign Commerce, or anyone else who wishes to take the position that the Senate Appropriations Committee acted within the rule, to show me in what respect this handout of $3,000 to Kuykendall involved the carrying out of the provisions of any existing law or treaty stipulation. The answer is that obviously it did not.

So I say, for the benefit of the minority leader, that he should have read subsection 5 of rule XVI before he made his speech today, because subsection 5 of rule XVI contains a clear prohibition against what the Appropriations Committee did, and what the Senate Committee on Interstate and Foreign Commerce testifies it tried to do informally. I shall read that rule again, because I want it to be indelibly in the RECORD. It should be in the RECORD for the benefit of the Parliamentarians, too.

I am critical about what happened here last night, and I mean to be critical, let me say to the minority leader. I have great respect for the Parliamentarians, but they make mistakes, too. In my judgment, in view of the situation which existed here last night in the Senate, in the face of this rule, which is so precious as a safeguard to the legislative process of the Senate, the Parliamentarian should have gone to the Presiding Officer of the Senate before he ruled and called his attention to the language of subsection 5 of rule XVI. Whoever sits in that chair is entitled to that kind of service from the Parliamentarian.

I know it can be said that technically the Parliamentarian does not rule; that it is not for the Parliamentarian to interfere with the business of the Senate. I agree. But it is for the Parliamentarian to see to it that the Presiding Officer does not make a grievous mistake. I know that if I had been sitting in the chair of the Presiding Officer last night and the Parliamentarian had pointed out to me subsection 5 of rule XVI, I would not have referred the question to the Senate, because subsection 5 of rule XVI provides:

> No amendment, the object of which is to provide for a private claim, shall be received to any general appropriation bill, unless it be to carry out the provisions of an existing law or treaty stipulation, which shall be cited on the face of the amendment.

My colleagues were wrong in their course of action, no matter from what phase of the rule the situation is approached. They are wrong because of the specific prohibition. They are wrong because if they were trying to comply with the provisions of subsection 5 of rule XVI, they did not cite on the face of their amendment, as the rule requires, the existing law or a treaty stipulation which they thought justified putting a legislative rider on an appropriation bill.

The cold letter of the rule leaves no room for question about ambiguity. What happened? Although some of us did our best last night to forewarn the Senate about the mistake it was making, instead of having this warning emphasized through the Chair on the basis of advice which I think should have gone to him from the Parliamentarian, we got into a situation in which other considerations besides the rule decided the vote. I do not intend to kid myself about that. After sitting here for 13 years observing how the Senate operates, I could not fail to recognize what happened last night.

The situation was a tough one. Certain Senators were caught in a serious mistake. We should have followed the suggestion of the Senator from Washington. The amendment should have been withdrawn and brought up this morning before the Committee on Interstate and Foreign Commerce for hearing. Then the committee could have decided whether or not it wished to make a recommendation, in view of subsection 5 of rule XVI. So much for the language of rule XVI.

The argument is being made in the cloakroom by some Senators: "Well, it is a 5-year appointment, and after his nomination was finally confirmed, his position went back to the date of the appointment in the first place, and therefore he was entitled to the pay."

Mr. President, there is a very simple answer to that statement. As I said, "Tell it to the General Accounting Office."

If those who advance that argument are right about it, then they did not need an amendment at all. If they are right about that, then the General Accounting Office would have been paying his salary back to the day of his appointment. The fact is he could not get his pay. He could not get it because he was not entitled to it. He could not get any pay because he was not on the payroll. He could not get any pay because it could not start until his nomination was confirmed and he was sworn in. What are the confirmation and swearing in procedures for?

That argument is as weak as the other arguments which have been made in trying to explain this irregular course of action of putting legislation on an appropriation bill.

The fact is no argument can be advanced which justifies pay for Mr. Kuykendall for the period of time while his nomination was under consideration. There is no rule of the Senate that justifies it. The only way in which it can be done under proper procedure is to have a private claim bill submitted.

I respectfully submit that if the Committee on Interstate and Foreign Commerce had held a meeting this morning, had adopted a motion, and had sent it to the Committee on Appropriations, that committee still could not put the item in the appropriation bill; it still would be subject to a point of order. That is so because it would violate subsection 5. Subsection 1, cited by the Senator from Arizona has nothing to do with this issue. Subsection 5 controls.

Subsection 5 provides that no amendment to provide for a private claim may be added to an appropriation bill unless it is for the purpose of carrying out a provision of an existing law or a treaty stipulation. Certainly no one wishes to take the absurd position of saying that that rider on the appropriation bill carries out any provision of law or treaty stipulation.

Therefore, under the rule, a majority of the Senate defied its own rules last night, trespassed upon its own rules, emasculated its own rules, polluted its own rules, and did a great injustice to orderly procedure.

I hope it will never happen again. I hope we have seen the last of such a proceeding. I hope that when the bill goes to conference this amendment will be stricken.

I am critical of the procedure. I am not personally critical of the Senators concerned because I have an honest professional difference of opinion with them. No one in the Senate has greater respect for the Senator from Arizona [Mr. HAYDEN] than I have. I believe that when any Senator—I care not who he may be—is, in my judgment, making a procedural mistake in the Senate which will establish a bad precedent, I owe it to the obligations of my office to make my record against his position. That is why I notified the Senator from California [Mr. KNOWLAND] today that I was going to make my record against his position.

I said in my statement this morning—and I close with this—that the fact I wanted to have determined by committee hearing was what Mr. Kuykendall actually did during this period of time. I said this morning that I was called on the telephone by an official within the Federal Power Commission who had become aware of the fact that last night I made my position known about the $3,000 grant to Mr. Kuykendall, and that official told me that I was absolutely right about it, that Mr. Kuykendall did not do any work during that period of time; that, in fact, Mr. Kuykendall had taken the position that he could not legally do any work, because he was not on the payroll. Mr. Kuykendall was absolutely right in that position, if that is the position he took. I was advised he took that position. However, I wanted to have that question of fact determined. I say that because I also know how some persons engage in second thought, and I am sufficiently familiar with the irregularities going on within governmental regulatory bodies to recognize that it is not beyond the realm of imagination, at least, that, by way of second thought, someone might try to make a case by saying that Mr. Kuykendall did do something during that period of time. If he did, he would not be entitled to a private claim for it by way of a provision in an appropriation bill, in view of the prohibition in the rules of the Senate I have already mentioned by way of subsection 5 of rule

XVI. Whatever consideration he would be entitled to for any work he performed during that period of time would have to be by way of a private-claim bill. If the Committee on Interstate and Foreign Commerce thought he was entitled to some compensation or some contribution or some gift or some handout, or whatever words we may wish to use to describe it, should have been recommended by that committee to the Senate in the form of a private-claim bill, and the Appropriations Committee should have taken the position that it could not add a private claim to an appropriation bill in view of section 5 of rule XVI.

We should have had before us a private claim bill. That would have given an opportunity to Senators to protect the taxpayers' interests. We know what we do with private claim bills. Private claim bills do not go through the Senate as a matter of form. Private claim bills are very thoroughly considered by the Committee on the Judiciary.

At one time, when I first came to the Senate, I served on a claims committee, which we had in those days. Under the Reorganization Act that was one of the committees dispensed with. Private claim bills are now handled by the Committee on the Judiciary. However, we had a claims committee at that time, and we spent hours and hours on claim bills, going into the merits of them. Why? Because we had a great trust and we were dealing with taxpayers' money. We certainly had no right to be shoveling out taxpayers' money for every claim bill that came along because a Senator or a Representative wanted to introduce it. They had the burden of proving that the person involved was entitled to the compensation or the money that was being asked for.

I checked with some members of the Committee on the Judiciary today, to see if there had been any change made in the practice of handling claim bills. Without quoting by name, the Senator who spoke to me, I was told, "I certainly wish we could get some legislation passed which would refer all claim bills to the Court of Claims and that the Committee on the Judiciary would have nothing at all to do with them, because of the hours and hours and hours of work a claim bill takes for a Member of the Senate who is a member of the Committee on the Judiciary, particularly of the subcommittee that deals with claims."

Therefore, the fact is that I am completely right when I point out that claim bills are given serious consideration and study by the Committee on the Judiciary.

Let us take a look at the $3,000 claim. How much study did it have? Let us read the record. It is perfectly obvious from the statements made on the floor of the Senate by the members of the Committee on Interstate and Foreign Commerce that at best they handled the claim informally. We know how informally they handled it. There was no hearing, and no opportunity to testify against the claim.

The committee did not even take formal action on it. Apparently the chairman of the Committee on Interstate and Foreign Commerce, who also is a member of the Committee on Appropriations, informally said to the chairman of the Committee on Appropriations, "My Committee on Interstate and Foreign Commerce is for this." I am giving my opinion about what I think happened in this matter. I say that is bad precedent, too. Even if the two committees could sustain themselves within the rule, which they cannot, the procedure they followed in this instance ought to be condemned by the Senate.

These committees are ours; they are not independent agencies of the Senate. The Committee on Appropriations is no law unto itself, and we had better make that perfectly clear to the Committee on Appropriations. The Committee on Appropriations is a child and an agent of the Senate. I am one Senator, irrespective of the power of the Committee on Appropriations, who serves notice on that committee that I intend to "watchdog" to make certain that the committee stays within the rules. Every time it goes outside the rules and practice and into something which amounts to legislation on an appropriation bill, and the senior Senator from Oregon is aware of it, I shall object and raise a point of order, as I did last night.

I happen to think, furthermore, that every other Senator ought to be on his feet, joining me in raising the point of order, because if ever we let the Committee on Appropriations start to place legislation on an appropriation bill, there will be utter confusion and chaos in the legislative process of the Senate.

This has been one of the most jealously guarded rules of the Senate over the decades. That is why I am at a loss to understand how the point of order could have been treated so cavalierly last night by referring it to the entire Senate to decide, when I say, most respectfully, that I would bet there were not five Members of the Senate last night who ever read a single line of the rules to which I have referred.

I wanted to make this case, Mr. President, because I think that what happened was a clear violation of the Senate rules.

I now make my final statement about the matter and direct it to the Chairman of the Committee on Appropriations. He is not only a man for whom I have admiration and great affection, but he is a man who is, in fact, revered. I happen to think that Senator HAYDEN, of Arizona, is one of the greatest men who ever sat in this body. The great monument of public service he will leave behind him—and I hope he will not leave it behind him for many, many years to come—will be one of the greatest monuments of public service in the entire history of the Senate. Therefore, when I express my difference with Senator HAYDEN on this matter, I do not do so lightly; I do not do so happily; I do so only because I am convinced that, as a matter of duty, and as one who for 13 years has been a stickler in the Senate for the protection of the procedural rights of Members of this body, the case I am making against the Committee on Appropriations in this matter had to be made.

In this matter, so far as I am concerned, Kuykendall is simply, shall I say, the operative fact. It is not Kuykendall who is concerned in this matter; what I am protesting is the violation of the rule that an appropriation bill shall not contain legislation.

I close with this appeal to the Senator from Arizona, because he will be the chairman of the Senate conferees. In view of the strong difference of opinion which has developed in the Senate over the action of the Committee on Appropriations, I respectfully say to him: "I think you owe it to those of us who are willing to make the fight that I have made to protect the rules of the Senate to take the position in conference that that particular amendment be stricken."

Any Senator who is interested in a $3,000 grant to Mr. Kuykendall can introduce a private claim and have it referred to the Committee on the Judiciary for a hearing. Ultimately, depending on the action of the Committee on the Judiciary, if a favorable report shall be made on the bill, the Senate can debate and vote on the bill. I think that what is involved is so important that the mistake which was made last night ought to be corrected in conference. The bill never should come back to the Senate with this rider in it. If it does, the Senate will be in the position, once again, to have a quarrel over the conference report.

If this provision remains in the report, the wrong will still exist, and it will still be the duty of those of us who believe the rules of the Senate should be protected to continue to make an issue of it.

I happen to think that the statesmanship of the Senator from Arizona is such that if he will take the time to give due deliberation to the recommendation I am making, he will agree with me, that under these circumstances it would be better to eliminate the amendment in conference, and to treat the subject ab initio in a private bill, so that the Committee on the Judiciary can consider its merits. I respectfully submit that the merits of the claim were never considered last night by the Senate.

I yield the floor.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

ADDITIONAL BILLS INTRODUCED

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

By Mr. SPARKMAN:

S. 3465. A bill to amend section 303 of the Career Compensation Act of 1949, as amended, to authorize in all cases the transportation of dependents, baggage, and household effects under certain conditions; to the Committee on Armed Services.

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

By Mr. SPARKMAN (for himself and Mr. HILL):

S. 3466. A bill to amend the Agricultural Adjustment Act of 1938, as amended, to make the transitional parity formula inoperative for basic agricultural commodities

for 1958; to the Committee on Agriculture and Forestry.

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

DEPENDENT CHILDREN UNDER TERMS OF INTERNAL REVENUE CODE—AMENDMENTS

Mr. NEUBERGER. Mr. President, it seems only simple justice that alien children adopted by American families in Government service abroad should come within the definition of dependent in the Internal Revenue Code. That is not now the case. At the present time the term "dependent" does not include any individual who is not a citizen of the United States unless such individual is a resident of the United States, of a country contiguous to the United States, or the Canal Zone or the Republic of Panama or was adopted in the Philippine Islands before January 1, 1956, and resides in the Republic of the Philippines.

Thus, families of Armed Forces personnel and others stationed abroad in Government service cannot claim as dependents alien children legally adopted by them and living in their households. This discriminates unfairly against those in Government service, and I am submitting an amendment to correct this situation. This amendment should not be controversial.

Mr. President, on behalf of my colleague the senior Senator from Oregon [Mr. MORSE] and myself, I submit an amendment to H. R. 8381, now before the Finance Committee, to amend the Internal Revenue Code of 1954 to correct unintended benefits and hardships and to make technical amendments, and for other purposes, to be referred to the Committee on Finance.

The PRESIDING OFFICER. The amendments will be received, referred to the Committee on Finance, and be printed.

AMENDMENT OF INTERNAL REVENUE CODE OF 1954, RELATING TO TAXING INCOME OF LIFE INSURANCE COMPANIES—AMENDMENT

Mr. POTTER submitted an amendment, intended to be proposed by him, to the bill (H. R. 10021) to provide that the 1955 formula for taxing income of life insurance companies shall also apply to taxable years beginning in 1957, which was ordered to lie on the table, and to be printed.

ELIMINATION OF DISCRIMINATORY EMPLOYMENT PRACTICES BECAUSE OF AGE IN CERTAIN CASES—ADDITIONAL COSPONSOR OF BILL

Mr. NEUBERGER. Mr. President, on January 30, 1958, I introduced S. 3188, a bill to prohibit any Government contractor or supplier from imposing any requirement or limitation of maximum age with respect to the hiring or employment of persons. This bill was co-sponsored by nine Senators. I had also asked the junior Senator from Washington [Mr. JACKSON] whether or not he would like to co-sponsor this bill, and I am informed that only through inadvertence he had not previously been able to inform me of his desire to do so. I am delighted, therefore, Mr. President, to ask unanimous consent that the name of the junior Senator from Washington may henceforth be listed among sponsors of S. 3188.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOTICE OF POSTPONEMENT OF HEARINGS ON INCREASED PAY FOR SUPERVISORS AND POSTMASTERS IN POSTAL FIELD SERVICE

Mr. NEUBERGER. Mr. President, on Tuesday, I announced hearings to begin Thursday on S. 3400, to establish a more equitable pay scale for supervisors and postmasters in the postal field service.

Due to the extreme urgency of the legislation now pending before the Public Works Committee, of which I am a member, I find that I must postpone the hearing on S. 3400 to next Monday, March 17.

As a member of the Public Works Committee, which will be considering legislation on Thursday to help alleviate the terrible unemployment situation throughout the country, I feel that I must give my undivided attention to this matter now.

I also feel that the importance of the provisions contained in S. 3400 is such that I should give it my personal attention and be in attendance during the hearings. For these reasons, I have postponed the hearings to next Monday, at 10 a. m.

NOTICE OF HEARINGS ON PROPOSED INTERNATIONAL DEVELOPMENT ASSOCIATION

Mr. MONRONEY. Mr. President, on behalf of the Subcommittee on International Finance of the Committee on Banking and Currency, I desire to give notice that public hearings will be held on March 18, 19, and 20, 1958, at 10 a. m., in room 301, Senate Office Building, on the proposed International Development Association—Senate Resolution 264.

All persons who wish to appear and testify at this hearing are requested to notify Mr. J. H. Yingling, chief clerk, Committee on Banking and Currency, room 303, Senate Office Building, telephone CApitol 4-3121, extension 3921, as soon as possible.

ADDITIONAL RECORD MATTERS

By Mr. MONRONEY:

Article entitled "Senator Urges Citations For Living," written by Senator MARGARET CHASE SMITH of Maine, and published in the Washington Evening Star of March 10, 1958.

ADJOURNMENT UNTIL 10 A. M. TOMORROW

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). The work of the day being completed, the Senate, pursuant to the order previously entered, and in accordance with the last clause of Senate Resolution 274, will stand adjourned until 10 o'clock tomorrow morning.

Thereupon (at 7 o'clock and 57 minutes p. m.), the Senate adjourned, the adjournment being, under the order previously entered, in accordance with the last resolving clause of Senate Resolution 274, as a further mark of respect for the late Representative of New Mexico, until tomorrow, Thursday, March 13, 1958, at 10 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate March 12, 1958:

UNITED STATES ATTORNEY

Jack D. H. Hays, of Arizona, to be United States attorney for the district of Arizona for a term of 4 years. He is now serving in this office under an appointment which expired March 4, 1958.

Julian T. Gaskill, of North Carolina, to be United States attorney for the eastern district of North Carolina for a term of 4 years. He is now serving in this office under an appointment which expired March 4, 1958.

UNITED STATES MARSHAL

Louis O. Aleksich, of Montana, to be United States marshal for the district of Montana for the term of 4 years. He is now serving in this office under an appointment which expired March 11, 1958.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 12, 1958:

DIPLOMATIC AND FOREIGN SERVICE

John M. Allison, of the District of Columbia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Czechoslovakia.

DEPARTMENT OF STATE

Robert G. Barnes, of Pennsylvania, to be Special Assistant for Mutual Security Coordination, in the Department of State.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 12, 1958

The House met at 12 o'clock noon.

Dr. Julius G. Neumann, rabbi of Congregation Zichron Moshe, New York City, offered the following prayer:

Eternal God, our Heavenly Father, as we enter upon a new day, we pray for Thy spirit in this hour.

We come asking for a wisdom greater and higher than our own. Thy Torah has bidden us to "replenish the earth and subdue it," to stay devoted to the vision of a world happier, brighter, and nobler as the harvest of our work for universal justice, mercy, and peace. Thy divine guidance has ever summoned us to the abolition, not only of coldness, cruelty, and corruption, but of all diseases and avoidable misery.

We pray for these, Thy servants, who now have the high privilege and heavy burden of leadership. Imbue them with vision, understanding, wisdom in council, and firmness for the right as Thou givest them to see the right.

Wilt Thou go with us to inspire to that devotion to duty that gives dignity and worth to human life.

In these days of tension and tumult, permit us to hear "the still small voice" above the thundering detonation of A- and H-bombs and behold "the great light" beyond the blinding flashes of nuclear power.

May Thy Holy Spirit forever reign over us. Amen.

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

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 10881. An act making supplemental appropriations for the fiscal year ending June 30, 1958, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HAYDEN, Mr. RUSSELL, Mr. CHAVEZ, Mr. ELLENDER, Mr. HILL, Mr. BRIDGES, Mr. SALTONSTALL, Mr. YOUNG, and Mr. KNOWLAND to be the conferees on the part of the Senate.

H. R. 11086

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight tonight to file a report on the bill H. R. 11086.

The SPEAKER. Is there objection?

There was no objection.

GENERAL LEAVE TO EXTEND REMARKS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that all Members who may desire to do so, without this request being a precedent for the future, may extend their remarks in the RECORD and include therein, if they so desire, extraneous matter.

The SPEAKER. Is there objection?

There was no objection.

THE LATE HONORABLE JOHN J. DEMPSEY

The SPEAKER. The Chair recognizes the gentleman from New Mexico [Mr. MONTOYA].

Mr. MONTOYA. Mr. Speaker, with a deep sense of grief I announce to this House the untimely death of our esteemed colleague and friend, the Honorable JOHN J. DEMPSEY. He passed away last evening at the hour of 10:20 after a short illness. In behalf of his bereaved family I want to thank his many colleagues who expressed great concern over his illness prior to his passing. Needless to say, we shall miss him as a distinguished Member of this House and as a rare type of friend. His loss has created a great vacuum in the field of public service and our country and my State of New Mexico will grieve his loss with a heavy heart. During my short service in the Congress I have been privileged to serve with him and to seek his counsel and advice which he willingly gave at all times. He was revered by Members on both sides of the aisle because his great dedication to public service dictated to him that he should rise above partisan politics. He practiced a philosophy which became the secret of his success as a legislator and public servant. He believed strongly that sincere friendship and high regard for his colleagues were the cornerstones for success in human endeavor. I knew Congressman DEMPSEY throughout his public life and always sought his advice on many public matters. As Governor of our State he administered this important office with indomitable courage and unsurpassed dedication of purpose. Reared in humble circumstances he appreciated fully well that the commonweal of the majority of our citizens was the very foundation of a healthy America. Never forgetting his background, he was at all times tuning his official demeanor and labors to the very things that would promote the public welfare. He subscribed tenaciously to the idea that love of one's fellow man should be the prime objective in life; that hatred and resentment were unwelcome allies. His service as a legislator clearly demonstrates to all of us an exemplary lesson of statesmanship which we cannot help but appraise with approving satisfaction. My State adopted him in 1928 and soon he was contributing greatly in public affairs. This adoption inured to the benefit of New Mexico because his contributions were so great and so vivid that today a grateful populace mourns his passing. He has indeed left an indelible imprint in the hearts of his fellow men. We shall sorely miss him as a colleague and friend. We shall not forget him. My most profound sympathies go to his bereaved wife and family who will miss him greatly but who will find comfort in the thought that he enriched his fellow man and his life was not in vain. May God grant them serenity in this hour of need.

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

Mr. MONTOYA. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Mr. Speaker, the depression that this House feels today because of the death of Representative JOHN J. DEMPSEY, of New Mexico, is somewhat mitigated by the fullness of JOHN DEMPSEY'S life. Here was a man who during his lifetime lived successfully and to the very limit through several careers. His foremost career I am sure it will be said of him was in his service here in this House and in his contribution to the betterment of the lot of the ordinary man. This level of contribution to the welfare of his country is probably matched by his achievement as Governor of New Mexico, a post to which he was twice elected. What endeared him to me, apart from the affection that all of us felt for him, was that while he understood and practiced abundantly and constructively all the enlightened and accepted practices of the skillful statesman, his basic motivation invariably was an uncompromising religious conscience. He was a devout man religiously.

Moreover there shone in the sparkling personality of JOHN DEMPSEY and in his distinguished bearing all the color and the variety that marked his progress through his 78 years. New Mexico was his home and the seat of his major services to America but he was born in White Haven, Luzerne County, Pa., in 1879. And what always appeals to the American pride in self-reliance and in our devotion to the success story is the fact that Representative DEMPSEY'S career during and after grade schools began as a water boy for a railroad. The next line in his biography tells you that while he worked as a telegrapher and at various odd jobs, we find him in due course a vice president of the Brooklyn Rapid Transit Co. JOHN DEMPSEY early acquired the habit of success.

Then in 1919 this remarkable American pulled up stakes, leaving behind him a life of substance and stability, to start anew in Santa Fe, N. Mex. There he built up an asphalt and oil business becoming an independent operator. In 1933 we find him—starting yet another career—as a State director for the National Recovery Administration. We see him move to the position of member and president of the board of regents of the University of New Mexico. It was a kind of political logic that he should be elected—as a Democrat—to the 74th, 75th, and 76th Congresses, a period covering January 3, 1935, to January 3, 1941. He failed in his try for the Senate. He served with great effectiveness and purpose on several commissions and as Under Secretary of the Interior. From 1943 to 1947 he was Governor of New Mexico, twice elected. Then from the 82d Congress to his death here in the 85th we knew him again as one of our beloved and respected colleagues.

What I have done in this hour of bereavement is to give this House a capsule story of a very typical American whose robust and dynamic career in many ways reflects the life of our country, its faith in private initiative, its independence, its courage, its insistence upon results, and its deep and profound and spiritual conscience. In being proud of the remarkable and varied life of JOHN J. DEMPSEY, we are really being proud of America which makes careers like that possible and which invites in its citizens qualities of boldness, courage, and fortitude. All there is left for me to say to JOHN'S family—his wife, his son, his two daughters—is that we join them in their feeling of grief and that they may take some comfort in knowing we in this House knew JOHN DEMPSEY as a type of American who did immense credit to his racial and religious background, who served his State and his Nation according to the best and the highest traditions, and whose impress on the life of his time advanced the progress of man.

I do miss him very much. It was only the other day I was chatting with him on the floor, as were other colleagues of mine. He was one of the most powerful contributing Members of the Congress of the United States during his years of honorable and trustworthy service in this body. I shall miss him very much, as will all of the Members of the House.

I know I express the sentiment of all of my colleagues on both sides of the aisle when I join with the delegation from New Mexico in expressing the deep sorrow that is in all of our hearts at the passing of this outstanding gentleman and this great American, and particularly in extending my profound sympathy to Mrs. Dempsey and her loved ones.

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

Mr. MONTOYA. I yield to the gentleman from Massachusetts.

Mr. MARTIN. Mr. Speaker, the House mourns today the loss of one of its most esteemed and able Members in the death of JOHN DEMPSEY. In his many years of service as Congressman, Governor, and Cabinet officer, he served with great ability and distinction.

His life was an example of what America affords to those who have the courage, the persistence, and character necessary for success. Starting as a poor boy in Pennsylvania and New York, he steadily climbed the ladder of success, until he reached his present position of prominence.

It was my privilege to be a member in 1937 of a joint committee from the Senate and House to study statehood for Hawaii. The committee was headed by Senator King, of Utah. JOHN DEMPSEY was a member of that committee and the assignment gave me the opportunity of knowing the splendid character of our deceased colleague. A friendship developed which grew stronger as time passed.

It is with profound sadness I heard of his unexpected and untimely death. To his wife, Gladys, and his family goes my deepest sympathy in their hour of bereavement. They have suffered a severe loss of a loved one, the House has lost a fine Member, and New Mexico and the country have lost a dedicated public servant.

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

Mr. MONTOYA. I yield to the gentleman from Colorado.

Mr. ASPINALL. Mr. Speaker, most certainly I desire to join with my colleagues today as we pay a most deserved tribute to the fine and outstanding personality and to the strong character in life's activities of our late friend and co-worker, the Honorable JOHN J. DEMPSEY.

Once again death has paid a hurried call to our ranks and has snatched from among us one whom we loved to see—one with whom we loved to work and visit. Today, and the tomorrows, will have a meaningful void because of his absence, for no one among our number was more universally loved than he whose life is the subject of today's tribute.

It was my pleasure and profit to work most closely with JACK, as he was affectionately called by all of us during his last service in the Congress—from 1951 to the present. Never have I worked with anyone who bore his share of the load more effectively and more willingly than he. He gave of his talents and his valued counsel most freely but also, most unobtrusively. He was always attentive to his own responsibility in all of our mutual undertakings. I wish particularly at this time to recognize and call to the attention of my colleagues the outstanding and valuable services and contributions of our late colleague and companion to the study, planning and successful conclusion of the legislation which resulted in the authorization of the Upper Colorado River Storage Project Act. Because of his attribute of humility, very few of his friends except those who were most closely allied with him in this work, realized what a tower of strength he was in that battle. May I say as I pay my personal tribute today that I feel better that I was able to let him know during his lifetime what a high value I placed on his services in our mutual undertakings as well as the high regard I came to have for him during the years that I was privileged to be numbered among his associates and friends.

His interest and kindness for his colleagues will be forever remembered by me because of many events and happenings, but especially because of one particular situation where he came very close. Just a year ago at this time I happened to remark at lunch one day that I was due for a little trip to Bethesda for some surgery. JACK said in his friendly way, "WAYNE, are you well prepared for your trip?" When I suggested to him that I was as well prepared as I could be he reached into an inner pocket and brought out a scapular, an emblem of his religious faith, and said, "Please take this. It will help you along the way." I accepted this token and have carried it ever since—may I add further, largely because of a sense of appreciation of the love which this noble gentleman bore for his fellow men regardless of their creed, color, or nationality. During his recent illness my prayers for the restoration of his health and strength were with him, but God in his infinite wisdom has ruled otherwise and now I join with my colleagues in a fervent prayer for the restful repose of his beautiful soul. Mrs. Aspinall and I extend our deepest sympathy to Mrs. Dempsey and their children in the loss of their loved one.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, this is an unhappy day for me. I have lost another fine, personal friend in the death of our colleague, JOHN DEMPSEY.

Even though the reports of his illness had been most discouraging, there is no way we can condition ourselves to the distressing news that one we have known and loved for many years has left our ranks.

My friendship with JACK DEMPSEY dates back to 1935, the year we both came to the House of Representatives.

Ours was no mere acquaintanceship. My feeling toward JACK was one of deep affection, and I have no reason to believe he felt otherwise about me.

It was because of this closeness that I knew something of JACK's background. His career was the story of a boy of limited opportunities in the generally accepted sense who demonstrated that in this great land of ours anyone with what we out in Indiana call "gumption" can succeed.

JACK DEMPSEY was a success.

He was a success because he made the most of his capacities.

He was a success because he was a man of solid integrity.

He was a success, finally, because he was willing to give unselfishly of his fine talents to help make this a better world.

I am saddened by his death and offer my deepest sympathy to his gracious wife, Gladys, and the other members of the wonderful family he has left behind. It is my hope that they may find some measure of consolation in the fact that a devoted husband and father lived a full and rich life, a life dedicated to the service of his fellow men.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Alabama [Mr. JONES].

Mr. JONES of Alabama. Mr. Speaker, the passing of our beloved colleague, Representative JOHN J. DEMPSEY, is a loss, not only to his bereaved family and the State of New Mexico, but to the Congress and the entire Nation.

His life was one of inspiration and encouragement, for it was in the fine American tradition. He was a poor boy who achieved much and finding honor for what he did, through hard work, a constant reaching out for more knowledge and a lifelong striving to find ways to serve those less favored than he was in abilities and personal assets.

I was associated closely with Mr. DEMPSEY as a member of the House Public Works Committee and I have personal knowledge of his devotion to duty, his deep knowledge of national problems and his zeal for sound, constructive legislation.

He was the sponsor of the original Soil Conservation Act in 1935. He always was an active exponent of good conservation legislation. We and the Nation at large benefited from this thorough knowledge of natural resources and his ability as a highway and transportation expert. He was one of the prime movers in the expanded national highway program and his motivation was mostly the saving of lives in traffic.

JOHN J. DEMPSEY had a well-rounded, well-filled life, marked by outstanding achievements for universal good and better living for many thousands of his contemporaries. He will be missed for his great knowledge, his wise counsel and personal charm. His accomplishments will continue to affect all of us for time to come.

It was an inspiration and a privilege to have known and worked with JOHN J. DEMPSEY. His memory will be cherished, not only here in Congress, but throughout the Nation.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Ohio [Mr. MCGREGOR].

Mr. MCGREGOR. Mr. Speaker, it is with sincere regret that I note the death of my longtime friend and colleague, Congressman JOHN J. DEMPSEY, of New Mexico.

Known to his many close friends as "Governor JACK," Congressman DEMPSEY will be long remembered by those of us

who were privileged to know him as a real statesman, who went far beyond his required duties to be of help to his fellow men, regardless of whether they were rich or poor. His record in public life, both as Governor of the State of New Mexico and as a Member of the Congress of the United States, was the kind of record his family can be justly proud of, and it was the kind of record which could well serve as the goal of any American youth.

"Governor JACK" was possessed of an uncanny ability as a mediator between groups in disagreement, and his wise counsel and complete willingness to be of service will be greatly missed, both by the people of New Mexico and by his fellow Members of Congress.

It was our privilege to join with him and his lovely wife on many inspection trips in connection with our duties as members of the Public Works Committee. His vast experience and sound judgment were of great assistance to all of us in discharging these committee responsibilities.

The Nation has lost a great American, Mrs. Dempsey a loving husband, and we who knew him so well a trusted and loyal friend. I want to extend my heartfelt sympathy to Mrs. Dempsey and the children and, at the same time, to assure them that their "Governor JACK" has left an indelible mark on the minds and hearts of us all.

Mr. MONTOYA. Mr. Speaker, I yield to the distinguished gentleman from New York [Mr. ROONEY].

Mr. ROONEY. Mr. Speaker, it is with a heavy heart that I rise to join in this tribute to the life and character of the late JOHN J. DEMPSEY, Representative at large from New Mexico. This morning I found that I was almost afraid to open the morning's newspaper, for I had made inquiry about 8 o'clock last night as to how JACK was coming along at the hospital. The information I then received was such that it caused me to be sad and afraid that I was about to lose a good and true friend. When I opened that newspaper this morning, there was the sad news.

When JACK DEMPSEY was vice president and general manager of the Brooklyn Rapid Transit Co., he and my father-in-law, the late Edward P. Hughes, were as close friends as any two men could be. At the time he was with the transit company I never dreamt that many years later I would have the privilege of serving here in the House of Representatives with JACK DEMPSEY and learn to admire him and to love him.

It is, indeed, with a heavy heart that I join in these eulogies and extend to his loving widow, his son, and daughters, my deepest sympathy and prayers in their bereavement. May Almighty God in His mercy and wisdom grant him the peace and rest which I know will be his just reward.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Speaker, I was greatly distressed, as were all Members of the House, to learn of the illness of our good friend and colleague, Representative JOHN J., or better known as JACK DEMPSEY, of New Mexico. Though we were prepared because of the seriousness of his illness we were still shocked by the news of his death.

It has been my privilege, and it has been a distinct privilege, to know JACK DEMPSEY for more than 20 years and to serve with him in the Congress and in other capacities and call him a friend. He was a self-made man and though he grew to where he sat in the seats of the mighty, he always remained humble. He always had a friendly word on his lips and a helpful hand out to those who needed it.

This Congress and this country have suffered a great loss in the passing of JACK DEMPSEY. We shall always remember him. To his family he has left the priceless heritage of a good name and to those of us who called him friend, many precious memories.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Speaker, it was with a heavy heart that I was awakened in the middle of the night last night to receive a telephone call informing us of the passing of our friend and colleague, JOHN DEMPSEY. I served with JOHN DEMPSEY on the Atomic Energy Committee for the past 3 years and of course I knew him, as many Members have known him, over a period of many years.

In thinking of him we remember that this man was an outstanding success in the business world before he came to the Congress of the United States in 1935, and served 3 terms in the 74th, 75th, and 76th Congresses. After that period of 6 years' service in Congress he served on the United States Maritime Commission and was Under Secretary of the Interior. Then the people of the State of New Mexico elected him twice to the highest office they could give him, the governorship of that great State. During his time in office there he pioneered many great social reforms. The highways, housing, and health conditions of New Mexico bear the imprint of his thinking.

After serving there for 4 years he was again elected to Congress and served in the 82d, 83d, 84th, and 85th Congresses until his death last night. I was privileged to know him as a colleague, but Mrs. Holifield and I were privileged to know Mr. and Mrs. DEMPSEY as close personal friends. They have been guests in our home and we have enjoyed the privilege of being guests in their home in Santa Fe, N. Mex. Over the years I served on the Atomic Energy Committee with him I got to know him better. I got to know of his close interest and concern in the terrible effects of the weapons which come as a result of atomic energy. I got to know of his fervent hope that somehow or other these weapons would not be visited upon a suffering mankind. I also learned at first hand his great interest in the peacetime application of atomic energy and his desire that no efforts go unexpended which could increase the blessings to mankind of this great new property.

He was a great Christian gentleman, he was kindly, he was possessed of that unfailing Irish humor which always made me glad to be in his company.

It is with a deep sense of grief that I extend to his son and his two daughters and his bereaved wife, Gladys, the deep personal sympathy of Mrs. Holifield and myself in this hour of their bereavement. May God in His infinite wisdom and compassion overshadow his bereaved family and grant to them the courage and fortitude which they need to help them through this hour of sorrow.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from New Jersey [Mr. AUCHINCLOSS].

Mr. AUCHINCLOSS. Mr. Speaker, by the death of JACK DEMPSEY the Nation has lost a most conscientious citizen and a truly delightful person. All his life he worked hard and many years were devoted to the service of his fellow citizens who acknowledged his unselfish endeavors on their behalf by reelecting him time and again to public offices of high trust.

He had a host of friends who were charmed by his personality; by his modesty and sincerity and his gentle humor which was so infectious. He was always courteous but he had strong convictions, at all times respecting the opinions of others. He had great charm of character and it was a privilege to know him.

A tireless Congressman, working for the interests of those he represented, a loyal and devoted friend, a distinguished American, and an outstanding Christian gentleman, he has achieved his reward of a crown of life amongst that host of others who have gone before him. He will be greatly missed and he will never be forgotten.

I offer my deepest sympathy to his widow and children and may the prayers and thoughts of his many friends support them in this hour of sorrow.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Illinois [Mr. PRICE].

Mr. PRICE. Mr. Speaker, I join our colleague, the gentleman from New Mexico [Mr. MONTOYA] in his expressions and tributes to a great American, Representative JOHN J. DEMPSEY. JACK DEMPSEY was a true pioneer. He contributed a great deal toward the building of his beloved Western State of New Mexico, and he contributed much through his wisdom and judgment on the national scene. His was truly a valuable service to both State and Nation.

JACK DEMPSEY adopted the great West after having already established a successful career in his native East. He was twice Governor of the State of New Mexico, and he has served in the House of Representatives on two different occasions. He was a Member of the House from 1935 to 1941, and again from 1951 until the present time. His contemporaries will recognize that these were periods that required much from the individuals who represented their people in judgment and in plain hard work.

I have had the pleasure of close contact with JACK DEMPSEY in his second period of service in the House of Representatives. I know of no finer person. He was always pleasant and considerate. He was a good man to work with. He was deeply interested in his committee assignments and contributed much toward the work of the committees on which he served.

He had other important assignments aside from his elective positions and in which he served with great distinction. He was close to President Franklin D. Roosevelt, and was called upon by him to serve in important capacities in the Government. He was appointed by President Roosevelt to the United States Maritime Commission in January 1941 and later was selected by President Roosevelt to serve as Under Secretary of the Interior. He left this latter important position to serve as Governor of New Mexico.

My deepest sympathy is extended to his wife, Gladys, and to his son and daughters.

His loss will be greatly felt for a long time, his memories will be treasured by the hundreds of close friends he has made in his long years of service in New Mexico and in Washington.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Colorado [Mr. HILL].

Mr. HILL. Mr. Speaker, I wish to associate myself with my colleagues in expressing our deep regret and sorrow on the passing of our beloved friend, the Congressman from New Mexico, Hon. JOHN DEMPSEY. He was my friend—my personal friend and neighbor long before he became a Member of the House of Representatives. He was a great supporter and great worker for all the projects and problems incident to the development of our western areas as well as the Nation at large. We are losing a most valuable member of the legislative branch of our Government. His usefulness is a matter of record. To his wife and family I extend my deepest and most sincere sympathy. May a kind Providence provide to each of his loved ones the peace and understanding which a Father in heaven alone can give to us in the distress and sadness which must come to our hearts when we face such events. His wonderful record will fill a glowing page in the history of our country.

Mr. MONTOYA. I yield to the distinguished Speaker.

Mr. RAYBURN. Mr. Speaker, I know of few deaths which have occurred in the House of Representatives since I became a Member that touched me more deeply and made me sadder than to learn of the passing of our colleague, JOHN J. DEMPSEY. JACK DEMPSEY, as he was known to all of us, was not only a gentleman; he was a noble man. He had the elements of kindness, the elements of high character, the elements of real statesmanship in him as few men I have known here or elsewhere. He was as kind a man as I ever knew. He sought never to offend anyone, but he knew how to do his job in the executive department of the Government, in the executive department of the great State of New Mexico, and in the legislative branch. He went into all of those fields capably and well. Let me repeat, he was an effective man on the floor of this House. He knew what he wanted to do. If he had a proposition he could explain it to us so that we would understand it. Therefore, he was one of the most effective legislators it has been my privilege to see in this House. He and his lovely wife and I were close personal friends. To her and the other members of his family go my deepest sympathy and my most affectionate regards.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Iowa [Mr. HOEVEN].

Mr. HOEVEN. Mr. Speaker, I am grieved to learn of the passing of JACK DEMPSEY. He was a rugged American who served well his day and generation. Many honors came to him during his long and distinguished career. He was one of the most able Representatives ever to serve in this House. I shall miss him in the days that lie ahead. My deepest sympathy goes out to all his loved ones.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Oklahoma [Mr. ALBERT].

Mr. ALBERT. Mr. Speaker, one of the high privileges of Congressional service is the friendships that we make here. JACK DEMPSEY was my friend in every sense of the word.

As all Members can testify, JOHN J. DEMPSEY was a modest man, but he was also a big man. He was big in service, big in ideals, great in character and ability. He was a solid and constructive Member of this House, an effective legislator, a real statesman. He was a noble American.

JOHN DEMPSEY was formerly a resident of my State. He has had many business interests in Oklahoma over the years. At the time of his death he had important business interests in my Congressional District. His friends in Oklahoma were legion.

I shall miss him. I extend my deepest sympathy to his fine family.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Washington [Mr. MACK].

Mr. MACK of Washington. Mr. Speaker, we, the Members of the House of Representatives who knew him best, are here today to pay tributes to the memory of one of the finest American gentlemen any of us ever knew and to one of the ablest statesmen this Congress ever has produced.

Our friend, JOHN DEMPSEY, was a man of great ability. He was always sincere and forthright. His integrity was such that his word was as good as his bond.

We admired him for these sterling qualities but more than that we loved JACK DEMPSEY because of his great capacity for friendship. He was always kindly, congenial, and helpful. He radiated optimism. His very presence in a room brightened it. It was always a joy to be in his presence.

In Congressman JACK DEMPSEY'S death, his State and his country have lost an outstanding public servant and a great statesman. We, his colleagues, who knew and loved him have lost one of our dearest friends.

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

Mr. MONTOYA. I yield to the gentleman from Mississippi.

Mr. SMITH of Mississippi. Mr. Speaker, it is a very sad occasion for me to join in the tributes being paid to our late friend and colleague, JACK DEMPSEY.

For many years I sat by his side as a member of the Committee on Public Works. I want to express my appreciation for the many courtesies he showed me in my endeavors on that committee. I want to tell my colleagues that one of his great attributes was that of being a fighter; he fought for what he believed in. I know, because were were often in conflict about certain views or issues which came before our committee. We often disputed them sharply in committee but we found ways to resolve these differences and could always come together in friendship and understanding in support of a mutually agreed upon plan or approach.

As has been said here by so many Members, JACK DEMPSEY in his life was a fine expression of everything we believe to be good and true about our American system.

I join proudly in the tributes that have been paid to this great man and express my deep sympathy to his wonderful wife and to his family.

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

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

Mr. JENSEN. Mr. Speaker, I rise today with a heavy heart, for I have lost a great and good friend. It was my good fortune to meet JACK DEMPSEY a number of years before I came to Congress. I have many relatives in the State of New Mexico, and they have always held JACK DEMPSEY in the highest esteem.

I wish I could remember the words of praise one of my brothers, who has now also passed on, had for his friend JACK DEMPSEY. They were great friends; so when I came to Congress and learned to know this great man I could appreciate what my brother meant when he said: "There is a man."

We shall miss JACK DEMPSEY in this House of Representatives; the great State of New Mexico will miss his good services. It so happened that through my membership on a committee I was in a position to assist JACK in many of the problems of benefit to New Mexico, which State he served so well in this House.

He would come to me and say: "BEN, lend me your ear for a minute. I have a problem which I need your help to solve."

I listened, and always his requests were completely justified. I am glad I was of service to him and his great State.

He was a noble, patriotic gentleman of the highest order. May the same God who called him to his heavenly home give his loved ones strength to bear the great loss they have sustained.

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

Mr. MONTOYA. I yield to the gentleman from Louisiana.

Mr. BOGGS. Mr. Speaker, as so many of his colleagues have said here today, JACK DEMPSEY was a man. He was a big man, a big man in every sense of the word. He was big in his capacity to serve his people, as Governor, as Maritime Administrator, and as a Member of this body. He was energetic in the representation of his people. Frankly, Mr. Speaker, I was amazed to learn of his age. I thought he was a much younger man because his energy and his active representation and presentation of the problems of his State reflected the activity of a man many years his junior.

Finally, Mr. Speaker, he was big in his capacity for love and for friendship. If time permitted, each Member on both sides of the aisle would pay tribute to his memory because wherever JACK DEMPSEY went he made friends and whoever knew him was proud to call him a friend.

I join with my colleagues in paying tribute to him and in expressing our deepest sympathy to his very fine family.

Mr. RHODES of Arizona. Mr. Speaker, will the gentleman yield?

Mr. MONTOYA. I yield to the gentleman from Arizona.

Mr. RHODES of Arizona. Mr. Speaker, the people of Arizona are deeply grieved and shocked at the passing of our good friend and neighbor, the Honorable JOHN J. DEMPSEY. If each of them could speak to the people of New Mexico, I am sure they would express the sympathy which they feel and the grief they share at the loss which the whole West has suffered in the passing of this great and fine man.

Speaking personally, I can say that I have lost a very valued friend. The effectiveness of JACK DEMPSEY was illustrated about a week ago when several of us were in a meeting dealing with the problems of the West. After we discussed the problems the consensus of the group, as expressed by one member, was that only JACK DEMPSEY could handle the problem and do it right. That was typical, Mr. Speaker, of many other meetings which I attended to discuss problems of the West since I have been a Member of Congress.

Here was an effective man, an honest man, a sincere man, who through those qualities was able to make more friends in this House than any other Member in my experience.

One of the things which he possessed was a great sense of humor. This was a man who was able to be serious about his job but also was able to exercise that sense of humor to keep him and to keep those around him from becoming discouraged at times when things were not going well.

We will miss him, and I can only say I hope that his family and all of his friends will be comforted by the kind of man he was, the kind of record he made, and by the reverence with which every Member of the House, every person who knew him, regards the memory of that great and good man.

May God rest his soul.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Speaker, this is indeed a sad moment for all of us. I can think of few people who have served in public life who will be claimed by as many States as will claim our good, late friend, JOHN DEMPSEY.

Born in Pennsylvania, he went as a young man to New York State. From there he went to Oklahoma and then to New Mexico. As the dean of the New York delegation has so well put it in the title of his book, "one never leaves Brooklyn." So, we in Brooklyn have always looked upon JACK as one of us. I was still a young man in school in Brooklyn when JACK DEMPSEY had already made his mark in the life of our community, not only in the business world but as one who looked upon the privilege of being an American citizen as carrying with it the duty to constantly participate in the political and the civic life of his community. Brooklyn has always been a better place because JACK DEMPSEY tarried with us for a while. As JACK went on to other fields and moved up the political ladder to important places in Government, Brooklyn always rejoiced in his successes. We gloried in the fact that here was a man whom we could claim had been part and parcel of us. He went on to higher and better things, always having in mind that he was a public servant, performing and fulfilling a public trust. Always in that kindly way that typified JACK DEMPSEY, he tried to arrive at the best solutions of those difficult problems that confront persons in public life, whether in the administrative field or the legislative field.

We will miss JACK. Brooklyn, New York State, all of the States that he has lived in and served, the whole Nation, pays tribute to a loyal, a good, a true, a noble and devoted servant.

I join with all of our colleagues in extending to his family our heartfelt sympathy.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Connecticut [Mr. PATTERSON].

Mr. PATTERSON. Mr. Speaker, I was grieved on learning of the saddening news of my friend JACK DEMPSEY, and his untimely passing. I first met JACK years ago when I was a student at Georgetown and had, as my mathematics professor, his son. But then, as the years rolled on and I came to Congress, I also learned to know JACK even better and to build up a greater affection for him. I do not think there is any man in the House of Representatives who was more devoted to his country, nor who was more devoted to his duties, nor who was a greater American than our good friend, JACK. I do not think there is anything greater that may be said about a man than to say he was a great American. Certainly that was demonstrated in everything that JACK did.

So, it is my sad duty to offer my most sincere condolences to his most wonderful wife and his lovely family. I am sure that right now our friend, JACK DEMPSEY, has taken his rightful place in the choir of angels, and may God in His infinite wisdom and mercy have compassion upon his soul.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Colorado [Mr. ROGERS].

Mr. ROGERS of Colorado. Mr. Speaker, it is with a sad heart that I join my colleagues in paying last respects to our departed colleague, the Honorable JOHN J. DEMPSEY. He was a great American. He understood people and he always wanted to help people. His was a spirit of understanding and cooperation. We in the western part of the United States realize that he was a great leader. His devotion was to those who trusted him.

America, and especially New Mexico, has lost its leading citizen. It has been my privilege to know our departed colleague for a number of years. When I first came to Congress I always found sound advice and counsel when I consulted him.

May I pay my respects to his widow and his children as we shall miss JACK in the years to come.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from California [Mr. BALDWIN].

Mr. BALDWIN. Mr. Speaker, it was my privilege during the past 4 years to serve on the Committee on Public Works of this body with the Honorable JOHN DEMPSEY. During that period of time I came to have a deep respect for JOHN DEMPSEY. I found that he was one of the outstanding Members of our committee and of this body. There was no one in this body who had a greater love for America, a greater love for the West, and that was demonstrated in all of the actions he took on this House floor and in our committee. I think those of us who had the privilege of serving on the Committee on Public Works with him have been benefited greatly by the sound judgment he constantly demonstrated in all discussions and debates that we had in that committee.

He approached every problem not in a spirit of partisanship but in a spirit of what was best for this country and what was best for the area that he represented.

Mr. Speaker, I would like to join with the other Members in their tributes to him and to express my deep sympathy to his widow and his children.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Oklahoma.

Mr. MORRIS. Mr. Speaker, there are many reasons, but there are three particularly, which I should like to mention, why I know that our departed colleague, JOHN J. DEMPSEY, was one of God's noblemen. My secretary, Miss Ella Marice Ryan, was for a period of about 4 years secretary to Congressman DEMPSEY. She is a lady of very high character and is one of the most efficient secretaries I have ever known. A Congressman's secretary knows him perhaps as well as, if not better than, anyone else, because the secretary is in daily contact with him. The secretary knows what his thinking is, his philosophy in life. The secretary knows how he operates generally. The secretary knows whether he is efficient or inefficient, knows more about him, perhaps, as I say, than anyone else. And Miss Ryan has told me so many times

how noble was JACK DEMPSEY. She has told me of the power of his mind, his true greatness.

He was so kind and considerate toward those with whom he worked. He was so magnanimous in his attitude generally. He was so powerful in representing the people of his district and the people of our whole great country. That is one reason why I know he was one of God's noblemen.

In addition to that, just a few moments ago, we heard the great Speaker of this House tell us of his friendship for and closeness to Congressman DEMPSEY.

In addition to that, may I refer again to Miss Ryan, who has told me so many times how close JACK DEMPSEY was to the Speaker and how the great Speaker of this House admired him so much. Any Member of this House or anyone else that Speaker RAYBURN has such a high regard for I know is a man of extraordinary character and ability.

Then the last point, and I conclude, I personally knew JACK DEMPSEY well, as all Members of this body did. My personal contact with him was such that I came to a realization soon after I became acquainted with him that he was a man of extraordinary ability and of the very highest character.

The poet has said:

The night has a thousand eyes,
And the day but one;
Yet the light of the bright world dies
With the dying sun.

The mind has a thousand eyes,
And the heart but one;
Yet the light of a whole life dies,
When love is done.

The light of Congressman DEMPSEY's life will never die because his love was never done. He loved this great country of ours with zeal and fervor. He loved justice. He loved all of those things all of us should love. He was truly a great man.

To his loved ones I extend my heartfelt sympathy. May God comfort them in this their hour of great bereavement.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Utah [Mr. DIXON].

Mr. DIXON. Mr. Speaker, gratitude is not only the greatest of all virtues, but it is the mother of all virtue. I am proud to belong to a group of this kind, the great United States House of Representatives, which demonstrates this wonderful Christian principle of gratitude and appreciation for great men.

Truly, JACK DEMPSEY was a great man. He was gifted, he was courageous, he was a man of principle and of honor. He was also a warm friend, as I found in working closely with him in our fight to bring life-giving waters to our desert areas in the upper-basin States. There I develop a real affection for this wonderful man. The people of Utah owe him a debt of gratitude. They have already expressed their appreciation and I repeat this expression.

Comfort to his family can come from two chief sources. The first is from Almighty God, and I know that He will do His part. The second is from friends such as we are, and I am sure we are doing our part. We hope and pray that the grief in the hearts of his family will be assuaged from these two sources.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Michigan [Mr. RABAUT].

Mr. RABAUT. Mr. Speaker, yesterday the House received the news of the serious condition of JACK DEMPSEY's health and, as the saying goes, "I will come like a thief in the night." Today he is no longer with us.

He was my friend. We came to this body together and our great friendship grew between our families on our trip to the Philippines for the inaugural of the Philippine Commonwealth in 1935.

JACK DEMPSEY's attributes have been told here today by many who knew and admired him. He was a loyal person. He was a real person. He could differ as well as agree with you, but any differences of opinion were forgotten when he left this Chamber. I often heard him speak fondly of his family. But, he had a particular interest in his grandson of whom he always spoke of "as the boy who carries my name." I was reminded as I sat here today and listened, of the words of a song:

Sometimes between long shadows on the grass,
The little truant waves of sunlight pass,
Mine eyes grow dim with tenderness the while,
Thinking I see thee, thinking I see thee smile.

May the soul of this faithful public servant be received in heaven and may the angels conduct him to his final home.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Iowa [Mr. LECOMPTE].

Mr. LECOMPTE. Mr. Speaker, I was grief stricken beyond words when I learned in the middle of the night from a news broadcast on the air that my friend, JACK DEMPSEY, had passed away. Of course, we had the word through the House yesterday afternoon that he was in a desperately critical condition. But, everyone of us left yesterday evening hoping that he was going to recover. Mr. DEMPSEY was one of the outstanding Members of the House even as long ago as 1939 when I came to the Congress. Very early we formed a firm and close friendship that continued down through the years. Not only was he a patriotic American, a fine Governor, a great Congressman, and a devoted public servant, but he was one of the most lovable men I have ever known. You could not be around JACK DEMPSEY without feeling a deep affection for him. His life reads like a Horatio Alger success story—a great story of the American boy coming up without any great wealth and without any great assistance, but as a result of his own efforts and energy and ambition. Mrs. LeCompte and I were with JACK DEMPSEY and his charming wife in Hawaii 3 years ago. Even then, while on vacation, he was devoted to his duties. The people of Hawaii felt a great affection for him and they displayed it on every occasion. JACK DEMPSEY was one of God's noblemen. I loved him from the very first, and I venture to say that the gentleman from New Mexico, who will serve many years in Congress, will always regard his association with JACK DEMPSEY as a benediction and a great memory that will linger with him down through the years. The same will be true of all others who were privileged to serve with him. To his wife and his family, I extend my deepest sympathy. I have a firm feeling that time is a great healer and that down through the years Mrs. Dempsey will be comforted by the tender recollection of the many happy years that she and her husband were permitted to be together. His life is an inspiration. He lived his religion every day of his life. We will not soon see his like again.

Mr. ROGERS of Florida. Mr. Speaker, will the gentleman yield?

Mr. MONTOYA. I yield to the gentleman from Florida.

Mr. ROGERS of Florida. Mr. Speaker, I would like to express my deep sympathy to the family of JOHN DEMPSEY. All of us who served with him on the Committee on Public Works quickly knew him as a kind, friendly, and effective man. I remember first going on the committee, the consideration he showed each junior member, and the time he would take to discuss the problems that each of us had, with as much interest as he had in his own problems. Knowing of the great burden that each Member of this House bears for the problems of his own district, I think that one of the great characteristics of JACK DEMPSEY was that he took time to worry about each Member's problems as if they were his own.

He also had a great sense of humor. Whenever things would become a little tense in committee, he could always inject that sense of humor and relieve the tension. We will always remember his great contributions to that committee and to this House and Nation. Also, I think it has been noteworthy that so many wonderful tributes have been paid to JACK DEMPSEY today, signifying that each of the Members of this great body considered him more than just a passing friend—considered him as he truly was, a very personal friend to each one of us.

So it is with a very deep heart and with a very sincere feeling that I express my own personal loss and sympathy to his wonderful wife and to his family.

Mr. THOMSON of Wyoming. Mr. Speaker, will the gentleman yield?

Mr. MONTOYA. I yield to the gentleman from Wyoming.

Mr. THOMSON of Wyoming. Mr. Speaker, it was with great sorrow that I learned of the passing of our friend and colleague, JOHN J. DEMPSEY, of New Mexico.

One of the principal personal privileges of my serving in Congress has been to work closely with Congressman DEMPSEY and to come to know him well. To know Governor Dempsey was to admire him. He typified the spirit of America and the spirit of the West. His word was his bond. He was a man of courage and action. He was dedicated to his country and to the district which he represented, in this case his entire State. As a representative of a sister Western State, I fully appreciate that the great loss to the people of New Mexico is particularly shared by this entire area.

Few men have served their State and their country so well in so many diversified capacities. The continuing confidence expressed in him by the people of his country and his State over so long a period of time speaks for itself of the true ability and service of our dear colleague.

Myself and the people of Wyoming join in expressing our sincere and heartfelt sympathy to the members of his family and to the people of New Mexico. May God rest his soul. May God comfort and sustain his widow and members of his family.

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

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

Mr. DOYLE. Mr. Speaker, I have not prepared any written remarks on this sad occasion. I was greatly shocked this morning to learn that our distinguished colleague, a man whom I regarded as an esteemed personal friend during all the 12 years I have been here, had passed on. It is most unfortunate. I was visiting with him in the Speaker's lobby just the middle of last week. On an occasion like this, it is difficult to extemporaneously appraise all the fine qualities of a man like JACK DEMPSEY. But there are 2 or 3 I want to mention. They are not the most common qualities either: First, his always pleasant friendliness, always a warm, understanding personality that made one like to be with him. He had love of his fellow man. He had that God-given quality in an unusual quantity. Then his firmness and fairness for what he believed in. Always, while there was a firmness on his part for what he believed in, always, he respected a difference of opinion by another.

And I remember him so well in relation to one of the committees on which I served, the Committee on Un-American Activities. I think, more than most any other Member of the House, JACK DEMPSEY asked me about that committee and how we were getting along; what progress we were making; and the types of problems which faced us on that committee. He sought information and understanding, he made valuable suggestions. I appreciated that because he was, as you know, constructive in all his approaches. He was anxious to be helpful to his State and his Nation. His utmost desire was to be of valuable, but humble, service.

And then Mrs. Doyle and I will not soon forget the occasion of a Democratic conference in his State some months ago when at his cordial invitation we visited his beautiful home and family. His loyal wife, Gladys, and family were so gracious to us. My wife and I extend to them our sincere sympathy and condolence. I am very happy I listened to him so often tell me of his experiences and best judgment.

Finally, may I observe that I recognize that he was one of these men of elder years who had so much of rich and continuing public service in State or National affairs that they leave something when they pass on. They leave a void which is not filled; they leave a cavity that cannot be filled by any substitute or successor. My distinguished and beloved friend and colleague, JACK DEMPSEY, lived among us with such exemplary friendship that his death will not cause it to depart from our experience.

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

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

Mr. MAILLIARD. Mr. Speaker, I like to believe that in a few years I have been here I have made friends in this House. I can think of no one whose passing would fill me with such a deep sense of personal sadness as does this loss of JACK DEMPSEY.

I do not need to add to the tributes that have been paid to him today as a great American, a great statesman, a devoted public servant, but I would like to add a little personal comment as to his enormous and unusual worth as a friend and as a man. Now that he has been taken from us, I am happy that I have had the pleasure of staying with him in his home in Santa Fe, and thereby getting to know him on his home ground. When he and Gladys were at my house to dinner just a few weeks ago and he thanked me as he left, something made me put my arm around his shoulder and say: "JACK, it is always a pleasant evening when one can be in your company."

I never knew him to speak ill of anyone, but this did not mean any lack of discernment. He was an astute judge of men; he simply remained quiet if he could not speak well of others. This humanity and warmth made him loved by his opponents as well as his teammates. To Gladys and to his children I wish to convey the condolences and warm affection of my wife and me, and our wish that the memory of JACK's extraordinary services to his country will in some measure help reconcile them to their personal loss.

This man was truly lovable, and it is a shame that we will have him with us no longer.

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

Mr. MONTOYA. I yield to the gentleman from North Carolina.

Mr. BONNER. Mr. Speaker, it has been my privilege and pleasure to know JACK DEMPSEY for a long, long number of years. I always found him to be interesting and wholesome company. He had truly a Christian spirit and charity for all men. He was interesting to talk with. I found he had vast knowledge on many subjects, and a lovable disposition. I shall miss him greatly, as I know his host of friends in this House will miss him. It brought sadness to me, as it did to many others, to learn of his passing.

To his family and loved ones I express my very deepest sympathy.

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

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

Mr. DAWSON of Utah. Mr. Speaker, the passing of our beloved friend and colleague, JOHN J. DEMPSEY, has brought deep-felt sorrow, not only to his immediate family, but to countless thousands who knew and loved him.

It has been my personal privilege to work very closely with "JACK," as he was affectionately known, on vital problems affecting our Western States. I know of no one who was more devoted to the welfare of his own people, and to the Nation as a whole, than this fine man. The high regard in which he was held by members of both political parties served him well and made of him a most effective Member of Congress. I recall the debate on the second supplemental appropriation bill, held just a few days ago, when an amendment to secure funds for the Navaho project in New Mexico was offered by our colleague. This, I believe, was one of the last days he was to appear on the floor of the House. This amendment was offered to a measure on which amendments of this type were most difficult to obtain. Yet, because of the high regard Members on both sides held for JACK DEMPSEY, the amendment was adopted without a dissenting vote. This was one of the finest and most deserving tributes which could be paid to our esteemed colleague.

With the passing of years, JACK DEMPSEY seemed to grow in vitality and effectiveness. He had passed the time when most men seek retirement and seem to fade with time—but with the passing of years his powers and personality seemed to grow and to increase with each session of Congress.

As Victor Hugo was nearing the sunset of life he wrote the following lines, which are most applicable to our beloved colleague:

IMMORTALITY OF THE SOUL

I feel in myself the future life. I am like a forest once cut down; the new shoots are stronger and livelier than ever, I am rising, I know, toward the sky. The sunshine is on my head. The earth gives me its generous sap, but heaven lights me with the reflection of unknown worlds. You say the soul is nothing but the resultant of the bodily powers. Why, then, is my soul more luminous when my bodily powers begin to fail? Winter is on my head, but eternal spring is in my heart. I breathe at this hour the fragrance of the lilacs, the violets, and the roses, as at 20 years. The nearer I approach the end, the plainer I hear around me the immortal symphonies of the world which invites me. It is marvelous, yet simple. It is a fairy tale, and it is history.

For half a century I have been writing my thoughts in prose and in verse; history, philosophy, drama, romance, ode, and song. I have tried them all. But I feel I have not said the thousandth part of what is in me. When I go down to the grave I can say like many others, "I have finished my day's work." But I cannot say I have finished my life. My day's work will begin again the next morning. The tomb is not a blind alley; it is a thoroughfare. It closes on the twilight, it opens on the dawn.

To his beloved wife and family, Mrs. Dawson, Billie, and I extend our deepest sympathy in this their hour of bereavement. May our Heavenly Father further buoy them up with the faith which JACK had that death is not the end but only an open door through which all shall enter to a new and more glorious life.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Speaker, the eloquent and heartfelt tributes which have been paid by so many of our colleagues here today to Congressman DEMPSEY is a token of the love, the

affection, and the esteem which all who knew him felt for this wonderful man.

Mr. Speaker, I rise particularly because I want to recall to some the long years of service to his country which Congressman DEMPSEY so faithfully gave throughout all of his public career. I remember particularly the closeness and the warm personal friendship which he had with my father when my father was President of the United States. He relied on Congressman DEMPSEY as an adviser, as a man whom he knew he could trust to tell him the unvarnished truth, and yet do it in a way which never had the sting of malice or any taint of disagreeableness. I remember, too, his service in the executive branch of the Government, and he brought, wherever he went, the ability to think clearly and to be constructive, and his contributions will certainly live for many, many days to come.

So on behalf of my family, my mother in particular, and for myself, I want to express our very deep sense of loss and affectionate sympathy to Mrs. Dempsey and her family.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from California [Mr. SCUDDER].

Mr. SCUDDER. Mr. Speaker, I, too, desire to express my sympathy at the passing of a good friend and a loyal legislator, Congressman DEMPSEY. I had the opportunity of serving with him on the Public Works Committee for quite a number of years, and in all that time he displayed a keen interest in the welfare of the internal conditions of our country and was always very willing to assist in every way possible to bring about a better economic condition.

Congressman JACK DEMPSEY had a long and interesting experience in political affairs. His name stands out in construction work in the city of New York and elsewhere throughout our country. He distinguished himself as Governor of the State of New Mexico and in the many years he served in the Congress of the United States did much for the welfare of our country and its people.

He was kind and considerate and was always desirous to be of assistance in connection with problems in all areas of our country as well as being a champion for the needs of his own district.

I shall always remember his cheery personality and I desire to extend to his wife and family my sympathy in their hour of grief.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. FLOOD].

Mr. FLOOD. Mr. Speaker, here was a kind man. This was a gentle man; this was a gentleman.

Mr. Speaker, I feel I have some special privilege in speaking these words about JACK DEMPSEY, because he was born and raised in a little mountain village in my district in the hard-coal fields of northeastern Pennsylvania. The Dempsey family were old settlers in this very old part of America. And, in the greatest and the best traditions of the Alger stories of our boyhood did JACK DEMPSEY, the son of a coal miner, the nephew of railroaders, with the seat out of his pants, as a kid of 12 or 14, sit in a cold mountain railroad switching shanty and learn railroad telegraphy. He worked at night, while in the day he walked 6 miles to the little red schoolhouse in these Pennsylvania mountains. So, from our part of the country we have been close to him all during his great years as a Pennsylvanian and as a great American. Gladys is a very lovely and very charming wife. She has been close to Mrs. Flood and me. JACK, because of his committee duties, periodically would be in Panama for the road conference. My duties on the committee for the Panama Canal would take me with him. Every other year at Easter we would make that trip. This was a hard working man. This was a businessman. This was a politician in the sense of the word that we should be proud to define.

His history in the great State of New Mexico, I say to the gentleman who was so kind as to yield to me, is known to him so well because of his own service in the same great State.

Mr. Speaker, I say these words because I want them to be heard in the Hall where he worked and loved so many of us. I shall extend my remarks, because my heart is filled and I want to be sure that I pour it forth in this tribute to our friend.

As you know, our late colleague was held in such esteem and respect by the people of New Mexico that he was twice elected to the highest public office in that State, the governorship.

During his many years of residence in his adopted State, JACK DEMPSEY made an outstanding record in the field of business, particularly in the railroad industry, and, in addition, was one of the early pioneers in the research and development of the oil industry. As I'm sure you will agree, few people have enjoyed such success in such diversified fields of endeavor—business, industry, and as a public official.

The passing of our dear friend and colleague at this time of the year is particularly distressing because on next Monday we shall observe and celebrate St. Patrick's Day throughout this great Nation of ours.

I say this because JACK DEMPSEY was not only an outstanding public figure but he was an equally outstanding son of Erin. Mrs. Flood and I were privileged on many occasions to experience the warmth and humorous personality of this fine Irishman who, I might add, was a storyteller second to no one.

During his years as a member of the Joint Committee on Atomic Energy, we often got together and discussed the role that atomic energy would play in the future for peaceful purposes, as opposed to the destructive use to which it might be put. JACK DEMPSEY was a peace-loving gentleman and possessed great vision, a vision that we can ill afford to lose during this era of international tension and danger.

Even though JACK DEMPSEY was an outstanding man with a record of immense accomplishments, he never during his long career lost the common touch. He could walk with the mighty and still retain that humbleness that we all recognized as the mark of a real and true gentleman. He always took his social responsibilities seriously and considered them a vital part of his job as a public servant as a means of meeting folks from all strata of our society. He was as at ease in a diplomatic atmosphere as he was making acquaintances at a neighborhood workingman's club. This exemplified the scope and the broadness of our late dear friend and colleague.

He shall be greatly missed, not only by the Members of this great body, but also by the thousands upon thousands of his friends and constituents who knew him so well and whom he served so faithfully and conscientiously for these many years.

To his family and particularly his gracious lady, Gladys, I express for myself and Mrs. Flood our heartfelt sorrow.

The SPEAKER. Without objection, all Members who desire to do so may extend their remarks on the life and services of the late Honorable JOHN J. DEMPSEY, at this point in the RECORD.

There was no objection.

Mr. EVINS. Mr. Speaker, permit me to join with my colleagues in paying a brief but sincere tribute to the memory of our late colleague and esteemed friend, the distinguished gentleman from New Mexico, Congressman JOHN J. DEMPSEY. The news of his passing is received with sadness by all his friends. His death leaves me with a real sense of personal loss. He was possessed with a most genial personality and was a colorful Member of the House. In his service in this Chamber, he demonstrated great attributes of insight, wisdom, and justice. Both his State and Nation have been enriched by the contributions he made as a Member of the Congress. We shall miss JACK DEMPSEY, and I wish to convey to the members of his family an expression of my sympathy.

Mr. HILLINGS. Mr. Speaker, it was with sadness that I heard of the passing of JOHN J. DEMPSEY, a devoted father, a real friend and a fine legislator.

I valued his friendship although we were of different political faiths. He was never too busy to express a kind word, never too busy to counsel.

He achieved a brilliant record of public service, as a Member of the House of Representatives, as Governor of New Mexico, and as an Under Secretary of the Interior.

He was an enthusiastic, important contributor to the development of the West, which he loved and which he consistently battled for over the many years of his public service. We shall miss him.

My sympathy goes to Mrs. Dempsey and other members of his family.

Mr. FALLON. Mr. Speaker, in the passing of JOHN J. DEMPSEY, I have lost not only a close friend but one of the best members of my committee. As a leader in highway matters, his work in this field received much well-deserved praise and acclaim. He was a man of great determination, ability, and always did what he felt in his heart was the right and proper thing to do. He was a gentleman of the old school, loyal and devoted.

To his widow, Gladys, and his other loved ones, I extend my deepest sympathy.

Mr. EDMONDSON. Mr. Speaker, many good causes have lost a true champion in the passing of New Mexico's able statesman, the Honorable JOHN J. DEMPSEY.

"The Governor," as he was known to all of us, established a great record as a friend and advocate of conservation, good roads, justice for the American Indian, and good government in general.

Oklahoma, on more than one occasion, has benefited in this House through his stalwart friendship.

The Governor was always ready to listen to a colleague's problems, and to give a colleague sympathetic and wise counsel. On more than one occasion, he did this for the Member from the Second District of Oklahoma, and I feel today that my district, my State, and the Nation have lost a great and true friend.

To his family, and to his State which will miss him so much, I extend my warm sympathy.

Mr. THOMAS. Mr. Speaker, in the passing of our beloved friend, JACK DEMPSEY, the House has lost one of its most able and outstanding Members. He was young in spirit, mind, and action. He could get as much done as any man it has ever been my privilege to serve with.

The people of his great State of New Mexico have lost one of its ablest and most faithful public servants, the Congress one of its stalwarts, and his family a great father and a wonderful character.

He was my friend of many years, and I join his family in their bereavement.

Mr. LONG. Mr. Speaker, New Mexico has been doubly influenced in losing two distinguished Members of Congress when they were at the apex of their outstanding careers. It was with a keen sense of personal loss that I learned of the death of my very good friend and colleague, JOHN J. DEMPSEY, affectionately known as JACK. I have known JACK DEMPSEY since coming to Washington and found his friendship and ever ready willingness to lend a helping hand most gratifying and reassuring. I came to look upon him as more than a friend—someone to whom I could go with my problems for help and sincere guidance. JACK was a member of our Congressional Breakfast Club. There, as in his other endeavors, he occupied a warm place in the hearts of all who were associated with him.

This Congress and our Nation has suffered a great loss in the untimely death of Congressman DEMPSEY, and I express my heartfelt sympathy to his family in this hour of their great sorrow.

Mr. SISK. Mr. Speaker, it was with deep regret that I heard of the passing of our colleague and friend, JACK DEMPSEY, on a late news broadcast last night.

Upon my coming to Washington at the start of the 84th Congress as a very green freshman, JACK was one of the first Members that I was privileged to meet. He extended to me the hand of friendship and was most helpful in assisting me in becoming orientated in my new duties. During the past 4 years that it has been my pleasure to serve in this House with Governor DEMPSEY, I found him a wonderful source of help and encouragement in the performance of my duties.

I wish to join my colleague from New Mexico, Mr. MONTOYA, in paying my respects to a real gentleman, a great American, a man who served well his State as well as his Nation. I extend my deepest sympathies to his wife, children and his many friends in this hour of their bereavement. This body and the Nation, too, have lost a great friend and legislator.

Mr. THOMPSON of Texas. Mr. Speaker, news of JACK DEMPSEY'S passing fills my heart with sadness. All this morning, since I first heard about it, a train of thoughts has been running through my mind—countless little recollections of things JACK has said—and kindly acts, little and big, that I have watched him perform.

I first came to know him many years ago when I was asked by the Democratic National Committee to campaign for him and various others who were running for office in New Mexico. He was the candidate for Governor. I had not known him, so I took pains to familiarize myself with his background. What I learned then I can repeat with particular emphasis today.

He has always been a devoted servant of the public. Even when he was engaged in private enterprise, he had a keen and understanding attitude toward his fellow man. To one of that temperament, it was natural that he should find his way into public office. That his people have profited by it is manifest in the words of those whom I join in paying tribute today. There have already been, and will be many more, references to his unfailing good nature, to his instant readiness to help anyone who needed it, to his fine judgment on the complex matters which continually confront us.

It fell to Mrs. Thompson's and my happy lot to be warm, personal friends of both JACK DEMPSEY and his lovely wife. We visited frequently and exchanged the warm relationship of good friends with common interests. We shall miss this association more than words can express. We join with JACK'S and Gladys' countless friends in extending deepest sympathy to her and the other members of the family. May I extend sympathy, too, to the people of New Mexico and to the remaining members of their fine delegation in Congress.

Mr. BOLAND. Mr. Speaker, I was grieved to learn of the death last night of my friend and colleague, Congressman JOHN J. DEMPSEY, of New Mexico. When I first came to this Chamber as a new Member of the 83d Congress there was no veteran Member of this body who could have been as friendly, kind, and courteous to me as he was. The willingness to parcel out his experience and his good and sound advice was a hallmark of his personality. As I came to know him better over the last 5 years my respect and affection for him deepened. Of all of the men I have come to know in nearly 25 years of my public service, there have been none more considerate, none more gentle, and none more eager to help his fellow man as JOHN DEMPSEY. The great State which he served as Governor for two terms and the Nation mourn the passing of an outstanding statesman. And he was a great statesman. I doubt whether there ever sat in the Halls of Congress a man who exemplified as much courage, integrity, sincerity, and industry as did Congressman DEMPSEY. He had the unanimous respect and admiration of all of his colleagues, no matter what their political affiliation. I know that my colleagues will agree with me when I say that this Nation is much better off because of the outstanding and devoted service that JOHN DEMPSEY gave in Congress, on the United States Maritime Commission and as Under Secretary of the Interior. To his wife and son and two daughters I extend my deepest sympathy.

Mr. PASSMAN. Mr. Speaker, there are relatively few mortal beings who gain, and merit, such abundant opportunities for public service as did the Honorable JOHN J. DEMPSEY, of New Mexico. Of those who do, a limited few indeed succeed so well and worthily as did our late and beloved colleague in fulfilling the responsibilities and discharging the duties of these opportunities.

His devoted and superior service to our Nation and his State as a Member of this House for a total period of more than 11 years is a matter of common knowledge among all those among us who have been permitted the good fortune to serve with him through the years. His record as Governor of the State of New Mexico, for the period 1943–47, is similarly outstanding. Also marked by earnest effort and distinguished accomplishment were his services in the executive branch of our Government as a member of the United States Maritime Commission and as Under Secretary of the Interior, as well as in a number of other highly important posts of public trust.

The measure of a life is in the quality, and not in the length of it—but the sterling quality of Jack Dempsey's life was especially blessed through full activity over a span of almost 79 years. Our Nation, his State, and the individuals who have been associated with him along the way, have been made richer, fuller, better because of him.

I am incapable of words to express my boundless respect and esteem for our late friend and his great works, or my sense of personal loss at his passing.

I wish to join my colleagues in conveying my most sincere sympathy to his bereaved family. May they be sustained in their grief by the cherished memory of his good and useful life, and by the certain knowledge that his soul is at peace on the other side of eternity.

Mr. ENGLE. Mr. Speaker, it is difficult to express the deep sense of personal loss I feel over the passing of my close and dear friend, Governor DEMPSEY. It stems from his many acts of friendship, his unfailing kindness, and the many generous and helpful things he has done. A man needs friends in the House of

Representatives—just as he does anywhere. Gov. JOHN DEMPSEY was an unfailing and loyal friend. He was kind and wise in his advice, which I often sought, and he was strong and steadfast in giving his support. The genuine grief expressed on the floor here today comes from a sense of gratitude for favors that can never be repaid, and sorrow in losing such a fine friend and wonderful human being.

Mr. FEIGHAN. Mr. Speaker, a great American has earned his eternal reward. Our very able, distinguished, and personable colleague, Mr. DEMPSEY, has passed from our midst. We all will miss him for the many fine things that he always represented and for his interest in the cause of keeping America strong. The life and times of Mr. DEMPSEY epitomize the great opportunities that are offered here in America for anyone who is willing to work and sacrifice. From humble beginnings, our former colleague rose to positions of distinction and great public trust through his own zealous and untiring efforts. Mrs. Dempsey and his children can look back upon the life and times of Mr. DEMPSEY with feelings of great satisfaction and admiration. His always helpful and understanding relationships with other Members of the House will be sorely missed.

Mr. COLMER. Mr. Speaker, I am sure that I speak the sentiment of every Member of this House when I say that we are extremely saddened as we gather in this Chamber today and miss the genial, familiar face of our esteemed colleague, JACK DEMPSEY. Possibly the most esteemed compensation which we receive for our service in this body is the friendships which we are given the opportunity to form here as well as in our respective districts at home.

For almost 20 years it has been my high privilege to know, honor, and respect him who departed from us on yesterday. During the course of those years I learned a great deal from my association with him. We had much in common. His philosophy of government generally was very much in line with my own. He frequently confided in me what he and I regarded as inimical to the future welfare of this country—the trend away from sound constitutional and fiscal policies to the overemphasized values of so-called progressive or liberal government. As one who had come up the hard way and as one who appreciated the benefits to be derived from the older system, he viewed with much alarm the modern trend away from those sound principles upon which this Government was founded.

Mr. Speaker, the cause of good government has lost a good friend. I join with his host of other friends here in extending my sincere sympathy to his family.

Mr. BUCKLEY. Mr. Speaker, it is with a deep sense of sorrow that I join my colleagues in paying tribute to my friend and colleague, the Honorable JOHN J. DEMPSEY, who has passed to his reward. As a member and then as chairman of the Public Works Committee it was my privilege to serve shoulder to shoulder with Governor Dempsey and to learn to know him as a truly Christian gentleman, one dedicated to his work and to the welfare of his State.

He was a good father and husband, raising and educating a fine family. His 3 children and 5 grandchildren have been given a heritage of honor that will continue for them throughout their lives. His wife, Gladys, has suffered a loss that all of us share.

Congressman DEMPSEY served in the House from 1935 to 1941; then as a member of the United States Maritime Commission, later as Under Secretary of the Interior, and from 1943 to 1947 as Governor of New Mexico. He returned to the House in 1951 and up until the day of his death served the people of New Mexico and the Nation to the best of his ability. His record of public service is one of which any man could be justly proud.

I know the entire membership of the House joins with me in an expression of heartfelt sympathy to his dear wife and family.

Mr. KEOGH. Mr. Speaker, we are all saddened by the passing of our distinguished colleague, JOHN DEMPSEY, of New Mexico. For of his many fine qualities, it will always be remembered that he was basically a good man. He was a good American, a good public official, a good Representative, ever anxious to be of assistance to those who sought his counsel, advice, and support. He had a most distinguished and colorful career—not the least important of which was served in Brooklyn, N. Y., where he was recognized as one of our outstanding businessmen. His thoughts and heart always remained with Brooklyn, and he will always be remembered by the citizens of our community. He was, indeed, my good friend, and I shall miss him greatly. To his wife and to his family go my sincere sympathy. May he rest in the peace that he earned.

Mr. REED. Mr. Speaker, today I am deeply saddened by the passing of one of my dearest personal friends. The unexpected death of Hon. JOHN J. DEMPSEY, of New Mexico, is another fallen oak in the forest of our Congressional friends.

JACK DEMPSEY, as he was affectionately known, possessed a personality that radiated sunshine and sincere fellowship. Not only this, he was a man of marked ability, courage, and fidelity.

It was once said by a distinguished statesman, "that a disposition to preserve and an ability to improve taken together would be my standard of a statesman." Measured by this yardstick, Representative DEMPSEY was every inch a statesman of the highest order.

My heart goes out to Mrs. Dempsey and to the members of his family at this hour of their great bereavement. Mrs. Reed joins in extending our deepest sympathy.

Mr. CHELF. Mr. Speaker, I am indeed sad to learn of the passing of our honored and beloved friend and colleague, Gov. JACK DEMPSEY. His great State of New Mexico and the Nation have lost an industrious, loyal, devoted, dedicated, sincere, intelligent, honest, persevering public servant. JACK DEMPSEY was a noble character, considerate, generous, sympathetic, and understanding. He was a good speaker, an excellent debater, and a splendid legislator. He was truly a Chesterfield in his manners; gracious, kind, unassuming, and interested in the problems of his fellow men but, above all—JACK was a God-fearing, God-loving Christian gentleman. Gov. JOHN J. DEMPSEY traveled this way, leaving behind for him admiration, love, affection, tenderness; in fact, a full and wonderful life. Truly he let his "light so shine" that he has earned a place in that great mansion of rest.

We shall all miss his ready smile and his warm handclasp, his sage advice and counsel.

May God rest his soul in peace and bless his dear sweet loved ones.

Mr. WHARTON. Mr. Speaker, I cannot let this opportunity pass to join in the many contributions upon the passing of our good friend and colleague, whom we affectionately referred to as Gov. JOHN J. DEMPSEY.

Upon moving to Washington, I soon discovered that I was a neighbor of our late colleague, who was at one time the vice president of the Brooklyn Rapid Transit Corp., of my State. A gentleman of the old school, I was deeply impressed by his affection and outstanding loyalty to his constituency and to the country at large. He related to me the circumstances of his humble beginning, his removal to the State of New Mexico, his phenomenal success in business there and his elevation to the high office of Governor of that great State. Subsequently and as a Member of our body, as we all know, he served as a devoted public servant with great distinction.

We shall all miss his presence here and I can only join in extending deepest sympathy to his beloved wife and family.

Mr. WATTS. Mr. Speaker, under permission to extend my remarks, I wish to join with my colleagues and the friends of Gov. JACK DEMPSEY in evidencing the personal and deep feeling of sorrow that his passing brought to me.

JACK DEMPSEY was a friend to all of mankind. I was privileged to serve with him on the Public Works Committee of the House and had opportunity to observe him under many and varying conditions. Truly, no one that I have ever known radiated more graciousness and courtesy. He was tireless in his efforts to serve well his constituency and his country. A stalwart advocate for any cause, he was the personification of fairness in his consideration of the viewpoint of others. His standards and norms of conduct were models of perfection and dignity—they squared with a proper evaluation of the duties, responsibilities, and obligations of the membership in this great body.

While the State of New Mexico lays full claim to him by adoption, the Commonwealth of Kentucky does not and never did let such claim go unchallenged. Exercising the wisdom and foresight which was one of his outstanding lifetime's characteristics, JACK DEMPSEY, prior to getting into the then little-known New Mexico, shored up his fortunes by joining in marriage with one

of Kentucky's great ladies—Gladys Everett. The soundness of his judgment in this instance has been proven many, many times by the record and by acclamations of JACK DEMPSEY.

JACK DEMPSEY never lost his love for Kentucky. Neither did his love falter for his colleagues and his friends.

It was my privilege to know Jack and Gladys Dempsey personally and well. I was privileged to visit them in their home. His deportment in the Congress was his deportment in his home. He was always a gentleman.

In New Mexico's annals he etched a record that will forever be the goal of achievement for those who follow. Those who knew him loved him. All will miss him because he was a friend to all.

To his wife and family I extend my sincere and heartfelt sympathy.

Mr. RUTHERFORD. Mr. Speaker, I shall miss, as do all Members of the House, our good friend and colleague, JOHN J. DEMPSEY.

I have been associated in the Congress with JACK DEMPSEY, as we knew him here, for only 3 years, but I had long been aware of his excellent record of public service.

During the period I had the pleasure of serving with JACK DEMPSEY, I worked with him on numerous water projects so vital to his State of New Mexico and my State of Texas. We tried to settle these matters without going to the courthouse, and I always found JOHN J. DEMPSEY honorable and fair.

JACK DEMPSEY had many friends in my Congressional District, which adjoins New Mexico. I shall miss him deeply, but his work in this body shall long be remembered. I extend personal sympathy to his bereaved family and hope it will be of some consolation to them to know that JOHN J. DEMPSEY will always be recalled with fondness by his colleagues in the United States House of Representatives.

Mr. MAHON. Mr. Speaker, I wish to join with others in paying tribute to the memory of the late JOHN J. DEMPSEY, of New Mexico. The Congressional District which I have the honor to represent borders along the eastern New Mexico line for many miles, and I was closely associated with Mr. DEMPSEY for many, many years.

JACK DEMPSEY and I came to Congress at the same time. Our associations have been very close. I have taken pride in his stalwart stand through the years for good government, and in his accomplishments in behalf of the people. He was a friend to the Southwest and to people of good will everywhere. He was most cooperative with his colleagues. He was regarded on both sides of the aisle in the House of Representatives as a man of quality, a true and devoted servant of the people.

I am saddened by the passing of JACK DEMPSEY, and I should like to join with others in extending my deepest sympathy to Gladys, his devoted wife, and other members of the fine family which he has left behind. I hope they may receive some consolation from the fine record of public service which JACK DEMPSEY has left as a memorial to his life and works.

Mr. O'BRIEN of Illinois. Mr. Speaker, JACK DEMPSEY was my friend, and I do not use the phrase "my friend" lightly. To me it has real significance and meaning. Mine has been a life rich in experiences. In my many years, I have met a great number of people from all walks of life and have come to appreciate the qualities which make up a friend. JACK DEMPSEY possessed these to a superlative degree which I found only in a few people.

JACK DEMPSEY was warm and helpful. There was never a time that he was not willing to do everything he could to be of assistance to anyone who needed his help. He never raised his voice, he never became angry. He was kind and considerate.

I cherish the memory of the many conversations I have had with him. He had a sense of what was right and proper and would never stoop to engage in anything mean or nasty.

JACK DEMPSEY's passing creates a void in this House which will be hard to fill. He was able and had a sense of good legislating. He knew his work thoroughly and performed it in a most painstaking manner.

I will miss JACK DEMPSEY very much. I want to express my sympathy to his lovely family, with the hope that their grief may be tempered in some measure by the treasure of rich memories which they helped create with him. May the Lord have mercy on his soul.

Mr. CELLER. Mr. Speaker, we are all saddened at the demise of our colleague, JOHN J. DEMPSEY, of New Mexico.

His was a real Horatio Alger story. From railroad water boy in Brooklyn, he grew up to be Governor of New Mexico and a Democratic Representative from his adopted State. It was only 2 days before he went to the hospital that he supplied expert leadership in the House directing work on the $36 million Navaho Dam on the upper Colorado River in the New Mexico water storage project.

I knew JOHN DEMPSEY for almost 40 years. I first grew acquainted with him when he was claim agent for the Brooklyn Rapid Transit Co. in my native city of Brooklyn. Soon after that, he became president of the company. The pioneer spirit was in him and he sought new challenges in the West. He became State director of the National Recovery Administration in New Mexico during the Roosevelt administration. He won the esteem and affection of the good people of New Mexico, who elected him twice as Governor of their State. He then became a Representative in Congress from New Mexico from 1935 to 1941 and was welcomed back again by this body in 1951.

JOHN DEMPSEY was a man of fine character, geniality, ability and humanity. Our condolences go forth to his wife, two daughters, and his son.

Mr. MACDONALD. Mr. Speaker, I want to join with my colleagues in paying honor to the late Congressman JOHN J. DEMPSEY, who was a great American and a great patriot.

Congressman DEMPSEY was a wonderful person. He was a man possessed of strong convictions and a most effective Member of the House, who long will be remembered for his demonstrated leadership both in his adopted State of New Mexico and in the executive and legislative branches of our Federal Government. He was a fighter for the causes in which he deeply believed and espoused. Yet he accomplished what he wanted by being kind and working with people. His friendships knew no party or factional limitations and he was one in whom one could put the utmost faith and confidence.

Mr. Speaker, I had the pleasure of spending many delightful hours with Congressman DEMPSEY. I want to say that I admired and respected JACK, as he was familiarly known to his friends and colleagues. I shall forever be deeply indebted to him for his kindness and sound advice. I shall miss him very much. In the years to come I shall remember his ability, his accomplishments, his constructiveness, his noble and sterling character, and all that he stood for, and in my memory I shall always cherish his friendship.

To his widow and the loved ones he leaves behind I extend my heartfelt sympathy.

Mr. LANE. Mr. Speaker, the life story of Congressman JOHN J. DEMPSEY, of New Mexico, was so good and true that it will linger long in our memories.

He did what few men have ever succeeded in doing, by building two consecutive careers in two sharply contrasting environments, and by that accomplishment alone he proved how closely he was identified with our national character; its courage, its faith, and its friendliness.

From the crowded canyons of Broadway to the quiet reaches of the Rio Grande he was equally at home, for all of it embraced the Nation of which he was so proud. From vice president of the Brooklyn Rapid Transit Co., to Governor of New Mexico, and Representative from that State in the Congress at Washington, JOHN built a full and varied life that was devoted to the service of others.

He was a quiet man and a kind man. In everything that he did or said, he was guided by a deep and abiding devotion to the principles of his religious faith. Those of us who were privileged to know him and to work with him will ever cherish the memory of his great humanity which was inspired by his love of God.

As a member of the Public Works Committee, and the Joint Committee on Atomic Energy, he had a hand in shaping the development of the United States, and its pioneering leadership in all fields that are necessary to the preservation of freedom.

I like to think that the soul which JOHN DEMPSEY put into his work as an able Member of Congress, will, in ways beyond our ken, continue to inspire us with his fervent belief that eternal truths will finally prevail.

To his widow, his son, and his two daughters, we extend our sympathy, for we share in their loss.

The life of a good man whose earthy journey has ended, becomes immortal: in the paradise of the blessed, and in the hearts of those who loved him.

Mr. DURHAM. Mr. Speaker, all the members of the Joint Committee on Atomic Energy join me in expressing sorrow over the passing of Congressman JOHN J. DEMPSEY, our longtime friend and coworker on the Joint Committee. We feel that our committee, the Congress, the State of New Mexico, and the Nation have suffered a great loss. Congressman DEMPSEY rendered long and fine service to the Congress and to his country.

On the Joint Committee on Atomic Energy, JACK DEMPSEY was an active and valuable member on the Subcommittee on Raw Materials, and the Subcommittee on Communities, of which he served as chairman. He regularly attended meetings of these subcommittees, as well as other subcommittees, and the meetings of the full committee. He spoke with great experience and wisdom, and his opinions and advice were sought and of great value to us.

Only last month, on February 24 and 25, when he was not enjoying good health, Congressman DEMPSEY attended 2 long days of hearings before our committee on the problems of the uranium mining industry. He was deeply concerned about the individual hardships, as well as the broad policy questions involved, and he was tireless in his efforts to reach an intelligent and forward-looking solution to this problem, as well as to many others.

But more than anything else, his colleagues on the Joint Committee will all remember the twinkle in JACK DEMPSEY'S eyes; and we shall cherish his friendship the highest of all. He had many, many friends, and we were glad to be among them.

On behalf of all the members of the Joint Committee on Atomic Energy, who knew JACK DEMPSEY and loved him well, I extend to his wife, Gladys, and to the other members of his family our heartfelt sympathy.

Mr. UDALL. Mr. Speaker, I knew our departed colleague, JACK DEMPSEY, as a neighbor, a friend—a fellow Representative from the great Southwest. During my brief tenure I learned to understand his fine personal qualities by sitting with him in conferences, and by working together with him on the common problems of our sister States.

I always found Congressman DEMPSEY a man of his word, who had a profound loyalty for the people and institutions of his State. He was a fighter, who never quit until he reached his objective. JACK fought the good fight, and he will be sorely missed by the citizens of his State and his many friends in this body.

Mr. DORN of South Carolina. Mr. Speaker, the late JOHN J. DEMPSEY was one of the most outstanding Americans it has ever been my privilege to know personally. He was an asset to this great deliberative body. He served with dignity, honor, and integrity. This House is a better body by having known and served with him. He was a great Governor, served the National Government in the highest traditions and was a superb United States Representative.

Mr. Speaker, above all, he was American to the core. He loved his country, free-enterprise system, and the great Southwest that he so ably represented. I extend to Mrs. Dempsey and the children my most heartfelt and deepest sympathy.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from West Virginia [Mr. NEAL].

Mr. NEAL. Mr. Speaker, through our association on the Committee on Public Works during the 83d Congress, I learned to know and to admire Mr. DEMPSEY for his friendliness, his ability, his courtesy, and his statesmanship.

I want to join my colleagues in every word that has been said here today in tribute to this great man. Likewise, I join with all Members in extending to his widow and his family my most sincere and deep sympathy.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Maine [Mr. HALE].

Mr. HALE. Mr. Speaker, I should like to pay my brief tribute to JACK DEMPSEY. I was not thrown into close contact with him, but I always enjoyed his genial smile, his gracious personality, which I thought reflected a life well lived, many friends well loved, and service freely and finely given. I shall miss him.

Mr. Speaker, I extend my warmest sympathy to his family.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Speaker, I want to say that we are all saddened to hear about JACK DEMPSEY, whom we all liked so well. He was a good friend, a charming person, and, as the gentleman from Maine has said, one with a ready and wonderful smile.

It is hard to lose a good friend such as JACK DEMPSEY. I am sure his colleagues here in Congress have suffered a great loss at his death and extend our sincere sympathy to his good wife, Mrs. Dempsey.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from New York [Mr. BECKER].

Mr. BECKER. Mr. Speaker, I had a great affection for our late colleague, JACK DEMPSEY. I met him for the first time 6 years ago, when I was assigned to the Committee on Public Works. I have never known a more friendly individual, a man who went out of his way to work with his colleagues, one with a kind word always.

Our late colleague spent many of his earlier years in the city of Brooklyn, where I was born. During our years together we discussed many things about Brooklyn and the people we both knew through the years.

Mr. Speaker, I join my colleagues in saying that we have sustained a great loss through the death of this very fine man, a great Member of this House. I extend my deepest sympathy to his family and pray that they will be able to bear up under their great loss.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Colorado [Mr. CHENOWETH].

Mr. CHENOWETH. Mr. Speaker, I want to join the gentleman from New Mexico and my other colleagues who have paid tribute to our beloved colleague, JOHN J. DEMPSEY.

I was greatly distressed yesterday when I heard for the first time of his illness. I was deeply shocked and saddened this morning when I learned of his death.

I liked JACK DEMPSEY and was proud to have him as a friend. JACK DEMPSEY was a friend of everyone. He did not wait for us to go to him for help with our problems, but he came to us. I have never seen a more able, courageous, and influential Member of this House, or one who was more gracious. My life is richer for having known JACK DEMPSEY.

My District borders on the State of New Mexico, and naturally JACK and I had many similar problems. We conferred frequently on matters of mutual interest to both Colorado and New Mexico. I recall how devoted he was to his State, and how diligently he worked to find a solution to the problems of his people.

The State of Colorado, as well as the State of New Mexico, has lost a real friend in the passing of JACK DEMPSEY. He was a strong supporter of every project we sponsored in Colorado. I recall his interest in the Fryingpan-Arkansas project when this legislation was on the floor of the House in 1956. Jack was very anxious to see this project approved and talked to me many times concerning the same. He personally contacted many of his friends and sought their support for the bill. He was very disappointed that the rule was not adopted for the consideration of this project. This was just one example of his desire to be of help in matters of importance to Colorado. We could always count on JACK DEMPSEY to help us.

We need more men like JACK DEMPSEY in public life today. He rendered devoted and unselfish service to his State and the Nation. He was independent in thought and action, and always put the interests of his country first.

I am going to miss JACK DEMPSEY. He never failed to have a friendly greeting and was never too busy to stop for a visit. His passing is an irreparable loss, not alone to the State of New Mexico, which he served so faithfully, but to the entire Nation, and to me personally. He was a great American, as well as a delightful person, and a Christian gentleman.

I extend my deep personal sympathy to Mrs. Dempsey and the other members of the family.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Nebraska [Mr. WEAVER].

Mr. WEAVER. Mr. Speaker, it was a privilege to know Gov. JACK DEMPSEY, of New Mexico, who for many years has

represented the people of that fine State. I valued his friendship very highly. He was an able and effective Representative in Congress and one who served his constituents well.

I would like to take just a moment to recall my first association with him some 3 years ago when I came to Congress. I was not a member of the same political party as Governor DEMPSEY. But this made no difference. Several important public-works matters pertaining to my District and Nebraska were to come before the House Public Works Committee and the subcommittee of which Governor DEMPSEY was chairman. I shall always feel indebted to him because of the assistance and encouragement that he gave to me as a new member on these matters. His kindness and generosity and his interest in my problems helped me accomplish my task.

Mr. Speaker, the citizens of New Mexico have lost a diligent and conscientious leader in the person of JACK DEMPSEY. All who knew him respected and admired him. We have lost a true friend.

To Mrs. Dempsey and members of his family, I extend my deepest sympathy.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Iowa [Mr. SCHWENGEL].

Mr. SCHWENGEL. Mr. Speaker, the news of the death of JACK DEMPSEY came as a great shock to me. I came to this Congress 4 years ago and was assigned to the Public Works Committee, where he had already distinguished himself as a very prominent and important member. I felt especially close to JACK, because he was one of the first of those sitting across the aisle to make himself acquainted with me and to counsel with me at times and offer his help in his kindly way in so many ways. Through that association I grew to appreciate the greatness of this man; he seemed to know how to tend to the little things of life that are so important.

I pride myself on being interested, at least, in the history of this great Nation. I am impressed many times with the fact that this Nation is great because it has had great men as leaders. As I have had a chance to reflect upon the past life and brief biographies and statements I have heard here, I am impressed with the fact that here was an example of a man that will stand long with other great men in the history of our country.

I believe it was Albert Pike who once said that what a man does for himself dies with him but what a man does for his community and his country lives forever. I cannot help but observe that, as I think of this great man and all the fine contributions he has made so unselfishly in so many ways for his country, JACK DEMPSEY will live forever.

There are these lines written to another great American that I think apply also:

Here was a man to hold against the world,
A man to match the mountains and the sea.

At times like this words seem inadequate and sometimes futile. To pay adequate tribute to this man is difficult. I am sure there is comfort in knowing that other people share your sympathy in times like this. If this be true, and I am sure it is, then the load his family is called upon to carry at this time will be much lighter because I can think of no man whose loss would prompt more sympathy for his family.

So I want to join with the many colleagues who are paying tribute to him this day and to extend my sympathy to his family and to the State that he represented so well for so many years in this great body.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Florida [Mr. CRAMER].

Mr. CRAMER. Mr. Speaker, I wish to join my colleagues in extending my sympathies in memory of Gov. JACK DEMPSEY as he was affectionately known to all of us on the Committee on Public Works and in the Congress. The first committee to which I had the privilege to be assigned as a Member of the Congress was the Committee on Public Works, and one of the first people on that committee with whom I became acquainted due to his inherent friendliness and cheerful demeanor was Governor DEMPSEY. He rendered on that committee and in this Congress a great service to the people of his State and to the people of the Nation. Time after time in our committee, it was Governor DEMPSEY's suggestions and recommendations and his sound proposals resulting from seasoned experience as a long-term public servant that led the way many times to more constructive legislation. On that important Committee on Public Works, he made invaluable contributions. He served on the same subcommittees as I did, the Subcommittee on Roads being one of them. He made many proposals that are now embodied in the national defense highway program of 1956 that is so important at this time and that will streak across the Nation as one of the many monuments to his memory. The memory of JACK DEMPSEY will remain with us always vividly and I wish to join in expressing my sympathy to his loved ones.

Mr. MONTOYA. Mr. Speaker, I yield to the gentleman from Texas [Mr. ROGERS].

Mr. ROGERS of Texas. Mr. Speaker, I want to join with my colleagues who are expressing sympathy for the family of our beloved colleague in their bereavement. The District I have the honor to represent joins on one side the great State that has been so ably represented by Mr. DEMPSEY and Mr. MONTOYA. In many of the problems we have come face to face with, we always knew that JACK DEMPSEY was standing by our side. He was a great source of strength and, of course, although we know and we must recognize the fact that he has passed on to greater rewards, those of us whom he helped so much and who knew him so well know too that he will not be gone, but that he will continue to be that great source of strength in the future. He was truly a great American, a man who was born in one section of the country and who availed himself of opportunities in that section of the country and then moved on to another section of the country where he was so well received. He knew and understood the problems of America from one seashore to the other and from Canada to Mexico. His death, of course, will be a great loss to this country. Our hope is that many American boys will look upon his life as an example and follow in his footsteps.

Mr. MONTOYA. Mr. Speaker, I offer a resolution.

The Clerk read the resolution, as follows:

House Resolution 503

Resolved, That the House has heard with profound sorrow of the death of the Honorable JOHN J. DEMPSEY, a Representative from the State of New Mexico.

Resolved, That a committee of eight Members of the House with such Members of the Senate as may be joined be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was agreed to.

The SPEAKER. The Chair appoints as members of the funeral committee the following Members on the part of the House: Mr. MONTOYA, New Mexico; Mr. JENSEN, Iowa; Mr. HOLIFIELD, California; Mr. PRICE, Illinois; Mr. BLATNIK, Minnesota; Mr. JONES, Alabama; Mr. ASPINALL, Colorado; Mr. RHODES, Arizona.

The Clerk will report the remainder of the resolution.

The Clerk read as follows:

Resolved, That as a further mark of respect the House do now adjourn.

The resolution was agreed to.

ADJOURNMENT

Accordingly (at 1 o'clock and 44 minutes p. m.), the House adjourned until tomorrow, Thursday, March 13, 1958, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1703. A communication from the President of the United States transmitting amendments to the budget for the fiscal year 1959, involving increases in the amount of $14,780,000 for the Department of Agriculture and $70,823,000 for the Department of the Interior (H. Doc. No. 351); to the Committee on Appropriations and ordered to be printed.

1704. A letter from the Secretary of Commerce, transmitting a report of overobligation of amounts by officials of the Bureau of Public Roads, pursuant to section 3679 of the Revised Statutes, as amended, and section 15 (e) of the Bureau of the Budget Circular No. A-34; to the Committee on Appropriations.

1705. A letter from the Secretary of the Treasury, transmitting the quarterly report on the Reconstruction Finance Corporation liquidation fund-Treasury Department activities for the period ended December 31, 1957, pursuant to the Reconstruction Finance Corporation Liquidation Act, as amended (67 Stat. 230), and Reorganization Plan No. 1 of 1957 (22 F. R. 4633); to the Committee on Banking and Currency.

1706. A letter from the Acting Secretary of State, transmitting a draft of proposed legislation entitled "A bill to authorize certain officers of the Department of State and the Foreign Service to administer oaths in the performance of their official duties"; to the Committee on Foreign Affairs.

1707. A letter from the Comptroller General of the United States, transmitting a report on the review of certain activities of the government of the Virgin Islands for the fiscal year ended June 30, 1957, pursuant to the Budget and Accounting Act, 1921 (31 U. S. C. 53), and the Accounting and Auditing Act of 1950 (31 U. S. C. 67), and by section 19 of the Revised Organic Act of the Virgin Islands (48 U. S. C. 1632); to the Committee on Government Operations.

1708. A letter from the administrative assistant, Secretary of the Interior, transmitting a report prior to restoration of balances, pursuant to the act of July 25, 1956 (31 U. S. C. 701–708), and the Bureau of the Budget Circular A–23, dated June 21, 1957; to the Committee on Government Operations.

1709. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, relative to the case of Ether Kwang-Tzu Yang, A–6936483, involving suspension of deportation under the Immigration and Nationality Act of 1952, and requesting that it be withdrawn from those before the Congress and returned to the jurisdiction of this Service; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. COOLEY: Committee on Agriculture. H. R. 11086. A bill to amend the Agricultural Adjustment Act of 1938, as amended, with respect to wheat acreage history; with amendment (Rept. No. 1497). Referred to the Committee of the Whole House on the State of the Union.

Mr. FORRESTER: Committee on the Judiciary. H. R. 3816. A bill to amend section 752 of title 28, United States Code; with amendment (Rept. No. 1498). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BYRD:

H. R. 11359. A bill to provide for the temporary supplementation of State unemployment insurance benefits; to the Committee on Ways and Means.

By Mr. FULTON:

H. R. 11360. A bill to exclude from taxable income taxes imposed upon employees under the social security, railroad retirement, and civil service retirement systems; to the Committee on Ways and Means.

H. R. 11361. A bill to amend title 18 of the United States Code to prohibit traffic in obscene articles; to the Committee on the Judiciary.

By Mr. HALE:

H. R. 11362. A bill to repeal the act requiring the inspection and certification of certain vessels carrying passengers; to the Committee on Merchant Marine and Fisheries.

By Mr. HOSMER:

H. R. 11363. A bill to amend the Communications Act of 1934 to prohibit subliminal projection by television stations; to the Committee on Interstate and Foreign Commerce.

By Mr. LONG:

H. R. 11364. A bill to provide certain adjustments in organization and salary structure of the department of medicine and surgery in the Veterans' Administration; to the Committee on Veterans' Affairs.

By Mr. MAY:

H. R. 11365. A bill to authorize reimbursement to the States for certain free or toll roads on the Interstate System and for other purposes; to the Committee on Public Works.

By Mr. METCALF:

H. R. 11366. A bill to further amend an act of September 27, 1944, relating to credit for military or naval service in connection with certain homestead entries; to the Committee on Interior and Insular Affairs.

By Mr. MOSS:

H. R. 11367. A bill to amend the Agricultural Act of 1949 to provide for the increased use of milled or enriched rice by the Armed Forces, Federal penal and correctional institutions, and in certain federally operated hospitals, and for other purposes; to the Committee on Agriculture.

By Mr. ROBERTS:

H. R. 11368. A bill to amend the Agricultural Adjustment Act of 1938, as amended, to make the transitional parity formula inoperative for basic agricultural commodities for 1958; to the Committee on Agriculture.

By Mr. ROOSEVELT (by request):

H. R. 11369. A bill to amend title IV of the Veterans' Benefits Act of 1957 to provide a pension of $100 per month for veterans of World War I; to the Committee on Veterans' Affairs.

By Mr. SCHWENGEL:

H. R. 11370. A bill to protect the right of the blind to self-expression through organizations of the blind; to the Committee on Education and Labor.

By Mr. DOYLE:

H. J. Res. 574. Joint resolution to authorize and request the President to proclaim July 4, 1958, a day of rededication to the responsibilities of free citizenship; to the Committee on the Judiciary.

By Mr. FULTON:

H. Con. Res. 293. Concurrent resolution expressing the sense of Congress against admission of the Communist regime in China as the representative of China in the United Nations; to the Committee on Foreign Affairs.

By Mr. JUDD:

H. Con. Res. 294. Concurrent resolution providing for the printing of 5,000 copies of the proceedings held in connection with the acceptance and unveiling of the statue of Maria L. Sanford in the United States Capitol; to the Committee on House Administration.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

By Mr. BAILEY: Memorial of the West Virginia Legislature, House of Delegates, House Resolution No. 11, to aid air traffic in West Virginia by providing or helping to provide increased navigational and landing aids at West Virginia airfields; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DELLAY:

H. R. 11371. A bill for the relief of Carmelo Tumino; to the Committee on the Judiciary.

By Mr. FULTON:

H. R. 11372. A bill to authorize the National Society of the Sons of the American Revolution to use certain real estate in the District of Columbia as the national headquarters of such society; to the Committee on the District of Columbia.

By Mr. KEOGH:

H. R. 11373. A bill for the relief of Wang Kwie Ding also known as Kwie Ding Wang; to the Committee on the Judiciary.

By Mr. RAY:

H. R. 11374. A bill for the relief of Louis Di Giovanni; to the Committee on the Judiciary.

By Mr. SCHWENGEL:

H. R. 11375. A bill for the relief of Georgies Kougionmoutsakis; to the Committee on the Judiciary.

By Mr. THOMSON of Wyoming:

H. R. 11376. A bill for the relief of Mrs. Tow Yook Ping; to the Committee on the Judiciary.

By Mr. WHITENER:

H. R. 11377. A bill for the relief of Mrs. Anna D. Myers; to the Committee on the Judiciary.

By Mr. WALTER:

H. J. Res. 575. Joint resolution for the relief of certain aliens; to the Committee on the Judiciary.

H. J. Res. 576. Joint resolution to facilitate the admission into the United States of certain aliens; to the Committee on the Judiciary.

By Mr. WALTER:

H. J. Res. 577. Joint resolution to waive certain provisions of section 212 (a) of the Immigration and Nationality Act in behalf of certain aliens; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

472. By Mr. RHODES of Arizona: Petition of Mrs. Ruth B. Fitzgerald and 441 other citizens of Arizona urging Congress to pass legislation prohibiting alcoholic-beverage advertising on television and radio programs; to the Committee on Interstate and Foreign Commerce.

473. By the SPEAKER: Petition of the secretary, Tennessee Historical Society, Nashville, Tenn., relative to the Tennessee Historical Society registering strong opposition to certain alterations to the National Capitol Building in Washington, D. C.; to the Committee on Public Works.

474. Petition of the county clerk, Wailuku, Maui, T. H., relative to endorsing C. Vernon Augustine's plan for providing fast water transportation in the Territory of Hawaii; to the Committee on Merchant Marine and Fisheries.

EXTENSIONS OF REMARKS

Federal and State Highway Systems—Reimbursement to States

EXTENSION OF REMARKS
OF
HON. EDWIN H. MAY, JR.
OF CONNECTICUT
IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 12, 1958

Mr. MAY. Mr. Speaker, with the passage of the Federal-Aid Highway Act of 1956, the Congress of the United States gave impetus to the construction of a vast Interstate Highway System. Our rapidly expanding population and economy, as well as our requirements for national defense, require urgent implementation of this program. Equally necessitous is the well-planned coordination, on the part of the Federal Government, the State governments, and the municipalities of the highway system, which takes into consideration all aspects of interstate, State, and municipal responsibilities.

Prior to the Federal-Aid Highway Act, many States took the initiative and had the foresight to initiate and complete the construction of highways which meet the standards of the act and which were financed wholly out of State funds or as toll roads. Many of these fine highways today are incorporated as an integral part of the interstate transportation system and thus constitute an enormous contribution on the part of the various States. Had these State governments not had the foresight to undertake highway construction programs of this nature, it would today be incumbent upon the Federal Government to finance their construction at this time, very possibly on a higher cost basis, under the present formula of 90 percent contribution in Federal funds with 10 percent State matching. There is little question but that these programs constituted a considerable drain upon the resources of the individual States involved. This is important for our consideration at this time, because our States today must undertake the responsibility for increasing and improving the State highway facilities and aid their urban communities in a program of coordination that will make our overall highway program meaningful and serviceable.

In my opinion, Mr. Speaker, it is unfortunate that the Congress did not include in the Federal Highway Act reimbursement to the States which constructed sections of the Interstate System on their own. Today, I intend to propose legislation which would correct this omission. I propose that:

First. The Federal Government shall be required to reimburse the States for highways that meet the standards of the Federal Aid Highway Act of 1956, either free or toll, which are incorporated into the Interstate System.

Second. The Secretary of Commerce would be authorized to provide reimbursement upon his determination that the highways meet interstate standards.

Third. Initiation of the request for reimbursement must come from the States themselves. Reimbursement shall be limited to the cost of the highway less depreciation and the total amount of any Federal funds contributed to construction. In the case of toll highways, reimbursement would be further reduced by deductions for the cost of all auxiliary facilities needed for toll operation.

Fourth. States would be permitted to use reimbursement funds for construction of projects in the Federal aid systems lying within their borders without requirement of State matching funds.

In my estimation, Mr. Speaker, this proposal should be a part of any highway legislation passed by the Congress dealing with the interstate program.

Citations for the Living

EXTENSION OF REMARKS
OF
HON. A. S. MIKE MONRONEY
OF OKLAHOMA
IN THE SENATE OF THE UNITED STATES

Wednesday, March 12, 1958

Mr. MONRONEY. Mr. President, the Washington Evening Star, one of the 100 newspapers which regularly publish a column of comment written by Thomas L. Stokes, one of the Nation's outstanding newspapermen, and which is distributed by the United Features Syndicate, on Monday night printed the first of a series of guest columns written by friends of Tom Stokes in public life, who are substituting for him during a serious illness.

Monday night's column, which was written by our colleague, the distinguished senior Senator from Maine [Mrs. SMITH], is praiseworthy, not merely as a rare example of a news commentator's art, but as a reminder from her that courage and conviction are not commodities as rare as they are sometimes represented, and as living proof that kindness, love, and appreciation still abound in this strife-torn world.

I ask unanimous consent to have printed in the RECORD the article written by Senator MARGARET CHASE SMITH and published in the Washington Evening Star of March 10, 1958.

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

CITATIONS FOR THE LIVING
(By MARGARET CHASE SMITH)

It is a pleasure to pinch-hit for Tom Stokes, a truly great newspaperman and one of the outstanding columnists of our time. I wish him a speedy recovery, for I miss his column and his observations very much.

Actually, writing this guest column is like coming back home journalistically, as for 5½ years I wrote a daily column distributed by United Features Syndicate. I belonged to the same organization as Tom Stokes and I enjoyed it even though it was hard work.

If I were to become a columnist again I would hope that I could write with the courage and conviction that Tom Stokes has through the many years he has been on the Washington scene.

Courage and conviction are not commodities as rare as they are sometimes represented. I have seen them displayed by members of the press on more than a few occasions. That is why I feel it as a signal honor for me to come to bat for Tom Stokes while he is incapacitated but certainly aware of the esteem in which we hold him.

And courage is not as rare in politics and public life as the negative critics and detractors would have the public believe. Yet, ironically enough, it is rare when the courage of a politician or a public officeholder is recognized and acclaimed while he is alive.

It seems to me that too often only the deceased receive the profiles-in-courage award. Perhaps that is because it takes time to evaluate the man and his act or acts of courage. Perhaps it is because it is less controversial to evaluate a man after he dies than while he is living. Even many of the enemies or critics are mellowed in their attitude toward a man after he dies. They have less resistance to his being given credit as long as he is no longer around.

But why not have profiles-in-courage awards to the living? Surely, it makes much more sense to give such awards to a man while he is living to encourage him to keep up his behavior of courage. Surely, it would give inspiration to more living politicians themselves to commit acts of courage. Surely, it would be the inspiration for courage in the present that posthumous awards cannot be.

Several publishers have asked me to write an autobiography. Thus far I have declined. I would much rather write a book such as Living Profiles in Courage, for I think it would serve a far better purpose and would be much better reading.

I am not sure as to whom I would include in such a book, however. But I can think of a few that might be in that list—even though I may disagree with them politically and philosophically and may be on the opposite side of the fence from them.

I think I would include former President Herbert Hoover, who came back from a humiliating defeat and repudiation by the electorate in the 1932 election to become a much greater man as an elder civilian statesman than as a President. It would have been only human for him to retire in bitterness after 1932. But he had the courage to rise above that bitterness and to give magnificent service to his country and his fellow Americans in heading up the Hoover Commissions.

I think I would include former President Harry S. Truman, the man who refused to be licked in 1948 when practically everyone had written him off for overwhelming defeat. Here is a fighter who speaks his mind—and whose courage and frankness you must admire even if you don't agree with what he says. It might have been reasonably expected when he retired from the Presidency in 1953 that he would gradually be forgotten by the public. But not so, for this

year in the Gallup poll he is rated as the second most-admired man in the world by Americans. And, interestingly enough, Harry S. Truman says he doesn't believe in polls.

I think I would include Agriculture Secretary Ezra Benson, who is probably the No. 1 political target today, for his courage in facing the heavy and continuous onslaught heaped upon him. He has refused to be frightened into resignation. But yet, it would take considerable courage for him to to resign under fire if he believed that was the right thing for him to do for his country, the farmers, his President and his party. For he would do so in the face of misinterpretation of his true reason for resigning.

I think I also would include LYNDON JOHNSON, majority leader of the Senate, who came back from a severe heart attack that almost took his life. To most men this would have meant the end of a public office career. It was even more significant in Senator JOHNSON'S case because of the constantly tremendous pressure in the work of the Senate majority leader, who literally runs the Senate. When LYNDON JOHNSON was told to spare himself and take it easy, his answer was: "I would rather burn out than rust out." Today LYNDON JOHNSON is the most energetic and active Member of the Senate in spite of the fact that he is a heart patient.

There are others, of course, whom I would include but space does not permit listing them here. If you have any nominees for Living Profiles in Courage I would appreciate your sending a letter to me at 326 Senate Office Building, Washington, D. C.

Yale Political Union on Trade and Aid

EXTENSION OF REMARKS

OF

HON. EDWIN H. MAY, JR.

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 12, 1958

Mr. MAY. Mr. Speaker, there has been much discussion in the land concerning the status of our educational system and the problem of our youth. Certainly, we are realistic when we call for reappraisal of our educational facility; certainly, we are justified when we call for measures to stem the tide of juvenile delinquency. Not to recognize these problems would be a display of complete blindness in the face of obvious defects in our sociological structure. On the other hand, amidst the darkness there are rays of light which give hope for a new dawn.

I had the honor of witnessing such a ray of light this week at Yale University, while participating in the Yale Political Union meeting. It was my honor to have delivered the principal address in support of the extension of the Trade Agreements Act and in behalf of the administration's mutual security program. Following the presentation of my position, views were presented by representatives of the three parties which make up the Yale Political Union, the Liberals, the Conservatives and the Party of the Right.

The eloquence of those who participated in the debate, and the lucidity with which their arguments were presented would give credit to any parliamentary body. As long as the universities of our land can produce potential leaders of the quality of those members of the Yale Political Union, I believe we can take heart that the future will lie in good hands.

There was no passive approval of these two important issues by the Yale group. Indeed, some of the weaknesses of the programs received acute analysis, but, in the end, as the final vote was taken, the full importance of the reciprocal trade program and the mutual security program became evident as the entire political union, representing a cross section of political philosophy, endorsed these programs unanimously. The final vote was 40 to 0 with one abstention. This was the first time within the memory of those in attendance that the Yale Political Union voted unanimously on any issue debated.

This should further convince those who find the realities of the present world situation difficult to appraise and act upon.

Aircraft Nuclear Propulsion Program

EXTENSION OF REMARKS

OF

HON. MELVIN PRICE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 12, 1958

Mr. PRICE. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following statement:

JOINT STATEMENT BY REPRESENTATIVE CARL T. DURHAM, CHAIRMAN OF THE JOINT COMMITTEE ON ATOMIC ENERGY, AND REPRESENTATIVE MELVIN PRICE, CHAIRMAN OF THE SUBCOMMITTEE ON RESEARCH AND DEVELOPMENT, REGARDING THE AIRCRAFT NUCLEAR PROPULSION PROGRAM

It is clear that the administration's decision to abandon the concept of achieving a nuclear flight capability at the earliest moment constitutes a serious setback to our aircraft nuclear propulsion program. It opens the door wide to the prospect that the Russians will once again administer a humiliating defeat to the United States by placing the first nuclear powered aircraft in the skies. Coming on the heels of the sputnik fiasco, a Russian victory in this field could well prove disastrous to world confidence in America's scientific abilities.

We had been led to believe, until very recently, that the longstanding inaction and indecision which have characterized the conduct of the ANP program since its inception would be replaced by a vigorous and well coordinated program aimed at an early flight capability. A concrete plan of action to achieve this important first step was prepared within the Defense Department after sputnik on the basis of the best expert advice available and had been submitted to the Secretary and Deputy Secretary of Defense for their approval, prior to submission of the Defense Department's recommendations to the President.

At this point the Killian Committee stepped into the picture to expedite matters. An advisory group set up by Dr. Killian proceeded to make a cursory review of the program and after a brief inspection trip to the field, returned with recommendations that the early flight concept with a modified conventional plane be scrapped in favor of a vague development program aimed at the ultimate achievement of a high performance craft. Little or no account was taken, apparently, of the obvious psychological importance, in terms of world opinion, of our producing the first nuclear powered aircraft before the Soviets.

The recommendations of the Killian Committee were passed along to the President, oddly enough, before he had received the Defense Department recommendations. In the interim, the Killian advisory panel was reconstituted as an advisory group to the Pentagon. We now find that the end result of all this expediting has been to slow down rather than accelerate the program and that we are actually worse off today in terms of our objectives than we were a year ago, before sputnik. This situation is patently ridiculous and raises the gravest doubt as to whether the United States can effectively respond to the Soviet challenge.

Members of the Joint Committee have always recognized and continue to recognize that very difficult technical problems confront the scientists and engineers in the field who are doing the actual developmental work in the ANP program. We do not hold ourselves out as technical experts but we have followed the program closely over the years and have been impressed during our trips to field installations with the very substantial progress which has been achieved in overcoming these technical problems and in meeting goals. We have consistently given our strong support to this project in the belief that it is vitally important to the national interest. The record shows that similar strong support from the Joint Committee was instrumental in the development of the hydrogen bomb and the atomic submarine, both of which now stand as bulwarks of our Nation's defense and are among the strongest deterrents we possess against aggression.

We have no illusions about the magnitude of the task ahead nor about the many tough technical hurdles which still must be surmounted. But we firmly believe, as we have over the years, that progress can be achieved and will be achieved when we have a concrete program with clear objectives and target dates for completion, up to and including a proven flight capability. Without such goals, there can only be a hopeless, hapless and helpless policy of drift and indecision.

This is where we have been for the last 10 years, and this is where we stand today. No amount of rationalization can hide this fact and we think the record should be very clear as to where the responsibility lies for this sorry state of affairs, namely, in the executive branch.

Mr. Alhambra

EXTENSION OF REMARKS

OF

HON. PATRICK J. HILLINGS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 12, 1958

Mr. HILLINGS. Mr. Speaker, the city of Alhambra, the State of California, and our Nation, have been deprived of a

truly great citizen with the death at age 91 of Judge William M. Northrup.

He was one of the wealthiest men in our Nation, using, of course, the yardstick of friendship, community service, and humanitarianism as the accurate measure of the richness of Judge Northrup's life.

He was so beloved by his community that he automatically wore the title "Mr. Alhambra."

There was no service too large or too small for Judge Northrup to undertake in his 53 years in Alhambra.

His civic activities alone would require a large-sized volume to cover, and his record as a judge and as an attorney could not be contested.

In 1955, on the occasion of his 89th birthday, the Kiwanis Club honored Judge Northrup, describing him as one of the seven wonders of Alhambra, along with the city's outstanding schools, parks, business facilities, churches, citizenry, and city administration.

His friends, who were countless, perhaps summed up Judge Northrup's rich and full life best when they said of him: "Judge Northrup practiced moderation in all things except humanitarianism."

All of us who knew him will miss him.

Strength Through Trade and Aid

EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 12, 1958

Mr. CELLER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following statement on foreign trade and aid:

STRENGTH THROUGH TRADE AND AID

Suppose, so to speak, we, the people of the United States, pulled in our sails, withdrew from all our overseas commitments, built a high tariff wall around our country, plugging our ears and turning our head from the rest of the troubled world. Then what? Would we be snug and safe in our beds of isolation?

The concept of Fortress America is really, to put it bluntly, an infantile wish to escape from the burdens of responsibility, to evade the necessity of making choices; it is the panic reaction to the child's reluctance to grow up. We forgive and understand the child who runs and hides. The adult who does just that, we call sick.

Certainly we can understand the wishful thinking of adults to keep away from the troubles in Asia and Africa; the crosscurrents in Europe, etc.; the temptation to say, "A plague on all your houses" is strong. But if we yield to this temptation, we are choosing to side with fantasy and against the facts.

American intelligence is too acute to permit itself to fall into the trap of self-delusion. The hard, unshakable truth is that foreign aid and a liberal tariff policy, both, are for the present and the future, America's insurance for peace and prosperity. However much countries abroad will gain thereby, the greatest gain will be for the United States.

Tough foreign aid and a liberal tariff policy are actually, at present, one policy, since one is indivisibly entwined with the other in that one without the other would be incomplete. I want to dwell for a few moments on the Reciprocal Trade Agreements. Anyone who believes that the United States is a completely self-sufficient country, growing and producing all the materials it must have within its own borders, is tragically mistaken. The industrial giant of the United States to be kept alive must be fed materials like natural rubber, bauxite, cobalt, mercury, graphite, tungsten, tin, chromite—just to mention a few basic items. We don't have them; we must import them.

People are always startled to learn that we have to import, for example, 100 percent of our natural rubber, 100 percent of our tin, 100 percent of our industrial diamonds, 100 percent of our graphite, 98 percent of our platinum metals, 80 percent of our cobalt, 68 percent of our mercury, and so forth. No airplane or automobile could be made to work without imports.

Now, let's look at the other side of the ledger.

Our exports far exceed our imports. Both industry and agriculture in the United States must, and do, export to keep our economy alive and growing. Four million five hundred thousand American workers earn their living in export trade. The products of 40 million acres of American farmland are sold abroad. That's one-tenth of all the cropland in the country. The United States sells abroad chemicals, textiles, iron and steel, agricultural machinery, automobiles, trucks, and aircraft.

Suppose, then, we wall in the United States by high protective tariffs. Whom are we protecting? Not American labor, not American industry, not the consumer. Who gains by protective tariffs is a small group who seek to be insulated from competition, a sort of subsidy for which the consumer ultimately pays. Actually, the equation is a simple one. If we do not buy from other countries, they will not buy from us.

But let us suppose that, despite their unwillingness to buy from us when high tariffs are imposed on their own products, these countries, nonetheless, feel they must have our products. If they don't earn the dollars by selling us their goods, where will they find the dollars to use for purchasing ours? Where, then, can they turn? To Red China. To Red Russia. You may be sure the tentacles of these nations are itching to clutch at the advantages offered by foreign trade. It would be a major victory for the Communists, and we shall have handed it over to them in the name of self-protection. Can there be greater irony?

Right here I'd like to explode the theory of cheap labor which all protectionists scream about. With our mastery of mass production methods, the cost of labor is computed on the basis of cost per unit produced. Because of these specialized mass production techniques, our labor can be termed the cheapest on each article manufactured. No foreign labor costs are so drastically reduced by quantity produced, as is ours.

Our industries are no longer babies in swaddling clothes, to be nurtured into growth and protected from the wind of competition. We can and do hold our own as the amount of our exports testify. If a product of equal quality comes from aboard, why should not the American consumer, as a member of a free society, be permitted to make his choice? I know of no better impetus toward better products and lower costs than the principles of competition.

The failure to renew the reciprocal trade agreements program would, beyond a shadow of a doubt, advertise to the world that we are abdicating from our position of leadership and, as a corollary, brand these United States as a people ingrown, afraid, and distrusting. This must not happen.

Equally as important as the renewal of our reciprocal trade agreements program is enactment of foreign aid legislation. Ten years ago the United States instituted this program of military, economic, and technical assistance to less privileged nations. This was one of the most—if not the most—fruitful and dynamic ideas of the 20th century. It spelled the difference between hope and despair at a cost less than 1 year's expenditure for World War II.

Militarily, the foreign aid program assures us of defenses which we could never hope to obtain by going it alone. Since 1950, 50 million men have been added to collective defense. The naval forces of the Free World have increased 100 percent. We and our allies, because of this military aid, have now 32,000 aircraft for defense, of which 14.000 are jets.

It is little advertised that those who have joined with us for collective security have spent five times as much as we on military assistance. Moreover, 80 percent of all sums appropriated for defense support abroad are actually spent in this country.

The United States now has over 200 air and naval bases around the Communist empire circle. At the present time they are indispensable for logistic reasons, for the necessity of immediate response to danger. They constitute the most significant of all our defense facilities.

Moreover, we must be prepared with adequate conventional forces lest we be pushed into the bitter choice of either abject surrender or nuclear war. Of this we must never lose sight.

But beyond the military aid set forth in the foreign-aid program is the long range importance of economic aid. Underdeveloped countries do not have investment capacity, do not have the trained manpower, do not have the techniques of production, which would bring them into the 20th century.

If imitation is the sincerest form of flattery, then, indeed, we have been enormously flattered by the Soviet Union. Within the past 3 years the Soviet Union has undertaken a program of economic aid to the have-not areas. The Soviets are not making the mistake of understressing the advantages which must inevitably accrue to themselves from just such a program.

In all, it is estimated that we will require the sum of $3,942,100,000 this year to achieve our purposes in the area of military, economic, and technical assistance. This is approximately one-fourth of 1 percent of our national output.

The point has been made that flight time from Moscow to the Midwest by way of the polar route is about 9 hours by jet aircraft. This stresses not only the narrowing of the world as we knew it only some short 25 years ago, but stresses the interdependence of all nations. No man, no country, can live as an island unto himself, or itself. We talk of dependent nations, but we are, in a measure, dependent, too.

This, perhaps, is the thrust of what I want to say. Our own dependence upon the countries of the Free World and our dependence upon an expanded foreign trade have sunk below the conscious level. We have adopted a phrase, "dependent countries," without realizing that we, too, belong in that category. True, we are rich, we are powerful—but we are not impregnable.

Thus far I have spoken in terms only of enlightening self-interest. But I want to go beyond that. What if we were not actually

dependent to the degree I have pointed out? What if, actually, we did have a sufficiency of raw materials, we did have the ability to stand alone against any enemy? What if all this worked (which it would not)? Why could we not, if this were so, acknowledge proudly the strain of generosity that is so much a part of our people that without it we would lose our identity as Americans? Throughout our history, in private and public endeavor, we have given to the needy. We have abhorred unnecessary suffering, accepting it as as much a part of our heritage as our freedom.

It is not the threat of war. From our very first offer of sharing, through the Marshall plan to which all peoples were invited, we have expressed this characteristic of the American people.

In the final analysis, it may be that this generosity of a free people will be the ultimate weapon against Soviet aggression, be that aggression by arms or by subversion.

Public Education at the Crossroads

EXTENSION OF REMARKS

OF

HON. RICHARD L. NEUBERGER

OF OREGON

IN THE SENATE OF THE UNITED STATES

Wednesday, March 12, 1958

Mr. NEUBERGER. Mr. President, on Sunday night last our colleague the junior Senator from Idaho [Mr. CHURCH] delivered an address to the American Association of School Administrators at Civic Auditorium, San Francisco, Calif., on the subject Public Education at the Crossroads.

This is a timely and significant contribution on this subject, which is of such vital interest to all of us. Schools are a major responsibility of this session.

Anyone reading this able address will come to have a new respect for the knowledge and wisdom which our fine colleague from Idaho brings to his task in the Senate, particularly with respect to legislation affecting schools and education.

I ask unanimous consent that the Senator's address may be printed in the RECORD.

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

PUBLIC EDUCATION AT THE CROSSROADS

(An address by United States Senator FRANK CHURCH, Democrat, of Idaho, before the American Association of School Administrators at Civic Auditorium, San Francisco, Calif.)

Mr. Chairman, delegates to this regional convention of the American Association of School Administrators, I know of no poorer way to commence an address than to speak of the cold war. With an American audience, it nearly always evokes an equally cold response.

This is natural enough, I think, because we Americans did not want the cold war. We resent it. We would joyfully end it now, if we could only find a way. Because of our distaste for the cold war, we Americans have a distorted image of it. We have, for example, no clear appreciation of the danger.

When the German Kaiser was our antagonist, and again when Adolph Hitler confronted us, we regarded Germany as a formidable enemy. Yet Germany was little larger than Texas. Russia is 2½ times as large as the United States.

During two great wars with Germany, our sea legs sustained our forces in the field. both times we saw them nearly amputated by German submarines. Hitler commenced the war with about 50 submarines. Russia, today, has 10 times that many in her underwater fleet.

Hitler, when he went to war, had annexed Austria, and occupied Czechoslovakia. Russia's western boundary is the Iron Curtain, patrolled by her satellite troops. It cuts across the heart of Europe. Russian influence is growing in the Middle East, and now stretches, in an extending arc, across the restless continent of Africa. Communism, with much of Asia in its grasp, encompasses half the world.

All of the advances made thus far in the cold war have been Communist; the victories scored by the Free World have been few, and all have been defensive in nature. And now, once more, in the wake of the Russian sputniks, we find the Free World thrown back again on the defensive. Our alliances are shaken. The Red Star has been catapulted aloft by the unsuspected lead Russia has suddenly demonstrated in the race for the ultimate weapon. Russian prestige is rising among the uncommitted people who may well constitute the balance of power in the years ahead.

This, then, is the present danger. It is the danger we may lose the cold war.

Why is this important?

Why do we fight the cold war?

Is it for survival? Yes, but not for survival alone. If it is life we want, we can have it on Russian terms. If it is peace we want, we can buy it cheaply through submission. If it is our national independence we want, it has already been largely lost. Technology has shriveled the world into a tight neighborhood of nations. Decisions made in Russia today have greater effect upon the shaping of American policy, at home and abroad, than all the lobbies in Washington.

What is it, then, for which we wage this cold war? There is only one answer. We wage it to prevent Communist conquest of man. We wage it to save free government in the world at large, so that free government shall not be stifled in America. Yield to communism the continents of Europe, Asia, and Africa, and ultimate Communist dominion of the world is assured.

So we must not lose the cold war. It may last for generations. To wage it will tax our strength and stamina, as nothing we have known before. To win it, in the long run, will depend upon the wisdom and understanding of the American people, which is the aggregate product of our educational system.

In these times it would be difficult to imagine anyone envying American educators. Your burdens are many. Not the least of them is finding ways to cope with the mercurial shifts of public opinion that wash against you.

We have been afflicted of late with much panic, and panic, sufficiently prolonged, can be fatal to freedom. Only a few years ago, an inquisition of sorts took place in this country. It reached into the field of education. Who can forget the raging controversies over loyalty oaths and the contents of text books? American educators, more than any other group, resisted these pressures. In resisting, often against heavy odds, the bullying of people whom they knew to be without qualification for passing upon either the philosophy or methods of our educational system, they reflected great credit upon themselves and their profession.

Those were days, you will remember, when anyone favoring anything Russian was likely to find himself, first, called before a committee of Congress to give an accounting; second, assailed on the front pages of the Nation's newspapers; and, third, out of a job. It was so bad for a time that one had to be against anything the Russians were for. If the Soviet Government was encouraging composers, musicians, and other artists, it was easy to persuade the public that artists in America were suspect, if not subversive. When it became apparent that Russia had inspired the innocuous Stockholm peace appeal, people in America spoke out less vocally for peace, though it remained just as close to their hearts. One is left to wonder what would have happened to our schools, during that period of hysteria, had we learned then, what we know now, that Russia is giving great emphasis and priority to public education.

Well, today the country seems to have made a complete turnabout-face. Having escaped, more or less unscathed, from the acute era of Russophobia, you are now confronted with a ground swell of demands that you remold our American educational system, overnight if you please, in imitation of the Russian system. I trust you will be able to keep your bearings. Both attitudes are, of course, quite wrong.

A Nation's educational system is the most important instrumentality by which its national values are served. It would be hard to imagine two nations whose values differ more absolutely than do those of the Soviet Union and the United States. Does it not follow that we should expect equal differences in the schools that each would devise to nurture and develop these values? Their educational system is plainly designed to serve the needs of a rigid, doctrinaire, and authoritarian society. Ours is designed, or should be, to serve the needs of a free society. If we are in need of a model, we might look, perhaps, to England or to Western Europe, but it is nothing less than absurdity to look to Russia to find one.

I cannot emphasize too strongly my belief that, when we lay the measuring rod against our educational system, we ought not to think in terms of comparison with Russia. For example, frantic warnings are being sounded nowadays because the Russians are turning out 125,000 graduates each year in the sciences, while only half that many are being graduated annually in the United States. Indeed, to read the comment currently appearing in our magazines and press, one would conclude that, unless a student has majored in physics, chemistry, and mathematics, he hasn't been educated at all. I suggest we should remember that Russia was but recently a feudal country; she is engaged in a massive effort, from a very late start, to develop the kind of industrial economy we have taken a century to build. Her need is feverish for competent technicians and engineers. The question we should ask ourselves is not whether we are presently keeping pace with Russia in the number of technicians we graduate each year, but whether we are meeting the needs of our own industry and defense. If we are failing to do this, then the Government should furnish such added inducement, including scholarships, as may be necessary to attract the number of science students our own needs require.

Just as this must be true where quantity is concerned, so also it must be true where considerations of quality are concerned. Here, the question we should ask ourselves is, not how our school curriculum compares with

that of Russia, but rather, how is it serving the needs of our own country and the ends of a free society?

Such is the standard by which I would measure our system of public education in America. It is a harder standard than the Kremlin need apply to Russian schools, for the burden of American education is not only to train chemists, physicists, and engineers, but also to equip each student, regardless of his chosen craft, to accept and intelligently discharge the self-governing responsibilities that attend citizenship in a free society.

If you agree with what I have said thus far, I hope we are not now about to part company. I have posed the question of whether public education in America is fully meeting our own needs as a nation, and whether it is fulfilling its responsibility to serve the ends of freedom.

I fear it is falling short of this goal.

The chief burden of my doubt is this: Do our schools stimulate our young people to the utmost? Do we require of them their full potential? If not, we are wasting time and talent, both of which may be vital to our survival as a free country.

The critics of our secondary schools say that our typical high-school graduate has had only a sketchy exposure to such demanding courses as chemistry, physics, and mathematics; that he has been permitted, while still too young to make responsible decisions, to act as the architect of his own course of study; that he has filled his time with snap courses; that he has probably played in the band, learned to dance, and may have tasted local fame by starring in the football or basketball team; that he knows how to get along well with the teachers and his fellow classmates, but he hasn't learned much. These critics charge that scholastic standards in our high schools are geared for the slower students, with the result that the abler students are neither challenged nor stimulated by their work, but develop a distaste for study, and, in the end, grow bored with school, spending much of their time in a frantic search for diversion.

Perhaps these criticisms are overstated; certainly they are not true of every high school. But if there is any truth in the charges, and I think there is, then it is time for us to reappraise some of the tenets basic to American education today.

There is much to be said in defense of the emphasis given to personality adjustment in our schools. But the emphasis goes too far, I think, when it causes a corresponding deemphasis on subject matter. John Dewey's great work well suited the needs of our country in his time. Prior to the First World War, we had the era of Pax Britannica. There had been almost a century of peace, progress and prosperity. The Golden Age had come, and Dewey's emphasis on social adjustment, on the development of balanced and happy personalities, was natural. It harmonized with the times.

The Nation, in that day, was still caught up in the excitement of educating and training the tide of immigrants streaming to our shores. Adjustment indeed was a real problem, a real goal to be sought. The teacher who faced a babble of tongues and cultures in her classroom could see that the schools had as much of a role to play in adjusting youth to citizenship, as in educating youth to citizenship.

But times have changed. Our national assimilation is nearly complete. Our schools now have other and more pressing responsibilities than student adjustment. If we are to win the cold war for freedom's sake, we must discover, draw out, and develop our talent to the fullest. It is time, I think, in our own interest, to shift the emphasis back to subject matter, to make courses more challenging and more stimulating for all.

I recognize this proposal cannot be made without at once raising a host of further questions. If courses were to be made harder, you may ask, what is to be done for the slower student, or even the average student? I would answer: endeavor, insofar as possible, to give to each student a course commensurate with his abilities.

This would make for unequal treatment, it may be said, which is not only contrary to the traditions of free public schools, but undemocratic as well. I would answer: the true democratic principle is to afford to each student an equal opportunity. To give to each an equal opportunity does not mean to give to each an equal dose.

I recognize that it is much easier to make this proposal than to put it into effect. Your patience and ingenuity have already been strained in keeping a standard education up to standard for our burgeoning school population. To offer more for the gifted, and to establish alternative courses of study, will require enlarged facilities, additional training for teachers, and more money. This is a responsibility that local, State, and Federal Governments must stand ready to assume.

I know this proposal may not be popular. It might cause a storm in each community, and doubtlessly would involve teachers in many more unpleasantries with parents. I make it because I think it is right. The important thing to remember is that the minds of our young are like the mines of the earth, and the richest ore may lie deepest. We owe it to ourselves, as well as to our young, to get from each his full potential. Is there another way to do it?

No appraisal of American public education, however brief, should overlook the tradition of anti-intellectualism in this country, and the mark it has left upon our schools.

With the end of the Revolutionary War, our young Union soon became preoccupied with the problems of settling the land and conquering a continent. Our land was vast and rich. Our faces were ever set against the raw frontier. The pioneer tradition has done much to shape our national character. This tradition does not breed intellectualism. Pioneering requires more action than thought. The cloistered, reflective life it holds in disdain.

We were nurtured at our birth as a nation by the great minds of the 18th century. But as we pushed our frontiers westward, we turned away from the heritage of Jefferson and Hamilton. It is significant, I think, that William Henry Harrison was elected President of the United States on no more of a platform than a catchy slogan, a log-cabin birth, and a taste for hard cider.

Even today this legacy of anti-intellectualism is everywhere apparent. A person with an intellectual bent is an egghead. The absent-minded professor is everybody's joke.

Our schools, likewise, have been affected. A carnival atmosphere prevails at many of our colleges. Their impact upon their communities depends, not so much upon the quality of their faculties and academic programs, as upon the successes or failures of their athletic teams on the playing fields. The students are absorbed in extracurricular activities. Social life and good times sometimes seem to receive more emphasis, in and out of the classroom, than does the pursuit of learning. If courses in the physical sciences are being avoided because they are hard, then the clear implication is that alternative courses in history, political science, and literature, which ought to be equally hard, are made attractive by their ease.

Whether or not the public schools have contributed materially to anti-intellectualism in America, it is clear that they have suffered much from it. Can the schools help to cure the affliction?

Certain things, at least, can be done. Teachers and administrators can make it their business to accent the academic side of school life. Recognition, in the classroom and in the community, should be increasingly accorded to those who excel in scholarship. And teachers, at every level, should fight the temptation to withdraw into the cloistered life; they should work, rather, to bring academic activities to public attention. Teachers should be civic leaders. They should strive to participate actively in the affairs of their communities. The more that they will do this, the more will grow the general regard for them and their profession.

Government, too, has a role to play in helping to restore respect for learning. It is clear that the schools need money—for new classrooms, for improved salary schedules, for all kinds of equipment which grows daily more expensive. The continued neglect of these things results in a down-grading of the prestige of schools and teachers, and of the intellectual side of life for which they stand. Several bills are now pending before the Congress that look toward this end. Federal aid to education, under legislation that will insure continued local control of our schools, is badly needed and needed now.

Let me conclude by saying what, perhaps, I should have said at the outset, that I feel genuinely honored to be here. If I have been overly critical, remember it has not been so long since I sat in the classroom, and this has been my first chance to talk back to so many teachers. If I have dwelt too much on what seem to me to be shortcomings, it is only because there is not time enough to pay proper tribute to your accomplishments.

I thank you for being teachers, a noble calling, too poorly paid.

I thank you for having preserved the liberal arts, and for having withstood the pressure to turn the grade school into a trade school.

I thank you for the integrity you have shown in your unremitting efforts to keep intellectual freedom alive in America. It is on this ground alone that the cold war can be won; that we may emerge from it as free human beings, preserving the precious principles and institutions which give meaning to our conviction that what seems right today may change tomorrow, that final answers to the great questions involving the destiny of man have not been given, but must be sought anew by each generation. The right to change, to evolve, to grope for meaning, to question even the most fundamental assumptions, must never be abandoned.

Yours is our youth.

Yours is the future.

Radio Amateurs Are Real Pros

EXTENSION OF REMARKS

OF

HON. PATRICK J. HILLINGS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 12, 1958

Mr. HILLINGS. Mr. Speaker, we are too prone to overlook what are seemingly small things as big events unfold in

these days when space has succeeded the sky as the limit for our ability and capacity to progress.

We all know of the real contribution made by Caltech's jet propulsion laboratory in the launching of our first earth satellite—the Explorer.

Working with the laboratory in tracking satellites—not only our own but those of the Russians—is a small group of radio amateurs who call themselves the San Gabriel Valley Radio Club.

A spokesman for the National Academy of Sciences has advised me that the club's contribution in tracking the Explorer and Sputniks I and II has been of immeasurable help to our own satellite program.

The San Gabriel club operates a microlock station located at the sheriff's headquarters at Temple City, Calif., and has supplied data that has been important to United States participation in the International Geophysical Year.

I think we should all recognize the value of such amateur radio clubs in our satellite program and the real contribution they are making in our efforts to conquer space for peaceful uses.

The San Gabriel Valley Radio Club and its president, Charles F. Booher II, are to be commended for their vigilance and diligence in furnishing information on all satellites, whether they be native or foreign.