

save in care in Government hospitals and on a number of other matters the Government has. If there was a cure for this it would be astounding how much the Government would save.

## TREATMENT

About treating schizophrenia now, what do you think is the approved practice? Is it psychotherapy, is it shock, or drugs?

Dr. DEAN. A combination of each. I could not as a busy, active, private physician—I am only a country doctor and a private physician—I could not practice without shock treatment. I could not practice without the tranquilizing drugs nor without psychotherapy. So presently we are using all three of them in treating schizophrenia. We feel that our treatment is still inadequate. We do not know the cause. We do not know what we are treating. We are working in the dark.

Mr. DENTON. We had the mental health group here yesterday. They felt that they had made great progress with tranquilizing drugs.

Dr. DEAN. There has been great progress.

Mr. DENTON. But there is a need for more psychiatrists.

Dr. Overholser has charge of this Scottish Rite fund. He appeared before the committee in another connection and testified to that. We are building a facility at St. Elizabeths Hospital where the Mental Health Institute and St. Elizabeths Hospital work together on this subject with drugs. There are facilities out there for it now where they are working on it at the present time. They said they did not have the subjects classified at the present time. Some drugs helped some and some another. I am one member of this committee who is very sympathetic with what you are presenting and I am delighted you have set up this organization. I think it is a very worthy cause.

## TERMINOLOGY

Dr. DEAN. Schizophrenia is a stepchild of psychiatry. Let us call it by its name.

Mr. DENTON. What do you mean by that?

Dr. DEAN. We do not know very much about it, not 1 in 50 people would recognize the name if they heard it. It is pretty much of a mystery. I think we ought to call schizophrenia schizophrenia and not mental illness.

Mr. DENTON. They all know dementia praecox.

Dr. DEAN. Not many. We all do here. This is an enlightened group. The public at large is pretty vague about dementia praecox or schizophrenia simply because their attention has been focused on mental illness. We should call this by name, establish foundations in its name and we can accomplish more than by keeping it hidden behind the skirts of mental illness.

Mr. MARSHALL. I would like to commend Mr. MORANO for bringing Mrs. Rockefeller and Dr. Dean before us this morning to talk about this important subject. The committee has spent considerable time going over the justifications and I am sure the testimony you have given will be given great weight before this committee.

Mr. MORANO. Thank you very much, Mr. MARSHALL. I want to say that we are grateful to you, Congressman MARSHALL, Congressman DENTON, and Congressman FOGARTY, for the sympathetic way you have received us here this morning and we apologize for imposing unduly on your limited time. You have been very kind and have given us a lot of time. We need say no more. Thank you very much.

## SENATE

FRIDAY, MARCH 21, 1958

(*Legislative day of Monday, March 17, 1958*)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

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

Eternal Spirit, center of every sphere, yet for us not just out on the vast rim of far spaces, but nearer to us than breathing—a present help, waiting to live in us; our daily sustenance, the fountain of a courage that will not fail, and of a power that can use our frail weakness as its healing and illuminating channel:

In this confused day, with its noisy voices and contending claims, grant unto these, Thy servants, that they may be faithful to every trust committed by the people to their hands, giving utterance only to their highest, noblest thoughts. Upon their shoulders may there rest unsullied the white mantle of the Nation's honor. In the dear Redeemer's name. Amen.

## THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, March 20, 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.

## EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the Presi-

dent of the United States submitting several nominations, which were referred to the appropriate committees.

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

## 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 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, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 1126. An act to amend the Tariff Act of 1930 to exempt from duty pistols and revolvers not using fixed ammunition;

H. R. 2783. An act to amend the Tariff Act of 1930 to provide for the free importation of amorphous graphite;

H. R. 5208. An act to amend paragraph 1541 of the Tariff Act of 1930, as amended, to provide that the rate of duty in effect with respect to harpsichords and clavichords shall be the same as the rate in effect with respect to pianos;

H. R. 7004. An act to amend the Tariff Act of 1930 with respect to the dutiable status of handles, wholly or in chief value of wood, imported to be used in the manufacture of paint rollers;

H. R. 7363. An act to amend the Tariff Act of 1930 to reduce the import duty on eviscerated pigeons;

H. R. 7516. An act to amend the Tariff Act of 1930 so as to permit the importation free of duty of religious vestments and regalia presented without charge to a church or to certain religious, educational, or charitable organizations; and

H. R. 9923. An act to amend the Tariff Act of 1930 to permit temporary free importation under bond for exportation, of articles to be repaired, altered, or otherwise processed under certain conditions, and for other purposes.

## HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on Finance:

H. R. 1126. An act to amend the Tariff Act of 1930 to exempt from duty pistols and revolvers not using fixed ammunition;

H. R. 2783. An act to amend the Tariff Act of 1930 to provide for the free importation of amorphous graphite;

H. R. 5208. An act to amend paragraph 1541 of the Tariff Act of 1930, as amended, to provide that the rate of duty in effect with respect to harpsichords and clavichords shall be the same as the rate in effect with respect to pianos;

H. R. 7004. An act to amend the Tariff Act of 1930 with respect to the dutiable status of handles, wholly or in chief value of wood, imported to be used in the manufacture of paint rollers;

H. R. 7363. An act to amend the Tariff Act of 1930 to reduce the import duty on eviscerated pigeons;

H. R. 7516. An act to amend the Tariff Act of 1930 so as to permit the importation free of duty of religious vestments and regalia presented without charge to a church or to certain religious, educational, or charitable organizations; and

H. R. 9923. An act to amend the Tariff Act of 1930 to permit temporary free importation under bond for exportation, of articles to be repaired, altered, or otherwise processed under certain conditions, and for other purposes.

## ENROLLED BILLS SIGNED

The PRESIDENT pro tempore announced that on today, March 21, 1958, he signed the following enrolled bills, which had previously been signed by the Speaker of the House of Representatives:

S. 235. An act to increase from \$50 to \$75 per month the amount of benefits payable to widows of certain former employees of the Lighthouse Service;

S. 2120. An act to authorize the Secretary of the Interior to construct, rehabilitate, operate, and maintain the lower Rio Grande rehabilitation project, Texas, Mercedes division; and

S. 3418. An act to stimulate residential construction.

## TRANSACTION OF ROUTINE BUSINESS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that there may be the usual morning hour, and that in connection therewith statements be limited to 3 minutes.

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

## COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. JOHNSON of Texas, and by unanimous consent, the following committees or subcommittees were authorized to meet today during the session of the Senate:

The Committee on Finance;

The Subcommittee on Irrigation and Reclamation of the Committee on Interior and Insular Affairs; and

The Committee on Agriculture and Forestry.

## LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I announce that it is our intention to attempt to give priority to the Treasury-Post Office appropriation bill. I am informed that its consideration will take only a very short time, and that no controversy is involved.

As soon as the morning hour has been concluded, we expect to have the Senate proceed to the consideration of a motion to have the Senate concur in the amendments of the House of Representatives to the farm bill, Senate Joint Resolution 162. I hope there will not be extended debate in that connection.

We hope to have the Senate thereafter take up the Treasury-Post Office appropriation bill.

Following disposition of that appropriation bill, we plan to have the Senate resume the consideration of the unfinished business, Senate bill 1356, to prevent monopolistic acts by persons engaged in commerce in meat and meat products.

Mr. O'MAHONEY. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. I yield.

Mr. O'MAHONEY. What is the status of the packers and stockyards bill which has been on the calendar since the last session?

Mr. JOHNSON of Texas. Its consideration will be resumed today. If we are able to obtain a unanimous-consent agreement in connection with the bill, we shall try to have the Senate vote on it today.

Priority will be given to the privileged matters—the motion to have the Senate concur in the amendments of the House of Representatives to the farm bill.

Priority will also be given, as always is done, to the appropriation bill.

Then priority will be given to the Senator's bill, as already has been done.

Mr. O'MAHONEY. What is the judgment of the Senator from Texas as to when the other matters will be disposed of?

Mr. JOHNSON of Texas. Immediately following the morning hour, I hope it will be possible for the Senate to take them

up and to conclude its action on them by 12 o'clock. That is why I requested that the Senate convene today at 11 o'clock.

Mr. O'MAHONEY. The Senator from Texas will recall that when we discussed the matter yesterday I recommended that at 12 o'clock the consideration of the packers bill be resumed.

I am ready to proceed with a proposed unanimous-consent limitation, so as to aid the distinguished majority leader in disposing of the other matters.

Mr. JOHNSON of Texas. I will take that up again, today, with the Senator from Florida, who on yesterday exercised his right to object, and I shall appeal to him to enter into such an agreement.

If we are unable to obtain such an agreement, we shall have the session today continue until late in the evening, in order to attempt to dispose of that measure without holding a Saturday session.

Mr. O'MAHONEY. Is it the judgment of the Senator from Texas that the various other matters will be disposed of very quickly, probably within the hour?

Mr. JOHNSON of Texas. I hesitate to judge how long any Senator will speak. But I have been informed by the minority leader and by the chairman of the subcommittee on the Treasury-Post Office appropriation bill that its consideration will take a very short time. The chairman told me he thought it could be explained in 20 minutes, and that there would not be any controversy about it. So I am relying on that statement.

However, some Senator might make a speech which would take 2 hours; and I would not know about his intention to do it.

Mr. O'MAHONEY. I am glad the Senator from Texas has made that statement, because it prompts me to pro-  
ound a unanimous-consent request.

Mr. President, I ask unanimous consent that, when the Senate resumes the consideration of Senate bill 1356, to prevent monopolistic acts in commerce in meat and meat products, following its action on the privileged matters to which reference has been made, I be recognized to open the debate, since I reported the bill.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Wyoming? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, certainly I have no objection. I would think that would be the normal course, without unanimous consent.

Mr. O'MAHONEY. The Senator from Texas stated that some Senator might rise and make a 2-hour speech.

Mr. JOHNSON of Texas. I was referring to the Treasury-Post Office appropriation bill, and to the motion to concur in the amendments of the House of Representatives to the farm bill.

Mr. O'MAHONEY. I understand that. However, I thought it well to make the request.

Mr. JOHNSON of Texas. Certainly the Senator from Wyoming will have an opportunity to make the opening statement on his measure.

## CANAVERAL CALLED A STUDY IN SPACE-TRAVEL "STONE AGE"

Mr. JOHNSON of Texas. Mr. President, I should like to call to the attention of the Senate a very excellent article written by the distinguished commentator for the New York Herald Tribune, Mr. Roscoe Drummond.

Mr. Drummond has been at Cape Canaveral, the testing range for America's missiles. It seems to me that he has captured in a few words the spirit of the fantastic age which we are entering.

With his usual keen perception, Mr. Drummond has highlighted the rapid progress being made and the potentialities of that progress. He has deftly brought to the forefront the physical facts which put into stark perspective the implications of scientific advance.

As he has pointed out, science is outrunning diplomacy.

I ask unanimous consent that this very fine article be printed in the body of the RECORD as a part of my remarks.

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

[From the New York Herald Tribune of March 21, 1958]

## CANAVERAL CALLED A STUDY IN SPACE-TRAVEL "STONE AGE"

(By Roscoe Drummond)

CAPE CANAVERAL, FLA.—After a firsthand look at this fabulous testing center for Army, Navy, and Air Force rockets, missiles and satellites, there is only one safe guide for the layman: Believe anything; if it isn't here already, it's just around the corner.

Your first impression of this \$400 million "shooting gallery," which stretches from Patrick Air Force Base, the launching site for missiles, across a series of 12 major tracking stations 5,000 miles from the mainland of Florida to Ascension Island in the South Atlantic—is one of precise, minute and massive complexity.

It is so vastly complex, so breathlessly flicking in its mechanical computations and electronic decisions that you can hardly grasp, at first, what Maj. Gen. Donald N. Yates, commander of the Air Force test center, is talking about when he says that in missiles we are only in the advanced Stone Age.

But when you see what lies behind what is happening here at Cape Canaveral and what is going to be happening, you know that General Yates is warning you not to turn your head because tomorrow will be here before you can close your eyes.

Here are some of the reasons:

The rocket capacity is at hand now to put up a 1-ton satellite.

The facilities and components are available today at Cape Canaveral to put a satellite in orbit around the moon 239,000 miles away. And it is harder to put a satellite in orbit around the moon than to strike the moon with an object.

It is now entirely practicable for this center alone to test as many as 900 missiles during the next 12 months. General Yates reports that three missiles have been test-launched in a single day here and that this could go on indefinitely.

What you begin to realize is that outer space is coming at us at a terrific speed or vice versa—and that the sputniks, Explorer, and Vanguard are just the horseless carriages of man's travel away from the earth.

Not that there will be no more failures in the testing of missiles and satellites. It wouldn't be surprising to see a dozen United

States objects orbiting in outer space in the next year—and some will fall short.

When you view the testing process on the spot you wonder that there haven't been more failures. You realize that the experts are not alibing when they say that some of the failures, so called, have been planned—there will be another one soon—in order to determine how much and what kind of punishment a missile can take. The rule here is that any test is a substantial success if the information desired from the test is substantially obtained.

Did I say that the missiles and the testing processes were a little complex? General Yates describes one aspect of it this way: "The electronics system of a guided missile contains at least 12,000 electronic components. It is estimated that a missile has 36,000 to 37,000 items which must function properly if its flight is to be successful. In order to insure satisfactory operations of three out of four missiles the failure of any single electronic item must be limited to once in about 100,000 items. To make matters more difficult, missiles operate through a range of speeds, acceleration, vibrations, altitudes, and temperatures never before experienced by our engineers."

Telemetering is also quite a feat. This is the principal source of information on what is happening inside missiles. The Cape Canaveral specialists receive a telemetry data on as many as 175 separate functions on each flight, which will yield as many as 250,000 individual readings obtained through telemetry antenna. Such antenna, placed aboard ships at sea especially for the purpose, cover the 5,000-mile trajectory of a ballistic missile.

Cameras photograph twice every second a missile traveling at a speed which would take it from New York to Boston in 45 seconds. All this and related data keep the missiles tracked continuously in flight with no more margin for error than 1 missile length.

Here at Cape Canaveral both weapons and instruments of scientific investigation are going into outer space. According to the letters now going back and forth between Mr. Eisenhower and Mr. Bulganin, both are to be discussed at a summit conference.

The real question is whether man can win control of outer space without losing control of his own destiny.

So far, science is outrunning diplomacy.

#### UNEMPLOYMENT AND THE INCREASE IN THE COST OF LIVING

Mr. JOHNSON of Texas. Mr. President, today we are informed by the news ticker that within a matter of minutes, official Government statistics will reveal a new record high in the cost of living.

To disinterested observers of the scene, this is an oddity. To academic economists, it is a paradox which they find difficult to explain, even by taxing all the skills of their art.

But to the unemployed and those who are working only part time, it is stark tragedy.

This is one of the few occasions in history—possibly the only occasion—in which prices have risen in the midst of a recession. Under any circumstances, unemployment is cruel. But under these circumstances, it is cruelly compounded.

The situation accentuates the urgency for rapid action to put the unemployed back to work. The Senate has responded to this situation quickly, and I know that it will continue to act in

the same spirit of deep realization that something must be done.

Mr. President, I am not among those who believe that we shall make business conditions worse by conceding that at present they are not as good as they have been.

I am not among those who believe we shall bring on a depression by taking steps to avoid a recession.

I am not among those who believe that we can create jobs by pretending we do not have people out of work.

I think it is important that we try to look at the present situation from the viewpoint of the man who has lost his job and has not yet been able to find another.

Mr. President, I have just received a letter from a friend of mine in west Texas, who lists the unemployment figures for a half a dozen cities and towns in that general area.

He reports that in Amarillo, a city of 110,000 population, 4,575 men and women are without jobs.

In Pampa, with a population estimated at 20,000, there are 1,050 unemployed.

In Plainview, whose population is 18,750, my friend reports 800 jobless men and women.

In the city of Lubbock, which has a population of around 110,000, the jobless total is 2,600.

In Dumas, population 10,000, there are 400 people out of work.

In Borger, a city of 22,500 people, 1,450 men and women are jobless. Forty-one families have left town to hunt work elsewhere. Forty more people will be laid off this week.

Mr. President, I do not say these figures on unemployment in six communities in west Texas and the Panhandle are alarming.

I do say that to the individuals concerned—the jobless workers and their families—the situation is most serious.

These are the people I am thinking about as we press forward in Congress with action designed to provide needed jobs at constructive work.

I know these people. They are hard-working, self-respecting men and women who ask only a chance to stand on their own feet and work for their living.

Mr. President, it shows no lack of faith in the future of our country for Congress to take action to give them that chance. I am happy that we are taking such action. I earnestly hope that we shall continue to press forward in a spirit of determination and confidence.

Mr. President, I ask unanimous consent that a portion of the United Press ticker of this morning be printed at this point in the body of the RECORD, as a part of my remarks.

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

Living costs rose to a new record last month despite the business slump and widespread unemployment. Government economists reported today.

The Bureau of Labor Statistics will officially announce the new high when it releases its February cost of living index at 11 a.m.

The economists said the Bureau would report one bit of compensating good news—that last month's increase in living costs was smaller than the 6 percent rise recorded in January when the index jumped to the then record 122.3.

President Eisenhower called his Cabinet into session this morning to discuss the Nation's odd economic condition.

The oddity is that prices of food and consumer goods and services—the three elements that make up the cost of living index—rose last month in the midst of a recession. Three went up at the same time that retail sales, income, industrial production and employment were declining.

Government economists had an explanation. They made three points: That most of the February increase in living costs resulted from higher food prices brought on by short supplies of livestock sent to market and by new winter freezes that damaged crops severely. They pointed out that food costs bear little relation to what has been mainly a manufacturing recession.

That the cost of living index almost always lags behind other indicators of economic conditions and can be expected to start declining in the months ahead.

That despite the recession widespread buyer resistance apparently has not yet developed.

AFL-CIO economists add to this a charge that big corporations are "rigging" their prices to suit themselves and not letting supply and demand work to bring them down.

#### THE HIGHWAY BILL

Mr. JOHNSON of Texas. Mr. President, I announce that we hope we may be able to have the highway bill reported from the Public Works Committee and available to the Senate either Monday or Tuesday. I shall make a later announcement about that, because I think it is one of our most important bills, and it has been agreed upon unanimously by the committee, both Democrats and Republicans, except for a section which has very few new job potentials involved. We hope we may be able to pass it in the Senate early next week.

The PRESIDENT pro tempore. Morning business is now in order.

#### EXECUTIVE COMMUNICATIONS, ETC.

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

##### REPORT ON NUMBER OF OFFICERS ON DUTY WITH DEPARTMENT OF THE ARMY AND ARMY GENERAL STAFF

A letter from the Secretary of the Army, transmitting, pursuant to law, a report on the number of officers on duty with the Department of the Army and the Army General Staff, as of December 31, 1957 (with an accompanying report); to the Committee on Armed Services.

##### REPORT ON REVIEW OF HOUSING AUTHORITY OF BALTIMORE CITY, Md.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on review of the Housing Authority of Baltimore City, Baltimore, Md., Public Housing Administration, Housing and Home Finance Agency, 1956 (with an accompanying report); to the Committee on Government Operations.

##### REPORT ON EXAMINATION OF TIME AND MATERIALS SUBCONTRACTING BY CHRYSLER CORP., DETROIT, Mich.

A letter from the Comptroller General of the United States, transmitting, pursuant to

law, a report on examination of time and materials subcontracting by Chrysler Corp., Detroit, Mich., under Department of the Army contracts, dated March 1958 (with an accompanying report); to the Committee on Government Operations.

#### PETITIONS AND MEMORIALS

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

By the PRESIDENT pro tempore:

A resolution of the Senate of the Commonwealth of Kentucky; to the Committee on Armed Services:

"A resolution memorializing Congress to maintain the manpower level of the National Guard at a minimum of 400,000

"Whereas the global political situation is such that our Nation may be forced at any moment to defend herself against attack; and

"Whereas if not territorially attacked we may be required to contain aggression elsewhere in the Free World; and

"Whereas in event such action is demanded an alert, well-trained, well-equipped, and spiritual National Guard may well be a deciding factor; and

"Whereas such a force serves as a constant reminder to our citizenry that the Nation has a strong reliable force ready not only to go to the defense of our own Nation or a friendly power but also ready and able to cope with any internal disorder or disaster which may occur; and

"Whereas the maintenance of a numerically as well as militarily strong guard is of inestimable economic benefit especially in the present period of mass unemployment and apparent recession: Now, therefore, be it

*"Resolved by the Senate of the General Assembly of the Commonwealth of Kentucky,*

"SECTION 1. That the Congress of the United States be and is hereby petitioned to act in the exercise of its broad legislative powers to maintain the manpower level of the National Guard at not less than 400,000 officers and men.

"SEC. 2. That the clerk of the senate cause copies of this resolution to be sent to the President of the Senate of the United States, the Speaker of the House of Representatives of the United States, the Secretary of Defense, and to each Senator and Representative now representing the Commonwealth of Kentucky in the Congress of the United States."

A concurrent resolution of the Legislature of the Commonwealth of Kentucky; to the Committee on Banking and Currency:

"A concurrent resolution memorializing Congress to implement the Federal Flood Insurance Act of 1956

"Whereas the many flood disasters in the history of the Commonwealth have proven that relief measures on the local level can never be entirely effective; and

"Whereas the Federal Flood Insurance Act of 1956 offers promising possibilities for the development of a satisfactory national program of flood relief; and

"Whereas it appears that with further study and education the problems in the administration of the act could be resolved; and

"Whereas it is declared to be the public policy of the Commonwealth to participate to all possible extent in a national flood-insurance program; and

"Whereas the Commonwealth stands willing and able to participate in such a program, and to contribute to a fund to subsidize flood insurance premiums, if such a course is finally determined to be desirable: Now, therefore, be it

*"Resolved by the Senate of the Commonwealth of Kentucky (the House of Representatives concurring therein)—*

"SECTION 1. That Congress provide funds to reactivate the Federal Flood Insurance Administration, and orient its activities in accord with the principles developed by that agency during its years of active operation from 1956 to 1957, and provide funds for the payment of such subsidies by the Federal Government as may be necessary to the operation of the flood-insurance program;

"SEC. 2. That copies of this resolution be sent by the clerk of the senate to the President and Chief Clerk of the Senate of the United States, the United States Senators from Kentucky, the Speaker and Chief Clerk of the House of Representatives of the United States, and the United States Representatives from Kentucky."

A resolution of the Senate of the Commonwealth of Kentucky; to the Committee on Interstate and Foreign Commerce:

"A resolution memorializing Congress to establish three time zones within the continental limits of the United States

"Whereas great confusion has resulted in many areas of the United States where the existing time zones are designated and great inconvenience has been experienced by the citizens of the Commonwealth of Kentucky because the eastern and central time zones meet within the Kentucky boundaries; and

"Whereas the establishment of an eastern time zone extending from the Atlantic Ocean to the Mississippi River, a central time zone from the Mississippi to the Rocky Mountains, and a western time zone from the Rockies to the Pacific Ocean would simplify our present intricate system of time zones; and

"Whereas this system would be more reasonable in light of our present modes of travel and would simplify the calculation of time differential throughout the Nation and facilitate the schedules of commercial traffic; and

"Whereas the creation of this system would eliminate many of the problems now existing in the fringe areas of the several States where time zones are now located and lead to less confusion in these areas: Now, therefore, be it

*"Resolved by the Senate of the General Assembly of the Commonwealth of Kentucky—*

"SECTION 1. That the Congress of the United States by the exercise of its legislative powers bring about more specific area standardization of time throughout the Nation.

"SEC. 2. That such standardization be based upon three time zones, the eastern, from the Atlantic Ocean to the Mississippi River, the central from the Mississippi River to the Rocky Mountains, the western from the Rockies to the Pacific Ocean.

"SEC. 3. That the clerk of the Senate cause copies of this resolution to be sent to the President of the United States Senate, the Speaker of the House of Representatives and to each of the Senators and Representatives of the Commonwealth of Kentucky now serving in the Congress."

A resolution of the Senate of the Commonwealth of Kentucky; to the Committee on Labor and Public Welfare:

"A resolution memorializing the Congress of the United States to extend Public Law No. 550, 82d Congress, relating to education and training benefits, to service men and women as long as the draft continues

"Whereas the Congress of the United States, expressing the will of the citizenry by the enactment of the Servicemen's Readjustment Act of 1944 (Public Law 346, 78th Cong.) and the Veterans' Readjustment Act of 1952 (Public Law 550, 82d Cong.), recognized the justice, equity, and general value

of a sound education and training program for the veterans of our country; and

"Whereas the legislation enacted to provide such education and training benefits was for the purpose of restoring lost educational opportunities to those men and women who served in the Armed Forces of our country and has accomplished this purpose and has been an immeasurable factor in contributing to the economic security of our veterans and their families as well as to the security of the Nation as a result of the increase in our general educational level and in the professional and technical skills of the veterans; and

"Whereas the increased earning power of the veterans directly attributable to the program is resulting in payment of increased income taxes which will more than repay the total cost of the program; and

"Whereas notwithstanding the continuing involuntary military service program, Public Law 7, 84th Congress, denies entitlement to education and training benefits to all veterans who first entered service after January 31, 1955, which is grossly inequitable: Now, therefore, be it

*"Resolved by the Senate of the General Assembly of the Commonwealth of Kentucky—*

"SECTION 1. That the Congress of the United States extend education and training benefits similar to the benefits provided by Public Law 550, 82d Congress, as amended, to all veterans of our country who served during any period in which involuntary military service is authorized, and urges the Congress of the United States to enact legislation to accomplish this objective.

"SEC. 2. That the clerk of the senate send attested copies of this resolution to the President of the United States Senate, the Speaker of the House of Representatives, the chairman of the Education Committee of each House, and to each member of the Kentucky delegation in the Congress of the United States."

A joint resolution of the Legislature of the State of California; to the Committee on Labor and Public Welfare:

*"Assembly Joint Resolution 3, relative to Federal aid to schools*

"Whereas the enormous increase in school attendance that has resulted in certain areas of the country in recent years from the establishment and operation of Federal facilities has greatly overburdened public school systems in those areas; and

"Whereas the Congress of the United States, by Public Law 815 enacted September 23, 1950, and Public Law 874 enacted September 30, 1950, authorized a program to provide financial assistance in the construction of school facilities in such areas, and to reimburse partially school districts for the expense of educating pupils who live on, or whose parents work on, Federal property; and

"Whereas these laws are evidence of the acceptance by the Federal Government of its responsibilities to local school districts where a Federal impact exists; and

"Whereas the situation continues to be of grave concern in many areas throughout the United States and can be expected to become even more acute in localities where Federal activities are scheduled to be accelerated: Now, therefore, be it

*"Resolved by the Assembly and Senate of the State of California (jointly), That the Congress of the United States is respectfully memorialized to continue undiminished its program of financial assistance to school districts experiencing excessive growth due to Federal activities as provided in Public Law 815 and Public Law 874 of the 81st Congress; and be it further*

*"Resolved, That the chief clerk of the assembly is directed to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of*

the House of Representatives, to the chairmen of the appropriation Congressional committees, and to each Senator and Representative from California in the Congress of the United States."

A resolution adopted by the Board of Commissioners of the City of Covington, Ky., protesting against the enactment of the bill (S. 3414) to amend and supplement the Federal-Aid Highway Act, approved June 29, 1956, to authorize appropriations for continuing the construction of highways, and for other purposes; to the Committee on Public Works.

A letter from the clerk of the Senate of the Commonwealth of Virginia, transmitting a copy of the inaugural address of the Governor of Virginia (with an accompanying paper); ordered to lie on the table.

#### AUTHORITY OF REA ADMINISTRATOR—RESOLUTION

Mr. HUMPHREY. Mr. President, I recently received a resolution from the Land O'Lakes Creameries annual meeting concerning the authority of the REA Administrator.

As the sponsor of Senate bill 2990, which would readjust the authority of the Administrator along the lines suggested in this resolution, I am particularly grateful for this endorsement.

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:

#### RURAL ELECTRIFICATION ADMINISTRATION

1. Whereas there are bills before the Congress to raise interest rates on loans to rural electrification cooperatives; and

2. Whereas the authority of the REA Administrator has been limited in approving loans within the Department of Agriculture; and

3. Whereas many dairymen, members of Land O'Lakes, are served by REA-financed cooperatives: It is therefore

*Resolved*, That Land O'Lakes Creameries, Inc., at its annual meeting on March 14, 1958, requests that (a) the interest rates not be raised; (b) the REA Administrator be given full authority to approve loans, which authority was granted to him in the original REA Act of 1936: It is therefore

*Resolved*, That a copy of this resolution be sent to Senators and Representatives of the States in which Land O'Lakes has members, and that a copy be sent to the REA Administrator, Mr. Hamil.

(This resolution was approved at the Land O'Lakes Creameries annual meeting, March 14, 1958.)

#### SUPPORT FOR DAIRY PRODUCTS—RESOLUTION

Mr. HUMPHREY. Mr. President, I have recently received a copy of a resolution adopted by the Menahga, Minn., Civic and Commerce Association urging corrective legislation to maintain the 82-percent support for dairy products.

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:

#### CIVIC AND COMMERCE ASSOCIATION, Menahga, Minn., March 14, 1958.

The following resolution was passed by the Civic and Commerce Association of

Menahga, Minn., at their regular monthly meeting on March 10, 1958:

"Whereas the dairy industry is one of the major industries in the Menahga area and in the State of Minnesota;

"Whereas the Secretary of Agriculture advocates the lowering of the price support on dairy products from 82 to 75 percent;

"Whereas the family farmer needs the financial aid given him on the dairy products he produces: Be it

*Resolved by the Menahga Civic and Commerce Association*, That corrective legislation be enacted to at least maintain the 82-percent support for dairy products."

Very truly yours,

R. H. QUALEY,  
Secretary.

#### DIRECT LOANS FOR VETERANS—PENSION FOR CERTAIN WIDOWS—LETTER

Mr. HUMPHREY. Mr. President, I have recently received a letter from W. R. Sandberg, adjutant of the American Legion Russell Johnson Post, No. 72, Appleton, Minn., endorsing both Senate bill 2995 and House bill 9711.

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 Banking and Currency, and ordered to be printed in the RECORD, as follows:

RUSSELL JOHNSON POST, NO. 72,  
THE AMERICAN LEGION,  
Appleton, Minn., March 17, 1958.

Hon. HUBERT HUMPHREY,  
Senator, State of Minnesota,  
United States Senate Building,  
Washington, D.C.

DEAR SENATOR HUMPHREY: As adjutant of the Russell Johnson American Legion Post, No. 72, of Appleton, Minn., I have been instructed by the membership to write to you regarding the bill before the Senate, S. 2995, which deals with extending the limit of direct loans for housing to GI's from \$10,000 to \$13,500. The post, and myself personally, feel that any effort you put forward toward the passage of the bill would be appreciated. The fast rising cost of housing has almost precluded the purchase of any decent house for the lower figure. A higher figure would mean that many veterans would again be able to purchase a decent home for their families.

We are also vitally interested in the bill which has been introduced into the House, namely H. R. 9711, dealing with pensions to widows of non-service-connected deaths of servicemen. It is our opinion that the time spent in the service of our country kept many of these men from being able to adequately provide for their families in case of emergencies. The few who would qualify under this bill would increase the costs but little, but the easement of human suffering would be great.

Sincerely,

W. R. SANDBERG,  
Adjutant.

My personal regards and many thanks for the work you have done for the schools and the farmer.

#### INTEREST RATE ON GI HOME LOANS—RESOLUTIONS

Mr. HUMPHREY. Mr. President, I have just received a resolution from the Seventh District Veterans of Foreign Wars in Minneapolis, Minn., concerning the recent vote in the Senate on GI home loans.

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 Banking and Currency, and ordered to be printed in the RECORD, as follows:

Whereas the Senate voted recently to increase GI home loans; and

Whereas by a tie vote broken by the vote of Vice President NIXON to raise the interest rate from 4 1/2 to 4 3/4 percent; and

Whereas this increase will cost the prospective GI millions in additional interest rate; and

Whereas the lending institutions by their tight money, high interest rate are a factor in causing our present slump in construction; and

Whereas this raising the interest rate on one item is like pushing a snowball downhill as the net result will be a corresponding increase in cost of all forms of borrowing, and it makes the lending business the most profitable in the country; and

Whereas when the Eisenhower administration in 1953 raised interest rates from 4 to 4 1/2 on GI home loans; and

Whereas this raise of one-half percent cost the home-buying veteran about \$650 more for every \$10,000 borrowed over a 20-year period; and

Whereas the veteran that borrows \$10,000 for home loans pays back the \$10,000 plus \$5,866 in interest rates; and

Whereas the raising of interest rate of one-fourth percent on the same \$10,000 loan will cost an additional \$325 more; and

Whereas the veteran will now pay back the \$10,000 plus some \$6,191 in interest over 20 years: Now, therefore, be it

*Resolved*, That the Seventh District Veterans of Foreign Wars go on record in declaring that Vice President NIXON did a disservice to the home-buying veteran by casting his vote in favor of higher interest rates; and be it further

*Resolved*, That the Seventh District Veterans of Foreign Wars commend Senator HUBERT H. HUMPHREY for opposing the higher interest rate.

#### PENSIONS FOR CERTAIN WIDOWS AND CHILDREN—LETTER

Mr. HUMPHREY. Mr. President, I have recently received a letter from Frank J. Manning, adjutant of the American Legion, Lorentz Post, No. 11, Mankato, Minn., endorsing Senate bill 2966, pertaining to pensions for widows and children of veterans of World War II and the Korean conflict.

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:

THE AMERICAN LEGION,  
LORENTZ POST, NO. 11, INC.,  
Mankato, Minn., March 14, 1958.

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

DEAR SIR: Lorentz Post, No. 11, of Mankato, has endorsed S. 2966, pertaining to pension for widows and children of veterans of World War II and the Korean conflict, and urge your favorable consideration.

Yours truly,

FRANK J. MANNING,  
Adjutant.

**COMPENSATION AND CLASSIFICATION OF CERTAIN FEDERAL EMPLOYEES—LETTER AND RESOLUTION**

Mr. HUMPHREY. Mr. President, I have recently received a letter and resolution from the northwestern section of the American Society of Civil Engineers concerning compensation and classifications of professional and scientific employees of the Federal Government.

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

There being no objection, the letter and resolution were referred to the Committee on Post Office and Civil Service, and ordered to be printed in the RECORD, as follows:

NORTHWESTERN SECTION,  
AMERICAN SOCIETY OF CIVIL ENGINEERS,  
St. Paul, Minn., March 17, 1958.  
Hon. HUBERT H. HUMPHREY,  
United States Senate,  
Washington, D. C.

MY DEAR SENATOR HUMPHREY: I am taking the liberty of directing your attention to the enclosed resolution by the American Society of Civil Engineers regarding salaries and classifications of professional and scientific employees of the Federal Government.

On behalf of the northwestern section, which comprises about 650 members, I would especially emphasize the necessity of the establishment of a joint committee as recommended in the Cordiner report of May 1957. We are convinced that some means of reclassification should be worked out so as to retain the present high standards in the engineering and scientific departments of the Government, and place these departments more on a competitive basis with respect to private industry when attempting to recruit new personnel.

To emphasize the solidarity of opinion of the local section, we have asked that others communicate to you expressions of their opinions.

Sincerely yours,

C. H. PRIOR,  
President.

NORTHWESTERN SECTION,  
AMERICAN SOCIETY OF CIVIL ENGINEERS,  
St. Paul, Minn.

**RESOLUTION, COMPENSATION OF CIVILIAN PROFESSIONAL ENGINEERS AND SCIENTISTS IN FEDERAL CIVIL SERVICE**

Whereas the American Society of Civil Engineers has been cognizant during recent years of inequities in the present Federal Classification Act, particularly as related to the grades and salary schedules of the professional and scientific employees of the Nation, and has made remedial recommendations to the appropriate Congressional committees; and

Whereas the Nation is now aware of such inequities and of the necessity for the Federal Government to secure and to retain the services of competent professional and scientific employees; and

Whereas the present session of Congress must pass necessary legislation in this respect if irreparable damage to the Federal services is to be avoided; and

Whereas the Federal Government has had made comprehensive studies of the grades and salary schedules of its professional and scientific employees, namely, the Cordiner report of May 1957, and the Young report of April 1957; and

Whereas, based on such comprehensive reports, the administration has recommended to the Congress legislation with reference to the pay of employees coming under the Classification Act; and

Whereas the recommended pay schedule is reasonable as an interim schedule, pending further study, and is dictated by the requirements of supply and demand; and

Whereas the Cordiner Committee, as a result of its study of the problem, has recommended the establishment of a joint commission to undertake a thorough revision of the present Classification Act compensation system, with such joint commission to be composed of Congressional executive, and public members: Therefore be it

*Resolved*, That the American Society of Civil Engineers particularly endorses the pay schedule as recommended by the administration and strongly recommends the passage of legislation by the current session of Congress embodying substantially the recommendations of the administration and the Cordiner report; and be it further

*Resolved*, That the American Society of Civil Engineers strongly endorses the establishment of the joint commission recommended by the Cordiner Committee; and be it further

*Resolved*, That copies of this resolution be sent to the Executive Office of the President, to the chairmen of the Post Office and Civil Service Committees of the Senate and of the House of Representatives, and to the Chairman of the United States Civil Service Commission.

WILLIAM H. WISELY,  
Executive Secretary.

JANUARY 30, 1958.

**ACCELERATION OF FEDERAL-AID ROAD PROGRAMS—RESOLUTIONS**

Mr. HUMPHREY. Mr. President, I have just received two resolutions from the Mississippi Valley conference of State highway departments held in Chicago, March 6 to 8, 1958. The resolutions concern the Federal Interstate System and Federal aid for State, county, and local road systems.

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

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

**RESOLUTION 1—MISSISSIPPI VALLEY CONFERENCE OF STATE HIGHWAY DEPARTMENTS**

Whereas the passage of the Federal-Aid Highway Act of 1956 heralded a new era in highway construction and the highway departments in recognition of their obligation did speedily move toward accomplishing the purpose of the act; and

Whereas as progress has been made in location, design, acquisition of rights-of-way, and construction of the Interstate System as set up in the 1956 Federal Aid Act, it has become increasingly evident that the intent of title I of the act cannot be realized without additional funds being provided, as evidenced by the new cost estimates as well as the reduced apportionments which have been reduced due to the controls contained in title II of the act; and

Whereas the highway departments and the highway industry have geared themselves sufficiently to build the system on schedule: Now, therefore, be it

*Resolved*, That the Mississippi Valley conference of State highway departments, which conference is made up of the highway departments of the States of Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, and Wisconsin, in annual conference assembled at Chicago, Ill., this 8th day of March 1958, that the Congress of the United States is urged to provide

sufficient funds so that this interstate-highway program can be placed again on its original schedule and that said funds be sufficient to not only maintain that schedule as provided in the 1956 act but to better it; and be it further

*Resolved*, That to accomplish this objective, it is desirable to have these additional funds effective for fiscal year 1959 so that the construction season of calendar year 1958 may be fully utilized; and be it further

*Resolved*, That 1960 and subsequent apportionments should be made as near to the midcalendar year of 1958 as possible; and be it further

*Resolved*, That copies of this resolution be telegraphed to the chairmen of the Senate and House of Representatives Subcommittees on Roads of the Public Works Committees and that all other members of these committees, the Federal Highway Administrator and the executive secretary of the American Association of State Highway Officials be provided copies by airmail; and be it further

*Resolved*, That delegates to this convention be instructed to provide copies of this resolution for all of their respective Congressional delegates.

**RESOLUTION 2—MISSISSIPPI VALLEY CONFERENCE OF STATE HIGHWAY DEPARTMENTS**

Whereas the provision of a balanced network of highways adequate to serve all classes of traffic in all areas of the Nation is the object and purpose of all highway effort; and

Whereas the needs of the State, county and local roads systems must be met: Now, therefore, be it

*Resolved*, That the Mississippi Valley conference of State highway departments, which conference is made up of the highway departments of the States of Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, and Wisconsin, in annual conference assembled at Chicago, Ill., this 8th day of March 1958, does hereby urge and request that additional funds be made available for the early and accelerated improvement of the primary, secondary, and urban Federal-aid systems also known as the ABC systems; and be it further

*Resolved*, That apportionment of funds scheduled for the improvement of these ABC systems be made at approximately midcalendar year; and be it further

*Resolved*, That copies of this resolution be submitted by telegraph to the chairmen of the Senate and the House of Representatives Subcommittees on Roads of the respective Public Works Committees and that all members of the Public Works Committees of the United States Congress, the Federal Highway Administrator, the executive secretary of the American Association of State Highway Officials receive copies by airmail; and be it further

*Resolved*, That delegates from each State to this conference be instructed to provide copies of this resolution to their entire Congressional delegation.

**DEAD-ENDING OF HIGHWAY NO. 16, MINNESOTA—RESOLUTION**

Mr. HUMPHREY. Mr. President, I have just received a resolution adopted by the Marshall, Minn., Township Board protesting the dead-ending of Highway No. 16 in Mower County under the new Federal Highway Act.

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 Public Works, and ordered to be printed in the RECORD, as follows:

MARCH 11, 1958.

The Honorable HUBERT HUMPHREY,  
United States Senate,

Washington, D. C.

MY DEAR SENATOR HUMPHREY: We, the Marshall Township Board, submit the following resolution protesting the dead-ending of Highway No. 16 in Mower County:

"Whereas the newly proposed Federal highway through Mower County would cross and thereby dead end Highway No. 16 at a point approximately 9½ miles east of Austin and whereas: It is of deep concern to Marshall Township and the residents of southeastern Mower County using the present Highway No. 16 that it be kept open for these reasons:

"1. All township roads have been improved and used leading into a through highway east to west.

"2. School bus routes, mail routes, milk routes, and produce routes are laid out now that a dead end of Highway No. 16 would greatly disrupt their services.

"3. A large number of farm tractors and implements are drawn over this highway whereby they would not be allowed on the new freeway.

"4. Slow moving vehicles and farm trailers would be a less hazard on Highway No. 16 than on a freeway.

"5. If Highway No. 16 were dead-ended at this point it would mean additional expense of service drives parallel to the freeway.

"6. When a good serviceable highway such as Highway No. 16 is available to serve the residents of this area, every effort should be made to leave it open."

This resolution was adopted at the annual meeting of Marshall Township.

MARSHALL TOWNSHIP BOARD.  
LAWRENCE E. JOHNSON,  
IRVING ANDERSEN,

RAY SCOTT,  
Supervisors.  
ANTON WELLIK,

Clerk.

ELKTON, MINN.

#### BILLS INTRODUCED

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

By Mr. PROXIMIRE (for himself and Mr. NEUBERGER):

S. 3535. A bill to amend the Internal Revenue Code of 1954 so as to prohibit the deduction of certain expenses incurred in the conduct of an illegal gambling enterprise; to the Committee on Finance.

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

By Mr. DWORSHAK:

S. 3536. A bill to impose quotas on the importation of lead and zinc, and for other purposes; to the Committee on Finance.

By Mr. MARTIN of Iowa:

S. 3537. A bill to encourage the discovery, development, and production of manganese-bearing ores and concentrates in the United States, its Territories, and possessions, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MUNDT (for himself, Mr. MARTIN of Iowa, Mr. MANSFIELD, Mr. EASTLAND, Mr. CAPEHART, and Mr. SCOTT):

S. 3538. A bill to amend the provisions of the Packers and Stockyards Act, 1921, as amended (7 U. S. C. 181) relating to practices in the marketing of livestock; to the Committee on Agriculture and Forestry.

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

By Mr. ALLOTT:

S. 3539. A bill to amend part IV of subtitle C of title 10, United States Code, to authorize the Secretary of the Navy to take possession of the naval oil shale reserves and for other purposes; to the Committee on Armed Services.

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

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

S. 3540. A bill to provide for the transportation of mail by common carriers; and

S. 3541. A bill to amend section 5 of the Railway Mail Pay Act of 1916; to the Committee on Post Office and Civil Service.

By Mr. BUTLER (for himself and Mr. BEALL):

S. 3542. A bill for the relief of the Union Trust Company of Maryland; to the Committee on Finance.

By Mr. CARROLL:

S. 3543. A bill for the relief of Bertha Nicholson; to the Committee on the Judiciary.

#### TAX ON ILLEGAL GAMBLING ENTERPRISES

Mr. PROXIMIRE. Mr. President, on behalf of myself, and the Senator from Oregon [Mr. NEUBERGER], I introduce, for appropriate reference, a bill to amend the Internal Revenue Code of 1954 so as to prohibit the deduction of certain expenses incurred in the conduct of an illegal gambling enterprise.

This bill is offered in response to an open invitation made by the Supreme Court of the United States to the Congress to remedy a defect in our present income-tax law.

The case was brought by three Chicago bookmakers who claimed they should be allowed to deduct salaries paid their employees and rent paid for the premises where their gambling operations were carried on. They made this claim, Mr. President, in the teeth of the fact that gambling and working for gamblers are both against the law in Illinois.

The tax court held against the gamblers but the Supreme Court did not. Mr. Justice Douglas, writing for a unanimous Court, pointed out that the Federal Government recognizes gambling as a business to the extent of requiring gamblers to pay an annual license tax of \$50 and permitting that \$50 to be claimed as a deductible business expense. That being true, the Court reasoned that the Government should permit the normal deductions of rent and wages necessary to operate the business. To disallow these deductions, said Mr. Justice Douglas, would be to tax gambling on the basis of gross receipts while all other businesses would be taxed on net income.

If that choice is to be made—

He said—

Congress should do it.

Now, Mr. President, let us see how this has come about. The Congress placed an annual \$50 license fee on gamblers, not in order to recognize them as legitimate businessmen, but to label them and tag them so that everybody would know them for what they are. The law was

intended to help the States. Then the Internal Revenue Bureau permitted that \$50 to be deducted as a business expense. Now the Court relies on the law and the regulation to make regular businessmen of gamblers. So the law that was intended to help the States enforce their laws against gambling has come full circle, making it easy and profitable for gamblers to carry on in defiance of State law.

Mr. President, I see no excuse whatever for allowing tax deductions intended to be used for legitimate business to be used to help people break the law. Should Murder, Inc., be allowed deductions for pistols and assassins' fees? Should dope runners be permitted deductions for high octane gasoline? The principle is the same. I am aware that forcing gamblers to pay taxes on their gross receipts puts them at a disadvantage. I know that the law I propose would be discriminatory. It would discriminate against people who make a living breaking the law. That is what I want to do.

Mr. President, David Lawrence hits the issue squarely in his syndicated column appearing today under the title "Gamblers and Tax Deductions." I ask unanimous consent that it be printed in the RECORD.

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

[From the Washington Evening Star of March 21, 1958]

#### GAMBLERS AND TAX DEDUCTIONS—PARADOX OF MORALITY AND LAW SEEN IN COURT'S O. K. ON BUSINESS EXPENSES

Most people probably will be shocked to learn that the Supreme Court of the United States has just ruled that it's all right for the Federal Internal Revenue Service to grant an income-tax deduction on expenses incurred by persons who are engaged in operating businesses that violate State laws.

Thus, the State of Illinois has a law forbidding the operation of gambling enterprises, but the Supreme Court of the United States says the persons engaged in it had a right to deduct rent and the wages of their employees before paying Federal taxes on profits.

The United States Tax Court had found that these enterprises were illegal under Illinois law, that the acts performed by the employees constituted violations of that law, that the payment of rent for the use of the premises also was illegal under that law, and that hence the amounts paid for wages and rents should not be allowed as a deduction for Federal income-tax purposes.

The Supreme Court, however, reversing this view, said the expenses were ordinary and necessary and hence deductible. The Court pointed to a regulation of the United States Internal Revenue Code which permits the deduction of Federal excise taxes levied on persons engaged in the business of accepting wagers or conducting wagering pools or lotteries.

How the Supreme Court could tolerate such a regulation, which makes it more profitable for persons violating State laws to conduct their businesses, is a mystery that is not explained by a reading of the text of the latest decision. In fact, on Monday of this week the Supreme Court handed down two other decisions that refused to allow deductions for income-tax purposes on the thousands of dollars paid by trucking companies in State fines incurred in violation of State laws. These laws penalize truck-

drivers for excess weights of loads in their trucks.

The Court said in its opinion that, even if the truckdrivers and their companies "acted with all due care and without willful intent, it is clear that allowance of the deduction sought by the petitioner would severely and directly frustrate State policy."

Yet, in the third decision, involving deductions of expenses by gambling establishments, the Supreme Court closed its eyes to the possible frustration of State policy by making it easier for the gambling enterprises to make money. For, certainly, if their expenses were not held deductible, the added burden would operate as a penalty against their continuance of enterprises outlawed by the Legislature of the State of Illinois.

The Supreme Court took refuge in the fact that the United States internal revenue regulations permit the taking of such deductions. But this does not explain why the Court, which can at any moment invalidate a Federal statute, could not declare invalid the regulation of a governmental bureau insofar as it operates to frustrate those policies and criminal statutes of a sovereign State designed to maintain law and order.

It now would appear that, if the Bureau of Internal Revenue chooses to allow the owner of a disorderly house to take deductions for wages paid the inmates and for rent and other items of expense, the Supreme Court, to be consistent, would have to rule that these deductions from income taxes are just as permissible as deductions for the expenses of a gambling enterprise.

Where does morality begin and end in the laying down of the supreme law of the land? Most citizens have been told by defenders of the Supreme Court in recent months that, even though the Court decision on desegregation, for example, was not exactly in accord with legal precedent, it would have been a violation of the moral law to have ruled otherwise.

As a result of the latest decision in the gambling case, the citizen who obeys moral law and the laws of his State is placed under a handicap. He has to pay more Federal income taxes than otherwise would be the case because other citizens are allowed deductions for immoral and illegal activities. Nothing evidently can be done except by Congress to protect the States against Federal action, which increases the profits obtained by owners of certain illicit enterprises. For the present paradox is sanctioned by the Supreme Court of the United States, and now becomes the law of the land.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 3535) to amend the Internal Revenue Code of 1954 so as to prohibit the deduction of certain expenses incurred in the conduct of an illegal gambling enterprise, introduced by Mr. PROXMIRE (for himself and Mr. NEUBERGER, was received, read twice by its title, and referred to the Committee on Finance.

#### AMENDMENT OF PACKERS AND STOCKYARDS ACT, RELATING TO PRACTICES IN MARKETING OF LIVESTOCK

Mr. MUNDT. Mr. President, on behalf of myself, the Senator from Iowa [Mr. MARTIN], the Senator from Montana [Mr. MANSFIELD], the Senator from Mississippi [Mr. EASTLAND], the Senator from Indiana [Mr. CAPEHART], and the Senator from North Carolina [Mr. SCOTT], I introduce, for appropriate reference, a bill to amend the provisions

of the Packers and Stockyards Act, relating to practices in the marketing of livestock.

The bill is a revised version of the so-called self-help bill which I introduced approximately 1 year ago.

The bill provides for the livestock producers of the country voluntarily to make contributions to a self-help program to induce increased consumption of red meat in the country.

As presently modified, the bill is on an entirely voluntary basis. It is in complete keeping with the general concept that farmers should be encouraged to help themselves in the areas where they can do so. The bill deals with products which, in the main, are not covered by any kind of Government program, with the exception of the National Wool Act, from the standpoint of sheep.

I have not made any effort to solicit cosponsors from among my colleagues, Mr. President; but I ask unanimous consent that the bill lie on the table for the remainder of today, in the event that other Senators may care to join us in sponsoring it.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk, as requested by the Senator from South Dakota.

The bill (S. 3538) to amend the provisions of the Packers and Stockyards Act, 1921, as amended (7 U. S. C. 181) relating to practices in the marketing of livestock, introduced by Mr. MUNDT (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

#### AUTHORIZATION FOR SECRETARY OF THE NAVY TO TAKE POSSESSION OF NAVAL OIL SHALE RESERVES

Mr. ALLOTT. Mr. President, I introduce, for appropriate reference, a bill to transfer to the Department of the Navy the responsibility for the oil shale reserves belonging to the United States, and the responsibility for going ahead with the research and experimentation work heretofore in the province of the Department of the Interior.

I ask unanimous consent that at this point in the RECORD there be printed an opinion of the Attorney General dated March 13, 1958, which explains in some detail the legislative history of these oil shale reserves and the research and demonstration facilities located on Naval Oil Shale Reserves Nos. 1 and 3, near Rifle, Colo.

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

WASHINGTON, D. C., March 13, 1958.

The honorable the SECRETARY OF THE NAVY.

DEAR MR. SECRETARY: In his letter of October 24, as amplified in that of November 27, 1957, the Under Secretary of the Navy states that it has been decided to resume experimental work in the extraction of synthetic liquid fuels from oil shale, but, for budgetary reasons, to do so by leasing to private industry the oil shale demonstration facilities and related improvements located on Naval Oil Shale Reserves Nos. 1 and 3, near Rifle,

Colo. With reference to this decision he requests my opinion on the following questions:

1. Is the Secretary of the Navy authorized to make such a lease?
2. Does the Secretary of the Navy have primary responsibility under law for the custody, maintenance, and administration of the facilities and improvements?
3. Does the jurisdiction which may be vested in the Secretary of the Navy with respect to the facilities and improvements impose on him the duty of taking the necessary action to effectuate the decision to lease them and the shale deposits for the purpose of conducting an experimental program in the extraction of synthetic liquid fuels from oil shale?

Under the Synthetic Liquid Fuels Act of April 4, 1944, as amended, the Secretary of the Interior is authorized to construct and operate for 11 years demonstration facilities to ascertain investment and operating costs and to obtain engineering and technological data for the production of synthetic liquid fuels *inter alia* from oil shale.<sup>1</sup> With the written consent of the Acting Secretary of the Navy on August 12, 1944, a shale rock mine was opened in the shale deposits, and the demonstration plant was constructed and operated by the Secretary of the Interior, on Naval Oil Shale Reserves Nos. 1 and 3.<sup>2</sup> Certain related roads and service lines for the facilities have been installed on rights-of-way which the United States acquired over privately owned lands with funds from appropriations for the Bureau of Mines of the Department of the Interior.<sup>3</sup>

This plant is not, however, the first to have been constructed and operated there. In the mid-1920's Congress appropriated funds for the Bureau of Mines with which it constructed and operated a plant on Naval Oil Shale Reserves Nos. 1 and 3 for investigations and experimental work on oil shale. That earlier plant was later dismantled and removed (S. Doc. 187, 78th Cong., 2d sess., 20-21 (1944)).

As far as is here material, the Bureau's duties are defined in the act of February 25, 1913, as follows:

"It shall be the duty of the Bureau of Mines, subject to the approval of the Secretary of the Interior, \* \* \* on behalf of the Government, to investigate the mineral fuels and unfinished products belonging to, or for the use of, the United States, with a view to their most efficient mining, preparation, treatment, and use" (37 stat. 681, 30 U. S. C. sec. 3).

Shortly before the expiration of the authority of the Secretary of the Interior under the Synthetic Liquid Fuels Act, *supra*, to operate demonstration facilities, it was decided in that Department to close the plant.<sup>4</sup> It was shut down and activity was confined to mining investigations in fiscal year 1956.<sup>5</sup> Since the plant was closed there has been uncertainty as to whether the Government should halt or continue its work in the extraction of synthetic liquid fuels from oil shale; and, if continued, whether it should be conducted under the direction of the Secretary of the Navy, that of the Secretary of the Interior, or otherwise.

<sup>1</sup> 58 stat. 190, as amended, 30 U. S. C., sec. 321.

<sup>2</sup> See, for example, Interior Section Annual Report 85-86 (1945) and 178 (1948).

<sup>3</sup> See, for example, *United States v. 33.83 acres of land, et al.*, civil No. 11743, District Court of the United States for the District of Colorado.

<sup>4</sup> Hearings on Interior Department and related appropriations for 1956 before a subcommittee of the House Appropriations Committee, 84th Cong., 1st sess., pp. 207-208 (1955).

<sup>5</sup> Interior Secretary's Annual Report, p. 160 (1956).

The House of Representatives has generally supported an ending of the Government work and a disposal of the oil shale demonstration facilities.<sup>4</sup> The Senate has generally opposed any such disposal, and has insisted that appropriations be made for the maintenance of the facilities in standby condition pending decision as to the future of the research work.<sup>5</sup> Congress appropriated funds for the Department of the Interior for such maintenance for fiscal year 1956.<sup>6</sup>

When the Department of the Interior failed to receive any funds for the maintenance of the facilities for fiscal year 1957,<sup>7</sup> the Secretary of the Interior asked the Secretary of the Navy whether the latter could assume custody of the plant and the related improvements. After the Department of the Navy consulted with the Congressional Committees on Armed Services,<sup>8</sup> it assumed custody as of July 1, 1956. Under an administrative agreement between the two Departments the Department of the Navy reprogrammed the funds in its appropriation for the naval petroleum reserves for fiscal year 1957, and reimbursed the Bureau of Mines for the latter's costs for providing protective and custodial services for the facilities.<sup>9</sup>

The budget estimates for fiscal year 1958 included an item for the maintenance of the facilities in standby condition by the Bureau of Mines of the Department of the Interior.<sup>10</sup> Upon that basis the Acting Secretary of the Interior requested the Secretary of the Navy to approve the rescinding of the agreement as of July 1, 1957. Thereupon the Under Secretary of the Navy consulted the chairman of the House Committee on Armed Services, stating that the Secretary of the Navy, as trustee for Congress of oil shale and petroleum reserves, makes a practice of consulting the Committees on Armed Services on important matters respecting these reserves, and that he is required to come into agreement with the committees with respect to certain real-estate transactions, including transfers to other agencies.<sup>11</sup>

The chairman of the House Committee on Armed Services advised the Secretary of the Navy that he could see no valid purpose to be served through the relinquishment of the facilities to the Department of the Interior. On June 27, 1957, the Under Secretary of the Navy notified the Secretary of the Interior that the Navy could not relinquish them as requested. Nevertheless, Congress appropriated funds for custodial-type maintenance of the facilities during the current fiscal year by the Bureau of Mines of the Department of the Interior.<sup>12</sup>

<sup>4</sup> H. Rept. No. 1116, 84th Cong., 1st sess., pp. 44-45 (1955); H. Rept. No. 1772, 84th Cong., 2d sess., p. 5 (1956); H. Rept. No. 653, 85th Cong., 1st sess., p. 4 (1957).

<sup>5</sup> S. Rept. 1094, 84th Cong., 1st sess., p. 28 (1955); S. Repts. Nos. 1761 and 2260, 84th Cong., 2d sess., pp. 8 and 5, respectively (1956); S. Rept. No. 476, 85th Cong., 1st sess., p. 11 (1957).

<sup>6</sup> Supplemental Appropriation Act, 1956, 69 Stat. 460.

<sup>7</sup> H. Rept. No. 2250, 84th Cong., 2d sess., p. 4 (1956).

<sup>8</sup> See, for example, hearings (No. 98) before the House Committee on Armed Services, 84th Cong., 2d sess., pp. 7992-7994 (1956).

<sup>9</sup> Department of Defense Appropriation Act, 1957 (70 Stat. 463). See also H. Rept. No. 2529, 84th Cong., 2d sess., p. 4 (1956).

<sup>10</sup> H. Doc. No. 16, 85th Cong., 1st sess., p. 536 (1957).

<sup>11</sup> 65 Stat. 366, 10 U. S. C. sec. 2662. A letter of November 9, 1956, from the Under Secretary of the Navy to the chairman of the House Committee on Armed Services states that the estimated value of the oil shale facilities approximates \$4,500,000. But see 41 Op. Atty. Gen. No. 32 (1955).

<sup>12</sup> Interior Department and Related Agencies Appropriation Act, 1958, 71 Stat. 262.

In the statement on the part of the House managers in the accompanying conference report it is directed that the facilities be disposed of during fiscal year 1958 under the established procedures of the Federal Property and Administrative Services Act of 1949, as amended,<sup>13</sup> by further utilization within the Government after removal from the site, or by sale or lease as surplus property on or off the site.<sup>14</sup> During the Senate debate on this report, the chairman of the Senate Appropriations Committee stated that there is pending proposed legislation dealing with the future use of the facilities, which are matters for the appropriate legislative committees and Congress,<sup>15</sup> that the Senate conferees did not agree to the disposal of the plant, and that "the recommendation made does not carry the force of law or the force of a united conference report."<sup>16</sup>

Essentially the first question on which the Under Secretary of the Navy requests my opinion is whether either the Secretary of the Navy or the Secretary of the Interior is authorized to lease the shale deposits, the plant, and the related roads and service lines to private industry. It relates specifically to the authority of a Government officer to enter into a commitment involving the disposition of property belonging to the United States. It must be viewed, therefore, in the light of the following statutory restrictions on its disposal:

"No contract or purchase on behalf of the United States shall be made, unless the same is authorized by law, or is under an appropriation adequate to its fulfillment, except in the Departments of the Army, Navy, and Air Force, for clothing, subsistence, forage, fuel, quarters, transportation, or medical and hospital supplies, which, however, shall not exceed the necessities of the current year."<sup>17</sup>

It is not claimed that either the Secretary of the Navy or the Secretary of the Interior may lease this public property under any appropriation, much less one adequate to its fulfillment. So the only inquiry is whether a contract of lease is authorized by law, within the meaning of this statute. The authority contemplated by it must be one which expressly or by necessary implication authorizes the transaction in question. See *Chase v. United States* (155 U. S. 489, 502 (1894)), holding that statutory authority to establish post offices does not give sanction to a contract for the lease of a building to be used as a post office. (See also 15 Op. Atty. Gen. 236, 240 (1877).)

To render an opinion on the question as to whether either the Secretary of the Navy or the Secretary of the Interior is authorized by law to dispose of the shale deposits, the plant, and the related improvements, it is necessary to consider the extent of the authority of each with respect to the naval petroleum and the naval oil shale reserves.

<sup>15</sup> 63 Stat. 378, as amended, 40 U. S. C. sec. 471 et seq.

<sup>16</sup> H. Rept. No. 653, 85th Cong., 1st sess., p. 4 (1957).

<sup>17</sup> As far as is here relevant, S. 2070, 85th Cong., on the one hand, would authorize the Bureau of Mines to operate the facilities; and H. R. 6373, 85th Cong., on the other hand, would authorize the Secretary of the Navy to do so.

<sup>18</sup> 103 CONGRESSIONAL RECORD 9596-9597 (daily ed. July 1, 1957).

<sup>19</sup> Rev. Stat. sec. 3732, as amended, 41 U. S. C. sec. 11. As the proposed lease would provide for a resumption of the experimental work in the extraction of synthetic liquid fuels, and would not provide a part of the fuel necessary for the Navy during the current year, the exception respecting a contract for fuel would not authorize the Secretary of the Navy to lease the plant and improvements.

By an Executive order dated December 6, 1916, the President ordered that 44,560 acres of public lands in the State of Colorado shall constitute Naval Oil Shale Reserve No. 1, Colorado No. 1, and "be held for the exclusive use or benefit of the United States Navy until this order is revoked by the President or Congress." By an Executive order dated September 27, 1924, the President ordered that about 22,600 additional acres of public lands lying within a strip 2 miles wide adjoining the eastern, southern, and western boundaries of the first reserve shall be similarly held as Naval Oil Shale Reserve No. 3, Colorado No. 2, for the development of the first reserve. The second reserve was created primarily for the purpose of providing space in which operations might be carried on for the processing of shale rock from the first reserve.<sup>20</sup>

With reference to the authority of the Secretary of the Navy over the naval reserves the Department of the Navy has said:

"The Executive orders creating the naval reserves said no more than that the public lands embraced therein should be held for the exclusive use and benefit of the United States Navy. The Navy itself was not vested by the orders with any specific jurisdiction over the reserves nor authorized to perform any acts with respect thereto. Neither was there any legislation clothing the Navy with any powers in this regard."<sup>21</sup>

The initial legislation doing so is found in the following proviso in an appropriation item in the act of June 4, 1920, making appropriations for the naval service for fiscal year 1921:

"Provided, That the Secretary of the Navy is directed to take possession of all properties within the naval petroleum reserves as are or may become subject to the control and use by the United States for naval purposes \* \* \*; to conserve, develop, use, and operate the same in his discretion, directly or by contract, lease, or otherwise, and to use, store, exchange, or sell the oil and gas products thereof, and those from all royalty oil from lands in the naval reserves, for the benefit of the United States \* \* \*."<sup>22</sup>

For many years this proviso was a charter of the authority of the Secretary of the Navy over the various naval reserves.

As far as is here material, the Mineral Lands Leasing Act of February 25, 1920, as amended by the act of March 4, 1931, authorizes the Secretary of the Interior to enter into certain agreements with respect to oil and gas operations on the public lands.<sup>23</sup> It was further amended in various respects by the act of August 21, 1935. Among the amendments is one providing that nothing in that amendatory act shall be construed as affecting lands within the borders of the naval petroleum reserves and naval oil shale reserves or agreements concerning operations thereunder or in relation to the same; but that the Secretary of the Navy, with the consent of the President, is authorized to enter into agreements, such as those which the Secretary of the Interior is authorized to make respecting oil and gas operations on public lands which have not been withdrawn or reserved.<sup>24</sup>

By this amendment the Secretary of the Interior is denied authority to make agreements concerning operations on or in relation to lands within the borders of the naval

<sup>20</sup> S. Doc. No. 187, supra, note 2, at 3-4. That document also summarizes the other Executive orders creating the several naval petroleum reserves.

<sup>21</sup> Id.

<sup>22</sup> 41 Stat. 13. Problems arising from underground drainage from the naval petroleum reserves led to the inclusion of the proviso. S. Doc. No. 187, supra, note 2, at 9.

<sup>23</sup> 41 Stat. 427, 46 id. 1523, as amended, 30 U. S. C. sec. 226.

<sup>24</sup> 49 Stat. 679, 30 U. S. C. sec. 236a.

petroleum reserves and naval oil shale reserves. Accordingly, I am of the opinion that he is not authorized by law to make an agreement, leasing the shale deposits on Naval Oil Shale Reserves Nos. 1 and 3 to private industry. In view of this conclusion as to those deposits, it would seem to be unnecessary to consider any question as to his authority to dispose by lease of the plant, or of the related improvements on the reserves and on the rights-of-way across privately owned lands, which were constructed and acquired under his direction under the Synthetic Liquid Fuels Act, *supra*.<sup>25</sup>

In 1937 and 1938, Congress was considering amendatory legislation to the 1920 naval petroleum reserve legislation. The legislative reports on the amendatory legislation pointed out that under existing law the Secretary of the Navy had already been vested with certain statutory authority over the naval petroleum reserves. They also stated:

"Over the naval oil-shale reserves, the Secretary of the Navy has only jurisdiction under the Executive orders setting them aside."<sup>26</sup>

When that amendatory legislation was initially reported to each House, it would have authorized the Secretary of the Navy inter alia to take possession also of the Government lands in the naval oil shale reserves, or of those in the other naval fuel reserves.<sup>27</sup> In the form, however, in which that amendatory legislation was approved as the act of June 30, 1938, there was no such provision. Moreover, the jurisdiction of the Secretary of the Navy over the naval oil shale reserves is restricted by the inclusion therein of the following proviso:

"Provided, That nothing herein contained shall be construed to permit the development or operation of the naval oil-shale reserves."<sup>28</sup>

In 1944, while there were pending before Congress additional amendments to the 1920 naval petroleum reserve legislation, as amended, *supra*, the Synthetic Liquid Fuels Act, *supra*, became law.<sup>29</sup> Shortly after that

<sup>25</sup> See sec. 4 (2) of the act of October 31, 1951, 65 Stat. 709; S. Rept. No. 797, 82d Cong., 1st sess., p. 37 (1951).

<sup>26</sup> S. Rept. No. 317, 75th Cong., 1st sess., p. 3 (1937); H. Rept. No. 2672, 75th Cong., 3d sess., p. 3 (1938). This statement indicates that in 1937 and 1938 Congress did not regard the statutory authority conferred upon the Secretary of the Navy under the act of August 21, 1935, *supra*, note 24, to make certain agreements concerning oil and gas operations as applicable to such operations on or in relation to lands within the borders of the naval oil shale reserves.

<sup>27</sup> 81 CONGRESSIONAL RECORD, p. 3515 (1937); 83 id. 9627 (1938). In support of such an amendment it was suggested that it would be desirable that "the Navy Department's jurisdiction and administrative authority over all lands reserved for the same purposes may be covered by the same laws," and it was said that it would "enable the Navy Department to make definite plans for the best use of its oil-shale lands when, eventually, they must be used for the purpose for which they were set aside." S. Rept. No. 317, *supra*, note 26, at p. 5.

<sup>28</sup> 52 Stat. 1234. This proviso is now codified with 10 U. S. C. 7438.

<sup>29</sup> With reference to the Synthetic Liquid Fuels Act the Department of the Navy made the following statement:

"Promptly after the enactment of the new statute the Interior Department informed the Navy that the Bureau of Mines was planning to study the mining of shale rock and the extraction and refining of shale oil. The inquiry was made as to whether or not the Navy would permit the use of the shale reserves for the construction and operation of experimental plants for this purpose, sub-

act was approved, the House Committee on Naval Affairs made its report on the 1944 bill containing those additional amendments. The report states:

"The bill as originally drafted by the Navy Department placed the oil-shale reserves on a par with the petroleum reserves so far as the provisions of the act were concerned. The committee has, however, preferred to continue the specific ban in the present act on any development and operation, other than for experimental or research purposes, of the oil-shale reserves, mainly for the reason that it is the intention of the committee to deal with the shale reserves by separate legislation within the near future."<sup>30</sup>

These amendments were approved as the act of June 17, 1944.<sup>31</sup>

Thereafter the Secretary of the Interior and the Acting Secretary of the Navy in an exchange of letters agreed that this statement justified a conclusion that the 1938 statutory ban on the development and operation of the naval oil-shale reserves did not forbid their use for the erection and operation of demonstration facilities of the type contemplated by the Synthetic Liquid Fuels Act, *supra*. In accordance with that agreement, in his letter of August 12, 1944, the Acting Secretary of the Navy gave written consent to the Secretary of the Interior for the use of Naval Oil Shale Reserves Nos. 1 and 3 by the Bureau of Mines for this purpose, specifying that its plans should be subject to approval by the Department of the Navy.

In 1938 Congress was of the view that the Secretary of the Navy then had only such authority with respect to the naval oil shale reserves as may be conferred upon him by the Executive orders reserving or withdrawing certain public lands for that purpose. At that time it laid aside the request of the Secretary of the Navy that there be conferred upon him the same statutory authority with respect to the naval oil shale reserves that he then had with respect to the naval petroleum reserves. There was not only laid aside his request, but simultaneously there was imposed a specific statutory ban on the development or operation of the naval oil shale reserves.<sup>32</sup>

In 1944 the Secretary of the Navy renewed his request for statutory authority with respect to the Government lands in the naval oil shale reserves. The above-quoted statement from a 1944 legislative report discloses that Congress deliberately laid aside that renewed request, and that it plainly intended to continue in effect the 1938 statutory ban

subject to Navy's approval. The Navy Department replied on April 27, 1944, that it welcomed this proposal and would be glad to cooperate in the manner requested provided that its authority to permit such use of the shale reserves was made clear, either by the pending amendments to the 1938 act or by a ruling by the Attorney General under the existing law." S. Doc. No. 187, *supra*, note 2, at pp. 34-35.

<sup>30</sup> H. Rept. No. 1529, 78th Cong., 2d sess., p. 9 (1944).

<sup>31</sup> 58 Stat. 280. The other provisions of the 1920 naval petroleum reserve legislation, as so amended, are now codified in 10 U. S. C., secs. 7421-7437.

<sup>32</sup> This statement is reflected in the short title of the 1938 act, *supra*, which is entitled "An act to amend the part of the act entitled 'An act making appropriations for the naval service for the fiscal year ending June 30, 1921, and for other purposes,' approved June 4, 1920 (41 Stat. 813), relating to the conservation, care, custody, protection, and operation of the naval petroleum and oil-shale reserves."

on the development or operation of the naval oil shale reserves.<sup>33</sup>

That statement contains a phrase which is indicative at most of an absence of objection to the use of the naval oil shale reserves "for experimental or research purposes." When that phrase appeared in that report, the Synthetic Liquid Fuels Act, *supra*, had just become law. Indeed, as set forth earlier, it was already known to Congress that under the authority thereby conferred upon him, the Secretary of the Interior was negotiating with the Secretary of the Navy for the use of Naval Oil Shale Reserves Nos. 1 and 3 for such purposes by a unit of the Department of the Interior.

In any event the use of these reserves by the Government for experimental or research purposes did not present a question as to the statutory restrictions on the disposal of public property, which limit its disposal to such as may be authorized by law. The proposal to lease the plant and improvements to a nongovernmental entity does, however, raise that question. In the light of those restrictions, a phrase "for experimental or research purposes" in a 1944 legislative report, indicating that the specific statutory ban on the development or operation of the naval oil shale reserves did not debar their use by the Government for such purposes, cannot confer any authority of law upon the Secretary of the Navy to dispose of public property on the naval oil shale reserves, even for the purpose of conducting an experimental program in the extraction of synthetic liquid fuels from oil shale.

It may be suggested that the Secretary of the Navy has authority of law to dispose of the public property on the naval oil shale reserves from such a provision of the 1938 amendments to the naval petroleum reserve legislation, *supra*, as that which provides that citizens of another country, which does not extend a reciprocal privilege to American citizens to lease its public lands, shall not acquire or own any interest in or right to any benefit from any lease of land "in the naval petroleum or naval fuel reserves" at any time made under the provisions of the Mineral Lands Leasing Act of February 25, 1920, *supra*, or of the 1938 act.<sup>34</sup> Likewise it may be suggested that the Secretary of the Navy has authority of law to dispose of the public property on the naval oil shale reserves from such a provision of the 1938 amendments to the naval petroleum reserve legislation, *supra*, as that which provides that all moneys which may accrue under the 1938 act or the Mineral Lands Leasing Act of February 25, 1920, from lands "within the naval petroleum reserves or other naval fuel reserves," on account of the petroleum products extracted therefrom shall be deposited in the Treasury of the United States as miscellaneous receipts; and that royalty products from leases of lands "within the naval petroleum reserves or other naval fuel reserves" under the authority of the 1938 amendments shall be paid in money or in kind as the Secretary of the Navy may elect.<sup>35</sup>

The references to the "naval fuel reserves" and to "other naval fuel reserves" in the 1938 amendments to the naval petroleum reserve legislation, *supra*, may possibly be attributable to the fact that, at an early stage in its legislative consideration, the bill in which such references were incorporated would also have amended that legislation to authorize and direct the Secretary of the Navy to take possession of the Government

<sup>33</sup> The short title of the 1944 act is the same as that of the 1938 act, *supra*, note 32. Hence the short title of the 1944 act is also consistent with a legislative intent to continue in effect the 1938 statutory ban on the development and operation of the naval oil shale reserves.

<sup>34</sup> 52 Stat. 1254, 10 U. S. C., sec. 7435.

<sup>35</sup> 52 Stat. 1254, 10 U. S. C., sec. 7433.

lands, not only in the naval petroleum reserves, but also in the naval oil shale reserves or in the naval fuel reserves. When that bill was ultimately approved as the 1938 act, *supra*, however, it did not grant him any such comparable authority over the Government lands in the latter classes of reserves. Nor can it be forgotten that in 1944 Congress again declined to grant him any statutory authority over the naval oil shale reserves or the naval fuel reserves comparable to that he has over the naval petroleum reserves.

To treat such references to "naval fuel reserves" or to "other naval fuel reserves" as authorizing the Secretary of the Navy to dispose by lease of the plant and related improvements on Naval Oil Shale Reserve Nos. 1 and 3, it would be necessary to disregard the reiterated refusal of Congress to grant him any affirmative statutory authority over the naval oil shale reserves. Whenever it may do so, the provisions in which these references occur may become applicable to leases of Government lands in these reserves. In the absence of affirmative statutory authority in the Secretary of the Navy with respect to the naval oil shale reserves, these references to "naval fuel reserves" or to "other naval fuel reserves" cannot be deemed to constitute authority of law for him to dispose of the plant and related improvements on Naval Oil Shale Reserve Nos. 1 and 3 by lease to private industry.

It will also be recalled that the Government has acquired rights-of-way across privately owned lands on which certain roads and service lines have been constructed in connection with the operation of the plant and related improvements on the reserved public lands in Naval Oil Shale Reserve Nos. 1 and 3. Such acquired interests in lands must be distinguished from public domain lands.

The words "public lands" are used to describe such as are subject to sale or other disposal under general laws, and to which the rights of others have not attached, *Newhall v. Sanger* (92 U.S. 761, 763 (1875)); *Bardon v. Northern Pacific Railroad Co.* (145 U.S. 535, 538 (1891)). The United States acquires lands to which the rights of others have previously attached in varied ways, such as by purchase, condemnation, or otherwise. Acquired lands are not part of the public domain, *Rawson v. United States* (225 F. 2d 855, 857 (9th Cir. 1955); 40 Op. Atty. Gen. 9 (1941)), and they are not, therefore, subject to disposal under the public land laws.

For that reason the references to "naval fuel reserves" and to "other naval fuel reserves" in the 1938 amendments to the naval petroleum reserve legislation, *supra*, would not, in any event, be applicable to the rights-of-way across privately owned lands which the Government acquired in connection with the operation of the oil shale demonstration facilities. Hence those references would not authorize the Secretary of the Navy to lease those rights-of-way which the Government has acquired and the improvements which it has made thereon in connection with the operation of those facilities.

Accordingly, I am of the opinion that under the naval petroleum reserve legislation, *supra*, the statutory authority of the Secretary of the Navy to lease Government lands in the naval reserves is now limited to those in the naval petroleum reserves; and that under that legislation he is not authorized to lease to a nongovernmental entity either the reserved or withdrawn public lands and the improvements thereon in Naval Oil Shale Reserve Nos. 1 and 3 or the related rights-of-way across privately owned lands and the improvements thereon.

The Under Secretary also requests my opinion on a second question as to whether the Secretary of the Navy has primary responsibility under law for the custody, main-

tenance, and administration of the facilities. As already set forth, under the Interior Department and related agencies appropriation act, 1958, *supra*, that Department is authorized to effect custodial-type maintenance of the facilities during fiscal year 1958.

The Attorney General is authorized to render an opinion to the head of the Department of the Navy on certain questions of law arising in the administration of his Department. (See Rev. Stat., sec. 357; 5 U.S.C., sec. 307.) It has been the practice of the Attorney General to refrain from giving an opinion on a question which has not actually arisen in the administration of an executive department, or even those which it is suggested may arise in the future. (See, for example, 33 Op. Attorney General 90 (1922); 29 id. 99 (1911); 20 id. 440 (1892).) As there does not appear to be any case pending before you on which your decision is required in the administration of Department of the Navy, I do not consider that I should express any views on any other matters respecting the custody and administration of the facilities and improvements.

Finally, the Under Secretary also requests my opinion as to whether the jurisdiction over the plant facilities which may be vested in the Secretary of the Navy imposes on the latter the duty of taking the necessary action to effectuate the decision to lease them and the shale deposits for the purpose of conducting an experimental program in the extraction of synthetic liquid fuels from oil shale. I am of the opinion that at this juncture the third question does not present a question of law, but one of executive policy for resolution elsewhere within the executive branch.

Since the questions which have been presented include at least one which is currently a matter of concern to the Secretary of the Interior under existing law, I am enclosing him a copy of these views.

Sincerely yours,

WILLIAM P. ROGERS,  
Attorney General.

Mr. ALLOTT. Mr. President, there is a great deal of unnecessary controversy and confusion on this matter and this bill will go a long way toward clearing it up and making it possible to move ahead with the oil shale program that is of unquestionable and critical importance to the defense of this country. I earnestly hope that the Committee on Armed Services will consider the bill promptly and thoroughly.

Mr. President, I ask unanimous consent that the bill lie on the table until the close of business on Monday, March 24, so that any other Senators who so desire may add their names as cosponsors.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk, as requested by the Senator from Colorado.

The bill (S. 3539) to amend part IV of subtitle C of title 10, United States Code, to authorize the Secretary of the Navy to take possession of the naval oil shale reserves, and for other purposes, introduced by Mr. ALLOTT, was received, read twice by its title, and referred to the Committee on Armed Services.

#### AMENDMENT OF COMMODITY EX- CHANGE ACT, RELATING TO TRADING IN ONION FUTURES— AMENDMENT

Mr. BARRETT (for himself and Mr. O'MAHONEY) submitted an amendment,

intended to be proposed by them, jointly, to the bill (S. 778) to amend the Commodity Exchange Act to prohibit trading in onion futures in commodity exchanges, which was referred to the Committee on Agriculture and Forestry, and ordered to be printed.

#### AMENDMENT OF FEDERAL-AID HIGHWAY ACT—AMENDMENTS

Mr. BUSH. Mr. President, I submit amendments, intended to be proposed by me to the bill S. 3414, the highway bill, which is scheduled for consideration by the Senate next week.

I ask unanimous consent that the amendments may be printed and lie on the table.

The proposed amendments are modifications of the bill (S. 3429) to authorize reimbursement to the States for certain free or toll roads on the Interstate System, and for other purposes, which I introduced on March 10, 1958, and of which my distinguished colleague, the junior Senator from Connecticut [Mr. PURTELL], and the distinguished senior Senator from New York [Mr. IVES] are cosponsors.

Mr. President, I ask unanimous consent that the text of the amendments, and a State-by-State table showing the amounts of reimbursement it would provide be printed following these remarks.

The PRESIDENT pro tempore. The amendments will be received and printed, and will be referred to the Committee on Public Works; and, without objection, the amendment and table will be printed in the RECORD.

The amendments referred to are as follows:

On page 24, between lines 10 and 11, insert the following new section:

"SEC. 13. Reimbursement to States for free or toll roads on Interstate System.

"(a) 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, 1958, if such highway or partially completed section thereof meets the standards required for the Interstate System.

"(b) 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 (1) 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 section. 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 subsection (d) of this section, 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 Fed-

eral 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.

(c) Any State entitled to reimbursement under this section, whether for a toll or free highway or a partially completed section of highway, shall use the funds so reimbursed, first, for construction of projects on highways which connect with the Interstate System and enhance the utility of such System; and then, if there be any funds remaining after completion of such projects,

on any Federal-aid system, 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 section, 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 section 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 section prior to July 1, 1972, and any portion of such amount not so obligated shall lapse. No State shall be permitted to obligate in any one fiscal year more than 10 percent of the amount to which it is entitled to be reimbursed under this section.

(d) The Secretary of Commerce shall establish such rules and regulations as may be necessary to carry out the purposes of this section.

On page 24, line 11, strike out "13" and insert in lieu thereof "14."

On page 24, line 20, strike out "14" and insert in lieu thereof "15."

The table presented by Mr. BUSH is as follows:

*Net reimbursement amounts based on 90 percent of depreciated original cost less Federal aid already paid toll and free roads*

[In millions]

| State         | Total cost less depreciation, table ASC | Federal-aid matching ratio | Total reimbursable amount based on 90-10 | Less Federal-aid payments already made, table AZ | Net reimbursable amount | State                | Total cost less depreciation, table ASC | Federal-aid matching ratio | Total reimbursable amount based on 90-10 | Less Federal-aid payments already made, table AZ | Net reimbursable amount |
|---------------|---|----------------------------|--|--|-------------------------|----------------------|---|----------------------------|--|--|-------------------------|
| Alabama       | \$18.2                                  | 0.9000                     | \$16.4                                   | \$9.7  | \$6.7                   | New Jersey           | \$356.4                                 | 0.9000                     | \$320.7                                  | \$22.0   | \$298.7                 |
| Arizona       | 41.9                                    | .9439                      | 39.5                                     | 25.0   | 14.5                    | New Mexico           | 20.0                                    | .9258                      | 18.5                                     | 13.7   | 4.8                     |
| Arkansas      | 14.0                                    | .9000                      | 12.6                                     | 8.9  | 3.7                     | New York             | 1,036.2                                 | .9000                      | 932.6                                    | 133.5  | 799.1                   |
| California    | 379.9                                   | .9162                      | 348.1                                    | 87.5   | 260.6                   | North Carolina       | 58.5                                    | .9000                      | 52.7                                     | 24.2   | 28.5                    |
| Colorado      | 45.8                                    | .9131                      | 41.8                                     | 24.8   | 17.0                    | North Dakota         | 6.9                                     | .9000                      | 6.2                                      | 4.5  | 1.7                     |
| Connecticut   | 326.6                                   | .9000                      | 294.0                                    | 15.5   | 278.5                   | Ohio                 | 300.1                                   | .9000                      | 270.1                                    | 50.7   | 219.4                   |
| Delaware      | 34.9                                    | .9000                      | 31.4                                     |  | 31.4                    | Oklahoma             | 101.8                                   | .9000                      | 91.6                                     | 13.7   | 77.9                    |
| Florida       | 35.5                                    | .9000                      | 32.0                                     | 5.4  | 26.6                    | Oregon               | 106.0                                   | .9238                      | 97.9                                     | 31.9   | 66.0                    |
| Georgia       | 68.7                                    | .9000                      | 61.8                                     | 24.2   | 37.6                    | Pennsylvania         | 432.6                                   | .9000                      | 389.4                                    | 102.4  | 287.0                   |
| Idaho         | 11.8                                    | .9230                      | 10.9                                     | 7.5  | 3.4                     | Rhode Island         | 19.2                                    | .9000                      | 17.3                                     | 6.9  | 10.4                    |
| Illinois      | 550.1                                   | .9000                      | 495.1                                    | 84.4   | 410.7                   | South Carolina       | 9.5                                     | .9000                      | 8.6                                      | 5.4  | 3.2                     |
| Indiana       | 180.6                                   | .9000                      | 162.5                                    | 16.2   | 146.3                   | South Dakota         | 9.8                                     | .9117                      | 8.9                                      | 5.2  | 3.7                     |
| Iowa          | 12.1                                    | .9000                      | 10.9                                     | 7.0  | 3.9                     | Tennessee            | 14.8                                    | .9000                      | 13.3                                     | 9.2  | 4.1                     |
| Kansas        | 109.3                                   | .9000                      | 98.3                                     | 10.3   | 88.0                    | Texas                | 285.1                                   | .9000                      | 256.6                                    | 97.2   | 159.4                   |
| Kentucky      | 37.6                                    | .9000                      | 33.8                                     | 6.5  | 27.3                    | Utah                 | 18.3                                    | .9488                      | 17.4                                     | 13.5   | 3.9                     |
| Louisiana     | 33.3                                    | .9000                      | 30.0                                     | 12.6   | 17.4                    | Vermont              | 3.2                                     | .9000                      | 2.9                                      | 1.9  | 1.0                     |
| Maine         | 38.7                                    | .9000                      | 34.8                                     | 3.7  | 31.1                    | Virginia             | 123.0                                   | .9000                      | 110.7                                    | 14.5   | 96.2                    |
| Maryland      | 165.3                                   | .9000                      | 148.7                                    | 13.4   | 135.3                   | Washington           | 90.3                                    | .9071                      | 81.9                                     | 20.8   | 61.1                    |
| Massachusetts | 292.0                                   | .9000                      | 262.5                                    | 13.2   | 249.6                   | West Virginia        | 9.5                                     | .9000                      | 8.6                                      | 4.5  | 4.1                     |
| Michigan      | 283.1                                   | .9000                      | 254.8                                    | 59.8   | 195.0                   | Wisconsin            | 12.7                                    | .9000                      | 11.4                                     | 5.5  | 5.9                     |
| Minnesota     | 25.9                                    | .9000                      | 23.3                                     | 10.8   | 12.5                    | Wyoming              | 23.1                                    | .9287                      | 21.5                                     | 15.6   | 5.9                     |
| Mississippi   | 12.5                                    | .9000                      | 11.3                                     | 6.6  | 4.7                     | District of Columbia | 16.2                                    | .9000                      | 14.6                                     | 9.2  | 5.4                     |
| Missouri      | 113.8                                   | .9000                      | 102.4                                    | 46.1   | 56.3                    | Alaska               |   |                            |  |  |                         |
| Montana       | 15.0                                    | .9131                      | 13.7                                     | 11.1   | 2.6                     | Hawaii               |   |                            |  |  |                         |
| Nebraska      | 1.4                                     | .9000                      | 1.2                                      | .5   | .7                      | Puerto Rico          |   |                            |  |  |                         |
| Nevada        | 10.9                                    | .9500                      | 10.4                                     | 9.7  | .7                      | Total                | 5,922.2                                 |                            | 53,450                                   | 1,128.7  | 4,216.3                 |
| New Hampshire | 10.1                                    | .9000                      | 9.1                                      | 2.3  | 6.8                     |                      |   |                            |  |  |                         |

Mr. COTTON submitted amendments, intended to be proposed by him, to Senate bill 3414, supra, which were ordered to lie on the table, and to be printed.

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

Mr. FLANDERS submitted amendments intended to be proposed by him, to the bill (H. R. 8381) to amend the Internal Revenue Code of 1954, to correct unintended benefits and hardships and to make technical amendments, and for other purposes, which were referred to the Committee on Finance, and ordered to be printed.

#### AMENDMENT OF FEDERAL-AID HIGHWAY ACT—ADDITIONAL CO-SPONSOR OF BILL

Mr. GORE. Mr. President, I ask unanimous consent that the name of the distinguished Senator from Wyoming [Mr. BARRETT] may be added as an additional cosponsor of the bill (S. 3414) to amend and supplement the Federal-Aid Highway Act approved June 29, 1956, to authorize appropriations for continuing the construction of highways, and for

other purposes, introduced by me (on behalf of myself and other Senators), on March 6, 1958.

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

#### EXPANSION OF PUBLIC FACILITY PROGRAM—ADDITIONAL COSPONSOR OF BILL

Mr. KEFAUVER. Mr. President, I ask unanimous consent that my name may be added as an additional cosponsor of the bill (S. 3497) to expand the public facility loan program of the Community Facilities Administration of the Housing and Home Finance Agency, and for other purposes, introduced by the Senator from Arkansas [Mr. FULBRIGHT] (for himself and other Senators), on March 17, 1958.

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

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

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

By Mr. KEFAUVER:

Address by Hon. JOHN SHERMAN COOPER, of Kentucky, at 16th annual meeting, Na-

tional Rural Electric Cooperative Association, Dallas, Tex., February 5, 1958.

By Mr. HUMPHREY:

Excerpts from address entitled "A Changing Role for a Changing Agriculture," delivered by him before eighth annual margarine all-industry conference, Boca Raton, Fla., March 17, 1958.

#### NOTICE CONCERNING NOMINATIONS BEFORE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nominations have been referred to and are now pending before the Committee on the Judiciary:

Eugene Levi Kemper, of Kansas, to be United States marshal, for the district of Kansas, for a term of 4 years—reappointment.

B. Ray Cohoon, of North Carolina, to be United States marshal, for the eastern district of North Carolina, for a term of 4 years—reappointment.

James E. Holshouser, of North Carolina, to be United States attorney, for the middle district of North Carolina, for a term of 4 years, vice Edwin M. Stanley, resigned.

William Raab, of Nebraska, to be United States marshal, for the district of Nebraska, for a term of 4 years—reappointment.

Dewey Howard Perry, of Vermont, to be United States marshal, for the district of Vermont, for a term of 4 years—reappointment.

Maurice Paul Bois, of New Hampshire, to be United States attorney, for the district of New Hampshire, for a term of 4 years—reappointment.

Fred Elledge, Jr., of Tennessee, to be United States attorney, for the middle district of Tennessee, for a term of 4 years—reappointment.

Clarence Edwin Luckey, of Oregon, to be United States attorney, for the district of Oregon, for a term of 4 years—reappointment.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in these nominations to file with the committee, in writing, on or before Friday, March 28, 1958, any representations or objections they may wish to present concerning the above nominations, with a further statement whether it is their intention to appear at any hearings which may be scheduled.

#### UNEMPLOYMENT COMPENSATION

Mr. PROXMIRE. Mr. President, an editorial in this morning's Washington Post calls for prompt action to extend unemployment compensation. This editorial points out that:

Quite apart from other measures on which caution is warranted, this aspect of the recession is truly an emergency requiring emergency action to alleviate individual hardship and to help sustain buying power.

Congress has a clear duty to act, and to act at once, to provide benefits for the hundreds of thousands of workers in every State of the Union who are about to exhaust their eligibility. As a co-sponsor of the bill introduced by the distinguished junior Senator from Massachusetts [Mr. KENNEDY], which would extend and improve unemployment compensation, I earnestly hope that action on this measure can be taken very promptly. I also enthusiastically support the measure introduced by the junior Senator from New Jersey [Mr. CASE], which would at once expand unemployment compensation payments. The Senator from New Jersey and the Senator from Massachusetts deserve great credit for vigorously pressing for this urgently needed legislation.

Mr. President, I ask unanimous consent that the editorial be printed in the RECORD at this point, following my remarks.

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

#### GET ON WITH IT

It is almost inconceivable that the administration would have proposed a program for extension of State unemployment benefits financed merely by Federal loans to the States. Such a plan would require costly and time-consuming special sessions of many State legislatures. If it is true that the Governors who met here with the President to discuss the plan have convinced Mr. Eisenhower of the near worthlessness of such a scheme, the conference was eminently worthwhile.

Why has it taken the White House so long to formulate its specific proposal for this much-needed relief? All that should be re-

quired, basically, is Congressional authority to make grants to the States enabling them to extend the benefits—although any feature that would encourage permanent improvements in the program by the States would be welcome. The legislation could be drafted in a day. Equally difficult to understand is why Congress has not itself moved forward more quickly on such legislation. Hearings sometime after Easter are talked of, when the need is for an extension of benefit payments this week—certainly no later than the end of the month.

Hundreds of thousands of workers are about to exhaust their eligibility; many already have. Unemployment, unhappily, seems to be still growing, although official figures for early March still are lacking. Quite apart from other measures on which caution is warranted, this aspect of the recession is truly an emergency requiring emergency action to alleviate individual hardship and to help sustain buying power.

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

The PRESIDENT pro tempore. The clerk will call the roll.

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

#### STAY OF REDUCTION IN SUPPORT PRICES OR ACREAGE ALLOTMENTS

Mr. JOHNSON of Texas. Mr. President, the Senator from Louisiana, the distinguished chairman of the Committee on Agriculture and Forestry [Mr. ELLENDER] has a motion he would like to make. Afterward, I should like to make an announcement.

Mr. ELLENDER. Mr. President, I ask that the message from the House of Representatives as to Senate Joint Resolution 162 be laid before the Senate.

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to 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, which were, on page 2, line 9, strike out all after "be" down through "tion." in line 12, and insert "effective, with respect to price supports, only for the marketing year or season which begins in 1958 and, with respect to acreage allotments, through 1959 crops.", and to amend the title so as to read: "Joint resolution to stay temporarily any reduction in support prices or acreage allotments."

Mr. ELLENDER. Mr. President, I move that the Senate concur in the House amendments.

The only thing the House has done is to strike from the joint resolution passed by the Senate the provision that would make price supports and acreage allotments apply for an indefinite period; that is, until the law was repealed or new legislation passed.

The effect of the House amendment is merely to extend the 1957 price support levels as a minimum for 1 year—1958—and 1957 acreage allotments, as

a floor for 1 year—1959. That is the only change.

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

Mr. ELLENDER. I yield.

Mr. DIRKSEN. That is my understanding of the matter; that the joint resolution, as amended, is identical with the joint resolution as it passed the Senate except that the freeze in dollars and cents values shall be for only 1 year.

Mr. ELLENDER. The Senator is correct.

Mr. DIRKSEN. Mr. President, without taking any time to debate the matter, I wish to reaffirm my opposition to the freeze as a matter of policy. If opportunity is given to me to vote, obviously I shall vote against concurrence in the House amendments.

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

Mr. ELLENDER. I yield.

Mr. JOHNSON of Texas. Some of our friends want the yeas and nays on this matter. I know there are some Senators absent and I had hoped it would not be necessary to have a yea and nay vote, but I am informed by some of my friends on the minority side that they insist on the yeas and nays. I think Senators ought to be placed on notice that we will have a record vote, and therefore I now ask for the yeas and nays.

The PRESIDENT pro tempore. Is there a sufficient second?

The yeas and nays were ordered.

Mr. CURTIS. Mr. President, will the distinguished Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. CURTIS. I shall vote today for the resolution to freeze agriculture support prices and to prevent them from being lowered.

It is my hope that a better, more workable farm program, acceptable to the farmers, can be eventually enacted. The farmers are not receiving their just share of the national income.

Time does not permit a discussion of all of the points which ought to be considered in a long-range program which will in a sound manner increase the farmer's income.

I desire to express my position in favor of preventing a lowering of support prices.

When the joint resolution was before the Senate some days ago, it not only froze support prices, which was all right, but it froze acreage allotments, and made the freeze indefinite. The time limit in the resolution now before the Senate lessens the weight of the objections, and I shall vote to concur in the House amendments.

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

Mr. ELLENDER. I yield.

Mr. HRUSKA. I should like to associate myself with the remarks of the junior Senator from Nebraska.

I should like to make an inquiry of the chairman of the Committee on Agriculture and Forestry.

In the form in which the joint resolution was originally submitted to the Senate, without any limitation as to

time, except for affirmative action taken by the Congress, it would have meant, would it not, a transfer from the national farm policy of flexible price supports to a rigid price-support program?

Mr. ELLENDER. No; that would not have been the case.

There would be nothing rigid about the stopgap price-support bill we adopted. As a matter of fact, I have seen that threadbare old argument dragged out and flogged so frequently by the Secretary of Agriculture and the White House that it is beginning to become somewhat ludicrous. It seems that anything Congress does that Mr. Benson does not like he labels "rigid."

Let me state to the Senator that the bill we passed earlier this week would have merely fixed last year's support price and last year's acreage as a minimum below which future support prices and future acreages could not fall until Congress had been given an opportunity to act. Let me take just one good example—cotton. I think that this one example will prove, and the Senator will agree, that to label this bill "rigid" is purely poppycock.

Last year, cotton was supported at 78 percent of parity. Our measure provided that for 1958 and future years, until Congress provided otherwise, the price of cotton could not be supported at a price less than that in effect last year. Thus, the support price of cotton can still flex, provided it flexes upward from last year's level. Now, Mr. Benson has said this is terrible, but, as a practical matter, he has already set the price support for cotton in 1958 at 81 percent of parity, or 3 points higher than it was last year—3 points higher than the minimum floor called for in the Senate bill. The only thing rigid about the stopgap bill we have approved is Mr. Benson's unyielding attitude toward it, or any other measure which would give some relief to our farmers. The flexibility of the support price will remain the same, from whatever level prices were last year up to 90 percent.

Mr. HRUSKA. Is that true of any other commodity?

Mr. ELLENDER. That is true of any other commodity. In other words, the flexibility will be from last year's prices up to 90 percent.

Mr. HRUSKA. Is the chairman saying, then, that this is a freeze resolution, but it is not a freeze resolution?

Mr. ELLENDER. The freeze is at not less than 1957 prices; and, since the price in dollars and cents will be under 90 percent, the range of flexibility will be from last year's price up to 90 percent. I cited cotton as a specific example. The support for cotton was 78 percent of parity for 1957. Therefore, there is flexibility from 78 to 90 percent. That is demonstrated by the fact that the Secretary of Agriculture increased the price support for this year over the price of 1957.

Mr. HRUSKA. But the amendment now proposed will necessitate the review of the entire policy by the Congress in the next 12 months, will it not?

Mr. ELLENDER. Oh, yes. The price support is effective only for a year. The Committee on Agriculture and Forestry is now in the process of studying every

proposal which has been submitted to it, and I hope before the session ends we shall have before the Senate for consideration an omnibus bill.

Mr. HRUSKA. Which will embrace all the factors we have been discussing in the course of the debate on the joint resolution?

Mr. ELLENDER. Yes.

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

Mr. ELLENDER. I yield to the Senator from Vermont.

Mr. AIKEN. The amendments to the joint resolution which were made in the House make it a better measure. I hope the Senate will approve the amendments.

Mr. DIRKSEN. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. DIRKSEN. When this question first arose I contended that the joint resolution represented a reversal of policy, and that it was in contravention of the recommendations made by the President in his state of the Union message, as well as his agricultural recommendations. I stated that in my judgement, right or wrong, the result would be to pile up surpluses. It will cause no end of trouble for us, so I wish to reassert my opposition to this proposal.

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

Mr. ELLENDER. I yield.

Mr. YOUNG. I wish to reaffirm my support of the joint resolution. The form in which the House passed it is acceptable.

The joint resolution will freeze the price supports at no less than last year's level. It seems to me that this is not asking too much. This is the price level which the President himself established as a compromise price support level 2 years ago when he vetoed the farm bill. That was at a time when farm operating costs were considerably less than they are today. If that was a fair price 2 years ago, it is certainly low enough now.

This is stopgap legislation, which will help farm prices, and add nothing to the cost of food.

Mr. ELLENDER. The Senator is correct.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Louisiana [Mr. ELLENDER] to concur in the House amendments to Senate Joint Resolution 162.

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

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

The question is on agreeing to the motion of the Senator from Louisiana [Mr. ELLENDER] to concur in the House amendments to Senate Joint Resolution 162. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. JOHNSON of Texas. Mr. President, on this vote I have agreed to give

my friend, the senior Senator from California [Mr. KNOWLAND], a pair. If he were present and voting, he would vote "nay"; if I were permitted to vote, I would vote "yea." In view of my agreement with the Senator from California, I withhold my vote.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], the Senator from Washington [Mr. JACKSON], the Senator from Washington [Mr. MAGNUSON], the Senator from Michigan [Mr. McNAMARA], the Senator from Oregon [Mr. MORSE], the Senator from Rhode Island [Mr. PASTORE], and the Senator from North Carolina [Mr. Scott] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent because of illness.

On this vote, the Senator from Washington [Mr. JACKSON] is paired with the Senator from Rhode Island [Mr. PASTORE]. If present and voting, the Senator from Washington would vote "yea" and the Senator from Rhode Island would vote "nay."

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Washington [Mr. MAGNUSON], the Senator from Oregon [Mr. MORSE], and the Senator from North Carolina [Mr. Scott] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Utah [Mr. BENNETT] is absent because of death in his family.

The Senator from Kentucky [Mr. COOPER] and the Senator from Iowa [Mr. HICKENLOOPER] are necessarily absent.

The Senator from California [Mr. KNOWLAND] is necessarily absent and his pair with the Senator from Texas [Mr. JOHNSON] has been previously announced.

The Senator from Vermont [Mr. FLANDERS] and the Senator from Wisconsin [Mr. WILEY] are detained on official business.

On this vote the Senator from Kentucky [Mr. COOPER] is paired with the Senator from Utah [Mr. BENNETT]. If present and voting the Senator from Kentucky would vote "yea" and the Senator from Utah would vote "nay."

On this vote the Senator from Wisconsin [Mr. WILEY] is paired with the Senator from Iowa [Mr. HICKENLOOPER]. If present and voting the Senator from Wisconsin would vote "yea" and the Senator from Iowa would vote "nay."

The result was announced—yeas 48, nays 32, as follows:

YEAS—48

|               |                 |            |
|---------------|-----------------|------------|
| Aiken         | Fulbright       | Murray     |
| Allott        | Gore            | Neuberger  |
| Anderson      | Green           | O'Mahoney  |
| Bible         | Hayden          | Potter     |
| Carlson       | Hill            | Proxmire   |
| Carroll       | Hruska          | Russell    |
| Case, S. Dak. | Humphrey        | Schoeppel  |
| Church        | Johnston, S. C. | Smathers   |
| Clark         | Kefauver        | Sporkman   |
| Curtis        | Kerr            | Stennis    |
| Douglas       | Langer          | Symington  |
| Dworsak       | Long            | Talmadge   |
| Eastland      | Mansfield       | Thurmond   |
| Ellender      | McClellan       | Thye       |
| Ervin         | Monroney        | Yarborough |
| Frear         | Mundt           | Young      |

## NAYS—32

|             |              |              |
|-------------|--------------|--------------|
| Barrett     | Goldwater    | Morton       |
| Beall       | Hoblitzell   | Payne        |
| Bricker     | Holland      | Purtell      |
| Bridges     | Ives         | Revercomb    |
| Bush        | Javits       | Robertson    |
| Butler      | Jenner       | Saltonstall  |
| Byrd        | Kuchel       | Smith, Maine |
| Capehart    | Lausche      | Smith, N. J. |
| Case, N. J. | Malone       | Watkins      |
| Cotton      | Martin, Iowa | Williams     |
| Dirksen     | Martin, Pa.  |              |

## NOT VOTING—16

|              |               |         |
|--------------|---------------|---------|
| Bennett      | Jackson       | Morse   |
| Chavez       | Johnson, Tex. | Pastore |
| Cooper       | Kennedy       | Scott   |
| Flanders     | Knowland      | Wiley   |
| Hennings     | Magnuson      |         |
| Hickenlooper | McNamara      |         |

So the motion was agreed to.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the motion was agreed to.

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

The PRESIDING OFFICER (Mr. FREAR in the chair). The question is on agreeing to the motion of the Senator from Texas to lay on the table the motion of the Senator from Louisiana to reconsider.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Morning business is in order.

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SEVENTIETH CONVENTION OF  
SOUTH CAROLINA EDUCATION  
ASSOCIATION

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Mr. JOHNSTON of South Carolina. Mr. President, as education is a basic weapon in the unceasing effort to maintain a free world, I note with pleasure that the 70th convention of the 108-year-old South Carolina Education Association is under way today at Columbia. Upward of 5,000 teachers and administrators will be in attendance.

A convention of educators is a matter of prime importance today, for education is a democratic arsenal that bulwarks our national freedoms.

This convention of South Carolina educators and administrators is timely, and its deliberations represent a national service. After all, the hard core of national security lies in the way our people feel about their country, its institutions, its moral values. Educators are in the front line of the never-ending battle to preserve American liberties. The classroom is truly the seeding place for future patriots.

Mr. President, we have made and are making progress all along the line in the matter of physical weapons for our protection, but arms by themselves are not sufficient for national security. Of major importance are the people themselves: their devotion to democratic ideals and institutions; the measure of their willingness to undergo sacrifice for the well-being of the Nation; their alertness to the problems and threats of the day; their understanding of the forces which menace the peace. The stake the individual has in democracy and his complete awareness of it is the vital question. Education thus becomes a prime weapon for freedom.

Broadly considered, the world today is divided into two rival educational

camps: one recognizes man as a creation of God, endowed with individual rights, at liberty to pursue his own destiny, and to develop his talents in freedom. The other regards man as a thing, soulless, to be used, exploited, and degraded by an all-powerful state which denies him his dignity, robs him of his self-respect, presses him into the slave-labor camp. Thus is the essential difference between democracy and communism.

America's tradition of free education is one of our Nation's richest inheritances. We of South Carolina have an especial interest in expanding educational opportunities and improving the quality of education. According to the findings of the research division of the National Education Association, 29 percent of South Carolina's population falls into the age bracket of from 5 to 17 years. Thus, South Carolina leads all the States in the important school-age population.

The investment America makes in education will be repaid manifold. An enlightened citizenry is the Nation's best safeguard. It is sound policy to provide physical school facilities for our expanding population; to upgrade teachers' salaries to the point where candidates for this vital profession will be encouraged to enter the teaching field; and to establish incentives for an ever-growing student body, insuring unto ourselves the quality of leadership needed in the vitally challenging decades ahead.

The people of South Carolina in recent years have made tremendous sacrifices in order to build one of the finest public-school systems in the Nation. They have levied special taxes to support public-school construction programs, and today South Carolina is equipped with a physical public-school system second to none. South Carolina is fortunate to have such excellent, patriotic, and devoted educational leaders.

I think the respect the people of South Carolina have for the value of education is reflected in their willingness to support this program of school construction.

The parents and students of South Carolina are fortunate in having a dedicated and able teaching corps. The teachers and educational administrators of South Carolina are cultural, moral, and intellectual leaders whose guidance, counsel, and devotion represent the highest concepts of American leadership.

Working together—student, teacher, parent, and government—with God's blessing, we shall develop a generation of Americans whose patriotism, courage, judgment, resourcefulness, and capacity for leadership will provide bright hope for the future. In this spirit, I salute the officers and membership of the South Carolina Education Association, in convention assembled.

The PRESIDING OFFICER. Under the 3-minute limitation, the time available to the Senator from South Carolina in the morning hour has expired.

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PAKISTAN INDEPENDENCE DAY

Mr. THYE. Mr. President, Sunday will mark another day of importance in a tiny country half a world away. On March 23 the little Republic of Pakistan

will celebrate the second anniversary of the date when it officially became a Republic.

I believe it is fundamental that, whenever possible, we officially note an anniversary of independence. The world will know that we mark freedom and liberty wherever these things have importance and meaning.

On March 23, 18 years ago, the famous Pakistan resolution was forwarded to the all-India Muslim League, at Lahore. This resolution for the first time put on the record a demand for a separate independent Muslim state in the Indian subcontinent.

We in the United States have a real friend in the Republic of Pakistan. Together, we have spelled out our common purpose in fighting the menace of communism, by our mutual participation in the Seato Pact.

It has been mentioned that it goes without saying that America holds a continuing and vital interest in Pakistan and her democratic development. Perhaps this is so. But I claim it should go with saying that we will continue to encourage the growth of countries which are pressured on all sides by communism. We should say it again and again. And we should say—today—that our best wishes go to Pakistan on her second birthday of liberty.

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THE ARKANSAS BASIN PROJECT

Mr. MONRONEY. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an excellent article, entitled "The Arkansas Basin Project," written by my colleague, the senior Senator from Oklahoma, published in the *Work Boat*, 1957 annual review number.

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

THE ARKANSAS BASIN PROJECT

(By the Honorable ROBERT S. KERR, United States Senator from Oklahoma)

Some 30 miles north of Tulsa is the town of Oologah, Okla. A short distance from its principal streets, Cooweescooe Avenue and Cowtrail Boulevard, runs the Verdigris River.

Will Rogers was born here on the banks of the Verdigris when it was a proud, active waterway. He loved this river almost as much as another great humorist, Mark Twain, cherished the Mississippi, and he often mentioned it in his writing.

At the time of Rogers' death in Alaska, the Verdigris in many areas had become a neglected, heavily vegetated ditch.

Downstream, midway between Tulsa and Oologah is the city of Catoosa. It appears to be an ordinary prairie town; but if plans now authorized by the Congress find fruition, Catoosa will serve as a bustling river port for the nearby metropolis of Tulsa, and will become the terminal of more than 500 miles of lush industrial development along the Arkansas Basin.

Steamboats once paddled from the Mississippi up the Arkansas River all the way to Wichita, Kans., where the "Arkansaw" suddenly and mysteriously became the "Arkansas."

Earlier, these historic rivers channeled explorers into Oklahoma and adjacent States. Spanish explorers in the 16th century first pierced this western wilderness in hollowed-out log boats and buffalo hide canoes.

Later, shallow keelboats and sternwheeled steamboats made scheduled runs from New Orleans to Fort Gibson, Okla. It was the keelboat that brought the soldiers who built Fort Smith, Ark., in 1817, and Fort Gibson and Fort Towson in 1824, together with the equipment and supplies essential to their work.

By the turn of the century, however, water transportation in this area had given way to other modes of travel. Today the river in its natural condition is completely unsuited for continuous navigation, because of its extremely low flow during dry periods, and as the result of a heavy sediment load which it deposits in the form of obstructive bars.

With an eye to fantastic advantages in freight rates enjoyed in the great river valleys and along the gulf coast, the Congress in 1946, as a part of the River and Harbor Act, authorized a project for the improvement of the Arkansas River for navigation and related multiple-purpose development.

The primary purpose of this legislation was to provide a 9-foot channel up the Arkansas River from its confluence with the Mississippi River to the mouth of the Verdigris River in Oklahoma. Fifty-two miles of the Verdigris—up to the town of Catoosa—were included in the project, which will cover 512 miles of vital waterway.

The authorized program for the Arkansas Basin calls for the construction of 30 flood-control or multiple-purpose reservoirs, including two non-Federal reservoirs, Pensacola and Markham Ferry, in Oklahoma.

Of these, 14 already are finished. Five more are under construction. A total of \$11,900,000 was appropriated for work on these five reservoirs during the fiscal year 1957, plus \$3 million more for bank stabilization work.

This program is a long-range, multiple purpose, comprehensive project that, depending upon appropriations, could be completed by 1973. The reservoir program in the Arkansas Valley is well along, but the Arkansas River navigation project is just starting.

Since the navigation development must be built essentially as a unit under a well-planned and continuing construction schedule, little evidence can yet be found along the riverbed and channels of any forward steps toward actual barge traffic.

This lack of evidence each dry summer creates in many minds an understandable doubt as to the eventual success of the navigational phase of the project. Sweltering farmers, noting their empty rain barrels and the powdered creek beds, express concern that is faithfully reflected in many newspaper cartoons.

Editorial pages frequently appear with huge ocean-going vessels plying their way through Oklahoma's "desert," always, incidentally, with some identifying tag to associate me with this incredible shipping development.

It is, truly, a gargantuan engineering undertaking. The project as authorized will represent an expenditure of \$1 1/4 billion. It will take at least 15 years to complete it, and it will cost an average, in peak years, more than \$100 million.

In recognition of the peculiar characteristics of the waterways, the project was designed with three large reservoirs: Oologah, Keystone, and Eufaula, all in Oklahoma.

The first, Oologah, is on the Verdigris River a short distance above the planned head of navigation. It will store water for augmenting the flow of the Verdigris and Arkansas Rivers during dry periods. It also will provide substantial flood-control and water-supply benefits. Tulsa already has agreed to pay for a large amount of the available water-supply storage.

Keystone Dam, on the Arkansas below Tulsa, and Eufaula Dam, on the Canadian River near its mouth in the Arkansas River, serve to store water for release during low-

flow periods, and to trap the large amount of sediment carried by both rivers. They also provide significant flood-control storage.

Above Pine Bluff, Ark., the river would be improved by four large locks and dams in the upper portion of the Arkansas. These are Dardanelle and Ozark locks and dams in Arkansas, and Short Mountain and Webber Falls locks and dams in Oklahoma.

The remainder of the Arkansas above Pine Bluff would have 10 smaller locks and dams, and the Verdigris would have 3.

Between Pine Bluff and the Mississippi the authorized plan provides for 3 smaller locks and dams and a dam on the Arkansas, a canal with a lock to cut across country to the White River, and 2 locks and dams and a dam on the White River.

A lateral canal on the north bank of the Arkansas from Pine Bluff to the Mississippi would be an optional, and perhaps preferable, solution, requiring a dam just downstream from Pine Bluff on the Arkansas, and 1 on the White River, with perhaps 5 locks. Bank protection of the Arkansas would be included in the project from the Mississippi to Short Mountain Dam.

So, it is apparent the authorized project is an extensive development, but one which has been justified again and again after thorough study by Army Engineers. And here is why:

Experts have determined that the navigation benefits derived from this completed project will include the movement of 13 million tons of freight annually, on the average.

The nature of this traffic on the Arkansas, it was estimated, would include, in millions of tons per year: Petroleum products, 3.8; iron and steel products, 3.7; and coal, 1.3.

This same group of experts has assumed that the average savings in transport costs per ton of cargo will be \$3.06. This figure, they point out, was arrived at from extensive data on rail rates and experienced costs of operating barge lines. It compares favorably with figures garnered from years of operations on other waterways.

Comparisons with other waterways indicate that the Missouri River more nearly resembles the Arkansas than any of the others, although there are major differences in the types of cargoes anticipated.

The Missouri River Basin project is still under construction and reliable depths below Kansas City have been only 6.5 feet, as compared to a project depth of 9 feet on the Arkansas. Despite this handicap, commercial traffic increased 40 percent in 1955 and even greater traffic is anticipated.

The amazing growth of the Ohio Valley, with the completion of the navigation project, has added impetus to the Arkansas project.

The Ohio River project was begun about half a century ago. The flood control reservoir system, which is still only 40 percent complete, started about 20 years ago. The industrial development of the Ohio River Basin has flourished with the aid of those programs.

Some \$10 billion worth of new plants have been erected in that region within the past 10 years alone. And this development has been based primarily upon three factors: Coal, cheap water transportation, and abundant water supply.

It should be pointed out here that eastern Oklahoma and western Arkansas contain one of the largest known reserves of coal. But presently the mines in these areas are closed because the coal is landlocked and not competitive with less desirable coal from other areas having the benefit of water transportation.

Commercial fertilizers, particularly phosphates, are used only to a limited extent in the areas tributary to the Arkansas River, primarily due to excessive freight rates. The need for these fertilizers is abundant in this entire area.

With the development of common carrier barges—modern diesel towboats equipped with radar, radiophone, and having a towing capacity of nearly 30,000 tons—the materials most needed in the Arkansas basin would be especially adaptable for transport by this method.

Once waterway transportation is available for the hauling of hauxite and pig metal and fuels; once hydropower is available near at hand to backstop the low-cost power advantages inherent in the coal resources and the easily available natural gas; once water-supply possibilities are developed to the fullest possible extent; the Arkansas Basin will possess the physical attributes needed for truly great expansion.

#### STEPS TO END THE RECESSION

Mr. JAVITS. Mr. President, today we are faced with another example of what Gilbert and Sullivan called an amazing paradox. At 11 o'clock this morning we were advised that the Consumer Price Index for February is 122.5, which is an increase—although slight—from January, when it was 122.3.

Mr. President, in a recession the classic pattern is that prices drop, not rise, in order to attract more consumption.

I believe that the real question facing the American people is whether American business in all its branches, including labor, is really responsive to the present situation.

Mr. President, I repeat that this is an amazing paradox.

It seems to me that there are two things which can be done; one can be done by the President, and the other can be done by the Congress.

I believe it is high time for the Congress to take up where the Temporary National Economic Committee left off—the famous TNEC, which looked into these very questions about two decades ago. I have submitted a resolution urging that the Committee on Interstate and Foreign Commerce or a select committee undertake an inquiry into how the consumer is faring in today's economy, with special reference to the recession.

In addition, I have urged that the President of the United States hold a White House conference of management, labor, and consumers, in order to determine just what each can do in the way of holding the line on prices, holding the line on wages, and taking other steps in the economy to deal with this recession.

I emphasize that the Government spends only 20 percent of the aggregate amount spent in the American economic system, whereas the private economy is responsible for 80 percent. Yet, somehow or other, no one has been calling upon the private economy to do its part. I believe the President is in a unique position to play that role. If we are to eventuate as we should—namely, the great, powerful leader of the world—I believe we should develop a stable economy available to all.

Mr. President, the hallmark of our economy will have to be a consumers' economy, whereas the hallmark of the Soviet economy is that of a state economy. This is an excellent time to make progress along that line, and I strongly urge it.

## TREASURY AND POST OFFICE APPROPRIATIONS, 1959

Mr. JAVITS. Mr. President, on another subject—

Mr. JOHNSON of Texas. Mr. President, will the Senator yield to me so I may make a motion, with the understanding that he not lose the floor?

Mr. JAVITS. Certainly.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of H. R. 11085.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 11085) making appropriations for the Treasury and Post Office Departments and the Tax Court of the United States for the fiscal year ending June 30, 1959, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations without amendment.

Mr. JOHNSON of Texas. I thank the Senator from New York.

## POSITION OF SENATOR JAVITS ON S. 3420, TO EXTEND AND AMEND THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Mr. JAVITS. Mr. President, the RECORD will show that I was not present yesterday for the yea and nay votes on the bill relating to Public Law 480. I wish the RECORD also to show that I spent the day in the beautiful State of Delaware, on a snowbound train, from 9 o'clock in the morning until 9 o'clock at night. Had I been here I would have voted "nay" on the amendments and "yea" on the bill.

I turn to another subject.

The PRESIDING OFFICER. The Senator from New York.

## AID FOR COLLEGES

Mr. JAVITS. Mr. President, we are reminded today, by an editorial in the New York Times, that the private colleges of the country need help, and the main help they can get is from contributions. While we talk about education, we have an opportunity to do something about it.

The editorial points out that the starting salary for faculty members in the private colleges and universities averages \$4,000. The average top salary for full professors is between \$8,000 and \$9,000 a year. So long as that continues to be our standard of value for learning, it is no wonder we cannot make major progress in education. I have supported and worked for measures to right this balance, but the people themselves can do a great deal by their own contributions.

I ask unanimous consent to have the editorial printed in the RECORD as a part of my remarks.

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

## AID FOR COLLEGES

Presidents of the 23 member colleges of the Empire State Foundation of Independent Liberal Arts Colleges, Inc., 11 West 42d Street, New York, are engaged in a spring campaign to raise funds for the foundation. Teams of the college presidents are calling upon business executives in New York City, in Westchester, on Long Island, and in other parts of the State.

As officials of the foundation contend, financial support from business and industry is necessary if the independent colleges are to meet the pressing problems besetting them. The need for educated men and women, trained in our colleges of liberal arts and sciences, is more important than ever before. To maintain and improve the quality of these institutions is a formidable task, especially with financial problems mounting steadily.

The goal for this year's foundation campaign is \$500,000. As against this objective, \$362,000 was raised last year and \$298,000 the year before. The most urgent need of the foundation colleges is to improve faculty salaries. The present starting salary for faculty members averages \$4,000 a year and the average top salary for full professors is between \$8,000 and \$9,000. The foundation's drive represents a splendid opportunity to give the cause of higher education tangible and valuable assistance.

## PURCHASE OF MILITARY TRUCKS FROM JAPAN

Mr. SALTONSTALL. Mr. President, yesterday the Senator from Michigan [Mr. POTTER] discussed the purchase of military trucks from Japan. His brief statement appears on page 4846 of the CONGRESSIONAL RECORD for yesterday.

I wish to obtain from the Department of Defense an explanation, and I made inquiry. I have received an answer from Mansfield D. Sprague, Assistant Secretary of Defense for International Security Affairs. In his letter he points out that it is our purpose to have our allies and our friends in mutual security build up their own defense establishments wherever they can, out of their own funds. The purchase of trucks is an effort in that direction in the case of Japan. He also points out that additional requirements for purchase of new vehicles within the program will be subject to periodic justification.

Mr. President, I ask unanimous consent to have the full letter of Mr. Sprague printed in the RECORD at this point.

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

ASSISTANT SECRETARY OF DEFENSE,  
INTERNATIONAL SECURITY AFFAIRS,  
Washington, D. C., March 21, 1958.  
Hon. LEVERETT SALTONSTALL,  
United States Senate.

DEAR SENATOR SALTONSTALL: During the past few years, the Department of Defense has conducted studies on the condition of vehicles in the military fleets of the Far East military assistance program recipients, and has determined that a majority of these vehicles will be lost through attrition by the end of fiscal year 1961. These vehicles were originally procured during World War II and most have seen service in two wars.

As a result of these studies, a comprehensive 5-year program was initiated in fiscal

year 1957 to rebuild vehicles and to procure new vehicles in Japan at a minimum cost.

Generally, the factors which influenced the decision to effect procurement in Japan were as follows:

(a) The World War II type vehicles are not in production in the United States and almost complete retooling would be required to provide a similar vehicle. It is believed that the quantities involved would preclude such expense. The Japanese are currently producing simple, modified World War II type vehicles which meet the criteria for cost and maintenance capability. These vehicles are being obtained at lower prices than would a more modern version of a United States military vehicle and from a source relatively close to the users, which reduces transportation costs.

(b) The M series vehicle now being used by the United States forces would present a complicated and expensive maintenance problem for Far East countries. At the same time, a continuing financial and logistical burden would be placed on the military assistance program, if these modern vehicles were to be provided and maintained with spare parts, along with the rebuild and spare parts support for the remaining World War II vehicles.

(c) In order to reduce maintenance costs and permit Asian nations to support their vehicle fleets through trading arrangements with Japan for spare parts and other support, these fleets should be of Japanese make with 100 percent of parts support available in Japan.

(d) United States owned yen is being used, as available, in current contracts. To the extent possible, the Department of Defense envisions a further proposal for the procurement of these vehicles in Japan with yen obtained from the Japanese Government in payment for United States produced military equipment. The United States would be indicating to the Japanese that, insofar as the Japanese would be willing to use their own currency to pay for American military materiel, in lieu of grant aid, the United States would purchase certain military products in Japan, with the yen thus engendered, for the use of other Asian nations. This should result in the achievement of economies for the United States, at the same time that mutual security objectives are met, and should be of benefits to both American and Japanese industry.

(e) The concept of helping nations to build up their armed forces and, then, having these nations support these forces, is not possible of accomplishment unless those nations having an internal financial capability can obtain their needed supplies within their natural market area, without complete dependence on dollar producing sources. Development of trading arrangements by the Japanese and other Asian nations is considered to be an effective method by which continued United States maintenance support in the Far East can be minimized.

In the first year of the 5-year rebuild and replacement program (fiscal year 1957), contracts were placed for 9,165 Japanese-produced vehicles. These vehicles are being provided to the Japanese armed forces in exchange for 13,896 United States World War II type vehicles. These World War II type vehicles are being rehabilitated and redistributed to other MAP recipients in the Far East.

The Department of Defense has approved for procurement in Japan in fiscal year 1958 only 4,400 vehicles ( $\frac{1}{4}$ -,  $\frac{3}{4}$ -, and  $2\frac{1}{2}$ -ton) of the 10,000 annual requirement for Far East countries envisioned in the overall program. On the basis of past contracts, it is estimated the cost of this procurement will not exceed \$21 million. Additional requirements for procurement of new vehicles

within the program will be subject to periodic justification.

Sincerely yours,

MANSFIELD D. SPRAGUE,  
Assistant Secretary of Defense (ISA).

UNITED WE STAND—DIVIDED  
WE FALL

Mr. HUMPHREY. Mr. President, we have just passed a measure that is very important for American agriculture, the joint resolution that places a floor under prices and freezes both acreage allotments and prices at 1957 dollar and acreage levels. I am very much pleased that Congress has seen fit to do that.

Mr. President, success and failures of farm-vote attempts in both sides of the Congress should by now provide convincing evidence of the necessity for our farm groups to work together, rather than trying to go it alone, one commodity at a time.

That was the premise upon which many of us worked as presenting the best hope of success for our farm people. The results have proven we were right. The Senate has rejected individual commodity bills, but has approved a joint effort to protect all farm groups. Now the same thing has happened in the House.

I hope people who have tried to divide farm groups and create disunity have learned a lesson and will hereafter join with those of us willing to help all farm people as long as the same spirit of reciprocal support is shown by various commodity groups.

Mr. President, a timely discussion of this point was carried on a network of Midwest radio stations last Monday, sponsored by the Farmers' Union Grain Terminal Association. I ask unanimous consent that the text of this broadcast, quoting from one of the most capable farm writers of the Washington press corps, Charles Bailey, be printed at this point in the RECORD.

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

An old truism of farm politics—that you stick together, or get stuck separately—was proved again in the United States Senate last week. So explains Washington reporter Charles Bailey in the Minneapolis Tribune. He tells what happened this way, and we quote from his story: "One farm bill was passed by the Senate. It applied across the board to all farm products—freezing price supports and acreage allotments at levels no lower than those set in 1957. Three farm proposals failed," Bailey says. "Two dealt with dairy products only, one with cotton alone. Thus the old farm bloc—split in 1956 and 1957 by the siren songs of single-commodity appeals and partisan politics—managed to pull itself together well enough to slap the administration with the all-commodity price-acreage freeze."

This suggests to Bailey that the immediate outlook for the newly generated farm bloc is good. The House farm committee has the all-crop measure now, and it seems almost certain that it will pass there. But Bailey says that the three attempts to put through one-product bills shows that this reunited bloc is far from firm and that the partisan divisions so obvious in the past 2 years are still alive. Bailey and other Washington observers report that the President will veto the all-crop freeze. Secretary of

Agriculture Benson, of course, strongly advises him to do so.

But another Washington reporter—Wayne Darrow, editor of the Washington Farmletter—predicts that a veto won't end the effort to get good farm legislation this year. He says that the point has been reached on farm affairs beyond which Eisenhower and Benson can't push Congress without having a first-class fight on their hands. "Instead of ending efforts to raise price supports," Darrow states, "a veto will bring redoubled efforts in Congress to pass a longer range omnibus farm bill—even though it, too, would be vetoed. That's the mood now."

Well, this is the time of decision in Washington, and the prices you farmers will get this year for your grain and your milk are being decided, and that means that prices on most all your other crops are affected, too. It's the old price relationship among commodities—that you farmers understand so well, from many years of experience. Both the Washington reporters we've just quoted point up the fact that Congress is worried. There is a growing feeling that something must be done for farmers and done now. So a veto of the all-crop price-support freeze, acknowledged to be only a stopgap measure, would trigger Congressional action for an omnibus farm bill, wrapping up farm legislation into one bundle.

Could it succeed? It could if the Senators and Representatives from all the farm areas in the United States stuck together with the overall welfare of agriculture in mind. It's a case of sticking together, or getting stuck separately. And how well farmers know that story. Sticking together and working together is the story of GTA. Organized economic action, benefiting farmers to the tune of many millions of dollars, with fine, modern marketing services and strong representation in Washington. Farmers built that, farmers own it, farmers use it—GTA, the co-op way.

MEADE ALCORN STATEMENT ON  
DEMOCRATIC SPENDING

Mr. HUMPHREY. Mr. President, I noted in today's Washington Star a news story, which I hold in my hand, entitled, "Alcorn Raps Rival's Plans" an Associated Press dispatch with the dateline Delaware, Ohio, March 21. It reads in part as follows:

Meade Alcorn, chairman of the Republican National Committee, said today Democrats would spend Federal funds at random to halt the business downturn.

Republicans, he added, are not willing to hand our grandchildren a billion-dollar bill for 1958 leaf raking.

The article states further:

The Democrats see in this a negative, hard-times issue on which their various splinter groups can unite. Their answer is twofold: (1) Mount a massive publicity barrage of professional pessimism to shake confidence in the future; and (2) wheel out their traditional and only economic weapon, the Federal Treasury, and fire it off pretty much at random in all directions.

Mr. President, I ask unanimous consent that the dispatch may be printed in its entirety at the conclusion of my brief remarks.

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

(See exhibit 1.)

Mr. HUMPHREY. Mr. President, let me make a quick comment in this morning hour. First, the Democratic leadership in both the Senate and the other House has not fired at random. The

Democratic leadership has attempted to lay before the Congress a sensible, constructive, and timely program. It is nothing short of shocking that the White House and executive branch have to be coaxed into action. This administration is still addicted to the old, wartime, pathetic slogan of "too little and too late."

I think we owe a debt of gratitude to the chairmen of committees in the Senate, to the majority leader, LYNDON JOHNSON, and, yes, to some of our Republican colleagues. I have noticed the fine statements of the minority leader in his effort to arouse Congress and the executive branch into action. Mr. Alcorn can talk all he wishes about the pessimism of the Democrats, but I wish his heart would have a little room in it for the tragedy of unemployment, for the loss of income of our farmers. I wish he would speak a little more affirmatively about what they intend to do in his party about the rate of bankruptcy of small business. I wonder what Mr. Alcorn's response is to 5½ million unemployed. I wonder what Mr. Alcorn's response is, at a time when the Nation is in recession, to the fact that we witness the highest cost of living in the Republic's history. Mr. Alcorn made the wrong speech, at the wrong time, on the wrong subject, by the wrong man.

I say, Mr. President, before any more Republican leaders start talking, in a sort of spirit of levity, about the tragedy of unemployment, recession, bankruptcy, or business failure, they had better examine their consciences and the miserable, deplorable record of their administration. Part of the tragedy today is due to the tight money, high interest rates, hard money, tight credit policies of this administration.

Meade Alcorn can make political speeches about the pessimism of Democrats. I suggest that he make a speech about the faltering leadership of his own administration and the laying down of a program of action rather than one of reaction.

EXHIBIT 1

ALCORN RAPS RIVAL'S PLANS

DELaware, OHIO, March 21.—Meade Alcorn, chairman of the Republican National Committee, said today Democrats would spend Federal funds at random to halt the business downturn.

Republicans, he added, are not willing to "hand our grandchildren a billion-dollar bill for 1958 leaf raking."

The GOP chairman, in an address prepared for Ohio Wesleyan University's student assembly, said the difference between the two parties on the current recession is this:

"The Democrats see in this a negative, hard-times issue on which their various splinter groups can unite. Their answer is twofold: (1) Mount a massive publicity barrage of professional pessimism to shake confidence in the future; and (2) wheel out their traditional and only economic weapon, the Federal Treasury, and fire it off pretty much at random in all directions.

"We Republicans see in the downturn a temporary challenge to the working partnership of Government and private initiative. We refuse to spread fear and panic among our people.

"We refuse to believe that the bright future of America has suddenly dimmed. We quietly loosen credit, encourage enterprise,

and carry out a solid economic program to stimulate and accelerate spending only for things the country needs."

#### AGRICULTURAL POLICIES DEPOPULATE FARMS

Mr. HUMPHREY. Mr. President, another press dispatch this morning from the Washington Star is entitled "Agriculture Plows Under Report Hinting Policies Depopulate Farms."

We see again a lead story in one of the newspapers in Washington, which has consistently supported the administration, to the effect that the Department of Agriculture, Mr. Benson himself, has done away with—literally burned—the copies of a report which revealed that the agricultural policies of this administration have brought ruin, trouble, and at times open distress to thousands and thousands of people.

Mr. President, I ask unanimous consent that the article from the Washington Star may be printed in the RECORD at this point.

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

#### AGRICULTURE PLOWS UNDER REPORT HINTING POLICIES DEPOPULATE FARMS

(By Mary McGrory)

Agriculture Secretary Benson just won't tell Congress why his Department recently plowed under 2,500 copies of a farm census report.

The original edition of Farm Population Estimates for 1957 has become a collector's item. It may even be extinct. No one knows except the people in the Department who prepared it, and they are not allowed to discuss it.

Cries of book burning have been heard on Capitol Hill. A department spokesman would only say, "I don't think the particular manner of disposition is important in the case."

Mr. Benson's assistant, Don Paarlberg, says the 2,500 destroyed copies constituted a working paper, which contained material not statistically representative. He has steadfastly refused to make the controversial contents public because, he says "the nature of the material that was deleted was based on a subsample we did not think adequate."

#### SUGGEST INFERENCE

But Representative FOUNTAIN, Democrat, of North Carolina, chairman of a Government Operations subcommittee, who was refused a copy of the suppressed edition, told the Department in a letter:

"When documents are withheld and officials are forbidden to talk, an inference is inevitably created that the Department has something to hide."

And a recent edition of the Farmers' Union newsletter came out with its own version of what was being hidden.

"As part of a report showing how farm population had declined in 1957 by more than 8 percent," said the March 7 newsletter, "there also was included some comment from the people out in the country who had helped furnish estimate material. Some of these comments reportedly implied that the drop was regrettable and partly due to administration farm policies."

#### FIGURES CALLED IDENTICAL

Representative FOUNTAIN wrote requesting the original edition of the pamphlet on February 27 and an explanation of its suppression. Mr. Paarlberg replied that the figures in both versions were identical, but that for the first time technicians responsible for the estimates interviewed certain farmers.

"The technicians stated in the draft that this material was illustrative of the range of the factors affecting farm population movement and did not necessarily give a representative statistical sample," he wrote. It was originally published, he said, because of an incorrect impression on the part of the Agricultural Marketing Service section of the Department.

Mr. Paarlberg pointed out that the additional cost of printing the revised edition was only \$50.78.

He still won't say if any originals survive.

#### PROXMIRE SEES DISTORTION

Word of the uncirculated edition got around on Capitol Hill. Senator PROXMIRE, Democrat of Wisconsin, an old Benson foe, citing the Secretary's boast that per capita farm income had risen to a record high, suggested a possible distortion of farm statistics, and charged book burning.

And on the House side, Representative REUSS, Democrat of Wisconsin, also accused the Secretary of book burning and said, "Of course, Benson could not release a document which would show that farmers were being driven off the farms by his policy."

Representative FOUNTAIN has referred the whole matter to Representative MOSS, Democrat of California, chairman of the Government Publications Subcommittee, a group dedicated to finding out from executive departments why they do this sort of thing.

#### ECONOMIC SIGNPOSTS

Mr. HUMPHREY. Mr. President, Republican pep talks and chins-up pronouncements to the contrary, the cold statistics reveal that the recession is growing worse with each passing week.

The latest New York Herald Tribune business index shows a further drop in the first week of March of 1.2 points, from 163.4 to 162.2. This compares with a figure of 192.9 for a year ago—which indicates a drop in general business of 16 percent.

I ask unanimous consent, Mr. President, that the Herald Tribune report on business activity dated March 13 be printed at this point in the RECORD.

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

#### THE BUSINESS TREND—HERALD TRIBUNE INDEX DOWN 1.2 POINTS

General business seeped still lower in the first week of March, according to latest data. An encouraging sign was further improvement in construction activities. Also, in the financial area of the economy there was no sign of letup in the demand for capital funds, indicating that industrials have confidence in the future.

Based on information nearest March 8, the New York Herald Tribune's index of general business dropped to 162.2 percent of estimated normal from 163.4 a week earlier. For the 1957 week the reading was 192.9.

A decline in the indicator for the production division of the general index, to 193.4 from 194.6, followed an irregular pattern. In addition to construction, there was some improvement in commodity carloading volume and coal production and steel melt held at the same level as during the last week of February. However, electric-power output was off quite sharply, a reflection of reduced industrial activity. Crude-oil output was down sizably. With the moderation of weather, the need for heating oils is progressively diminishing. This factor, with very large storage stocks of gasoline, reduce re-

quirements of refiners for processing stocks. Volume in crude at this time makes a poor comparison with first-quarter activities in 1957 when production was opened up to meet an emergency in Europe caused by interruption of Middle East supplies.

The situation in steel showed little change during the week. Orders have improved from small customers but the big buyers continue on the sidelines, according to Iron Age.

Without significant help from automotive, railroad, and appliance industries, steel industry operations are unlikely to show much change until midyear, some authorities suggest. Ingot production, under 55 percent of capacity, is not expected to strengthen this month.

The total of 5,788,000 tons was 4,199,206 less than for the 1957 month and a low, except for strike periods, for any month since July 1948.

The index for distribution fell in the March 8 week to 118.3 from 119.3, compared with 145.7 a year ago. Both components—bank clearings for the outside centers, and miscellaneous and less-than-carload-lots carloadings—posted declines.

The financial state of affairs last week was logged at 144.5, off 1.4 points from the preceding week. New financing showed a big gain at 846, up from 813 and comparing with 679 a year ago. Bank clearings for the metropolitan New York area also were higher. Offsetting these were dips in money rates, volume of stock and bond transactions, and in-stock price fluctuations.

#### Index of general business

|   | For weeks ended— |           |                 |
|---|------------------|-----------|-----------------|
|   | Mar.<br>8        | Mar.<br>1 | Mar.<br>9, 1957 |
| FINANCIAL   |                  |           |                 |
| Stock sales   | 118.0            | 124.0     | 114.0           |
| Bond sales  | 42.0             | 45.0      | 36.0            |
| Stock price changes                                   | 153.0            | 158.0     | 170.0           |
| Money rates   | 211.0            | 218.0     | 291.0           |
| New financing   | 846.0            | 813.0     | 679.0           |
| Bank clearings New York City                          | 100.0            | 98.0      | 97.0            |
| Index of financial activity                           | 144.5            | 145.9     | 139.5           |
| DISTRIBUTION  |                  |           |                 |
| Bank clearings outside New York City                  | 92.0             | 93.0      | 103.0           |
| Carloadings, miscellaneous and less-than-carload lots | 132.0            | 133.0     | 168.0           |
| Index of distribution                                 | 118.3            | 119.3     | 145.7           |
| PRODUCTION  |                  |           |                 |
| Construction  | 146.0            | 140.0     | 175.0           |
| Coal production                                       | 103.0            | 103.0     | 128.0           |
| Crude oil   | 280.0            | 237.0     | 264.0           |
| Commodity carloadings                                 | 162.0            | 161.0     | 194.0           |
| Electric power production                             | 318.0            | 322.0     | 327.0           |
| Steel activity  | 108.0            | 108.0     | 185.0           |
| Index of production                                   | 193.4            | 194.6     | 232.6           |
| Index of general business                             | 162.2            | 163.4     | 192.9           |

All the above figures are the latest available as of the dates specified. Data on carloadings and coal production, for instance, do not necessarily cover these particular weeks.

Mr. HUMPHREY. Mr. President, I also invite attention to a résumé of economic indicators in the Herald Tribune of Monday, March 17. Even the administration's gifted public relation experts will have trouble convincing the American people that these figures show we are on the way to recovery. Construction awards are off almost 25 percent from a year ago. Freight car loadings are off 19 percent. Steel production down from 94 to 52.8 percent of capacity since last year. Manufacturers' sales off more than 10 percent. Manufacturers' inventories up by \$400 million. Business failures up 10 percent. Prices still ris-

ing. Unemployment at the highest level since 1941—a full 2 million more than a year ago.

I ask unanimous consent, Mr. President, that the tabulation, entitled "Eco-

nomic Signposts," be printed at this point in the RECORD.

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

*Economic signposts*

|  | Date reported | Latest figures    | Previous figures  | Year ago          |
|--|---------------|-------------------|-------------------|-------------------|
| Bank clearings (26 cities)                 | Mar. 14       | \$22,266,514      | \$23,587,406      | \$21,581,228      |
| Business failures                          | Mar. 11       | 358               | 331               | 327               |
| Commercial and industrial loans            | Mar. 13       | \$29,796,000,000  | \$30,006,000,000  | \$30,187,000,000  |
| Construction awards                        | Mar. 14       | \$313,098,000,000 | \$365,141,000,000 | \$412,284,000,000 |
| Crude oil production (barrels)             | Mar. 13       | 6,327,735         | 6,841,285         | 7,812,965         |
| Electric power production (kilowatt-hours) | do            | 11,793,000,000    | 11,803,000,000    | 11,867,000,000    |
| Freight carloadings                        | Mar. 14       | 544,173           | 553,645           | 672,386           |
| Herald Tribune business index              | Mar. 13       | 162.2             | 163.4             | 192.2             |
| Steel operations (percent)                 | Mar. 11       | 52.8              | 54.6              | 94.0              |
| Wholesale food price index                 | Mar. 15       | 119.6             | 119.4             | 116.9             |
| Building permits (217 cities)              | Mar. 13       | \$6.68            | \$6.68            | \$6.12            |
| Consumer Price Index                       | Feb. 24       | \$438,331,568     | \$391,981,064     | \$417,388,126     |
| Cotton consumption (bales)                 | Feb. 26       | 122.3             | 121.6             | 118.2             |
| Employment                                 | Mar. 5        | 799,800           | 571,287           | 842,452           |
| Unemployment                               | Mar. 12       | 61,988,000        | 62,238,000        | 63,190,000        |
| FRB industrial production index            | do            | 5,173,000         | 4,494,000         | 3,121,000         |
| Manufacturers' sales                       | Feb. 15       | 133               | 136               | 146               |
| Manufacturers' inventories                 | Mar. 13       | \$25,700,000,000  | \$26,354,000,000  | \$28,900,000,000  |
| New York Stock Exchange:                   | do            | \$53,300,000,000  | \$53,730,000,000  | \$52,900,000,000  |
| Brokers' loans                             | Mar. 6        | \$2,056,718,000   | \$1,936,412,000   | \$2,233,315,000   |
| Short interest                             | Feb. 20       | 3,921,260         | 2,832,740         | 2,815,519         |
| Personal income                            | Mar. 15       | \$341,800,000,000 | \$343,600,000,000 | \$336,600,000,000 |
| Pig iron production (tons)                 | Feb. 20       | 4,854,444         | 5,279,380         | 7,282,373         |
| Steel ingot production (tons)              | Mar. 12       | 5,788,000         | 6,753,902         | 9,987,206         |
| Rail net operating income                  | Mar. 8        | \$31,828,152      | \$58,977,906      | \$58,564,460      |

Mr. HUMPHREY. Mr. President, the most recent reports show freight carloadings for the week ending March 15 dropped off 5,116 cars from the week before, and 150,169 cars fewer than the corresponding week of last year.

This is a decline in carloadings of more than 21 percent from the same period of last year. It also amounts to only 79 percent of average loadings for the corresponding weeks of the previous 10-year period.

An analysis of freight carloadings for the last 3 months, and their percentage of the 1948 to 1957 average, shows that the situation is becoming more acute. In this past 3 months period there have been 7 weeks in which freight carloadings fell below 80 percent of the 10-year average. And the last 5 weeks reported all were in this category of less than 80 percent.

This is to me, Mr. President, only another of many indications as to the seriousness of the recession and the need for prompt and coordinated action to bring it to a halt. The concern over the recession shown in the prompt actions of the Congress I am sorry to say has not been matched to date by the administration, which still clings to its wait-and-see attitude.

I ask unanimous consent, Mr. President, that the report on carloadings from the March 21 New York Herald Tribune be printed at this point in the RECORD.

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

**CARLOADINGS DROP 5,116**

WASHINGTON, March 20.—Loading of revenue freight for the week ended March 15 totaled 539,057 cars, according to reports filed by the railroads with the Association of American Railroads and made public today. This was a decrease of 5,116 cars from the preceding week this year, 150,169 cars fewer than the corresponding week in 1957

and 146,926 cars below the period 2 years ago.

This total was 78.99 percent of average loadings for the corresponding week of the 10 preceding years. The following table shows loadings by weeks for the last 3 months and their percentage of the 1948-57 average:

|             | Loadings | Average percent |
|-------------|----------|-----------------|
| Week ended— |          |                 |
| Dec. 14     | 603,036  | 83.96           |
| Dec. 21     | 500,343  | 89.43           |
| Dec. 28     | 410,022  | 70.12           |
| Jan. 4      | 471,749  | 73.56           |
| Jan. 11     | 569,444  | 80.71           |
| Jan. 18     | 572,353  | 82.60           |
| Jan. 25     | 550,667  | 80.11           |
| Feb. 1      | 550,426  | 82.11           |
| Feb. 8      | 532,289  | 80.61           |
| Feb. 15     | 533,237  | 77.58           |
| Feb. 22     | 492,389  | 74.01           |
| Mar. 1      | 553,645  | 79.57           |
| Mar. 8      | 544,173  | 77.53           |
| Mar. 15     | 539,057  | 78.99           |

**Carloadings by groups follow:**

|                                      | Week ended Mar. 15 | Change from previous week | Change same week in 1957 |
|--------------------------------------|--------------------|---------------------------|--------------------------|
| Miscellaneous freight                | 279,953            | -454                      | -76,222                  |
| Miscellaneous less-than-carload lots | 48,592             | +876                      | -9,128                   |
| Coal                                 | 103,883            | -7,043                    | -36,484                  |
| Grain and grain products             | 48,138             | +3,186                    | -4,439                   |
| Livestock                            | 4,657              | +210                      | -1,119                   |
| Forest products                      | 33,304             | -1,523                    | -6,568                   |
| Ore                                  | 14,485             | -318                      | -8,575                   |
| Coke                                 | 6,045              | -50                       | -7,270                   |

**EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954**

Mr. BUTLER. Mr. President, yesterday I missed all the votes in connection with the extension of Public Law 480. As is my custom, after the adjournment on Wednesday evening I returned to my home in nearby Maryland. By Thursday morning we were so snowed in it was utterly impossible for me to attend the session of the Senate yesterday.

The votes as I would have cast them are properly recorded in the CONGRESSIONAL RECORD. I regret that I was unable to be present.

**UNITED STATES HEROES OF THE AIR**

Mr. JOHNSTON of South Carolina. Mr. President, I invite the attention of Senators to an article by Ansel E. Talbert, military and aviation editor of the New York Herald Tribune, which appeared in the Herald Tribune, March 16, under the heading "United States Heroes of the Air War."

This is a review of the recently published book, "American Aces: in Great Fighter Battles of World War II," written by Edward H. Sims, Washington correspondent for several daily newspapers and radio and television stations in South Carolina. The book has recently been on the Herald Tribune's nonfiction best-seller list.

I bring this to the attention of the Senate for the reason that the heroes of which Mr. Sims writes were recently our guests in the Capitol and it may please others, as it has me, to learn that they are at last, as Mr. Talbert writes in the Herald Tribune, "Getting their long-delayed—and well-deserved—due."

The author, Mr. Sims, is a native of South Carolina and is one of the outstanding writers of my State. He is a veteran of World War II, having served as a fighter pilot himself.

I ask unanimous consent that the review by Mr. Talbert be printed in the RECORD as part of my remarks.

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

World War II has been described as an air war decided by superior air power. It certainly was to a much greater degree than any other in history. And fighter pilots and fighter planes together unquestionably comprised the decisive element which insured the success of the Allied bomber offensive on Germany and Japan by making possible continual daylight bomber attacks—without prohibitive bomber losses—that pulverized the Axis war economy. Air Marshal Hermann Wilhelm Goering of Germany, who ought to have known, personally attested this in an interview with his captors at the war's close, when he replied to a question as to exactly when he knew the game was up for Hitler's Third Reich by saying: "The day I first looked up and saw American P-51 Mustang fighter planes over Berlin."

Yet paradoxically the names of America's—as well as Britain's and Germany's and Japan's—World War II fighter aces and their personal exploits are far less familiar even today than those of the "knights of the sky" of World War I. How many Americans know that America's greatest living World War II ace-of-aces in enemy planes destroyed both in the air and on the ground (37½) is cigar-chomping Col. John C. Meyer, of Forest Hills, Long Island, who commanded a jet fighter group in Korea and has remained in uniform?

Or that the top two in air combats alone who survive are Col. Francis S. Gabreski, also of later Korean war fame and now an air base commander in South Carolina, and Lt. Col. Robert S. Johnson, today an aircraft manufacturing industry executive with Republic Aviation, who are credited respectively with 31 and 28? Maj. Richard L. Bong and

Capt. Thomas G. McGuire, who topped all Americans with 40 and 38 victories, respectively, both died in line of duty—the former testing a new fighter and the latter in action over the Philippines.

Many reasons have been advanced to explain this, but probably the most important is that throughout World War II, on the allied side at least, it generally was official policy to stress fighter teamwork and play down announcements of individual actions. As the author of this excellent book, Edward H. Sims—a United States Army Air Forces World War II fighter pilot with 33 combat missions over Germany—points out himself, teamwork was the key to victory so far as the United States was concerned, plus generally superior conventional fighter planes until Germany's jet-propelled Messerschmitt ME-262 made its appearance too late to turn the tide. But teamwork never did remove the thrill or the heroism or the danger from fighter action—nor did it kill individual courage or outstanding ability. No less than 11 of America's top 23 fighter aces of the war in all theaters were killed in action or in crashes in line of duty.

The goal of American Aces is to give the World War II fighter pilot his long-delayed and well-deserved due and the author has succeeded admirably. Since it was Mr. Sims' aim to recreate the drama of top war missions so accurately and minutely that the reader would share the pilot's tension, the personal cooperation of each ace with the author was vital—and therefore the choice of pilots to be included literally was made by fate. A better and more descriptive title might have been: *The Twelve Who Survive*.

The book is an exciting narrative for readers of all ages with maps and photographs of planes and pilots. This correspondent found it absorbing reading and the best book on fighter combat since Group Captain J. E. (Johnny) Johnson's *Wing Leader*. It is a highly informative and accurate historical document for the coming space age in which science and technology will not entirely submerge personal courage and initiative.

#### SURPLUS FOOD TO FEED OUR NEEDY

**MR. PROXMIRE.** Mr. President, only 10 days now remain before the cut in dairy farmers' returns ordered by Secretary Benson is scheduled to take full force and effect. But today this body went a long way toward stopping that order, by concurring in the House amendment to the joint resolution. This is a great day for Wisconsin farmers.

The cruel blow, about to be dealt, to our dairy farmers—which would result in an accumulated slash in the purchasing power of milk amounting to 23 percent during the past 5 years—has been justified on the grounds that there is a surplus of food.

I have a report here today, Mr. President, which shows the types of foods that have been distributed to various kinds of outlets by the Department of Agriculture within the past year. There is a substantial list of commodities which can be made available. Yet, only five commodities were being made available to needy families—despite the worsening unemployment situation in many cities—until butter was added this week. Now six commodities are involved.

There have been many appeals from my State and from elsewhere for the Department of Agriculture to provide some of our surplus poultry to balance

the meager list of commodities which have been furnished—cornmeal, wheat flour, dried milk, cheese, and rice. These needy families need high-protein food to balance the commodities that have been offered up to now. The Department has refused.

The report on Government dispositions reveals one particularly interesting fact: In 1957, the Department of Agriculture, which today refuses to distribute surplus poultry to the families of unemployed American workers, subsidized the shipment of 3,646,203 pounds of poultry to Germany.

Surely, if we can afford to ship surplus chickens to Germany, we should afford to provide our own needy with poultry products to help hard-hit local communities to cope with their unemployment emergencies.

Poultry prices are severely depressed. Chickens are only 69 percent of parity; turkeys are only 67 percent of parity.

I have introduced a bill with the junior Senator from Pennsylvania which would

clearly establish the Secretary's authority to use the \$514 million that Congress has appropriated for the purchase of surplus foods, to buy commodities that are in abundant supply for the purpose of balancing the foods that are being offered for distribution to needy families. Mr. Benson is not willing to acknowledge that the surplus situation is sufficiently severe although prices are down to 69 and 67 percent of parity—and very recently have been much worse. But he can hardly deny that the supply must be abundant when prices are driven this low.

Mr. President, I ask unanimous consent to have a table prepared by the Department of Agriculture, which shows the commodities which have been purchased for distribution to various outlets and the quantities and value, printed at this point in the RECORD.

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

| UNITED STATES DEPARTMENT OF AGRICULTURE   |  |               |            |             |
|---|--|---------------|------------|-------------|
| AGRICULTURAL MARKETING SERVICE  |  |               |            |             |
| Removal of surplus agricultural commodities, obligations by commodities, fiscal year 1957 |  |               |            |             |
| Program and commodity   | Average price Feb. 15 as percent of parity price | Unit          | Quantity   | Value       |
| Direct distribution:  |  |               |            |             |
| Beans, dry  | 84   | Pound         | 24,923,270 | \$2,058,707 |
| Cabbage   |  | do            | 9,697,300  | 267,876     |
| Cornmeal (corn)   | 55   | do            | 8,830,300  | 378,360     |
| Butter (butterfat)  | 79   | do            | 38,834,128 | 24,603,571  |
| Cheese (manufactured milk)  | 81   | do            | 45,162,526 | 18,772,141  |
| Milk (all milk)   | 84   | do            | 61,668,505 | 12,057,859  |
| Beef (beef cattle)  | 90   | do            | 71,862,980 | 25,739,222  |
| Lard  |  | do            | 21,560,316 | 4,019,324   |
| Pork (hogs)   | 90   | do            | 6,457,293  | 3,611,770   |
| Plums   |  | do            | 2,228,200  | 258,420     |
| Eggs, shell   | 84   | do            | 37,213,823 | 10,650,674  |
| Eggs, dried   |  | do            | 4,747,500  | 5,311,906   |
| Turkeys   | 67   | do            | 25,409,200 | 10,131,059  |
| Rice  | 87   | do            | 32,074,850 | 4,080,164   |
| Wheat flour (wheat)   | 80   | do            | 15,265,650 | 856,327     |
| Total   |  |               |            | 122,707,380 |
| Exportation:  |  |               |            |             |
| Fruits:   |  |               |            |             |
| Citrus juice, blend, sugar sweetened  |  | Case          | 2,301      | 704         |
| Citrus juice, blend, concentrate  |  | Gallon        | 226        | 52          |
| Citrus salad  |  | Case          | 1,189      | 684         |
| Grapefruit, fresh (grapefruit)  | 60   | Box           | 40,949     | 20,942      |
| Grapefruit juice, concentrate   |  | Gallon        | 20,425     | 6,668       |
| Grapefruit, canned  |  | Case          | 6,337      | 3,712       |
| Grapefruit juice, sugar sweetened   |  | do            | 14,339     | 7,584       |
| Oranges, fresh (oranges)  | 95   | Box           | 911,550    | 454,885     |
| Orange juice, concentrate   |  | Gallon        | 93,332     | 33,056      |
| Orange juice, dehydrated  |  | None          | None       | None        |
| Orange juice, sugar sweetened   |  | Case          | 36,734     | 11,395      |
| Raisins, dried  |  | None          | None       | None        |
| Tangerine juice, concentrate  |  | Gallon        | 5,598      | 2,039       |
| Poultry (mostly Germany) (all chickens)   | 69   | Pound         | 3,646,203  | 200,648     |
| Wheat   |  | Hundredweight | 6,927,860  | 7,828,371   |
| Total   |  |               |            | 8,570,290   |
| Diversion:  |  |               |            |             |
| Dates   |  | Pound         | 11,366,460 | 454,658     |
| Figs  |  | Ton           | 5,191      | 370,000     |
| Potatoes  | 88   | Hundredweight | 12,456,104 | 5,371,751   |
| Total   |  |               |            | 6,196,409   |
| Total, all programs   |  |               |            | 137,564,079 |

**MR. PROXMIRE.** Mr. President, I emphasize again that only the five commodities—cornmeal, wheat flour, cheese, dried milk, and rice—were being made available up to this week for needy families, until butter was made available.

#### ADDRESS OF VICE PRESIDENT AT ALL-CONGRESS DINNER OF THE 1958 NATIONAL NUCLEAR ENERGY CONGRESS

**MR. PAYNE.** Mr. President, I ask unanimous consent that an excellent ad-

dress delivered by the Vice President of the United States at the All-Congress Dinner of the 1958 National Nuclear Energy Congress, held in Chicago, Ill., on March 19, 1958, be printed in the RECORD at this point.

The PRESIDING OFFICER (Mr. PROX-MIRE in the chair). 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:

ADDRESS BY THE VICE PRESIDENT OF THE UNITED STATES AT THE ALL-Congress DINNER OF THE 1958 NATIONAL NUCLEAR ENERGY CONGRESS, CHICAGO, ILL., MARCH 19, 1958

Six months ago, on October 4, 1957, the Soviet Union launched its first satellite. This week the United States launched its Vanguard. With the race to outer space temporarily tied, numerically at least, at two each, this would seem to be an appropriate time to put the dramatic events of the past 6 months in perspective.

What are the lessons of the sputnik era for the American people?

First we must acknowledge that some of the initial extreme reactions were not supported by the facts. These conclusions, which some jumped to because of the shock of finding the United States behind in a major new area of progress, will not stand examination:

That the United States is now weaker than the Soviet Union.

That our scientists are inferior.

That our education system is a failure.

Let us recognize at the outset these facts: The United States with its Free World allies is militarily stronger than any potential aggressor in the world.

United States scientists are the equal in quality of those of any other nation.

Our educational system has its weaknesses, but overall it provides probably a better education for more people than is available in any nation in the world today.

Let us turn now to some of our national reactions which were justified and healthy, in view of the challenge which was presented to us.

We have accelerated our ballistic-missiles program. We are developing plans to reorganize the Department of Defense so that it can better deal with the problems inherent in the new dimensions of modern warfare. We have stepped up our program for the exploration of outer space. We have recognized the need for training more scientists and for improving our educational system generally.

These reactions were understandable and constructive. They do not need extended discussion before this audience. I suggest that we direct our attention, on the other hand, to some less apparent, but in the long run possibly even more important, lessons we should learn from the dramatic events of the last 6 months.

In increasing, as we should, our emphasis on training more scientists, we must not overlook the importance of making sure that our engineering education and practices keep pace with the increasing opportunities and complexity of modern scientific technology.

We must also recognize that we not only need science education for scientists, we need it for the general public as well. If our national scientific activity is to be maintained at an adequate level, the American people will have to have deeper motivations than a desire for foreseeable practical benefits, however important these may be. The new age requires the achievement on the part of the public generally of a high degree of scientific literacy and the blending of science into our culture and way of life.

Increasingly major national decisions involve scientific and technological decisions. Obtaining adequate support for projects that have apparent military value is relatively easy. But we need a high level of public understanding to develop sound national policies with respect to space science and exploration.

We also need such understanding to provide continued support for the instruments, institutions, and attitudes which will insure sound scientific progress. It is not that we want to make all of our citizens into scientists. What we must try to do is to provide for the nonscientists the insight and understanding with respect to science which we have historically sought to give to all of our citizens in the field of humanities.

One of our major needs is to develop a wider appreciation of the importance of the long-range benefits of basic research. The bad habit of coming forth with huge sums and crash programs only when outside events generate a sense of urgency is dangerously irresponsible. Basic research cannot be carried out on a crash basis.

We must not permit a few successes to soothe our injured pride and lull us again into complacency and a false sense of security.

For the past several months we have seen our scientists wined, dined, and publicized. But the heroes of today are too often forgotten tomorrow.

We Americans are a volatile people when it comes to issues which attract national interest. Seven months ago our primary concern was with inflation. From that issue we soared into outer space, parachuted into recession, and we now seem to be making our way to the summit.

The interest in outer space, as well as in the broader implications of scientific progress, is already beginning to wane. It is the responsibility of every knowledgeable citizen to keep this interest alive so that we can maintain the national effort upon which our security and continued progress depend.

Let us turn for a moment to our educational system generally. In recognizing its faults, let us not overlook its admirable features. Let us never forget that we have something better to offer than the Communist system of education with its overemphasis on scientific materialism to the exclusion of the humanities.

This is not the time to discuss in detail the needs of American education.

We need more classrooms.

We must improve the salaries, prestige and support of our teachers.

But, most important of all, we need to improve the quality as well as the quantity of education.

It is obvious in many schools that we need to put more fiber into our curriculums.

Soft subjects nurture flabby brains.

Students must be challenged to develop the intellectual disciplines that increase their value to the Nation.

We must challenge them with failure as well as success. Whatever the reason for automatic promotion, and there are several given depending on the area problem, this failure to challenge should be eliminated. These are times when the American people must have the stamina and determination to overcome failure and achieve success in the manner that those assigned to the Vanguard project finally worked through to victory.

May I turn now to a very practical question: What type of Government agency should have the primary responsibility in the development of our outer space program?

There can be only one answer. We must not be limited by military needs or military thinking in exploring outer space, just as we are not so limited in developing nuclear energy.

Science is one of the great new frontiers of our time, and as such it provides our peo-

ple with the opportunities and adventures which come with working at the frontier.

The adventurer along this new frontier is the basic research scientist who reaches into the unknown for the sake of knowledge. He seeks out the universe in which we live, as the adventurer of yesterday sought out new lands. Like the frontiersman of yesterday he explores the unknown for the sake of adventure as much or more than for the sake of gain.

The participants in our space program must be free to scout and explore, not mustered solely to man the frontier forts.

We must be motivated in developing our space program not by fear, but by the positive desire to explore one of the most challenging frontiers science and mankind have ever faced. The best way to insure that the scientist in this field makes the greatest contribution to the national welfare, including our missile program, is to keep him free from the requirements of immediate military necessity.

Let us examine now some of the broader implications of man's breakthrough into outer space.

Who will win the military ballistic-missiles race? The answer, of course, to this question is that in this race there can ultimately be no winners, only losers. Because it has become so obvious as to be almost trite to observe that ballistic missiles combined with nuclear warheads spell destruction of civilization as we know it.

The greatest lesson of the sputnik era, therefore, is in effect a solemn warning—find the road to peace or be destroyed.

The unqualified dedication of the Government and people of the United States to the cause of peace cannot seriously be questioned by anyone who knows our record in international affairs. But some of our friends, as well as our opponents, have questioned whether our policies are designed to further that objective. Let us examine some of the criticisms that have been made.

Why do we not accept the Soviet proposal for stopping atomic tests?

We can have honest disagreement over such issues as the extent of the danger from nuclear fallout if tests are not controlled, the possibility that secret tests may be able to evade an inspection system, whether testing is necessary for full development of the peaceful uses of atomic energy.

But let us have no illusions on the major issue.

Stopping tests is not in itself going to reduce the danger of war. The types of weapons already in production are adequate to carry out their mission of massive destruction. That is why control of production as well as tests of nuclear weapons, as the United States has proposed, is the only formula which goes to the heart of the problem.

The same considerations are involved in the United States position on disarmament.

There is no question as to our desire to enter into a disarmament agreement. The problem is securing an agreement that is enforceable. Because an agreement without adequate inspection provisions, which one party might honor and the other might not, would seriously and perhaps fatally increase rather than reduce the risk of war.

The American position on the summit conference fits into the same pattern.

I was asked just recently by a British correspondent, "Why is the United States dragging its feet on the path to the summit?"

Let us see exactly where the responsibility for delay belongs.

The United States, as President Eisenhower so eloquently said in his state of the Union message, is always willing to go an extra mile in attempting to reach agreements which will reduce the risk of war.

A summit conference which failed would increase rather than reduce international

tensions. A conference which is not preceded by adequate preparatory discussions is doomed to fail.

The Soviet leaders are blocking the road to the summit by insisting on conditions for a conference which they know and we know will assure its failure. They can prove their dedication to peace by agreeing that preparatory meetings should discuss the substance as well as the form of proposed agenda items.

Only in this way can the summit leaders be assured that they will be spending their time at such a conference in discussing subjects in which an area of agreement is possible, rather than participating in a propaganda exercise which would inevitably increase international tensions.

Let us examine the American record in international affairs as it bears on the sincerity of our devotion to the cause of peace.

Three hundred seventy-eight thousand five hundred Americans died in World War I, World War II, and Korea. Since World War II we have given \$64 billion in military and economic assistance to our allies and to our former enemies. In that same period we have spent \$382.2 billion for national defense.

Why this huge expenditure of money and manpower?

Not because of our desire to gain domination over any other peoples or over a square inch of territory belonging to another nation.

It is the Soviet Union, not the United States, that has the blood of Hungary on its hands. Our sole aim in war and peace has been, and is, to assure the right of all nations to be free from armed aggression and foreign domination.

We recognize that the freedom and independence of others is the best guaranty of the freedom and independence of the United States. We are wholeheartedly supporting every international organization devoted to the cause of peace. Our defense forces are designed for and will be used only to stop aggression, not to launch it.

Our record in the field of atomic power is one of the really exciting chapters in the history of man's quest for world order based on international cooperation and understanding. When we had a monopoly on the atom, every nation on earth knew that we would never use our awesome and unquestioned military superiority for aggression or for international blackmail. We offered to share peaceful benefits of this new source of energy with all other nations. As a result we have agreements with 40 nations for peaceful development of the atom.

Why then is there any question about the devotion of the American people and Government to the cause of peace?

It is a happy but sloppy cliché that our record speaks for itself. Because our record does not speak for itself.

It is cunningly twisted by devious masters in the art of propaganda.

It is warped and distorted to their purposes.

The less sophisticated peoples of the world are not told that we wage peace.

What they are told only is:

That we build thermo-nuclear bombs.

That our planes endanger lives by carrying deterrent weapons, even though that is all that confines Soviet aggression.

That our weapons tests threaten world contamination even though our tests are now primarily designed to remove the dangers of contamination.

Unfortunately, this is what much of the world believes. Even in the advanced countries that comprise Western civilization this propaganda terror is having its effect.

What can we do about it?

We cannot use the Communist technique of the measured lie. The problem is to

sharpen the truth into a weapon as effective and devastating as the Soviet lie.

Our Government information program must be adequately financed and staffed. But this task cannot be done entirely by Government, even though we were to enlarge our information agencies to match those of the Soviet Union.

One of the most effective ways is through expanding person-to-person contact and people-to-people understanding. I speak not only of those exchanges that are arranged and financed by Government. Even more effective are the activities abroad of some of the people in this audience—technicians, engineers, scientists, representatives of private industry, and foundations.

As a Government and as a people we must wage peace not only in what we do but in what we say—the exploration of outer space for peaceful rather than military purposes, the development of nuclear power for peace rather than war, airpower for peace, science for peace.

All of these concepts must be reiterated again and again if we are to present to the world a true picture of American objectives in international affairs.

Our military power must be maintained at an adequate level to deter aggression. But here the fact of our power will speak for itself. Let us keep our powder dry, but the less we talk about it, the better.

In that connection, I might parenthetically suggest that, despite our understandable elation over the successful Vanguard launching, we might well practice more restraint in boasting about what our next exploit will be and when we will do it. A big achievement speaks for itself. It does not need a big buildup.

As those attending this conference are acutely aware, man's discovery of nuclear power can prove to be the greatest force for peace in world history.

There is the negative force created by the awful power of nuclear weapons which makes war less attractive to a potential aggressor as an instrument of policy. But more important in the long run are the positive forces which have been and will be unleashed by the development of nuclear power for peaceful purposes.

We have already harnessed the energies released by the splitting of the atom. Even now there are areas of the world where nuclear powerplants may be the most economical source of power. In a decade or two we hope that literally unlimited power sources will be at our disposal.

Obviously, if we contain, as seems possible, the even greater power of the fusion reaction, the limits of our achievement are beyond calculation. From the physical standpoint, at least, man will be the undisputed master of his universe. We can for the first time in world history wage a winning war on poverty and destitution, on hunger and disease.

In such an age the economic reasons for war will be removed, because there will be energy enough to produce for the needs of all.

I do not suggest that the nuclear age can or will solve all the problems of mankind. World peace and even industrial peace depend on many factors.

Want and hunger are not the only causes of discord among men. But they rank high among the conditions that cause dissension and war.

If we can bring prosperity to the world, the chances for world peace would be immeasurably enhanced.

On December 2, 1942, from the city of Chicago, Dr. Arthur Compton sent to Dr. Conant the dramatic message that was to signal a new era for man in war and peace—"The Italian navigator has reached the New World."

What kind of a world Enrico Fermi had reached is in our hands to decide.

No group in the world can affect more the outcome of this decision than those gathered in this room tonight, because as you develop unlimited power for peace you provide for mankind the means with which he can finally eliminate the cause of war.

#### SPIKING SOME FALLACIES ABOUT MINING

Mr. MURRAY. Mr. President, the increasing unemployment in our mining areas rapidly is extending to the so-called service industries. In many towns the businesses which sell clothing, food, gasoline, and similar items to the miners and their families are in imminent danger of bankruptcy. When the payrolls in mining communities fail to ring up in the cash registers of the merchants, further distress and unemployment results. The adverse attitude taken toward the mining industry by at least one official of the United States Department of Commerce is mentioned in an editorial entitled "Spiking Some Fallacies About Mining," originating in the Salt Lake Tribune, and reprinted in the Western Mining and Industrial News for February 1958.

Mr. President, I ask unanimous consent that the editorial be printed in the RECORD at this point in my remarks.

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

#### SPIKING SOME FALLACIES ABOUT MINING

Lack of understanding of the problems which beset the western mining industry is a basic cause of the sorry plight in which that industry finds itself. But it comes as a great shock when the district manager for the United States Department of Commerce in Salt Lake City displays the same lack of understanding.

We congratulate Miles P. Romney, manager of the Utah Mining Association and chairman of the chamber of commerce mining committee, for setting the record straight.

Joseph Jerry Jeremy, the Commerce Department official, recently told a University of Utah class that Utah's lead-zinc mining industry ought to be abandoned if it is not subsidized through stockpiling or if it cannot compete with imported metals.

A major part of the industry has already shut down, stockpiling notwithstanding. Indeed, as Mr. Romney pointed out, stockpiling is "as dead as a dodo bird so far as a continuing relief measure is concerned." The depressed state of the lead-zinc industry is due to excessive imports of these metals from countries with wage scales far below those in the United States.

The industry needs protection, not subsidies, for subsidies will not check the flow of lead and zinc from abroad.

Last year both Congress and President Eisenhower urged hearings before the Tariff Commission on escape clause relief for the domestic lead-zinc industry as provided in the Trade Agreements Act. The hearings were held but as yet no recommendations have been made. However, even the most favorable recommendations probably will not be enough, particularly in light of the views expressed by Mr. Jeremy.

Mr. Jeremy may have been speaking for himself alone, though we hardly think so. For what he said fits so well into the prevailing philosophy of at least a part of the Eisenhower administration and Congress. To quote Mr. Romney: "Many members of our foreign relations departments \* \* \* are being increasingly criticized for representing foreign areas to our country, rather

than representing us [the United States] to foreign areas."

This is the philosophy of raising the standard of living in other countries—a laudable purpose, but not when it means causing serious economic dislocations at home.

We also commend Mr. Romney for striking at the fallacious idea that failure to compete with foreign lead and zinc should mean abandoning of the domestic industry. If that policy were to be followed generally, not just in lead-zinc mining, then a great deal of abandoning would be necessary.

We don't believe that the United States would ever adopt such a general policy, but neither do we think that it should be suggested for a specific industry; namely, lead-zinc production.

Mr. Romney also made the excellent point that lead-zinc mining is not unique in its plight. As he remarked, oil and uranium are under the same gun and copper mining is in a desperate price-cost battle.

It is easy to say that readjustments should be made or that new industries should be emphasized.

But the hard fact is that existing industries, now being forced to curtail drastically, represent a tremendous investment of financial, technological, and human resources.

If this Nation is to progress as it has in the past, it must preserve what it has already established.

That does not mean economic isolationism. It does mean that domestic producers should be protected against ruinous competition from countries with low costs resulting from low standards of living. Some persons in the administration and some Members of Congress need to revise their thinking.

#### UNSCRUPULOUS TACTICS USED AGAINST BILLS DEALING WITH KLAMATH INDIAN RESERVATION

Mr. NEUBERGER. Mr. President, I know from personal conversations that many Members of the Senate have been inundated by a cascade of telegrams opposing S. 3051, the bill which seeks to forestall economic calamity in southeastern Oregon by setting up orderly procedures for saving the great Klamath Indian marsh and forest.

S. 3051 represents a bipartisan effort to prevent a ruinous termination from taking effect, which could result in dumping some 4 billion board-feet of pine lumber on an already depressed market, as well as leading to the clear-cutting of a vast forest which should be saved in perpetuity.

S. 3051 was drafted by Secretary of the Interior Seaton and Under Secretary Chilson, in collaboration with officials of the Agriculture Department. I introduced it by request on January 16, 1958. In order that bipartisan cooperation might be achieved, I put aside my own measure for outright Federal purchase of the reservation—S. 2047—so that I could work with the distinguished senior Senator from Utah [Mr. WATKINS] in reporting S. 3051. Accordingly, S. 3051 was adopted unanimously in our Senate Indian Affairs Subcommittee, of which I am the chairman.

But, on the eve of consideration of S. 3051 by the full Senate Interior Committee, a blizzard of telegrams protesting the bill hit committee members. These telegrams were inspired by two organizations—the National Association of Lumber Manufacturers and the Western Pine Association.

As chairman of the subcommittee, I wish to emphasize that both these organizations were invited to testify during extended subcommittee hearings both in Oregon and in Washington, D. C. Neither one of them did so. They refused to submit their views for questioning and analysis by subcommittee members and staff. Then, with the hearings closed and with the bill about to be voted upon by the Committee on Interior and Insular Affairs in executive session, these two groups launched a blitzkrieg of telegrams against S. 3051.

I told the press that such behavior by the National Lumber Manufacturers Association and the Western Pine Association was "cowardly," and I stand by that description.

So that Members of the Senate may know that these groups do not speak for public opinion in Oregon, the principal lumber-producing State, I ask unanimous consent to have printed in the RECORD a vigorous and forceful editorial appearing this morning, March 21, 1958, in the Oregonian of Portland, which is the daily newspaper of largest circulation in our entire State. This editorial, entitled "Low Blow at the Bell," stresses the unsportsmanlike and unfair tactics of the Western Pine Association and National Association of Lumber Manufacturers.

I endorse without reservation the editorial's thesis. The editorial was telegraphed to me this morning by Herbert Lundy, editor of the editorial page of the Oregonian, in Portland.

I also am proud to include in the RECORD a resolution adopted by the bipartisan Oregon Legislative Interim Committee on Indian Affairs, which met in Portland on March 13. This committee unanimously approved S. 3051 and endorsed my nonpartisan efforts to try to bring about a satisfactory and enduring solution to the thorny Klamath Indian Reservation question.

I feel certain that Senators, puzzled by the horde of messages unleashed by two lumber organizations, will find many questions answered both by the Oregonian's editorial and the resolution of the Oregon Legislative Interim Committee—a committee headed by a Republican State senator, Leander Quiring of Hermiston, and which includes in its membership David C. Epps of Sweet Home, the Oregon State Democratic Party chairman.

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

PORTLAND, OREG., March 20, 1958.

Senator RICHARD NEUBERGER,  
The Senate, Washington, D. C.:

Editorial appearing in the Oregonian of March 21, 1958: "Low Blow at the Bell."

The blitzkrieg assault on the Senate Interior Committee with telegrams inspired by the Western Pine Association and National Lumber Manufacturers Association attacking the Seaton bill for disposal of the Klamath Indian Reservation deserves the harsh words Senator RICHARD L. NEUBERGER said about it. These organizations declined to testify at committee hearings at Klamath Falls and Washington, D. C. They took no part in efforts to draft legislation to prevent the termination of the Klamath Reservation from wrecking the lumber market, injuring

Oregon's economy and destroying a marshland wildlife reserve.

They did not testify or protest the NEUBERGER bill calling for outright Federal purchase and resale of the Big Pine forest on a sustained yield cutting basis.

They did not until the committee was ready to vote express any opinion on the bill approved by the Secretaries of Interior and Agriculture, which Senator NEUBERGER accepted as a substitute. This bill would provide 1 year in which private buyers could bid, before Government purchase. But all sales would require sustained yield cutting.

Western Pines' explanation that it was waiting for details of the Seaton bill is no justification. These details have been public property for months. The pine lumbermen should have been active in consultations which led to drafting of the legislation.

If Congress does not adopt legislation for orderly sale and marketing of the Klamath pine forest this session, the whole forest will be dumped on a depressed market, without any requirement for perpetual harvesting. This may be what the pine lumbermen want. But it is not what the people of Oregon want. And it would not protect the financial and social interests of the Indians.

Senator NEUBERGER will be correct if he tells his colleagues that the Western Pine Association and the National Lumber Manufacturers Association do not speak for Oregon in this instance.

HERBERT LUNDY, *The Oregonian.*

Whereas the Subcommittee on Indian Affairs of the Committee on Interior and Insular Affairs, United States Senate, has unanimously approved S. 3051 and recommends its passage by the full committee;

Whereas S. 3051 is regarded as having a better chance of enactment than S. 2047, which was backed by this committee, and is deemed by competent authorities to constitute an effective solution to the timber-marshland phases of the Klamath Indian termination problem;

Whereas United States Senator RICHARD NEUBERGER of Oregon, who has been a champion in Congress of a just and meaningful settlement of the Klamath Indian termination problem, has selflessly abandoned his Federal acquisition bill (S. 2047) and thrown his support behind S. 3051 in the interests of avoiding partisan strife which might well have prevented any useful amendment of Public Law 587 by this session of Congress; Now, therefore, be it

"Resolved, That the Oregon Legislative Interim Committee on Indian Problems hereby declare its support of S. 3051 and its dedication to the proposition that it will work for enactment of S. 3051 as a last hope of averting economic chaos in Oregon's Klamath Basin and terrible injustice to the Klamath Indians; and be it further

"Resolved, That the Oregon Legislative Interim Committee on Indian Problems hereby heartily commend Senator NEUBERGER for his unremitting and always-understanding leadership in the quest for the right settlement to the Klamath Indian termination problem."

LEANDER QUIRING,  
Chairman.

TOM LAWSON MCCALL,  
Executive Secretary.

#### ADDRESSES BY THE LATE SENATOR MATTHEW M. NEELY, OF WEST VIRGINIA

Mr. HENNINGS. Mr. President, when our old and good friend Matthew Neely passed on recently, the Senate lost one of its ablest legislators. In addition to being a great Senator, he was a great speaker. I have assembled some of his

more memorable and significant addresses, and I ask unanimous consent to have them printed in the body of the RECORD.

While some of these addresses were delivered 20 years ago, it is interesting to note that we are still struggling today with many of the problems he discussed. I feel that Senators will be interested in reading and rereading these addresses.

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

**JACKSON DAY SPEECH OF SENATOR M. M. NEELY DELIVERED AT FAIRMONT, W. VA., JANUARY 9, 1936**

As long as the rights, the aspirations, and the hopes of the common people live, love for Old Hickory Jackson; admiration for his brilliant achievements, and the millennium of his glory will never die. All the voluminous history of mankind written in martyrs' blood or sacrificial tears will be searched in vain for a more faithful, heroic, picturesque public servant than Andrew Jackson, the child of poverty, the master of adversity, the gallant soldier, the preeminent American patriot whose statesmanlike accomplishments in behalf of humanity will forever shine with the splendor of the bright and morning star.

For spiritual encouragement the heathen turns to his idol, the Mussulman to Mohammed, the Christian to the Sublime Man of Galilee, to whom untold millions have poured forth the wild, seraphic yearnings of their hearts in the famous lines:

"Jesus, lover of my soul,  
Let me to Thy bosom fly."

In time of social upheaval, economic stress, or political strain, the masses of the American people in general, and in particular the members of the great party that revere, preach, and practice the political philosophy of Thomas Jefferson, turn their faces to the Hermitage and seek counsel, guidance, and inspiration from General Jackson, whose glowing achievements in time of peace were equaled only by his supreme courage and success in time of war.

It is unnecessary to remind this audience that the present is a time of unusual political turmoil and danger. Bloody war is raging in Africa and black clouds of military conflict hang low over the greatest nations of the Eastern Hemisphere. In many countries the plow and the pruning hook rust while the sword and spear are glorified more and more with every passing day.

The unparalleled panic, from which the party of Jackson is delivering the American people, cursed our country from 1929 to 1933 and tried men's souls as they had never been tried before. And now when the invading armies of unemployment, financial ruin, want, and woe have all been triumphantly repelled, when returned and still returning prosperity is blessing millions of homes, and confidence in the Government of the United States has been completely restored, the selfish privilege hunters and greedy, frenzied financiers, who were so largely responsible for the disasters which recently overwhelmed the Nation, are mobilizing throughout the country to wage a war of extermination against Franklin Roosevelt, the greatest living champion of the rights of men, just as similar interests mobilized for the destruction of Andrew Jackson 104 years ago.

In the circumstances, let us seek inspiration, strength, and courage at the Jacksonian fountain, which, like Tennyson's brook, flows on and on forever.

Nicholas Biddle, his banking fraternity and their plutocratic friends, despised Jackson because he would not permit them to utilize

the Government for the promotion of their selfish interests at the expense of all the rest of the people.

Today the Liberty League, the United States Chamber of Commerce and various other worshipers of the golden calf hate Franklin D. Roosevelt because he refuses to be a subservient priest in the tabernacle of the idol before which they bow their knees and upon whose altar they offer their sacrifice. The Liberty League believes in the rule of gold. The President believes in the Golden Rule. Therefore the league desires to substitute Hooverism for the President's philosophy. Judas Iscariot is remembered because he betrayed the sinless Savior.

One hundred years hence the spokesmen for the Liberty League will be remembered, if at all, because they basely betrayed Franklin D. Roosevelt and maliciously obstructed his efforts to rescue the American people from dire distress.

In the vicious war against General Jackson, whom we honor tonight, the pioneers in the wilderness, the toilers in the factories and the fields, the average women and men of every section of the United States with wild enthusiasm, rallied around the standard of Old Hickory and, under his leadership, they won for themselves and their posterity a victory of such grandeur and glory that some future Creasy should supplement with this epochal event the original 15 decisive battles of the world.

On Jefferson's birthday, 1830, the nullificationists gave a great banquet in the city of Washington for the purpose of speeding their cause. President Jackson attended as the guest of honor. After a number of speeches had been made in favor of nullification, the toastmaster called on our hero to express his sentiments. He arose, and incensed by the challenge to national sovereignty, to which he had just listened, he solemnly and forcefully said: "Our Federal Union; it must be preserved."

A little later a Member of the Congress from South Carolina called on him and asked him if he had any commands for his friends. The President replied, "Yes, I have. Please give my compliments to my friends in your State and say to them that if a single drop of blood shall be shed there in opposition to the laws of the United States, I will hang the first man I can lay my hands on engaged in such treasonable conduct upon the first tree I can reach."

Thus are indicated the political philosophy of "Old Hickory" Jackson and the vigor of the resolution with which he maintained it.

If our patron saint should miraculously come from the great beyond and sit at this banquet table tonight, and should again be asked to express his sentiments who, in the light of our recent history, can doubt that his answer would, in effect, be: "The people of the United States; when all other agencies fail them, the Federal Government must rescue them from the dangers of bankruptcy and unemployment and the misery of destitution and starvation."

By logical deduction, such have been the sentiments of Franklin D. Roosevelt ever since he became our President on March 4, 1933. And "Old Hickory" has never had a more worthy successor in the White House than Mr. Roosevelt has, to the entire satisfaction of a majority of the American people, conclusively proved himself to be. He has fully perceived that—

"Not gold, but only men can make  
A people great and strong—

Men who, for truth and honor's sake,  
Stand fast and suffer long.

"Brave men who work while others sleep,  
Who fight while others fly—

They plant a nation's pillars deep;  
And raise its banner to the sky."

Andrew Jackson knew, and fortunately Franklin Roosevelt knows, that the Constitution of the United States was like the Sabbath—made for man and not man for the Sabbath. Franklin Roosevelt knows, as Woodrow Wilson knew, that the Constitution was intended to be a vehicle of life, and not an instrument of death.

Let us hope that others may eventually profit by the manifest wisdom of these great men. Common sense says that a constitution that permits a government to send millions to death in battle does not prevent the government from saving millions from starvation.

**MEMORIAL ADDRESS FOR SENATOR JOSEPH TAYLOR ROBINSON, JULY 14, 1937**

**Mr. NEELY. Mr. President—**

"Whether at Naishapur or Babylon,  
Whether the cup with sweet or bitter run,  
The wine of life keeps oozing drop by drop,  
The leaves of life keep falling one by one."

And oh, how swiftly the wine of life oozes; how rapidly the leaves of life fall within the little circle that surrounds the membership of the United States Senate.

The grim, insatiate reaper, with marble heart that feels no pity; with icy hand that knows no mercy; with sickle keen that never turns its edge, has, without an instant's warning, removed Joseph T. Robinson, one of the most illustrious of Senators, from the tumultuous land of the living to the silent land of the dead.

For much more than a quarter of a century he was one of the most celebrated men of the Nation. He was successively a member of the general assembly of his State, a Member of the House of Representatives of the United States, Governor of Arkansas, and a Member of this body continuously from 1913 until last night, when his eyes closed in that peaceful sleep "from which none ever wake to weep."

Less than 20 hours ago he appeared to be in perfect health, in the very flower of mature manhood, and but a short step from the summit of human achievement. Only yesterday he was magnificently leading one side of the greatest parliamentary battle that has been waged in the Senate since the days of Webster and Calhoun and Clay.

A more capable, conscientious, or courageous forensic chieftain never entered the lists. He illuminated every question he discussed, graced every cause he espoused, dignified every task he touched, and ennobled every duty he performed.

But now we call his name in vain. From his pallid lips an answer nevermore will come. In the hush that pervades this sanctuary which he so long and so brilliantly adorned we realize that this faithful friend has sailed that surging, sad, and solemn sea which separates the narrow shores of time from the boundless kingdom of eternity. He has passed the limits of earthly vision.

His living form cannot be seen through the telescopes of science or the tears of grief. But in this hour of overwhelming anguish we look beyond the cloud of gloom that hangs above us like a pall and there, through faith, we see the star of hope still shining on. In the lustrous light of that constant star we read the assuring promise of the Saviour of the world:

"I am the resurrection and the life: he that believeth in Me, though he were dead, yet shall he live. And whosoever liveth and believeth in Me shall never die."

Fellow Senators, in this promise let us put our trust. While dogmas perish and creeds crumble, while agnosticism decays and atheism dies, let us continue to lean upon the everlasting arm, believing that the twilight here is but the dawn of a grander day upon some other shore; believing that the

feeble flame that flickers here for a little while will at last leap into a bright and shining light when the spirit of man has winged its flight back to Him that gave it birth.

God grant that Joe Robinson is now walking the streets of paradise that are paved with stars.

Illustrious patriot and leader, loved and loving husband, cherished, faithful friend, a long farewell.

"All our hearts are buried with you,  
All our thoughts go onward with you.  
Come not back again to labor,  
Come not back again to suffer,  
Where the famine and the fever  
Wear the heart and waste the body.  
Soon our task will be completed,  
Soon your footsteps we shall follow  
To the islands of the blessed,  
To the land of the hereafter."

Farewell, great heart, till we meet you in the purple dawn of an endless day in that imperishable realm where the rainbow never fades, where no one ever grows old, where friends never part, and loved ones never, never die.

ADDRESS BY SENATOR M. M. NEELY TO WEST VIRGINIA STATE EDUCATION ASSOCIATION, HUNTINGTON, NOVEMBER 8, 1940

Mr. President and ladies and gentlemen of the West Virginia State Education Association, let me thank you sincerely for that enthusiastic applause. But your speaker is not vain enough to consider it personal to him. In his opinion, it simply means that the schoolteachers present are, subject to a slight modification, confidently accepting as gospel the admonition of Mrs. Casey Jones contained in the famous doggerel: "Go to bed, children, and hush your crying, for you've got another papa on the Salt Lake Line."

In any event, you may be certain that the next chief executive of the State utterly rejects every word, syllable, letter, and implication of that part of the report made by Gov. William Berkeley, of Virginia, to the Commissioner of Colonies, in which he said:

"I thank God there are no free schools, no printing, and I hope we shall not have them these hundred years: for learning has brought disobedience and heresy and sects into the world, and printing has divulged them and libels against the Government."

My appraisal of the free or common school system of this Nation and State is accurately indicated by the inscription beneath the bust of the immortal Horace Mann, which occupies a conspicuous place in the Hall of Fame. This is its unconditional, stirring assertion: "The common school is the greatest discovery ever made by man."

This preeminent instructor and author in his third famous lecture on education says:

"In our country and in our times no man is worthy the honored name of statesman who does not include the highest practicable education of the people in all his plans of administration."

Let me assure you that this wise declaration is unconditionally accepted by him who has been elected to serve as the next Governor of West Virginia. Upon this basis, the schoolteachers of West Virginia and the next chief executive of the State should be able to cooperate in the highest degree in providing the schoolchildren of West Virginia better educational opportunities than they have ever enjoyed and their instructors in the free schools more equitable compensation, greater protection against the blight of political coercion and greater security against the curse of poverty in their declining years than the teachers of the State have ever known.

(The rest of this address was extemporeaneous.)

MEMORIAL ADDRESS FOR SENATOR KEY PITTMAN, NOVEMBER 12, 1940

Mr. President—

"We know when moons shall wane,  
When summer birds from far shall cross  
the sea,  
When autumn's hues shall tinge the golden  
grain—  
But death, oh, who shall teach us when  
to look for thee?

"Is it when spring's first gale  
Comes forth to whisper where the violets  
lie?  
Is it when roses in our paths grow pale?  
They have one season—all are ours to  
die."

When the great, loving heart of Senator Key Pittman throbbed for the last time the United States Senate sacrificed a faithful, loved and loving friend. He was brilliant in intellect, great in sympathy and grand in soul. He was a patriot who loved principle more than party, a statesman who worshiped at the shrine of truth, a humanitarian who burned incense on the altar of universal good.

As a public official he knew no dictator but his conscience, no guide but his judgment, no purpose but to serve his country and promote the welfare of its people. Where duty led he followed, regardless of consequences, heedless of results, and thoughtless of rewards.

For his lofty patriotism we admired him, for his surpassing statesmanship we honored him, for his faithful service to humanity we loved him. As we admired, honored, and loved him in life, so we revere him in death, mourn his loss and cherish his memory as a priceless possession. We wrap the spotless record of his outstanding achievements in the silver foil of affection, entwine them with the golden threads of gratitude and store them in the vaults of our hearts to be treasured there until we, too, return to dust.

Without a fear, a murmur, or a moan, Senator Pittman

"Sustained and soothed  
By an unfaltering trust, approached his  
grave  
Like one who wraps the drapery of his couch  
About him, and lies down to pleasant  
dreams."

Dream on, beloved and sainted dead, through seedtime and harvest, through sunshine and shadow, through winter's storm and summer's calm, until the Harbinger of the Resurrection shall arouse thee from thy slumber and usher thee through the gates of glory

"Into the city of temples and turrets of gold  
That gleam by a sapphire sea,  
Like jewels more splendid than earth may  
behold  
Or are dreamed of by you and by me."

ADDRESS AT TESTIMONIAL DINNER FOR SENATOR GEORGE W. NORRIS, WASHINGTON, D. C., DECEMBER 10, 1942

Governor NEELY. Mr. Toastmaster, gracious host, illustrious honor guest, and distinguished friends of the peerless legislative champion of righteousness in governmental affairs, a fatalistic philosopher once said that on election day the American people have the right to do anything they do—please. [Laughter.] Recent returns from the political front preclude the possibility of refuting this assertion. But please do not think it an unpardonable asperity for me to observe that in Nebraska, Pennsylvania, and West Virginia the people greatly abused their privilege of punishing themselves and defeating their faithful servants on the 3d day of November. [Laughter.] Kindly

mark the prediction. Before the expiration of the next 6 years the voters of Nebraska will, in sackcloth and ashes, repent of the flagrant sin they committed against themselves and their posterity by failing to return to the United States Senate the most useful lawmaker in the whole wide world tonight.

Eternity, that mysterious entity, without birth or death; space, that prodigious playground of the planets, without beginning or end; some astounding achievements and a few extraordinary men like George Washington and George Norris defy adequate portrayal by any language known to the human race.

In such cases, ordinary description but tends to decrease grandeur and diminish glory. Only the Master has manifested recognition of this truth. For example, the story of the creation of the whole vast universe, including everything from the tiniest speck on earth to the most stupendous star in heaven, is told in the first chapter of Holy Writ in the sublimely brief and simple words: "In the beginning God created the heaven and the earth."

Let me, in speaking of the honor guest, strive for a semblance of the brevity of this divine, felicitous language, because much speaking in an attempt to reveal the greatness of George Norris, describe his goodness, or extol the value of his public service, would become as sounding brass or tinkling cymbals.

Thomas Jefferson, Abraham Lincoln, William J. Bryan, "Battling Bob" La Follette, Woodrow Wilson, Franklin D. Roosevelt, and George Norris constitute the most brilliant stars in the brightest constellation of humanitarian statesmen who have ever illuminated the pages of American history.

For a longer time than the average person can remember there has not been a single important uprising for governmental reformation in which George Norris has not been in the forefront of the conflict on the side of the right. In every battle for progress, his leadership has been more conspicuous and 10 times more inspiring than the famous white plume of Henry of Navarre.

Ever since his maturity, George Norris has unselfishly and heroically fought for the common people every day and all day long. If he had been just a little nearer divine, he would not have been defeated on the 3d of November; he would have been conducted to a new Calvary and crucified upon a new cross.

When Pilate, on a dark and melancholy day, inquired of his subjects whether he should release the sinless Saviour or Barabbas, the robber, the frenzied mob cried out against the Master: "Away with this man, let Him be crucified, and release unto us Barabbas."

"Until the sun grows cold,  
And the leaves of the Judgment Book unfold."

No one will ever know how narrowly Senator Norris has escaped a crown of thorns, a spear in the side, and the agency of a martyr's death.

A few days after the election, a metropolitan newspaper carried a front-page picture of this gallant lawgiver gazing at the dome of the Capitol. Beneath this was a brief article entitled "The End of the Trail." It stated, among other things, that this eminent statesman had seen more than fourscore years. No one in this audience will doubt that millions are hoping that the great Norris will not believe that he is near "the end of the trail," or think that it is too late for him to render more service to his country in the days to come than the average statesman of half his age will ever be able to perform.

"Nothing is too late  
Till the tired heart shall cease to palpitate.  
Cato learned Greek at 80; Sophocles  
Wrote his grand Oedipus, and Simonides  
Bore off the prize of verse from his com-  
peers,  
When each had numbered more than four-  
score years.  
Chaucer, at Woodstock with the night-  
ingales,  
At 60 wrote the Canterbury Tales;  
Goethe, at Weimar, toiling to the last,  
Completed Faust when 80 years were past.  
And Theophrastus, at fourscore and ten,  
Had but begun his 'Characters of Men'."

The next decade will probably be the most fruitful and pleasant 10-year period in the remarkable life of this renowned man.

"For age is opportunity no less  
Than youth itself, though in another dress,  
And as the evening twilight fades away  
The sky is filled with stars, invisible by day."

As Senator Norris continues his crusade for better things for all the people; as he continues to march triumphantly westward in the golden glow of the setting sun, he can confidently say:

"I live for those who love me,  
Whose hearts are kind and true,  
For the heaven that smiles above me,  
And waits my spirit too;  
For the cause that lacks assistance,  
For the wrong that needs resistance,  
For the future in the distance,  
And the good that I can do."

Senator Norris, there are no words in my vocabulary sufficiently vigorous to express my love for you, my gratitude to you, or the depth of my appreciation of the inspiration which you supplied me throughout my 16 years of happy association with you in the Senate. My firm belief in the superiority of your statesmanship, the loftiness of your motives, and the purity of your purposes is feebly indicated by the fact that a hundred times, when compelled to be absent from Senate rollcalls, my request to Majority Secretary Leslie Biffle was: "In matters of party policy, pair me as voting with my beloved leader, Senator Alben Barkley; but on all other questions, pair me as voting with Senator George Norris."

An eloquent author must have unconsciously had him in mind when he said of another, he is—

"A spring of ice-cold water to the parched  
and burning lips of thirst;  
A palm that lifts its coronet of leaves above  
the desert sand;  
An isle of green in some far sea;  
The purple light of dawn above the eastern  
hills;  
A cloud of gold beneath the setting sun;  
A fragrance wafted from an unseen shore,  
A silvery strain of music heard within some  
palace wrought of dreams."

In the thought and slightly modified words of the versatile Eugene Field:

"Bless you, Senator Norris! may you live a  
thousan' years,  
To sort o' keep things lively in this vale  
of human tears;  
An' may I live a thousan', too—no, a thou-  
san' less a day,  
For I shouldn't like to be on earth to hear  
you'd passed away."  
[Applause.]

ADDRESS DELIVERED BEFORE THE NATIONAL CONVENTION OF THE FEDERATION OF McGUFFEY SOCIETIES BY MATTHEW M. NEELY OF WEST VIRGINIA AT OXFORD, OHIO, JUNE 28, 1953

The custom of commemorating the memory of the illustrious dead is older than civiliza-

zation. It began in the twilight of antiquity. It will continue until the Angel of the Apocalypse, with one foot on land and one on sea, proclaims that time shall be no more.

According to the veracious Greeks, in the olden, golden days of myth, Artemis accidentally slew her lover, Orion. When she found it impossible to restore him to life, she miraculously transformed him into a constellation which she set in the boundless blue above to shine among the heavenly bodies in order to keep a cherished memory green until the end of time.

For untold ages the Chinaman has worshiped the shades of his departed. For myriad years he has bowed before the ashes of kith and kin and kept bright the sacred fire upon his ancestral altar.

The ancient Egyptians, not satisfied with the performance of ordinary ceremonies in veneration of their dead, devised means of embalming the body so perfectly that it could be kept on exhibition for centuries and handed down as a priceless legacy from ancestor to offspring.

Moses, dead in Horeb's lonely mountain, and supernaturally buried by angels' hands, was honored for 30 days and nights with feasts and fasts by all the Israelitish host, and a thousand tributes of respect were paid the memory of that illustrious leader so great and good in life, so exalted and so grand in death.

This custom of commemoration, which rests upon precedents of such high antiquity, we lovingly perpetuate in undying honor of William Holmes McGuffey, one of the greatest moralists since Moses, one of the greatest teachers since the crucifixion.

In a log house near Washington, Pa., on September 23, 1800, William Holmes McGuffey first opened his eyes upon a world in which man's inhumanity to man makes countless thousands mourn—a universal affliction, to the alleviation of which, as we now know, the newcomer was destined to devote all but the early morning time of his life.

It is not recorded that his birth was signalized by the appearance of any new star, comet or meteor, or that the heavens, in any other manner, blazed forth the glad tidings that an unusual babe had been born. So far as known, no generous leprechaun ever told young McGuffey where to find a gold mine. No amiable fairy ever waved a magic wand over his cradle. No learned Chiron, such as taught Achilles, ever helped him to acquire worldly wisdom.

In brief, his birth and youth were similar to those of the average member of that innumerable throng which inspired the expression, "the short and simple annals of the poor."

In his parents' home on the outskirts of the vast western wilderness, the Holy Bible and the Christian religion were familiar themes. He was reared under the influence of the righteous austerity of the Presbyterian faith. With unusual devotion to duty, he walked the rugged road of right and never wandered from the way to drink the bacchanalian draft, or loiter in alluring shade or pick the fragrant flowers that fringe the banks wherein temptation's wooing tide forever ebbs and flows.

Heedless of the manifold hardships and regardless of the manifold perils of pioneer life on our western frontier 150 years ago, the idealistic young McGuffey, with tireless energy and never-failing determination, acquired a thorough, liberal education.

At the age of 25 he was employed as a professor at Miami University, where he soon rose to the heights where outstanding ability and service are rewarded with fortune which neither moth nor rust can corrupt and with fame which thieves cannot break through and steal.

In behalf of economy of time, we refrain from discussing the various additional diversified, important educational offices he held or the valuable pulpit service rendered, and invite attention to the fact that during the 11 years after he became a professor in your local university he produced the first four of the series of invaluable readers which, in their entirety, constitute the most illuminating, practical, and valuable legacy any human being has ever bequeathed to a great people.

During the last 6 decades of the 19th century, the McGuffey Readers created in millions of American boys and girls their first desire for improvement and learning. And these millions were started on their memorable, joyous journeys from the lowlands of indifference, illiteracy, and ignorance to the lofty heights of education, knowledge, and glorious achievement by the philosophy most interestingly, convincingly, and unforgettable expounded in the McGuffey Readers.

Who that is familiar with these memorable books can ever forget or fail to heed the admonitions of the masterpieces that are contained in these volumes? For example, such as: *Mary's Lamb*—in behalf of humane treatment of animals; *The Lark and the Farmer*—a lesson in self-reliance; *A Place for Everything*—emphasizing the value of economy of time and an orderly and efficient life; *The Wolf*—a fable, the moral of which is, the truth itself is not believed from one who often has deceived; *A Moment Too Late*—the importance of being on time; *Beware of the First Drink*—which is self-explanatory; *The Seven Sticks*—a lesson in brotherly love and cooperation; *Don't Kill the Birds*; *The Pert Chicken*—in which the important lines are:

"To be very wise, and show it,

Is a pleasant thing, no doubt;

But, when young folks talk to old folks,  
They should know what they're about."

*Waste Not, Want Not*; and oh how many have found never-ending inspiration in the lines. *Try, Try Again* and *Lazy Ned* who

"Would never take the pains

To seek the prize that labor gains,

Until the time had passed;

For, all his life, he dreaded still

The silly bugbear of up hill,

And died a dunce at last."

the consequence of idleness, the reward of industry; *Casabianca*; *Hugh Idle and Mr. Toll*; *A Mother's Gift*—*The Bible*; *The Spider and the Fly*; *Respect for the Sabbath Rewarded*, epitomized in the verse we learned while kneeling by mother's side,

"A Sabbath well spent

Brings a week of content,

And joys on the coming tomorrow;

But a Sabbath profaned

Whatsoever be gained,

Is a sure forerunner of sorrow."

"I Pity Them"—distinguishing between theoretical and practicable charity; *What I Live For*; *The Righteous Never Forsaken*; *The Blue and the Gray*; the Supposed Speech of John Adams, "sink or swim, live or die, survive or perish"; *Rock Me to Sleep*; *Maud Muller*; *Speech of Paul on Mars Hill*; *Bill and Joe*; *Thanatopsis*, with its trumpet call

"So live, that when the summons comes to  
join

The innumerable caravan, which moves  
To that mysterious realm, where each shall  
take

His chamber in the silent halls of death,  
Thou go not like the quarry-slave at night,  
Scourged to his dungeon, but, sustained  
and soothed

By an unfaltering thrust, approach thy grave,  
Like one who wraps the drapery of his  
couch

About him, and lies down to pleasant  
dreams."

and lines to a Water-Fowl, which include  
"He, who, from zone to zone,  
Guides through the boundless sky thy  
certain flight,  
In the long way that I must tread alone,  
Will lead my steps aright."

But we must end this

"Fragrant retrospection who the vanished  
thoughts that start into being  
Are like perfume from the blossoms of the  
heart and to dream the old dreams  
over,  
"Tis a luxury divine when my truant fancy  
wanders to those old McGuffey Readers  
of mine."

Today let us in imagination strew the  
grave of our illustrious, beloved Professor  
McGuffey with the freshest, the fairest and  
the most fragrant flowers. Let us lay upon  
the heaving turf above his head the imper-  
ishable amaranth, the fadeless emblem of  
immortality. Let us wreath about his  
final resting place the ivy, the evergreen  
token of brotherly love, and through this  
symbolic service, as best we can, discharge  
our duty to our great benefactor, teacher  
and friend to whom we owe a debt of grati-  
tude so great that it can never be paid.

ADDRESS OF SENATOR M. M. NEELY TO THE ST.  
ANDREW'S SOCIETY OF WASHINGTON, JANU-  
ARY 26, 1953, MAYFLOWER HOTEL—ROBERT  
BURNS EULOGY

Mr. Toastmaster, fellow Scots, Presbyterians, and worthy ladies and gentlemen of the St. Andrew's Society of the Capital of the Nation:

For your generosity in permitting me to share the memorable pleasure of this, so far, delightful banquet and for the notable honor you have conferred upon me by inviting me to speak to you briefly of the matchless and inimitable Robert Burns, who will live in the throbbing heart of humanity forever, I thank you again and again. My grateful recollection of your gracious hospitality on this occasion will be treasured to the end of my days and the abiding memory of your kindness will be

"A rainbow to my storms of life,  
The evening beam that smiles the clouds  
away,  
And tints tomorrow with prophetic ray."

The custom of commemorating the memory of illustrious men who have passed into the silent land is as old as the human race. It was born of love, christened by gratitude and cradled by devotion. It began in the twilight of human existence. It will live until the end of time.

We learn from Grecian myth that after Artemus had accidentally slain her lover, Orion, and found it impossible to restore him to life, she miraculously transformed him into a starry constellation which she fixed in the firmament to shine among the heavenly bodies in order to keep a cherished memory green forever.

For untold ages the Chinaman has worshiped the shades of his departed loved ones and for myriad years he has kept bright the sacred fire upon his ancestral altar.

The ancient Egyptians, not satisfied with the performance of conventional ceremonies in honor of their loved ones who had passed away, devised such a perfect system of embalming the human body that it could be kept on exhibition for centuries and handed down as a priceless legacy from ancestor to offspring.

Moses, dead in Horeb's lonely mountain and supernaturally buried by angels' hands, was honored for 30 days and nights with feasts and fasts by all the Israelitish host, and a thousand tributes of respect were paid the memory of that preeminent leader, so great and good in life, so exalted and so grand in death.

This custom of commemoration, which rests upon precedents of such high antiquity, we lovingly and tenderly perpetuate tonight in undying honor of the unforgettable Scottish

"Peasant prince,  
The loving cotter king,  
Compared with whom the greatest lord  
Is but a titled thing."

At this moment, as never before, we fervently wish for the Shakespearean power of successfully invoking

"A muse of fire, that would ascend  
The brightest heaven of invention,  
A kingdom for a stage, princes to act  
And monarchs to behold the swelling scene"

to the end that our present duty might be so nobly performed that we all might go forth from this banquet hall "with our strength renewed; to mount up with wings as eagles; to run, and not be weary; to walk, and not faint."

Adequate commemoration of Robert Burns is a task as impossible of performance as was that of the vestal virgin who, in order to prove her innocence, was required to carry water in a sieve from the banks of the Tiber to the top of the Capitoline Hill. The difficulties of narrating in detail the bringing of the universe into existence were such that the inspired author of the first book of the Bible reduced the portrayal of that astounding achievement to the sublimation of brevity—"In the beginning God created the heaven and the earth."

To the best of our ability, we shall, as a matter of necessity, emulate this shining example of condensation of expression for the reason that Burns' imagination was so soaring, his talents so diversified, his vision so penetrating, his thinking so profound, his power of expression so unlimited, and his service to humanity so great that detailed discussion of this marvelous man's bequests to posterity is impossible. In the circumstances, we can do little more than feebly indicate some reasons why we owe Robert Burns infinitely more than we can ever pay for his service and inspiration to mankind.

In the recent memorial edition of the Anthology of the World's Best Poems selected by Edwin Markham, a brief biographical sketch of Burns contains the remarkable statement:

"Magna Carta, the Declaration of Independence and the French Rights of Man are not weightier documents in the history of freedom than are the songs of Robert Burns."

We supplement this lofty, sweeping generalization with the specific reminder that Burns was a faithful and valuable friend to the American Colonists in their darkest hour of need. When called upon to participate in drinking a toast to William Pitt, the courageous Burns said: "I give you a better toast—George Washington!" At a later meeting when he was called upon to drink to the toast: "Success to British arms in America," Burns said: "No; I will drink to the toast—May their success equal the justice of their cause." No imperiled patriot ever made a bolder or better response.

It is much more than an interesting coincidence that while Burns was freely lending the aid of his persuasive tongue and facile pen to the cause of the American Colonists the famous Scot, John Witherspoon, in New Jersey, and the Scotch Presbyterians in North Carolina, who provided the inspiration for the Mecklenburg resolution—the progenitor of the Constitution of the United States—were fighting the battle for American freedom as heroically as Bruce and his immortals fought and gloriously won the bloody battle of Bannockburn on the 24th of June in the year of our Lord 1314.

Burns is the most famous of all the poetic champions of the common people, the under-

privileged masses, and the oppressed. He knew, as few have known, that—

"Not gold but only men can make a people great and strong,  
Men who for truth and honor's sake stand fast and suffer long;  
Brave men who work while others sleep,  
who fight while others fly,  
They plant nation's pillars deep and raise its banners to the sky."

He demonstrated his superior understanding of values when he declared, "An honest man's the noblest work of God." Burns well knew and by noble deeds animated the truths which Markham generations later proclaimed in the impressive lines:

"We are blind until we see that in the universal plan,  
Nothing is worth the making if it does not make the man.  
Why build we cities glorious if man un-  
built goes?  
In vain we build the world unless the builder also grows."

Robert Burns was the greatest of all great authors of the lyrics of love. Not only in "Farewell to Nancy," "Highland Mary," "A Red, Red Rose," and "To Mary in Heaven" but in longer poems in which love is only incidental to a more general theme are impassioned utterances such as this:

"Sage experience bids me this declare—  
'If Heaven a draught of heavenly pleasure  
spare—

One cordial in this melancholy vale,  
'Tis when a youthful, loving, modest pair  
In other's arms, breathe out the tender tale,  
Beneath the milk-white thorn that scents  
the evening gale."

To all the lads and lassies everywhere who are either enjoying or suffering the pangs of requited or unrequited love, Burns' love lyrics are unconditionally recommended as the only balm of Gilead in the universe sufficiently potent to produce whatever result the lover's heart may desire.

Burns is the peerless eulogist of the Christian home. The Cotter's Saturday Night is the world's most perfect portrayal of a happy family scene. The following excerpt is offered as justification for that assertion:

"The cheerfu' supper done, wi' serious face,  
They, round the ingle, form a circle wide;  
The sire turns o'er, with patriarchal grace,  
The big ha'-bible, ance his father's pride:

\* \* \* \* \*  
He wales a portion with judicious care;  
And 'Let us worship God!' he says with sol-  
emn air.

"They chant their artless notes in simple  
guise,  
They tune their hearts, by far the noblest  
aim;

Perhaps 'Dundee's' wild-warbling measures  
rise;  
Or plaintive 'Martyrs,' worthy of the name;  
Or noble 'Elgin' beets the heaven-ward  
flame;

The sweetest far of Scotia's holy lays:  
Compar'd with these, Italian trills are  
tame;

The tickl'd ears no heart-felt raptures  
raise;  
Nae unison hae they with our Creator's  
praise.

"The priest-like father reads the sacred page,  
How Abram was the friend of God on high;  
Or Moses bade eternal warfare wage  
With Amalek's ungracious progeny;  
Or how the royal bard did groaning lie  
Beneath the stroke of Heaven's avenging  
ire;

Or Job's pathetic plaint, and wailing cry;  
Or rapt Isaiah's wild, seraphic fire;  
Or other holy seers that tune the sacred  
lyre.

"Then kneeling down to Heaven's Eternal King,  
The saint, the father, and the husband prays:  
Hope 'springs exulting on triumphant wing,'  
That thus they all shall meet in future days.  
There, ever bask in uncreated rays,  
No more to sigh, or shed the bitter tear,  
Together hymning, their Creator's praise,  
In such society, yet still more dear;  
While circling Time moves around in an eternal sphere."

The concluding verse of this rare and radiant poem attests not only Burns' ardent patriotism but his deathless love for his native land. If you desire to increase your ambition, strengthen your determination, and fire your enthusiasm so as to make yourselves more valuable assets of your country during these most perilous of all perilous days in the history of the human race, look for your inspiration not in the thrilling history of the conquests of Alexander the Great, who laid waste the world with fire and sword. Look for that inspiration not in the seductive pages of the Gallic War, in which are recounted the brilliant achievements of Caesar's imperial legions as they bore the language, the customs and the laws of the holy city on the points of their spears to Gaul and Britain and to those who dwelt beyond the Rhine. Look for your inspiration, not in the stirring biography of the great Napoleon, whose grand army and old guard spread the cold gray spell of militarism's frightful desolation from the fruitful fields of sunny Italy to the sterile shores of the frozen ocean. No inspiration such as this that will spur you to sublime achievements in peace as well as war; help you to solve the perplexing problems that confront the Nation and the world; teach you to serve your country; live for it; courageously fight for it and, if need be, gloriously die for it, and at the same time enroll your names in the guilded book of immortality—inspiration such as this you will find in the last verse of "The Cotter's Saturday Night," which is as follows:

"O Thou who poured the patriotic tide,  
That streameth through Wallace's undaunted heart;  
Who dared to nobly stem tyrannic pride,  
Or nobly die, the second glorious part,  
(The patriot's God peculiarly thou art,  
His friend, inspirer, guardian, and reward.)  
O, never, never Scotia's realm desert;  
But still the patriot, and the patriot bard,  
In bright succession raise, her ornament and guard."

Ladies and gentlemen, please join me in a toast to the most famous and beloved of all the countless immortals dear old Scotia has ever given to the world. To him who long has been and will forever be

"A spring of ice-cold water to the parched and burning lips of thirst;  
A palm that lifts its coronet of leaves above the desert sand:  
An isle of green in some far sea;  
The purple light of dawn above the eastern hills;  
A cloud of gold beneath the setting sun:  
A fragrance wafted from an unseen shore;  
A silvery strain of music heard within some palace wrought of dreams."

Robert Burns—now and forever.

"Oh for a muse of fire, that would ascend  
The brightest heaven of invention,  
A kingdom for a stage, princes to act  
And monarchs to behold the swelling scene."

Then indeed would the 3000th anniversary of the making of Jerusalem the capital of the Hebrew kingdom be appropriately observed, and we should go forth from this holy temple with our strength renewed; to mount up with wings as eagles; to run, and not be weary; to walk, and not faint.

The custom of commemorating illustrious personages, beneficent achievements and notable events had its beginning in the morning twilight of civilization. It will continue till the Angel of the Apocalypse, with one foot on land and one on sea, proclaims that time shall be no more. This antique custom we devoutly perpetuate tonight in undying honor of the world's most remarkable capital and its most unforgettable city and affectionately remember the matchless man who endowed it with immortality and made it the model of fleeting municipal government on earth and the symbol of our eternal home in that heavenly—

"City that lies in the Kingdom of Clouds,  
In the glorious country on high,  
Which an azure and silvery curtain enshrouds,

To screen it from mortal eye;

"A city of temples and turrets of gold,  
That gleam by a sapphire sea,  
Like jewels more splendid than earth may behold,  
Or are dreamed by you and by me."

And what are the unusual attributes of Jerusalem? To describe them or even enumerate them in their entirety would be to abuse your patience beyond the limit of toleration. Therefore, we shall mention but a few of the city's most salient features.

The location of Jerusalem is as rare as a day in June. It is as fascinating as the spell-binding fiction of the Arabian Nights. It is in Palestine, or the Holy Land, which completely embraces the Republic of Israel. Mandeville, in his book of travels, says: "That this land is the heart and middle of the world." According to the prophet Ezekiel and the revised version of the Old Testament, "Palestine is the navel of the earth." The Almighty, speaking of it under another name, said to Ezekiel, "It is the glory of all lands." The Lord further said: "This is Jerusalem; I have set it in the midst of the nations." Thus it appears that this extraordinary city is not only at the center of Palestine but also at the center of the world.

Palestine, with Jerusalem at its center, has from time immemorial been the most strategic of all earthly lands. It is the geographical connection between Asia and Africa. By reason of its long Mediterranean shoreline and its excellent commodious seaport of Haifa, it is the gateway to Europe and the Western World for the important commerce that originates in northeastern Africa and southwestern Asia.

As a consequence of this strategic importance, Jerusalem has been the world's most beleaguered metropolis. Ever since the days of Joshua great military powers such as Assyria, Babylon, Persia, Egypt, Greece and Rome have again and again attacked and besieged it.

The heroism, sacrifice and suffering of the Hebrews in defending Jerusalem defy all the descriptive powers of tongue and pen. Happily, as the result of the assistance of an all-wise, all-merciful, and all-powerful Providence, these Jewish sacrifices and sufferings have not been in vain. For example, divine solicitude and assistance for the Holy City were memorably demonstrated 710 years before Christ when Sennacherib, with his Assyrian hordes, attempted to conquer

Jerusalem. In response to the prayer of King Hezekiah, the angel of the Lord "went out" and in a single night smote 185,000 of the Assyrian invaders, and thus saved the city from destruction. Byron commemorated this remarkable event with the well-known lines:

"The Assyrian came down like the wolf on the fold,  
And his cohorts were gleaming in purple and gold;  
And the sheen of their spears was like stars on the sea,  
When the blue wave rolls nightly on deep Galilee.

"Like the leaves of the forest when summer is green,  
That host with their banners at sunset were seen;  
Like the leaves of the forest when autumn hath blown,  
That host on the morrow lay withered and strown.

"For the Angel of Death spread his wings on the blast,  
And breathed in the face of the foe as he passed;  
And the eyes of the sleepers waxed deadly and chill,  
And their hearts but once heaved, and forever grew still.

"And the widows of Ashur are loud in their wail,  
And the idols are broke in the temple of Baal;  
And the might of the Gentile, unsmote by the sword,  
Hath melted like snow in the glance of the Lord."

But unfortunately 124 years later the Babylonians, under Nebuchadnezzar, overran Jerusalem and carried away thousands of its heroic defenders as prisoners of war. Time marches on. And after 70 years of captivity King Cyrus of Persia, the conqueror of Babylon, grants the Jews permission to return to their homeland and rebuild their temple. In the next century the warlike Greeks gained complete control of both Jerusalem and Palestine and abrogated the autonomy which the Jews had enjoyed under Persian rule. In 165 B. C. the Jews, under Maccabean leadership, recovered control of Jerusalem, and resumed their religious services in the temple.

Through all the subsequent years of cruel persecution, fiery trial and heart-breaking tribulation the Jewish people yearned, prayed, worked and struggled for the privilege of living in the land of their fathers and for the reestablishment of their national government in the little country which had been given to them by Almighty God. Happily for the Jews and the world, the Jewish state was in 1948 once more established. Its name is the Republic of Israel. God grant that it may flourish like the palm tree, grow like a cedar in Lebanon, and bestow the blessings of wisdom, righteousness and service upon the children of men to the last syllable of recorded time.

Since the issuance in 1917 of the Balfour Declaration, which marked the beginning of the final successful struggle for the reestablishment of this new government, the Arabs have resisted the assertions of Jewish rights not only to Jerusalem but generally to the Promised Land. Unfortunately a disturbing controversy between the Jews and the Arabs concerning the utilization of the water of the River Jordan is today before the United Nations for adjustment. It is my hope that this important matter will be promptly, peacefully and righteously adjudicated.

In order to forestall misunderstanding or misrepresentation of what I am about to say regarding the Palestinian controversy which, for generations, has alternately raged and smouldered between the Arabs and the Jews,

ADDRESS DELIVERED BY M. M. NEELY IN THE JEWISH SYNAGOGUE IN WHEELING, JANUARY 24, 1954, IN CELEBRATION OF THE 3000TH ANNIVERSARY OF THE ESTABLISHMENT OF JERUSALEM AS THE CAPITAL OF THE HEBREW KINGDOM

Distinguished rabbi and his honor, the mayor, ladies and gentlemen,

let me make it crystal clear that, in my opinion, the Arabs are a great, historic people. All should be sincerely grateful to them for their age-old rich contributions to science, literature, art and civilization. Our system of notation and the name of the algebraic branch of mathematics and many important words such as alcohol, alkali, assassin, azure, chemistry, cipher, coffee, fakir, giraffe, magazine, mattress, nadir, nabob, tariff, zenith, and zero are Arabic gifts to the world. The foundation of modern chemistry was laid by the alchemists of Arabia. One of the most thrilling chapters of European history of the Middle Ages is that concerning the Arabic or Saracenic foundation of universities, observatories, libraries and museums. The Arabs rescued from annihilation the remains of Greek and Alexandrian learning and originated a noble order of architecture of which the famous Alhambra at Granada and the stately Mosque at Cordova are the best known examples.

According to a renowned historian, the Arabs merit eternal gratitude for having been the preserver of the learning of the Greeks and Hindus when Europe was too ignorant to take charge of the precious deposit. I concur in this commendation of the Arabs and all other similar ones that celebrated chroniclers have ever uttered. It is my hope that the foregoing will absolve me of either accusation or suspicion of being unfriendly to the Arabs, notwithstanding my inescapable belief that their prodigious contributions to the enlightenment of mankind and the welfare of the world do not, in any manner, justify their claim to any part of the Holy Land.

If my countrymen or the political party with which I am affiliated or the church of which I am a member held a general warranty deed from the Arabs or any other people except the Hebrews for all or any part of Palestine, my judgment and my conscience would still impel me to adhere to my conclusion that the Jews are exclusively entitled to every inch of the ancient land of Canaan, which embraces more than the Jewish Republic and the entirety of the city of Jerusalem.

Let me briefly indicate a few of my reasons for believing that the Jews' title to Jerusalem and the Holy Land is the most extraordinary, and indefensible the world has ever known.

According to the 17th chapter of Genesis, 1897 years before Christ, the Lord personally appeared before Abraham, when he was 99 years old, and granted unto him and his seed after him all the land of Canaan for an everlasting possession. Canaan, at that time, included much more than the entire boundary of the present Jewish Republic.

The seed of Abraham includes every Jew that breathes the breath of life. Consequently every Jew has title to an undivided interest in Jerusalem, the Jewish State and the greater area of what was once the land of Canaan. This title from the Infinite is as superior to any of which finite man is the author as the omnipotence of God is superior to the impotence of His earthly children.

As eternity exceeds time so the longevity of this remarkable grant exceeds that of any other to be found upon the historic scroll of twice 3,000 years. It was not for a decade, not for a century, not for a millennium, but for an everlasting possession.

According to a renowned poet, "A thousand years scarce serve to form a state." But in half a century less than this supposititious period the Jews, fortified with their divine title, aided by providence and led by the Lord's anointed, made Palestine one of the world's most famous countries, its kingdom one of the world's greatest governments, and Jerusalem—its capital—the world's most coveted city.

Under David and Solomon, the Hebrew kingdom attained the zenith of its magnificence and power. Recognition of its splendor, like the sight of the tree in Nebuchadnezzar's dream, "reached to the end of all the earth."

Subsequent to Solomon's death the entire Jewish realm was divided into the kingdom of Israel and the kingdom of Judah. The first comprised 10 tribes; the second only 2—those of Judah and Benjamin. The kingdom of Israel, after many centuries of turmoil, was overwhelmed by the Assyrians in the eighth century before Christ. Thereafter those who had composed this kingdom passed from history as an organized people and became known as the lost tribes of Israel.

The kingdom of Judah demonstrated miraculous powers of survival by withstanding wars, invasions, sieges, and battles without number until the year 70 of the Christian era, when the Romans overran Palestine, utterly destroyed Jerusalem, sowed its soil with salt, dispersed the Jews and made them heartbroken wanderers on the face of the earth. From then until the creation of the Republic of Israel in 1948 Jewish people were without a national home.

During the intervening centuries man, with his shameful inhumanity to man, murdered millions of the Jews and made countless other millions of them mourn and weep, as Rachel wept for her children in Rama in the long ago, and would not be comforted, because they were not.

Returning to the Arabs—they are still in possession of much of the land of Canaan. They have long contended that since they are also descendants of Abraham their rights to Palestine are equal or superior to those of the Jews. In my opinion, this contention is without factual, legal or logical support. The Arabs, who have a valid title to more than a million square miles of Asiatic territory, have never had any title whatsoever to any part of the Holy Land. And since the day that the Almighty gave to Abraham and his progeny the land of Canaan, the occupancy of this country by any people other than the Jews has simply been that of squatters on the land to which the Jews have held title from on high for almost 4,000 years.

Ishmael is the connecting link in the relationship between Abraham and the Arabs. Isaac is the connecting link in the relationship between Abraham and the Jews. Ishmael was the illegitimate son of Hagar, the Egyptian concubine. Isaac was the legitimate son of Abraham and his wife Sarah. Under the law, an illegitimate child cannot inherit from a putative father. Therefore, the Arabs have inherited from Abraham no title to any part of Palestine.

As recorded in Holy Writ, just before Abraham died he "gave all that he had unto Isaac. But unto the sons of the concubines, which Abraham had"—and these sons included Ishmael—"Abraham gave gifts, and sent them away from Isaac his son unto the east country." Thus it appears that, according to Abraham's last will, only Isaac and his posterity—the Jews—should ever possess the promised land of Canaan.

It is Jerusalem's rare distinction to be the birthplace of Solomon, the wisest man who ever lived, who gave the world three thousand proverbs, and whose songs were a thousand and five. And it is Jerusalem's still greater distinction to be mentioned more frequently than any other city in that treasured volume of sacred history, spiritual comfort and heavenly hope—the Holy Bible. What a deathless honor to be thus commemorated in the greatest story ever told—in the book that is daily read around the world; the only book in which—

"A glory gilds each sacred page,  
Majestic like the sun,  
It gives a light to ev'ry age;  
It gives, but borrows none."

After King David transferred the Ark of the Covenant to Jerusalem and after his son, King Solomon, adorned the city with a magnificent temple of worship, Jerusalem became and ever since has been considered the supreme earthly spiritual center for the Jewish people throughout the world.

For wealth of sacred shrines and alluring places of historic interest, Jerusalem, like the name of Abou ben Adhem, leads all the rest. For example, in view from almost any housetop in Jerusalem are famous Mount Zion, Mount Olivet, the Garden of Gethsemane and Calvary, the hill known as the place of a skull. Near the base of this hill is Jeremiah's Grotto, in which the famous old prophet wrote the biblical Book of Lamentations. To this hill generations of prophets directed the attention of mankind. Historians will forever point to this same hill as the scene of the most widely publicized and most shocking tragedy which humanity has mourned for 1900 years, and will continue to mourn forever in every enlightened land on earth.

Jerusalem and its environs have been the scenes of the most momentous events in the entire history of the human race—events which have incited the genius that has produced the most exquisite pictures ever painted, the most inspiring poems ever written, the most thrilling oratorios ever composed, the most comforting hymns ever chanted, the most melodious songs ever sung. These have given us sunshine for our shadows, joy for our sorrows, smiles for our tears, and intimated to us the endless bliss of immortality in that realm where the rainbow never fades, where no one ever grows old, where friends never part and where loved ones never, never die. We know why the psalmist exclaimed, "If I forget Jerusalem, let my right hand forget cunning. Let my tongue cleave to the roof of my mouth."

The seductive temptation to continue this endless story must be and now will be effectually resisted. Let me extend to you my unfeigned and heartfelt congratulations upon being a part of the innumerable throng of God's favored people. All the other races and tribes of men owe you and your illustrious ancestors a debt of gratitude that can never be fully repaid.

Among countless contributions to the general welfare for which we are indebted to you are the sublime Psalms of David, the "wild seraphic fire of Isaiah," and the matchless epistles of the Apostle Paul. These, by promoting righteousness, providing hope for the hopeless and supplying comfort for the disconsolate have been worth more to humanity than all the ransoms ever paid for captive kings.

It was Moses—a Jew—through whom God gave us the Ten Commandments. It was a Jew who preached the Sermon on the Mount—the sublimest discourse on human conduct that ever emanated from the lips of man. It was a Jew who gave us the cherished assurance:

"I am the resurrection and the life; he that believeth in me, though he were dead, yet shall he live; and whosoever liveth and believeth in me shall never die."

Long, long life, unlimited prosperity, happiness, righteousness and everlasting peace to Jerusalem, the Republic of Israel and every Jewish man, woman and child beneath the stars.

For the unsurpassable patience and courtesy with which you have honored me, with all my heart I thank you again and again, and the memory of this happy meeting with you will be to me

"The rainbow to my storms of life,  
The evening beam that smiles the cloud away,  
And tints tomorrow with prophetic ray."

## PUBLIC OPINION AND THE QUESTION OF PAY TELEVISION

Mr. NEUBERGER. Mr. President, because in recent weeks I have received a great number of communications from my State on the subject of so-called pay TV, I should like to make some brief comments explaining my present attitude toward this question.

The communications to which I have referred have overwhelmingly consisted of postal cards containing only a very terse objection to the idea of having to pay to watch TV. They have come largely in response to a column written by the Oregonian's very able radio and TV commentator, Francis S. Murphy, under the title of "Behind the Mike," which on March 3 was devoted to stating the case against pay television. I ask unanimous consent, Mr. President, that this column by B. Mike, in the Oregonian of March 3, 1958, be printed in the RECORD at this point in my remarks.

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

## BEHIND THE MIKE

(By B. Mike)

If you are against pay television (and readers of the Oregonian proved they were by odds of 100 to 1 in a straw ballot a couple of years ago) now is the time to write your Senators. FCC had authorized a test which was contemplated after March 1. Both House and Senate committees in the present session have warned FCC to await specific authorization by law before starting the tests. Once the system is established, it will be hard to throw out. Current issue of Broadcasting and Telecasting says in an editorial: "It is now up to Congress to enunciate national policy on pay TV in the TV spectrum. Congress, in enacting the Communications Act of 1934, did not contemplate pay broadcast service. Congress provided for free broadcasting available to all who had the necessary receiving equipment. Pay TV (or radio) is narrowcasting which would limit service to those willing to pay the fee and install the needed equipment, with service blacked out to all others."

"Although the Senate committee has spoken, opponents of pay TV, including hundreds of thousands of people who have petitioned their Congressional delegations, should not be lulled into the belief that the battle is won. The Senate must act on the Thurmond resolution. And Chairman MAGNUSON, Democrat, Washington, who favors pay TV tests, insists there will be hearings before the resolution goes to the floor. Zenith, Skiatron, and other pay TV zealots have not given up the fight. They probably will redouble their massive lobbying on their scheme that has nothing to commend it except the money it will make for its entrepreneurs."

So if you don't want to be paying \$40 to \$50 a month (which most proponents admit it will cost you) to see programs you are now watching free, drop a card or letter to Senator RICHARD NEUBERGER or Senator WAYNE MORSE, Senate Office Building, Washington, D. C. Most of those favoring pay TV admit they will continue commercials to "help" pay the cost. And free TV and fee TV cannot exist side by side. If you can force people to pay 50 cents to watch *Gunsmoke* every Saturday night, why give it away free? Public service programs would disappear from our television screens, because our present commercial TV pays for them. Donald H. McGannon, president of Westinghouse Broadcasting Co., pointed this out last week in a speech in San Francisco. The informational services of

radio and television, made possible directly or indirectly by advertising revenues, "would suffer radically or be nonexistent in the cash-and-carry atmosphere of pay television," he warned.

By reducing the potential audience, it would weaken the effectiveness of commercial television, one of our most dynamic sales mediums, and thus have a negative effect on the Nation's economy, he continued. Dr. Frank Stanton, president of the Columbia Broadcasting Co., recently made this statement before a Congressional committee: "The consequences of pay television will be a real misfortune for the American people. Viewers will have to pay for what they now receive free. And for the first time, television, now a democratic unifying force, will be divisive.

"Where now the best in television is available to all Americans, pay television will fence off the best for the carriage trade. One prosperous viewer can pay—and deprive a dozen of his neighbors of the programs they are now enjoying free. The costs to the American people will be enormous. Each family would have to buy or rent a decoder costing between \$40 and \$85. On top of that will be the charges for programs. To watch pay TV for two-thirds the number of hours that it now actually watches free television, the average family would have to pay \$473 a year. This is 7 times what the average family spends on shoes annually; 3 times what it spends on heating and lighting a home; and more than it spends on medical and dental bills, plus all drugs and medicines, plus all cosmetics and shaving supplies, plus all dentifrices."

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

Mr. NEUBERGER. I yield.

Mr. LONG. Let me say to the Senator that I have had some experience with this pressure campaign. One television station in Louisiana presented six programs telling only one side of the issue. There was no presentation of the argument for pay-TV. There was such an extreme presentation of that side of the issue that if there had been a debate on the subject, the station would not have gone to such extremes.

This resulted in the generation of more than 10,000 post cards in opposition to pay-TV. However, never once was the other side of the argument presented.

My impression is that that is contrary to law. On a controversial issue one has no right to present his side of the argument on the radio or television without allowing the public to hear the other side. Yet that is the manner in which the question has been presented in some parts of the country.

Mr. NEUBERGER. I thank the Senator from Louisiana. My impression has been that only rarely is the side in behalf of pay television ever made available to the public.

It may be that pay television is unsound. I confess that I do not know enough about both sides of the issue to make up my mind. However, it seems to me that the public and the Congress ought to reach a determination after hearing both sides of the question, rather than hearing only the case against pay television.

Mr. LONG. If pay television is as bad as the Columbia Broadcasting System and the National Broadcasting Co. say it is, why are they afraid to let the public look at it?

Mr. NEUBERGER. I could not agree more fully with the Senator from Louisiana. If pay television is so evil, obviously it will be a failure. Then those sponsoring it and investing in it will lose their money, and pay television will have to be abandoned.

Mr. LONG. My impression is that all the Federal Communications Commission proposed was that, in certain areas where there are at least four television stations, an opportunity should be offered for persons to experiment with pay television over one of the stations, leaving available, at the same time the pay television program is shown, at least three free programs.

I could not think of a more adverse situation in which those interested in promoting pay television could present their program. The public would have the choice of several other programs, all of which would be free.

The networks are opposed to even this limited trial for pay-TV. They have so little confidence in what they are presenting that they are afraid to let the public have an opportunity to see a pay television program.

Mr. NEUBERGER. I thank the Senator from Louisiana for making these very helpful comments.

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

Mr. NEUBERGER. I yield to the Senator from Tennessee.

Mr. GORE. I do not wish to become involved in the argument over toll television versus free television.

I rise to express concern, as the father of a 10-year-old son, over the large numbers of network television programs available for this child to see, which are either crime programs or "shoot-'em-up" westerns.

I wonder if the Senator from Oregon does not think there is something the Congress could do to bring about better television programs.

Mr. NEUBERGER. I thank my colleague for a very helpful observation.

It seems to me that the networks and the broadcasting chains certainly have a great deal of unmitigated gall to resent even a trial, under the adverse conditions described by the Senator from Louisiana, of the innovation known as pay television.

I was shocked a few weeks ago—and I brought the subject to the attention of the Senate—when the President of the United States delivered a major address in defense of his foreign policy before leaders from the 48 States, and not one of the networks carried the program. Yet the same networks are inundated every night with a flood of gory, blood-thirsty crime melodramas beamed largely at children, as the Senator from Tennessee has commented. Such programs are evidently so profitable, from the standpoint of sponsorship, that no network can afford to turn them off for half an hour so that the public may hear the Chief Executive of the greatest free nation on the earth deliver an address dealing with foreign policy which may mean life or death for all of us.

I very much appreciate the observations by the Senator from Louisiana and the Senator from Tennessee. As they

have said, and as I have said, I do not believe any one of the three of us has made up his mind as to whether pay television is good or bad. The significant point is that the networks have been relentless in preventing whatever case there may be, in behalf of pay television, from reaching the American public. They seem almost frantic about it.

I am reminded of certain speeches which were made by the manufacturers of buggywhips when Henry Ford put his original flivver on the street. They were so anxious to prevent its coming into general use that they wanted legislation to outlaw the first internal-combustion vehicle.

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

Mr. NEUBERGER. I yield.

Mr. LONG. I come from a cotton-producing State. At one time there was a discriminatory tax on oleomargarine. We had a difficult time getting the product before the public so that the public could judge for itself whether or not it liked it.

Mr. NEUBERGER. I think that is a very good example. I dislike having oleomargarine mentioned while the distinguished Senator from the leading butter-producing State [Mr. PROXMIRE] occupies the chair. However, it is appropriate for me to mention it. I come from a dairy-producing State. Mrs. Neuberger's family operates a dairy farm. Yet she got through the Oregon State Legislature the first bill in the Northwest legalizing colored oleomargarine.

It seems to me that if America's free-enterprise system stands for anything, it stands for free competition in the open market. If oleomargarine is no good; if the first Ford automobile was no good; and if pay television is no good, they should all be tested in the market place and fail because of lack of merit, and not because of a premature propaganda campaign which seeks the enactment of laws to prevent them from having a trial.

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

Mr. NEUBERGER. I am happy to yield.

Mr. LONG. The thought occurs to me that a great many articles have been produced which the public would not buy because better products were obtainable. A great many more brands of automobiles have been produced than are being manufactured at the present time. The country as a whole, it seems to me, is better off because the people were permitted to try the other products. I cannot for the world understand how television will ever reach the tremendous entertainment and educational potential of that medium if we outlaw the right of people to try something new, to experiment with new ideas, simply because we are afraid that they might work.

Mr. NEUBERGER. Certainly if that sort of practice had prevailed in earlier times, I presume that the people who had a monopoly on fires for sending smoke signals would have been opposed to John Gutenberg's first printing press.

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

Mr. NEUBERGER. I yield.

Mr. THURMOND. I am not in accord with the views that have been expressed here. I am opposed to pay television using the airways and charging the people. I do not oppose anyone running a toll line into anyone's home. If a company wishes to run a toll line into my home, I may pay them so much a month if I want to see their program. The telephone company runs a line into my home and I pay them so much a month. If anyone else wants to do that, I will probably be willing to pay them \$8 or \$10 a month by putting the money in a box, which that company can come and open and take the money. However, I do not want to see the free airways taken from the people. I want those airways kept for the benefit of all the people, and not used by those who desire to become millionaires or multi-millionaires out of television.

Mr. NEUBERGER. I should like to remind the distinguished Senator from South Carolina, who has made some very pertinent observations, that there are companies in the country which have made millions and perhaps billions of dollars by exploiting the free channels they have received in television and radio.

These companies have made a bonanza out of the channels which they have acquired free by obtaining licenses from the Federal Communications Commission. We have witnessed in recent weeks the shocking spectacle in the House of Representatives hearings of how these licenses can be obtained, where men will frankly try to bribe officials of regulatory agencies in order somehow to persuade those officials to grant them those licenses.

Under our present system of so-called free television, the broadcasting companies and other outlets are making millions of dollars. How are they doing it? They are doing it, in many instances, by showing programs which cater to the lowest and worst in taste and to the worst emotions in all of us, and they are doing it by selling those programs to the biggest corporations in the country for the highest kind of advertising rates.

To say that pay television is going to make some millionaires may be true and it may not be true. The fact is, however, that under the existing so-called free television system, there are any number of people being made millionaires.

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

Mr. NEUBERGER. I am happy to yield.

Mr. LONG. The Senator knows the kind of dust and gunsmoke and other cowboy-type movies that are shown on television. In many places, a person has no choice in the matter; he can either see Dracula or Frankenstein, and scare his children half to death, or he can put them to bed, and see a 10-year-old movie at midnight. No television program has yet been produced that costs as much as \$2 million. A very good moving picture has been produced which has cost more than \$10 million. It is the Ten Commandments. I should like to see it. People say it takes 3½ hours to see the whole picture. Perhaps in some parts of our country a person might pre-

fer to sit at home with his family and see it in his own home, on a colored television set, instead of going out to a movie house or to one of those drive-in places and see it there.

Mr. NEUBERGER. And he would be more than willing to pay to have the Ten Commandments shown in his own home on television.

Mr. LONG. He could save money in that way. What is proposed is that in areas where there are three television channels, the fourth channel should have the right to present such programs, instead of the dust and gunsmoke and horror type of program that is available on television at the present time.

Mr. NEUBERGER. The viewer would have his own choice.

Mr. LONG. If he did not want to see the picture, he would not have to pay for it. In Monroe, La., one of my good friends, for whom I have the warmest personal feelings, is reported to have told the people that if pay television came into being the people would have to pay for the dust and gunsmoke type of television programs and that they would probably have to pay about \$700 for that kind of programs, which they now can see free. The people were told to write to Senator LONG in opposition to pay television. As a result, I received more than 10,000 letters and postcards in opposition to pay television.

So far as I am concerned, I do not know whether I will like pay television. At the present time I do not even have a television set in my apartment. At the same time, if someone wishes to experiment with a new idea, I am willing to let him do it, and to discover whether the public is willing to pay for it. I have always thought that that was the American way of doing things.

Mr. NEUBERGER. I am under the impression that that is the American way of doing it; I agree with the Senator from Louisiana. I like to read. I glory in the fact that this country has produced people like Nathaniel Hawthorne, Mark Twain, James Fenimore Cooper, and Margaret Mitchell, who wrote *Gone With the Wind*. However, when I look at the things that are shown on television, I wonder where the country is that produced such great authors, because the so-called television programs are so lacking in merit and in anything significant.

Mr. GORE. Mr. President, again I say I am not desirous of becoming involved in this controversy over pay television and free television. I wish again to express my concern over the kinds of programs which the boys and girls of America are viewing. I would not say that there is any connection between the crime waves and youth gangs in this country and the crime programs the young people view on television. I do not know. However, I frankly wonder if there is.

I am not concerned, either, as to the companies that make a profit out of television programs. I am concerned with the quality of the programs. I should like to see the channels and wavelengths, which belong to all the people, utilized to uplift the people. I should like to see

them utilized to give to my boys and to give to other people's boys and girls an opportunity to see something other than crime programs and westerns.

Mr. NEUBERGER. I could not agree more with the Senator. I live in the West, and I know a little bit about the West. If what those programs portray shows what the West is like, then every book that I ever read in high school or college is utterly wrong. I am chairman of the Subcommittee on Indian Affairs, and I myself have written about the American Indian. I have in mind a particular television program, and I imagine it is the type of program to which the Senator from Tennessee refers, and probably has seen, or perhaps his son sees it twice and probably 3 days a week, and perhaps 5 days a week. These programs portray the American Indian as a hideous, barbaric savage, who would lie in wait to torture the kindly, innocent white people who came across the country, and who had only benevolent thoughts for the poor Indian. The cavalry arrives at the last moment, to save the people who are being tortured by the terrible Indians.

All anyone has to do is to read the history of the West as written by the great historians who wrote about the West, writers like Francis Parkman, and, in contemporary days, Bernard DeVoto and Stewart Holbrook. He will learn that much of what he sees on TV is not the true story. He will learn that it was the Indians themselves who were exploited; that they were driven off their lands; that they had their own country taken away from them.

The television programs which purport to tell the truth to the youth who are growing up in America completely distort the history of the American West. One would think that the West was settled by a few people who had .45's strapped to their belts, rather than by families who went West with their plows and who built colonies and established a civilization.

Without taking a stand on the issue of pay TV as against free TV—although one pays for his "free" TV when he buys breakfast food and tooth paste—I should like to have both sides of the question made available to the American people.

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

Mr. NEUBERGER. I yield.

Mr. GORE. Speaking of making both sides available, I am amused that the so-called rating agencies, which undertake to advise advertisers about the number of people who view certain types of programs, seem never to give the other side, namely, the numbers of people who, out of disgust, turn off their TV and do not look at it at all.

Mr. NEUBERGER. I imagine that is not the type of information which advertisers would relish.

Again I thank the Senator from Tennessee and the Senator from Louisiana for their helpful observations. I still have about a page and a half to read from my manuscript. I shall read it to indicate how much my views are in consonance with those of my two colleagues. It is material which I wrote in the office before coming to the floor, so I could not have premeditated upon the helpful com-

ments of the Senator from Louisiana and the Senator from Tennessee. But what I have written is very much in line with their thinking. I believe it will indicate, at least, that if great minds do not think alike, their limited mentalities may be in the same channels, if not the same television channels.

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

Mr. NEUBERGER. I yield.

Mr. LONG. Sometimes when I receive pressure mail, such as 10,000 post cards and letters on a single issue, it makes me think that the reason why people write so many letters to their Senators and Representatives, explaining the issue, is that the Senators and Representatives understand it too well already.

Mr. NEUBERGER. I hope in this case that that may be true of us.

Mr. President, as I have said, the column to which I have referred summarizes the case against pay TV—largely by extended quotes from broadcasting and telecasting magazines and spokesmen for TV networks. Standing by themselves the arguments of opponents of pay TV give rise to reasonable apprehension for the future fate of free TV programs as the public knows them today. My mail shows that many people believe that pay TV, requiring a fee from the viewer for tuning to its programs, is contemplated as a substitute for our present system, replacing the programs now paid for by advertisers who interrupt these programs with their own commercials. Understandably, many people have written to object violently against the prospect of being deprived of free TV, and of having to pay heavy charges to use the TV sets which they have bought to see the present programs without further cost.

In part, this is an obvious misunderstanding, although possibly not a wholly unintended one on the part of the opponents of pay TV. As a Senator who does not have the privilege of serving on the Committee on Interstate and Foreign Commerce, which supervises the regulation of the broadcast industry, I have so far not had the benefit of any direct information at all about the proposed trial of nonadvertising, fee-type broadcasting; but it is my understanding that it is proposed to be entirely supplementary to the existing system. The existing free TV would continue for everyone, and pay TV would simply be offered to those who, as a matter of their own choice, might wish to see its programs.

Mr. President, I have no idea whether such a scheme would work or not. I am not familiar with the economics of the broadcast industry. It might be a colossal failure. The people who would like to give it a try have applied to the Federal Communications Commission, the supposedly expert body created for that purpose by the Congress. For some time, the controversy has raged before the FCC over whether even a trial should be permitted. Much evidence has been amassed on both sides, which few of us in Congress have ever seen. I have not heard the arguments in favor of a trial of pay TV as a supplement to our present system, and as a Senator I like to

know both sides of an important public issue, if I am asked to judge it.

Not content with awaiting the decision of the FCC, opponents have turned to Congress for a direct prohibition. I understand that the Senate Committee on Interstate and Foreign Commerce has divided on the question, with its able chairman, the Senator from Washington [Mr. MAGNUSON], in favor of leaving the matter to the FCC in the first instance. That would be my inclination, rather than to take the decision away from that specialized agency. They, not we, have seen the whole record on the question and are qualified to decide it.

I understand also that the FCC has decided to postpone action until 30 days after the end of the present session of Congress. I ask unanimous consent, Mr. President, that this announcement by the FCC may be printed at this point in my remarks, for the information of interested people in Oregon.

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

IN THE MATTER OF AMENDMENT OF PART 3 OF THE COMMISSION'S RULES AND REGULATIONS (RADIO BROADCAST SERVICES) TO PROVIDE FOR SUBSCRIPTION TELEVISION SERVICE—BEFORE THE FEDERAL COMMUNICATIONS COMMISSION, WASHINGTON, D. C.—DOCKET NO. 11279—SECOND REPORT

By the Commission: Commissioners Mack and Ford not participating.

1. Since the adoption of our first report in this proceeding on October 17, 1957, subscription television has been the subject of active interest in Congress. In January of this year the Interstate and Foreign Commerce Committee of the House of Representatives conducted 6 days of hearings on the subject. On February 6, 1958, that committee adopted a resolution expressing the sense of the committee in the following terms:

"Resolved, That it is the sense of this committee that the public interest would not be served by the granting of authorizations for subscription television operations as contemplated by the Federal Communications Commission in its First Report, adopted October 17, 1957, in Docket No. 11279, because—

"(1) it has not been established to the complete satisfaction of this committee that authority to license such operations comes within the power of the Commission under the provisions of the Communications Act of 1934; and

"(2) such operations might lead at least to a partial blacking out of the present system of television operations, with possible injury to such present system in particular communities, if not throughout the United States.

"SEC. 2. For the reasons stated above, it is the sense of this committee that the Federal Communications Commission should not grant authorizations for subscription television operations as contemplated in such First Report unless and until the Communications Act of 1934 is amended so as to specifically empower the Commission to grant such authorizations."

2. Public announcement has been made of an action on February 19, 1958, by the Interstate and Foreign Commerce Committee of the Senate concerning subscription television. On that date the committee voted to recommend the adoption by the Senate of the following resolution:

"Resolved, That it is the sense of the Senate that the Federal Communications Commission should not, without specific authorization by law, authorize or permit any tele-

vision licensee or agent thereof to impose a toll, fee, subscription, or other charge on the general public or any portion thereof, for the privilege of viewing television programs received over television receivers located in the home, with the exception of both community antenna systems and those programs transmitted by cable or wire or both."

3. Recently numerous bills have been introduced in both Houses which, if enacted into law, would either prohibit the authorization by the Commission of the broadcast of programs for which a direct charge is imposed on the viewers, or would place certain restrictions on such authorizations by the Commission. The Commission has been informed by the Chairman of the House Interstate and Foreign Commerce Committee that that committee intends to hold hearings on the bills now pending on the subject of subscription television. It has been announced that the Senate Interstate and Foreign Commerce Committee similarly intends to hold hearings on the bills introduced in the Senate on this subject. In these circumstances, until Congress acts on the pending bills or it becomes reasonably evident that no action may be expected on them, we consider it appropriate to maintain the status quo.

4. Prohibitory legislation would, of course, moot this entire proceeding. If Congress should decide to give express authorization to the Commission to authorize subscription television operations on a trial or any other basis it may be necessary to modify the conditions set out in the First Report, depending on the requirements laid down in any legislation on this subject.

5. Accordingly, no applications for authorizations to conduct trial subscription television operations will be processed until 30 days following the sine die adjournment of the 85th Congress.

FEDERAL COMMUNICATIONS COMMISSION,

MARY JANE MORRIS, Secretary.

Adopted February 26, 1958.

Released February 27, 1958.

Mr. NEUBERGER. Mr. President, I point out that many people think the public itself can make a choice with respect to pay TV, and that it is unreasonable and inconsistent with normal American principles to preclude that choice in advance by a legal prohibition. What pay TV advocates ask is an opportunity to persuade the FCC that they should be permitted to offer their programs to the public.

In other words, what I have read in manuscript form is precisely the point made on the floor earlier by the Senator from Louisiana [Mr. LONG]. If the public is as opposed to pay TV as those who write me say, if they refuse to pay to see whatever programs these people intend to offer, then pay TV will lose out in competition. It seems to me that if this happens, it is the advocates of pay TV, not the viewers, who stand to lose their investment.

This is the point made by editorials opposing Congressional action to forestall an FCC decision on the record made before that expert body. I have already included in the RECORD a column from the Oregonian stating the case against pay TV; I now ask unanimous consent to have printed, on the other side of the argument, editorials from the Christian Century of March 12, 1958; the Medford (Oreg.) Mail-Tribune of March 10, 1958, written by Mr. Robert W. Ruhl, winner of a Pulitzer prize; the Washington Evening Star of March 3, 1958; and the

Northern Virginia Sun, of Arlington, Va., of March 6, 1958.

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

[From the Christian Century of March 12, 1958]

#### WHY NOT TRY IT?

So help us, we can't understand why pay television shouldn't at least have a chance. For 7 years now certain television manufacturers have been trying to get permission from the Federal Communications Commission to try out an optional television service: Set owners who chose the option could, for small charge, select new, quality, unsponsored (and hence uncommercialized) programs beamed by the special stations which would live on the fees. Seventy-three volumes of argument have been heard in Washington, and for a while last fall it seemed that permission to try would be forthcoming. But NBC and CBS, rating-jealous and sponsor-zealous, have been dying a thousand deaths daily at the idea that viewers should have opportunity not only to switch sponsored programs but to drop in a dime and so avoid all sponsors. Our heaven is their hell. And so far, they are prevailing. The FCC has just decided to suspend all plans for pay-as-you-see television until Congress has a chance to act on the question. This Congress has until mid-August to vote on the several bills before it prohibiting subscription television. Not till September, then, will the FCC again even consider permitting pay TV trials. Strange situation, isn't it, when RCA as parent company of NBC is indignantly fighting the Federal Government's antitrust suit against it as an invasion of private enterprise, and at the same time is appealing frantically to the agencies of the Federal Government to restrain other businessmen in their private endeavor. Strange situation, isn't it, when giant corporations join in restraint of business imagination and initiative, and we little people find ourselves pleading for freer enterprise. Not so strange, though, in those long, shot-up hours when we know we have nothing to lose but a lot of whiskey westerns.

[From the Medford (Oreg.) Mail Tribune of March 10, 1958]

#### WHY CAN'T PUBLIC RULE ON PAY TV?

Hey, look who's fighting competition, heretofore touted as the life of trade in our free-enterprise system. The national television networks are fighting it, that's who.

NBC, CBS, and ABC want no competition from pay TV, not even during a 3-year test or experimental period recently authorized by the Federal Communications Commission. They are fighting such a program tooth, nail, and networks.

But I am stubborn enough to believe that John Q. Public has an unalienable right to see and judge pay TV on its own merits. I believe it is unconscionable of the networks to conduct a hysterical high-pressure campaign in and out of Congress to prevent even a test of pay TV.

Recourse to the big-lie technique is inexcusable, as in the implied threat that pay television will end, once and for all, free TV.

Pay TV probably will be just an adjunct of free TV, and it cannot even hope to be that if the networks succeed in strangling it before it has even had a trial.

Is it possible that the United States, always violently opposed to cartels, is seeing the rise of an American TV cartel, capable of bamboozling Congress and the people and of killing off even the threat of mild competition?

I want to give the devil his due. When free network shows in the United States of America are good, they are apt to be

very, very good. But when they are bad, which is too large a part of the time, they are horrible.

When, at intervals, Peter Pan or *Omnibus* or *Cinderella* come along, they are like manna in the desert and I am grateful.

But when I am constantly fed tripe such as *My Little Margie*, *Love of My Life*, *Roy Rogers*, *Queen for a Day*, extroverts taking their marriage vows in front of the camera and 20- and 30-year-old movies, I am clearly entitled to the privilege of paying for better fare.

There will always be an audience for *Roy Rogers* and *Queen for a Day*. The networks need not worry about that.

But I am being denied my constitutional rights if the networks prove powerful enough to gang up on me and prevent me from paying to see a new movie, a fine Broadway play, or hear a great symphony orchestra, or a new opera, such as *Vanessa*, if pay TV is able to offer them.

The only effect pay TV can possibly have on the nonpay audience is to improve its lot. Pay TV could never run free TV out of the air, but it could darn well force free TV to raise its sights and standards.

It might even force the networks to exercise some kind of censorship over tasteless and vulgar, not to mention interminable, commercials.—Inez Robb, in *Chicago Daily News* (to which the *Mail Tribune* adds three rousing cheers and a tiger).

[From The Washington Evening Star of March 3, 1958]

#### LET THE PUBLIC DECIDE

The question of free TV versus fee TV is one for the televiewing public to decide. The Federal Communications Commission, was justified, therefore, in planning a 3-year test of television-for-pay. But a request by the House Interstate Commerce Committee for a delay until Congress specifically approves such an experiment has resulted in postponement of the test at least until after Congress adjourns. Actually, the FCC has plenty of authority now to sponsor the test. The Congressional request for delay, therefore, was out of order. The FCC's decision to comply with the request is understandable, however, in the light of current investigations of the agency's operations.

The House group acted after spokesmen for the free-TV industry strongly opposed the proposed experiment. In fact, several of them asked for an outright ban on pay TV, largely on the ground that the fee system would encroach on the right of the public to free television programs. But the FCC has made it plain that it is not weighing one system against the other with a view to substituting one for the other. Its attitude is the sensible one that if the public demonstrates in the test that it wants the opportunity to choose, on a particular day, between competing programs offered by fee and free TV, it should have that opportunity. And the fact that there would be competition for the public's favor in the programming of entertainment, public events, and other attractions should tend to assure the TV fans of higher quality programs than have been offered at times in the past.

[From the Northern Virginia Sun, Arlington, Va., of March 6, 1958]

#### WE WANT TO SEE PAY TV

One of the most intense pressure campaigns that Washington has witnessed is being conducted against pay TV by the national television networks and their local affiliates.

The local stations throughout the Nation have used spot announcements and on-the-air editorials in an attempt to convince us that pay TV will destroy free coaxial entertainment. They have also bought ads in

newspapers, and have used their regular program ads to augment their campaign.

Many newspapers who own television stations have joined the campaign, aiming broadsides at pay TV through editorials, columns, and house ads. Not to be outdone the national networks have held protest meetings throughout the Nation in an attempt to convince Congress that there is tremendous grassroots opposition against pay TV.

A great deal of the above activity, plus a considerable amount of buttonholing, took place during late January and early February, when the House Committee on Interstate and Foreign Commerce was considering the Federal Communication Commission's first report authorizing a limited pay TV test.

This is one of the few times in history that an industry has attempted to legislate a competitor out of business—even before the competitor has begun this business.

Apparently, the television industry is afraid to give the people the power to make their own decision on this matter. The lobbyist activity has not only been against the legalization of pay TV, but also against the FCC's decision to allow the new entertainment to be shown on a test basis in certain communities so that the people can make their own decisions.

The only way that the television industry's charges can be validated is to give pay TV a fair test—to see just exactly what its effect is on other forms of entertainment and how responsive the customer is to it.

Let's stop badgering Congress and John Q. Public about the horrors of pay TV until both have had a chance to see and evaluate it.

#### SENATOR LANGER—FRIEND OF THE PEOPLE

**MR. KEFAUVER.** Mr. President, I know that all Senators are delighted that our colleague, the distinguished senior Senator from North Dakota [Mr. LANGER], has made such a good recovery from his recent illness and is now able, again, to take an active part in the debates of the Senate and in committee considerations.

I read in the Fargo (N. Dak.) Forum a letter along this line, and I ask unanimous consent that it be printed in the RECORD.

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

[From the Fargo (N. Dak.) Forum of Sunday, March 16, 1958]

I am no writer, but would like to come to the defense of Senator LANGER who will be an everlasting credit to the State of North Dakota, both as governor and as Senator in Washington, for all the help he has given our people, especially the people in the western part of our State who have been hard hit by crop failures so many times.

Senator LANGER is not impressed by the big man with a pocket full of money. He is a real friend to the poor man, the small farmer and the man that is in trouble. Who is more deserving of a friend than the man who cannot help himself?

I am proud that I have had the privilege to vote for Senator LANGER all these years.

God bless him and keep him with us long.

Mrs. ARTHUR DAHLSTORM.

HILLSBORO, N. DAK.

#### MISLEADING ADVERTISING BY RAILROADS

**MR. LONG.** Mr. President, it has come to my attention that the railroads are

engaging in a propaganda campaign that is designed to mislead the people of America into believing that the trucklines and waterway operators are responsible for higher freight rates.

The Illinois Central Railroad carried an advertisement in the Baton Rouge (La.) State Times on March 11, 1958. This advertisement argued that the railroad freight car saved money for the family budget and that it could save even more if the Federal transport laws did not prevent the railroads from lowering their rates. It continued this argument by saying that the laws would not permit rate reduction because this would make it possible for the railroads to take business away from their highway and waterway competitors. It concluded that, as a result of this, the railroads must charge the public higher rates.

There are two misleading statements in this line of argumentation:

First, the waterways can and do haul freight much cheaper than the railroads.

Secondly, the trucklines in some cases haul freight cheaper than the railroads.

In years gone by, the railroads would hold freight rates, at a price far below the average cost, wherever their lines paralleled a waterway. They would then proceed to recoup the revenue thus lost by an exorbitant rate far above the average cost into the areas where no water competition existed.

During the last two decades, the railroads have been unable to crush the waterways by discriminatory pricing and charge the public all that the traffic would bear, because the competition of trucking concerns has meant that trucking competition began at the point where waterway competition ended.

Personally, I regard it as extremely inappropriate that the railroads should seek to solve their own problem by injuring forms of legitimate competition, yet that is what they are doing. They are seeking a program to impose tolls on the waterways, which have always been free, to everyone who cares to use them and they are seeking additional taxation on the trucking concerns.

In view of these reasons, I was very much interested to see that the Louisiana Motor Transport Association, Inc., of Baton Rouge, undertook to respond to one of the misleading advertisements of this type currently being published by the railroads.

I ask unanimous consent to have printed in the RECORD the advertisement of the Illinois Central Railroad, together with the response of the Louisiana Motor Transport Association, Inc., which appeared in the Baton Rouge Morning Advocate on March 16, 1958.

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

[From the Baton Rouge, (La.) State Times, of March 11, 1958]

#### YOU CAN SAVE MONEY IN BOX CAR FIGURES

Meet your family budget's best friend—the freight car. When it comes to pinching pennies, the freight car has no equal. It truly saves money in box-car figures by holding down the cost of transportation that's part of the price of everything you buy.

Freight cars could save you even more. Many times our costs might let us lower

rates, which would save you money and bring us more business. But Federal transport laws often stop us from lowering rates. Why? Because this would take business away from our highway and waterway competitors. So we must charge and you must pay higher rates.

This situation hurts us and hurts you. So for your benefit and ours certain transport laws need changing. Your representatives in Congress should know how important these changes are. We have told them. Why don't you?

ILLINOIS CENTRAL RAILROAD,

WAYNE A. JOHNSTON,

President.

[From the Baton Rouge (La.) Morning Advocate of March 16, 1958]

#### THE TRUCKS ARE SAVING YOU MONEY—KEEP IT THAT WAY

The truck owners in Louisiana have always saved their users money by offering a more comprehensive, economical, dependable and faster service than any other form of land transportation.

Mr. Wayne A. Johnston, president, Illinois Central Railroad, in his advertisement appearing in the March 11 Baton Rouge State Times, had this to say: "Many times our costs might let us lower rates, which would save you money and bring us more business. But Federal transport laws often stop us from lowering rates. Why? Because this would take business away from our highway and waterway competitors. So we must charge, and you must pay higher rates."

We have never known of any Federal or State agency that denied a rate reduction unless it was so low that it would destroy the economic transportation system of our Nation.

Interstate Commerce Commissioner Anthony F. Arpaia has publicly stated in a talk to a railroad audience that railroads file an average of 3,000 rate changes every working day. In 1956, out of about a million such rate changes, the ICC, after protest by other transporters, adjudged as unlawful only 12 such changes. These involved eleven one-thousandths of 1 percent of the total railroad revenues for that year.

Mr. Johnston also recommends that you wire your representative in Congress regarding certain changes in transport laws. Your Louisiana Members of Congress are well aware of what the railroads have in mind, and you can be sure that they are not going to let the railroads destroy the economic welfare of our great Nation.

Mr. Johnston should read the February publication of Fortune magazine. Mr. Perry Shoemaker, president of the Lackawanna Railroad, is quoted as saying "All the railroads have done for 25 years is bellyache." His statement would be hard to dispute. So there is nothing surprising in hearing railroad executives complain about being in trouble.

If they had just stopped with getting rid of their "bellyache," to use Mr. Shoemaker's apt description, there wouldn't be too much to worry about. However, instead of tending to their own knitting, they expend their energies and resources in propaganda campaigns against all other forms of transportation.

LOUISIANA MOTOR TRANSPORT

ASSOCIATION, INC.,

JIMMIE BABINGTON,

Executive Director.

#### POLITICAL ACTION — CHALLENGE AND OPPORTUNITY FOR ASSOCIATION EXECUTIVES

Mr. MUNDT. Mr. President, I ask unanimous consent to have printed in the RECORD at this point the text of a

speech entitled "Political Action—Challenge and Opportunity for Association Executives," delivered by the president of the American Retail Federation, Mr. Rowland Jones.

We in South Dakota are proud to recognize Rowland Jones as a native son of our State. He has been in Washington a long time. He is one of the most able and competent trade association executives I have ever been privileged to meet, and he is recognized nationally as an authority in this field.

I do not recall ever having read a speech from a trade association executive which so clearly diagnoses some of the problems confronting those who believe in private enterprise in this country and those supporting our great private-ownership system and the rewards of the merit system. It is for that reason I ask that the speech be printed in the body of the RECORD, and call it to the attention of Members of Congress and of the people of the country who are concerned about protecting a way of life and an economic system which, in a very short period of time, has made this Nation of ours the greatest and the strongest country in the world, providing more benefits to more people in more abundance than has ever happened in the world before.

**THE PRESIDING OFFICER.** Is there objection to the unanimous-consent request?

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

**POLITICAL ACTION—CHALLENGE AND OPPORTUNITY FOR ASSOCIATION EXECUTIVES**

(Address by Rowland Jones)

It is a privilege and a pleasure as a member of ASAE to take part in your program today. I accepted the invitation of your program committee because I harbor great anxiety as to the future of our free enterprise economy and the future of trade and professional organizations.

The past 25 years have brought wide and fundamental changes in the functions and operations of government at all levels. Without question, the greatest of these has been in the direction, philosophy, concept and policies of the Federal Government. No part of the Nation has felt the impact of the change more than the business and professional community. Either through the interstate commerce clause, or the authority to tax, the Federal Government has had steady growth in jurisdiction and power toward limits yet unforeseen. Much of this extension has been through legislation passed by the Congress, but the Federal regulatory agencies, the executive department, and the White House itself, through decisions, interpretations, orders, and policies, have speeded the process. And, with few exceptions, the Federal courts at all levels, to the amazement of many most learned in the law, have dutifully—if not courageously—placed the stamp of approval on these measures.

What is the basic force that has brought these changes? The answer is clear. It is the accelerating growth of the organized political power of labor organizations and their natural allies, coupled with vast power to regiment and activate the rank and file of their members on a compulsory basis. Thus we now witness the forging of a collective instrument which demands and receives the unquestioned allegiance of a growing group of elective representatives in our legislative halls. Let me emphasize this

one point: "Compulsion is the key to collectivism."

Benjamin Franklin remarked after the constitutional convention that he would like to be preserved in a cask of wine for 100 years and then be reanimated so he could see how his dear country had fared. Surely, if he were to come back today, he would find the sight of the Federal Government more intoxicating than the cask of wine, but not nearly so exhilarating. But many others are intoxicated—and frightened too. For the parade of events is continuing.

This session of the Congress is demonstrating renewed activity to further extend Federal power, to regulate business—under the guise of the sputnik emergency, and now the current recession. Those who support this trend have lost none of their zeal and energy. They are not bashful about entering the political arena to achieve their goals. The political clouds now gathering portend a hurricane of activity to further decimate the conservative and middle-of-the-road elements now in the Congress next November, and in 1960. This will open wider the road to additional controls over the business and professional communities and enhance the power of unions and other groups in every phase of the economy.

Admittedly, this is a gloomy picture for our members, but we must face up to the realities of the hour. We now witness a well manned, well financed, and concerted drive to extend Federal supremacy over business and the professions by radical moves in the areas of minimum wage, unemployment and workmen's compensation, social security, Taft-Hartley, and taxation as a backdrop of the 1960 election.

There are many threats and problems in the current picture, and I would like to mention a few.

**FAIR LABOR STANDARDS ACT**

The union-inspired bills to extend the Federal wage-hour law to the retail and service industries incorporate through constitutional necessity the most daring definition of interstate commerce ever proposed as a foundation for unlimited extension of Federal power.

It defines activities affecting commerce to include any activity in commerce necessary to commerce or competing with any activity in commerce. Hence, no longer will the test be whether an activity is interstate commerce but will extend Federal control to any activity competing with interstate commerce. The very words used indicate the intent to extend Federal controls to activities which are not now recognized as being interstate commerce.

If this law goes on the statute books and is upheld by the courts, the road is wide open to abolish all State lines and every remaining vestige of constitutional definition and limitation of Federal power.

**UNEMPLOYMENT COMPENSATION**

Another threat is the union-Kennedy bill, S. 3244, for Federal dictation of unemployment compensation now controlled and administered by the States, with Federal standards down to the last detail. The power of the States would be an empty shell in yet another area. Significantly, Mr. KENNEDY provides vast increases in cost without providing needed revenue—knowing the tax bill will follow with the entire cost on the backs of the employers.

If this move is successful, the next immediate item on the list will be the development of Federal standards for workmen's compensation.

If these measures are enacted, who can predict what the tax burden will be? It is so fantastic that those who propose these outrageous measures dare not bring it to the eyes of the Nation before the legislation is enacted. It is the highest example

of public irresponsibility. Should they be allowed to get away with it?

**SOCIAL SECURITY**

The Forand bill, H. R. 9467, provides for substantial increases in retirement benefits, adds free hospitalization for 60 days each year including free surgery and 120 days each year for nursing-home care. The bill provides for one-half-percent increase in the taxes immediately and rising to 4 1/4 percent by 1975. Another innovation involves an increase in the taxable base from the present \$4,200 to \$6,000. (There is also a pending proposal to increase the base to \$10,000. In this latter provision it now becomes clear that the test of income will increasingly saddle a disproportionate tax depending upon the level of income.)

There is another gremlin in the social-security system. I have predicted that, given a climate of extreme difficulty in forcing new loads on wages and hours of work, the unions will mount a concerted drive to shift the entire burden of social-security taxes to the employer. The precedent exists in unemployment compensation.

These measures, the Kennedy bill and the Forand bill, produced by the Federal bureaucracy in cooperation with the unions have one important characteristic. In the Forand bill they would liberalize the benefit payments and expand their scope. A cursory glance is sufficient to see that the increase in the tax for social security is glaringly insufficient. The authors would leave to future Congresses the problem of increasing the tax to preserve the fiscal integrity of the system. In other words, expand the benefits and the payments now and postpone the bad news as to the costs. As for unemployment compensation in the Kennedy bill, I have already pointed out that the evaluation of the costs and the increase in tax to fund them is left for another day of reckoning.

The machinery of these bills and their provisions and the Federal obligations created for the future automatically raise the specter of ultimate repudiation. There is a limit to the resources of employers and job creators. If the Congress proceeds on the basis of these bills, they may well be writing checks on the financial balances of our economy that cannot be cashed in the future. I suggest that forced repudiation of the promises involved would shake our Government to its foundations.

**ASSAULTS ON FREE ENTERPRISE**

What can trade and the professional organizations representing the business and professional communities on Main Street, U. S. A., do about these and other threats to the future? Patrick Henry asked his comrades in the Virginia House of Burgesses, "Are we disposed to be among those who having eyes see not, and having ears hear not, the things which so nearly concern their temporal salvation?" The great patriot was referring to the increased taxes and controls of commercial activity in the colonies emanating from the British Crown. The parallel to today is striking.

The many organizations serving the members of business and the professions are performing an excellent job for the people they represent. Their vitality and steady growth are witness to this fact. However, too often neglected is the basic thesis that it is necessary to operate in the political arena to preserve our free enterprise system. After all, the climate in which our members operate is vital. This neglect of the political front permitted the continuous extension of Federal power over the economy and the erosion of the basic political tenet that we have in America—a Federal Government of limited powers. Our Founding Fathers believed that the best government was the least government. Further, they believed that State and local governments

were far better suited to legislate in many areas than the Federal establishment.

Yet, many elements in America whose economic concepts could not stand the competition in the market of free enterprise have been able to use the Federal Government to gain their ends. They use every emergency to stifle private enterprise and increase the powers of the centralized Federal bureaucracy and their own organizations. In such an atmosphere, we are rapidly losing our liberties.

We who believe that America derives its economic strength from the free enterprise system must be constantly vigilant against assaults. We must be vocal before every legislature—State and national. We must alert and arouse our citizens to the danger of each extension of Federal power, precedents being what they are. Particularly, we must get across to the American people that government dictation of production, distribution and other segments of our economy threatens them as consumers, as producers, and as citizens.

It is my conviction that all groups which believe in the private enterprise system must increase the level and intensity of their political activity and soon. The retail industry must plead guilty of failures in this respect, for retail distribution with its 1,700,000 units has not yet done all that it might have done.

#### MATCHING POLITICAL FORCES

There is a need to match forces with those who have plans for us—plans we will not like. Their aggregate of power is greater than has ever existed before and is still growing. Neither money nor manpower is a problem for these people who swarm the legislative halls in every State and in our National Capital. As practical men, we know the wheel that does the squeaking is the wheel that gets the grease. The members of the business and professional community must shed their aversion to participation in political affairs, for the onward march of opposing interests can never be stopped by standing on the sidelines, and this goes for their organizations. They must not hesitate to repel each political assault against private enterprise. The strength and power of Main Street, U. S. A., must be fully mobilized so that the voice of individual initiative will be clearly and forcefully heard in the State and National Legislatures. It must serve as a tangible constructive force—a force felt, recognized, and respected—in the forum of public affairs. The problem lies, it seems to me, in the continuing difficulty which arises from the fact that too many individuals and organizations to which they belong are still loath to turn to active and open participation in the political arena—national, State, and local.

But we have some outstanding examples of what associations can do in this area. The great medical profession by Herculean political efforts a few years ago, saved us all from the catastrophe of Federal socialized medicine. Every citizen in America has benefited from that endeavor. As a member of the American Bar Association I have noted increased activity by that group which now goes far outside the peculiar and professional problems of the legal profession.

In 1949, for the first time the American Retail Federation, on behalf of its national and State association members, registered under the Lobbying Act and proclaimed frankly to the Government, to business, and to the public that it was an active participant in political affairs. From that day onward, ARF has grown vastly in membership and prestige.

The business and professional groups can no longer afford the cost of failure to strengthen and perfect the machinery, manpower, and zeal required to mobilize the great power and influence that resides on Main Street, U. S. A. In my opinion, business and professional organizations at all levels and in every field of endeavor are facing a crucial test. They must recognize that accomplishments in the manufacturing, marketing, and professional areas can be canceled out by adverse actions in the political forums.

No one knows better than I that national, State, and local associations cannot exist on participation in political activity. As one who has had experience in all three levels of organization, I recognize the importance of the internal and specialized activities of trade associations. They are indeed the bread and butter of organization survival. But it is foolhardy not to recognize that the political and legislative climate in which all of our members must operate transcends in long-term importance the basic internal service of the organizations represented in ASAE.

Yet, many have deemphasized this area of activity. Many associations, fearful of offending others, have a policy of "no policy" in matters of legislation, and never seek to mobilize their members to protect their own interests.

But look at the other camp—that vast organization which is playing politics up to the hilt and which has an articulate organization in every State, Congressional District, and right down to the precinct.

#### OPPOSITION IS ORGANIZED

Recent official estimates indicate that there are over 1,800 national business associations and almost 1,000 national professional associations in the United States. In addition, there are 16,000 local business associations, 17,000 civic service groups, and 100,000 women's organizations, which total 133,000 local groups. Their political potential is tremendous. It needs only to be activated.

In contrast to these groups, which support our competitive enterprise system, are the 200 national organizations and 70,000 locals which work intensively on all fronts to advance their political programs, which go far beyond the mundane function of bettering the wages and working conditions of their members. Their primary objective now is complete and unchallenged political domination at all levels.

I have long believed that we who compose the body of organizations in ASAE have been outgunned, outmanned, and outflanked by these other organized groups in presenting their ideological programs—programs which, as I have said, involve plans for all of us and our members—plans we will not like. In the present climate and the political situation as it has developed to this date, isn't it time for all organizations to broaden the scope of their activities to include political action?

The extent to which the opposing organizations combine to support a grand assault on one particular segment of the business community is well illustrated by the present attempt to extend the Federal wage-hour law to the retail and service industries. The forces mobilized are not limited to the locals operating in these industries—no indeed—for they include groups from manufacturing, mining, and the transportation industries as well.

Their basic strategy, as usual, is divide and conquer. They are hopeful that other industries will not participate in resisting this union-inspired extension of Federal power to these local enterprises. By limiting the first extension to the larger employers in these industries, they are hopeful of splitting the large from the small—with every

intention of having full and complete coverage of the smallest business in the smallest hamlet at a not-too-distant future. With a political action committee in every State and county right down to the precinct level, they are mounting terrific pressure on every Member of the Congress.

#### NEED TO ACCEPT THE CHALLENGE

Fortunately, the trade associations representing these industries have taken up the challenge. We have joined forces to mobilize the thinking men and women of these industries to be articulate in their demand that this Federal invasion be resisted. The instruments for such action have been the trade associations for these industries. Through an informal group of Washington representatives, 26 national organizations in the retail and service trades have joined hands to organize and coordinate their activities and programs. We have conveyed to the rank and file that a threat to one is a threat to all. We have established wage-hour committees in every State which work closely with responsible businessmen in thousands of Main Streets. The Congress has received in forceful terms the attitude of these people regarding further dictation from Washington.

This is not the first time we have fought this issue. A major attempt was successfully resisted in 1949. We expect to win again—if—if we continue the closely coordinated effort, and a united front. Our greatest danger is from ourselves—if we go it alone, if we weary of the struggle, if we decide the fight is lost before the last round. The Members of the Congress whose political philosophy opposes Federal power grabs have been immeasurably strengthened by support from the folks back home. Indeed, such support is absolutely necessary if they are to stand firm—and stay in Congress. Businessmen are realizing more and more that visits to Congressmen, and letters expressing their views, are welcomed.

But suppose these organizations representing the business community had determined not to enter the political field? Suppose the Congress had heard only one side of the issue—only the side advocating further Federal controls on business? We all know the answer to that. We would have been burdened with Federal dictation right down to the smallest business. It would have happened if we had been asleep—or reticent to enter the political forum. But it was our battle—the trade associations were the natural channels for business to communicate to the Congress. It was through them that Congress heard the other side.

#### THE NEED FOR CHECKS AND BALANCES

The art of government in a free nation is preserved and advanced best under a system of checks and balances. The business community is part of that system, and I submit, the organizations representing business and the professions are also part of the system. I would not be surprised to see unions make trade associations a major target. The reason is simple—they do not want checks and balances—or any impediments to their political goals. And I might point out, we are not invulnerable. A scratch of the legislative pen can destroy the tax immunity of our organizations and the deductibility of dues as a legitimate business expense.

Yes; even we, as associations, are potential victims of the monopolistic power of unions and their busy allies—using the Federal taxing authority to destroy us. For the unions have but one fear—that their opposition will unite. And business and professional men without the articulate and organized voices of their associations would be helpless against further socialization of our private enterprise system.

Our Founding Fathers did an outstanding job in setting up a government which is

unique because of its built-in system of checks and balances. We, as individual citizens and as members of organized groups, are an integral working part of that system, but our lack of active participation in politics and government has seriously upset the balance. Is it not time to even the scales?

Here in our Nation's Capital, we see represented a wide cross section of Americans from business and the professions, represented by members of ASAE. The counterpart, your members, exists in thousands of communities across the Nation. All have a stake in the preservation of a free government in which a system of checks and balances is essential to survival of freedom. Apathy, coupled with the widespread idea that politics is a dirty business or that active participation in politics is not good from the standpoint of the conduct of business and professional vocations and organizations, has dominated our thinking too long. It is my fear that, through aloofness or apathy, we have left the field of battle for liberty.

The organizations which seek to dominate our times by pressure group action in elections and in the legislative process are gradually changing the face of liberty in America. If their long-term objectives are won, it will be because other organized groups have failed to accept the challenge and make the sacrifices necessary for the preservation of freedom which has been lost in many areas of the world—too often due to apathy and reluctance to bear the full responsibility of enlightened citizenship.

What price associations created by segments of a free people when the planned plastic surgery on the face of a once free nation has been accomplished?

What price the splendid internal activities designed to improve the chances for success of the people who pay our salaries when they are relegated to the control of regimented dictates from Washington?

#### LEADERSHIP IN THE PUBLIC FORUM

I am bold to suggest that we who hold ourselves out as the effective and productive leaders and executives of trade and professional organizations should and must concern ourselves with the threats already in being, and to come, contained in the programs, stated and unstated, now being vigorously promoted on a nationwide basis. Effective political action must not remain the monopoly of a minority of citizens of our country.

There is one basic political axiom that every business and professional man should learn and always remember—it is much easier and more productive to confer with a governor, senator, or congressman whom you have helped to elect and who sympathized with your economic concepts than it is to try to win an argument or influence the decisions of an official who has been elected by those holding opposite economic concepts from those which you embrace. Once biased political officials have been elected—it is frequently too late to present your viewpoints effectively.

Here today is the golden opportunity for organization executives to increase their value, their prestige and their importance. All members of ASAE are continually seeking ways and means to this end. Thus far, with some exceptions, associations have been content to stay out of the arena in which the future of all of our members collectively is being decided with each passing day. The organized minority will always win over the unorganized majority.

Freedom will never be won by default. Now is the time—this is the place—we are the people who must make a decision to act. What are you going to do to help?

There's plenty of room on the bandwagon of freedom. Let's do the job that cries to be done.

#### EXTENSION OF TRADE AGREEMENTS ACT—DUTIES ON OIL, LEAD, AND ZINC

Mr. MONRONEY. Mr. President, I ask unanimous consent to have printed in the RECORD a statement I made this morning before the House Committee on Ways and Means, which is considering reciprocal trade duties. The statement related to the importations of oil, lead, and zinc. I hope to have the report of my remarks available early next week.

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

#### MAINTENANCE OF PRESENT RATE OF DAIRY SUPPORTS—RESOLUTION

Mr. THYE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a resolution received from the Bertha Commercial Club, of Bertha, Minn.

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

BERTHA COMMERCIAL CLUB,  
Bertha, Minn.

"Whereas the dairy industry is one of the major industries in the Minnesota and the Bertha area; and

"Whereas the price supports on dairy products is scheduled to drop on April 1 to 75 percent, the basic minimum; and

"Whereas the economic effect would be a considerable loss to our dairy farmers and to our entire area: Be it

"Resolved, That the Bertha Commercial Club urges your continued effort, as a temporary measure, to maintain the present rate of dairy support; be it further

"Resolved, That copies of this resolution be sent to United States Senators EDWARD J. THYE and HUBERT H. HUMPHREY and to Congressman FRED MARSHALL."

The above resolution was presented at the Bertha Commercial Club meeting on March 17, 1958, and was unanimously approved.

S. O. STOCK,  
Secretary.  
MORRIS F. BAILEY,  
President.

#### CONTINUATION OF APPROPRIATIONS FOR COMMUNITY PLANNING ASSISTANCE—RESOLUTION

Mr. THYE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a resolution adopted by the Twin Cities Metropolitan Planning Commission, of St. Paul, Minn.

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

RESOLUTION URGING CONGRESS TO CONTINUE APPROPRIATIONS FOR COMMUNITY PLANNING ASSISTANCE UNDER SECTION 701, TITLE VII OF THE NATIONAL HOUSING ACT

TWIN CITIES METROPOLITAN PLANNING COMMISSION,  
St. Paul, Minn., March 5, 1958.

Whereas many smaller communities in Minnesota and the Twin Cities metropolitan areas in particular, are faced with mounting problems due to rapid urbanization; and

Whereas most of these small communities are lacking in funds to prepare urgently needed plans to meet these problems; and

Whereas the establishment of effective planning and governmental action at the local level is considered a prerequisite to the

successful discharge of the Twin Cities Metropolitan Planning Commission's responsibilities to the area; and

Whereas, in order to carry out its program responsibilities, the commission also has need to supplement its local tax revenues with a grant of funds under section 701 of the National Housing Act; and

Whereas previous Congresses have authorized an appropriation of up to \$10 million for the 701 program; and

Whereas the commission has been advised that the funds which have been appropriated pursuant to the authorization have been either disbursed or largely encumbered: Now, therefore, be it

*Resolved*—

1. That the Congress act to appropriate additional funds either from the balance of the existing \$10 million authorization to finance the so-called 701 program or from new authorizations as may be required on the basis of present national needs;

2. That copies of this resolution be sent to the following: (a) President Eisenhower; (b) all Members of Congress from the State of Minnesota; (c) proper officials in the HHFA.

Adopted March 5, 1958.

Mrs. A. V. MAKI,  
*Acting Chairman.*  
C. D. LOEKS,  
*Director.*

#### EXTENSION OF THE UNEMPLOYMENT - COMPENSATION - INSURANCE BENEFITS—RESOLUTION

Mr. THYE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a resolution adopted by the St. Louis County Legislative Research Committee.

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

Resolution of St. Louis County Legislative Research Committee

"Whereas the unemployment-compensation-insurance benefits received by many of the unemployed during the present recession are about to expire; and

"Whereas the prospects for increased employment in the next few months are not bright; and

"Whereas as these benefits expire the responsibility will be transferred to local communities for welfare benefits and public assistance for the unemployed, causing a great load to be placed upon the taxpayers of each local community: Now, therefore, be it

"Resolved, That this committee call upon the Congress of the United States to take action to extend unemployment-compensation-insurance benefits for an additional period of at least 16 weeks, and that the cost of this program be borne by the Federal Government."

Motion by Representative Willard Munger, seconded by Representative Paul Widstrand, Senator ELMER PETERSON, *Chairman.*

The above resolution was unanimously adopted at a meeting of the St. Louis County Legislative Research Committee, held on March 14, 1958, at the courthouse, Duluth, Minn.

RALPH J. OLSON,  
*Consultant to the Committee.*

#### DISMISSAL OF FEDERAL WORKERS IN RHODE ISLAND

Mr. JOHNSTON of South Carolina. Mr. President, in my capacity as chairman of the Committee on Post Office and

Civil Service, I received, on this past Thursday, March 13, a pressing request from our distinguished colleague, the Senator from Rhode Island [Mr. GREEN], with which I was most happy to comply. The request of the senior Senator from Rhode Island was that a committee staff member be sent to Cranston, R. I., to investigate the causes which had provoked the calling of a protest meeting by the Federal Employees Veteran Association scheduled to be held on the following day, March 14, in Cranston. The source of the protest, I was given to understand, was new reduction-in-force orders issued by the Department of the Navy—and scheduled to be put into effect by March 31—at the Quonset Point Naval Air Station and the construction battalion center, Davisville, R. I.

I have here today some of the preliminary findings of the staff investigator who was assigned to this investigation in compliance with my colleague's request. It is, I feel, of the utmost importance that these findings, even though they are still only preliminary, be brought immediately to the attention of the Senate. However, before presenting them, Mr. President, I should like to pose this question:

Mr. President, what—in the name of all the sorry lessons of the past—is going on in the executive branch of our Government?

I expect no answer to this question.

In the first place, I am convinced that we in Congress have been, and are being, thwarted in our every attempt to find out what the administration is doing. And in the second place, on the basis of the facts which I am about to disclose, I am forced to the unhappy conclusion that the administration itself is not certain about this either.

It is scarcely necessary to point out that, at this moment, we in the Senate are gravely concerned over the latest official reports on the nationwide unemployment figures. As of the week ending March 8, the national average stood at 7.9 percent of the total civilian labor force covered by unemployment insurance.

We are similarly concerned over the extent of our national security and the status of the national defense. The administration, likewise, has shown its concern in these vital matters, as evidenced by the President's orders of March 19, issued to the Housing Administrator and the Secretary of Agriculture, to speed up the spending of some \$2.225 billion in already appropriated funds for various civilian construction projects.

Yet in the face of this mutual concern and the action being taken to relieve the hardships of the unemployed, and to remove the causes of unemployment, here are some of the facts already uncovered by the preliminary investigation of the Post Office and Civil Service Committee's staff member who went to Rhode Island last week:

Both Quonset Naval Air Station and Davisville Naval Construction Battalion Center are essential cogs in the national defense. There are no other defense installations on the east coast presently able to take over their functions. Both

are equipped with the most modern automotive construction and service repair shops on the east coast. Each is charged, respectively, with responsibility to perform major repairs and overhauls on all equipment assigned to the Command, United States Atlantic Fleet; to supply the fleet; to command the antisubmarine patrol; and to repair and overhaul aircraft.

Davisville Construction Battalion Center, as we are all of course aware, was established at the outbreak of World War II as a training and assembly center for our world-renowned "Can Do" Seabees. The center now procures stores and maintains for ready use the supplies and construction equipment with which the Seabees will build and maintain overseas bases in the event of a national emergency.

Quonset Point Naval Air Station has one of only two pairs of test cells which have a 30,000-pound thrust capacity. This test cell is essential in the testing and overhauling of aircraft, and for this reason it is important to note that the Air Force itself has no such overhaul facilities in the northeast section of the country.

Nevertheless, I shall present some of the facts claimed by the Federal Employees Veteran Association, which have been established through the Senate Post Office and Civil Service Committee staff investigator's still incomplete survey of this situation. And I say "incomplete," because it is my intention to have a thorough investigation made of the entire mess.

First. At the present time, Quonset Point has a backlog of 300 jet engines for military aircraft, which is causing important defense planes to be grounded due to the fact that Quonset lacks the manpower and funds to overhaul the engines.

Second. This backlog, Mr. President, it is estimated, is currently costing the American taxpayers at the rate of \$1,000 per day for every plane grounded.

Third. Reliable sources of information within the Department of the Navy report that the estimates for the next several months indicate the station's workload will be materially increased.

Fourth. It is estimated by the station official planning estimates division at Quonset that by placing 100 more skilled workers on the Quonset payroll an increase from 1½ to 3 completed engines a day could be achieved by the overhaul and repair department. My investigator's preliminary survey would indicate that the estimate is accurate.

Fifth. In addition, the Pratt & Whitney new J-75 jet engine is about ready to go into production. No activity has been designated to overhaul this engine. Quonset Point Naval Air Station could go into such overhaul production without—and I underscore this point, Mr. President—without the expenditure of additional funds for new machinery or buildings.

Sixth. Nevertheless, and despite the weight of these impressive facts, on March 31, 125 skilled and trained Federal employees are due to lose their jobs—although the only reason put forth

by the Navy so far for the dismissals is economy.

Mr. President, I have seen otherwise sound business operations go bankrupt on exactly such shortsighted economy planning.

As I pointed out on the floor of the Senate several days ago, Mr. President, nearly 47,000 Federal workers were drawing unemployment compensation at the end of February. How many more were actually jobless we do not know, because Federal employees who have been recently separated from their jobs may not file claims for unemployment compensation until they have exhausted every penny of their accumulated annual leave.

This would seem comparable to requiring factory workers to use up their entire life-savings before they become eligible for jobless benefits—but apparently it is unavoidable. Federal employees are technically considered to be on a payroll so long as they have any payments of annual leave coming to them.

Mr. President, the fine State of Rhode Island is presently burdened with an alarming 10.9 percent of unemployment among those in its total civilian labor force who work in the so-called covered jobs.

I am reliably informed that such action is being taken not on the basis of economy, but because of pressures on the Department of the Navy to turn over to private industry the work now being done efficiently and economically at Quonset Point Naval Air Station and Davisville Construction Battalion Center, R. I.

Should this happen, I think I can safely predict the outcome. The skilled workers dismissed from the Federal service at Quonset and Davisville will not find new employment with private industry. Instead, private industry will continue to operate with its own presently-depleted work force on a delayed work schedule of repairs and maintenance of essential defense aircraft. The cost of this delay will go up to well over the present figure of \$1,000 a day, for which the American taxpayer will once again pay through the nose.

And after Quonset and Davisville, Mr. President, I ask our colleagues: Whose State is next in line for these so-called economy moves? I am aware that similar cutbacks are already scheduled for other defense installations throughout the country—in distressed areas where, right now, long lines of jobless workers are queuing-up before the new claims desks in local unemployment compensation offices.

I am deeply concerned, as I know we all are, about the hardship and deprivation these American breadwinners and their families must undergo before our combined efforts can restore their paychecks, if we cannot pay back what they will have lost during the protracted periods in which they will be off the payrolls.

But I am equally concerned—if not even more so—for our Federal employees, and I am determined that they shall not become the forgotten people in this crisis. It is my determination

to pursue the entire matter of the administration's present and proposed plans to lay off additional thousands of such employees in the immediate future. I intend to find out just why—with all of the billions the Congress has appropriated for defense and for the normal operation of other departments of the Government—such layoffs are necessary, when more than 5 million, and probably closer to 6 million, workers throughout the Nation are now unemployed.

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

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). Does the Senator from South Carolina yield to the Senator from Rhode Island?

Mr. JOHNSTON of South Carolina. I am happy to yield to the Senator from Rhode Island.

Mr. GREEN. I am very grateful for this opportunity to say a few words about what my distinguished colleague from South Carolina has presented concerning my State. The Senator's presentation carries far more weight than would result if I alone gave the public the facts which the Senator from South Carolina has made public on the floor of the Senate today.

When the facts came to my attention, I was deeply shocked at the exhibition of hypocrisy on the part of the administration, which was lamenting the fact of unemployment and seeking all sorts of ways in which it could be reduced, and at the same time adding to unemployment, not at the sacrifice of the administration, but at the sacrifice of the welfare of the Government itself. Work which needs to be done in our national defense operations is abandoned for the purpose of reducing the amount of employment. The situation seems almost too bad for belief. Therefore I am very glad that my colleague, rather than I, stated the situation on the floor of the Senate. I am glad that he intends to follow up this subject, not for his own purposes, but as furnishing an example of the hypocrisy of the administration in the whole field of unemployment.

#### TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATIONS, 1959

The Senate resumed the consideration of the bill (H. R. 11085) making appropriations for the Treasury and Post Office Departments and Tax Court of the United States for the fiscal year ending June 30, 1959.

Mr. ROBERTSON. Mr. President, considering that marked differences of opinion are bound to arise before we complete Congressional action on appropriation bills which may total \$75 billion or more, it should be a source of satisfaction to the Members of the Senate that the supply bill for the Treasury and Post Office Departments, second in size only to the defense bill, is perhaps the least controversial. That is true for two reasons: First, both the Treasury Department and the Post Office Department discharge essential functions of Government, and hence must be ade-

quately financed; second, over a period of years we have learned with a remarkable degree of accuracy just what is required to finance each Department; and, therefore, it is seldom that either the House or the Senate attempts to make any major change in the estimates of essential financing which are presented to the Congress by the Budget Bureau.

The bill we are considering carries a total of \$23,600,000,000. But that includes a number of permanent appropriations which each year we merely authorize, without enumerating. The largest, of course, of the permanent appropriations is for the interest on the public debt, estimated for the next fiscal year to amount to \$7,800,000,000, or nearly twice the total expenditures of the Government when I was elected to the House in 1932.

As will be noted from the committee report, which Senators will find on their desks, the Senate Appropriations Committee has reported without change the bill as it came to us from the House. That was also the report of the subcommittee which I had the honor to head.

In connection with the hearings and the action of the subcommittee, I want to express my sincere thanks for the valuable contribution of the chairman of the full committee, the senior Senator from Arizona [Mr. HAYDEN]; to the chairman of the Senate Post Office and Civil Service Committee, the Senator from South Carolina [Mr. JOHNSTON]; to the ranking Republican member of the Appropriations Committee, the Senator from New Hampshire [Mr. BRIDGES]; and to the very able Senator from Illinois [Mr. DIRKSEN]. It is only fair to state that Senator DIRKSEN felt that at least a part of the cuts in the budget estimates for the Post Office Department should be restored, but in that position he was not supported by either the subcommittee or the full committee.

Exclusive of large items that might be called fixed items over which we have no control, the items in the pending bill over which we do have control amount to \$4,108,108,000, which is \$82,081,000 more than was appropriated for the current fiscal year, but is \$13,861,000 less than was requested in the President's budget. I shall not discuss the Treasury appropriation because Senators will note from the hearings that I received from the distinguished Secretary of the Treasury a letter stating that the cuts in his appropriation could be absorbed and that the Treasury Department was not requesting any restoration. I wish to take this opportunity to commend the efficiency of the Treasury Department in asking for \$200,000 less than was authorized for the current year. However, the House committee thought that the appropriation estimates could properly be reduced by \$2,240,000. But floor amendments added \$2 million to the bill as reported to the House for the Coast Guard Reserve training program, making a total of \$15 million for this item, in which so many Members expressed an interest.

An additional amount of \$2 million for a badly needed dormitory at the Coast Guard Academy was also included in the

item, "Acquisition, construction, and improvement."

In connection with an extended previous debate, this year, on a postal-rate bill, we have learned how the volume of mail handled by the Post Office Department has been so greatly expanded in the past quarter of a century, during which the building of new post offices has been at a practical standstill, and the modernization of equipment has been far below demonstrated needs. In support of a 5-cent letter rate, it was brought out that from 1900 to 1941, the yearly postal deficit has averaged about \$33 million; but in the current fiscal year it will approximate \$700 million. So Senators will find included in the pending bill an item that will be used for the purchase of new equipment, part of which will be for new post offices that will be built by General Services Administration under a leasing program.

Our subcommittee took testimony on how many new post office buildings could be built by providing an additional \$50 million for equipment and by providing an additional \$100 million for equipment; but we finally decided to leave the program of new post offices to other legislation, although the committee is definitely of the opinion that new post offices are needed, that plans already are available for prompt starts on at least 1,200 new offices, and that there is at the moment no better or sounder plan to relieve unemployment than to build new post offices where such facilities are so urgently needed.

Mr. JAVITS. Mr. President, will the Senator from Virginia yield?

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Virginia yield to the Senator from New York?

Mr. ROBERTSON. I yield.

Mr. JAVITS. In connection with the Senator's reference to new post offices and new equipment, I wish to call attention to the plan for a \$100 million development for the New York City post office, the largest in the country. It employs 35,000 people, and it carries 11 percent of the national mail and 6 percent of the world volume of mail. It is literally the jugular vein of the entire post office system.

We look forward with the greatest interest, and with the greatest desire to cooperate, to the great modernization effort. We shall give to it everything we have locally. We are very much pleased that the Postmaster General has signalized the importance of the New York City post office to the entire postal system, by making it, as it were, the anchor or the keystone of his modernization program.

I thought a reference to that situation might fit in with what the distinguished Senator from Virginia has said.

Mr. ROBERTSON. Yes; it fits in splendidly. We believe that the New York City post office handles more mail than does any other post office in the world. There may be 1 or 2 cities in the world with greater population, but they do not transact the volume of business that is transacted in the Greater New York area, the mail of which is cleared through that new post office.

We hope to see that post office equipped with new tools and new devices, as a visual demonstration of how much efficiency can be added to the operations of the Post Office Department if such devices and tools are put into effect in many of the metropolitan areas, and even in some of the smaller ones.

Mr. JAVITS. Mr. President, will the Senator from Virginia yield further to me?

Mr. ROBERTSON. I yield.

Mr. JAVITS. I agree with what the Senator from Virginia has said about the new tools. We are now faced with the question of the selection of a postmaster for that particular post office. I have deeply in mind the need for the most modern kind of approach by the leadership in the management of the post office, in order to lead it in the direction the Senator from Virginia has outlined.

I should like to express to the Senator from Virginia the appreciation I have, and which I know I bespeak for my colleague [Mr. Ives] and for all the rest of the people of New York. We are deeply appreciative that the Senator from Virginia has so clearly in mind this problem and the means of dealing with it.

Mr. ROBERTSON. I thank the Senator from New York very much.

Mr. President, in the pending bill we have provided for the Post Office Department the sum of \$3,402,000,000, which is an increase of \$77 million over 1958 appropriations, but is a cut of \$19,121,000 in the budget estimate. The unavoidable increase in this appropriation is due largely to the estimated increase in the volume of mail and to an increase in railroad rates for transporting the mail. We, of course, have not provided in this bill for any pay increase for postal employees, since the bill on that subject, recently passed by the Senate, still is in conference. Of course, when a pay-raise bill becomes a law, as we anticipate within the near future, a supplemental bill will be required, in order to give to the Post Office Department an amount sufficient to pay the increased salaries.

The bill carries a total of \$2,690,000,000, a decrease of \$13,458,000 from the budget estimate for operations, which means, of course, compensation of personnel. That is an increase of \$71,056,000 over the current year comparative appropriation, but, as indicated, is slightly below the budget, because there is every reason to believe that in the present process of reorganization in the Department there undoubtedly will be some reduction in personnel. In any event, should it be definitely ascertained that the amount carried in the bill for operations is insufficient, it can easily be taken care of in the next supplemental.

For transportation, the Department asked for \$476,200,000; but the bill carries \$475 million, an increase of \$5,019,000 over the comparative appropriation for the fiscal year 1958, but a decrease of \$1,200,000 in the request for 1959. In connection with this decrease, it was pointed out in the hearings that the current volume of mail is below the previous estimate, that the current recession will have some effect on the volume of mail and that increased postage may also have

some effect. Therefore, our committee did not see fit to restore the cut; it agreed with the position of the House that the volume of mail will, in all probability, be less than that estimated. Of course, if the railroads in pending cases should succeed in getting a major increase in the rates they charge for transporting the mails the Congress will be forced to give the Department an additional appropriation because the Department has no option as to what it will pay the railroads. That is determined in part by the volume and in part by the rate fixed by the ICC.

In conclusion, Mr. President, I wish to say that the members of our subcommittee were definitely impressed by the earnest desire of the Postmaster General and his very able Deputy Postmaster General to improve our postal service. Both witnesses frankly admitted that there was some cause for complaint but they pointed to the increased volume of mail being handled, and stressed, of course, the urgent necessity, not only for more and better working space, but for more modern tools. The committee desires to commend the Post Office Department on efforts being made in behalf of better mail service.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a brief summary of the figures contained in H. R. 11085.

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

**SUMMARY OF H. R. 11085: TREASURY AND POST OFFICE DEPARTMENTS AND THE TAX COURT OF THE UNITED STATES APPROPRIATIONS BILL, FISCAL YEAR 1959**

Titles I, II, and III of H. R. 11085, the Treasury and Post Office Departments and the Tax Court of the United States appropriation bill for the fiscal year ending June 30, 1959, contain a total of \$4,108,108,000 for regular annual appropriation items. This is the same amount recommended by the House, an increase of \$82,081,000 over the 1958 appropriations and \$13,861,000 under the budget estimates for 1959.

For the Treasury Department the bill contains an appropriation of \$704,627,000, an increase of \$5,260,000 over the 1959 estimates, and an increase of \$5,060,000 over the 1958 appropriation.

For the Post Office Department, the bill contains an appropriation of \$3,402,000,000, which is the same amount recommended by the House and a decrease of \$19,121,000 under the budget estimates for 1959 of \$3,421,121,000 and \$77,000,000 over the 1958 appropriation of \$3,325,000,000.

For the Tax Court of the United States, the bill contains an appropriation of \$1,481,000, the budget estimate for 1959, and the amount recommended by the House. This amount is \$21,000 over the appropriation for 1958.

**THE PRESIDING OFFICER.** The bill is open to amendment.

Mr. CARLSON. Mr. President, I did not want to let this opportunity pass without paying tribute to the distinguished Senator from Virginia [Mr. ROBERTSON], the distinguished Senator from Illinois [Mr. DIRKSEN], and other members of the Subcommittee on the Treasury and Post Office Departments of the Committee on Appropriations. Those gentlemen and the committee staff have done an outstanding job in going through the various requirements

of the Departments. I am convinced they have brought out a bill that will not only carry out the operations of the Post Office Department as our citizens want them to be carried out, but I think they have assured the people that if additional appropriations are needed, the proper requests will be made. I am confident the Senate will grant such appropriations.

I was interested in the statement made about the modernization of the Post Office Department. Two or three weeks ago the Senate passed a bill which, if we can secure approval of it in a conference between the House and Senate, should give this Nation an opportunity to modernize the Post Office Department in a way that will not only result in the construction of new buildings, but will improve working conditions in the buildings that now exist. Such a program will result in a valuable asset. In fact, it is a needed improvement in the postal service, which handles 66 billion pieces of mail, and which will soon be handling 75 billion pieces of mail.

Before the Senate voted on the bill, I wanted to commend the Senator from Virginia and the Senator from Illinois, as well as other Senators, for bringing to the Senate an excellent bill and report.

Mr. ROBERTSON. Mr. President, the junior Senator from Virginia wishes to acknowledge with genuine thanks the kind words of his colleague, and to say to him that we on the Appropriations Committee appreciate the fine work which the Senator from Kansas does in the Committee on Post Office and Civil Service. We have to work together. His committee handles most of the postal rates and pay questions. Of course, their work affects the budget which our committee of necessity must handle later.

Mr. DIRKSEN. Mr. President, I am deeply grateful to the chairman of the subcommittee, the Senator from Virginia [Mr. ROBERTSON], for the gracious compliments he has directed toward me. I am grateful to the Senator from Kansas [Mr. CARLSON] for his encouraging and kind remarks.

It has been a pleasure to work with the distinguished Senator from Virginia. He is at once amiable, tolerant, and understanding, and so it is a delight to cooperate with him, as chairman of the subcommittee, in fashioning bills such as the one now before the Senate. That has been my pleasure over a number of years. I might say that rather congenial experience goes back to the days when I landed in the House of Representatives, in 1933. The Senator from Virginia was already there. So I received a part of my indoctrination from him. I pay high tribute to his public services.

When the Postmaster General came before the committee I think he stated the function of the Post Office Department in a single sentence. He said:

As far as the American taxpayers are concerned, the Post Office Department has only one reason for existing, and that is to provide a good postal service at a fair price.

I can think of nothing to add to that statement, because it is very fundamentally and essentially a service institu-

tion; but over the years it has developed problems.

The first problem, of course, is the increase in the volume of mail. Even since 1954 the mail volume has increased from approximately fifty-one thousand million pieces to sixty-three and one-half thousand million pieces. That is another way of saying 63½ billion pieces of mail.

I do not know how much 63½ billion pieces of mail is. It is one of those figures that simply staggers all finite apprehension. In any event, that mail must find its way to the post office. It must be transported, one way or another, and gotten to its ultimate destination, because that is the service for which the Post Office Department has been developed.

As I say, it is a tremendous increase, and it will increase even more as our population grows. The postal problems will be with us continually. There is nothing static about the postal service. It is bound to be dynamic. Otherwise it would fail in its essential function.

Nobody can travel over the country and see satellite cities developing on the fringes of our large cities without in a little while seeing little clusters of mailboxes. Before long the people living in those communities want branch post offices or post offices. So, as our population grows, and as families grow, and as householders grow in number, there will be a constant addition, and there must be a constant addition, to the facilities of this Federal agency.

The \$3.4 billion appropriated in the bill before the Senate is broken down among administration, operations, transportation, and facilities. If anyone wants to get an idea of how difficulties arise in the course of time, he needs only look at the transformation in our transportation facilities, all of which develop no end of difficulties for the postal service.

As the Postmaster General pointed out, in 1938, only 20 years ago, there were 10,000 trains carrying mail. In 1957, a year ago, there were only 2,500 trains, a diminution of 7,500 in a period of 20 years. However, in the year between 1957 and 1958, 697 additional trains have been dropped.

That difficulty must be compensated for either with trucks, star routes, or some other way of getting mail from a community to a point where it can be picked up and properly put in the stream of commerce. This is only a sample of the problem which confronts the Post Office Department in the whole transformation of the American economy.

When we consider all such difficulties, plus the mail volume, I think the Post Office Department, under Postmaster General Summerfield, has indeed done an outstanding service.

In the 5-year period from 1953 through 1957, there has been an increase of 16 percent in the volume of mail handled, with less than a 4-percent increase in manpower. That is indeed a testimony to the productivity not only of those who manage the postal service, but of all those who carry the pouches out in the field and carry the mail di-

rectly to the door of the recipient. The Post Office Department has experienced a 16-percent increase in mail volume in 5 years, with an increase of only 4 percent in manpower.

That fact points up the difficulties which will confront the Post Office Department year after year. The crying need is for facilities and for their modernization—for renovation of the facilities we have today, to make them modern so that with the same amount of manpower a much larger volume of mail can be handled. In private industry that would be the first thing to be done.

How does one improve? Through mechanization. Through automation. Through processes developed in order to render better service to the American people with the plant that one has, and with the same manpower.

I say again, Mr. President, I think the postal service has done a magnificent job in that field, and deserves the encomiums of the Congress for such performance.

I had intended to offer some amendments. As a matter of fact, I did offer some amendments in the committee to restore some of the money deleted by the House. I have not pressed the point beyond the committee level, and I shall not do so today. I shall offer no amendments on the floor.

I apprehend that as we go along there will perhaps be, around the corner in the months ahead a request for a deficiency or a supplemental appropriation. I simply want to fortify my own position by saying, when that time comes, that in proportion as the Post Office Department justifies its requests for supplemental appropriations I shall certainly stand up and energetically support the request. I shall do so, first, because I believe they have performed fine service; second, because I think they have been frugal in their management; and third, because they have very honorably and very candidly stated their case on every occasion before the Committee on Appropriations, and have not come in to ask for excessive amounts so that they might indulge in extravagance, which is simply not the disposition of the men who operate the Post Office Department and work with Postmaster General Summerfield.

I want the RECORD to show at this point that as the supplemental request comes along, I shall simply point to the fact that I sought in my rather humble way to secure a restoration of certain funds. The RECORD will note that I failed to do so, but at least I tried to be as agreeable and amiable in the matter as I could.

Once more I salute my distinguished chairman, as we send the bill on its way.

Mr. ROBERTSON. Mr. President, the Senator from Virginia appreciates those kind sentiments. The Senator from Illinois has been very amiable.

As the Senator from Virginia indicated, there will undoubtedly be a supplemental request, since we have pending a bill to raise the pay of the post office employees some \$300 million or \$400 million. We do not know the exact figure yet. At the time the pay bill is

taken up we can take another look at the matter. If the volume of mail then is above what we think it will be, we can take whatever action is necessary.

I think passage of the bill now under consideration will be a nice reciprocating gesture, because only this week the House passed without any amendment, without any debate, a housing bill which the Senate had sent over. The Senator from Virginia had a little part in that matter, cutting down about a billion dollars from FNMA and upping the GI interest rates. We finally brought out of committee a bill that split the Senate 47 to 47, but the House decided it was a good bill, and sent it to the White House without a change. We could say, "Brothers across the Capitol, we reciprocate. We will send your bill down now without an amendment."

Mr. DIRKSEN. Mr. President, I yield the floor.

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

The bill (H. R. 11085) was ordered to a third reading, was read the third time, and passed.

Mr. THYE subsequently said: Mr. President, earlier this afternoon the Senate passed the Treasury-Post Office appropriation bill. The Senator in charge of the bill, and the chairman of the subcommittee, was the junior Senator from Virginia [Mr. ROBERTSON]. I wish to commend him for the very able chairmanship job he has done.

Of course, Mr. President, I am particularly interested in the portions of that appropriation bill which deal with appropriations for the Post Office Department.

Mr. President, during my first years of service in the Congress, I was privileged to serve on the Committee on Post Office and Civil Service. As a result, I became somewhat acquainted with many of the administrative problems of the Post Office Department.

I have observed the reorganization of the postal service and the Post Office Department. I have been impressed with the new administrative functions within the postal service, not only in the case of motor vehicles, but also in the case of other mechanical means used there.

It is one of the largest businesses within the United States; and therefore, Mr. President, a very determined study, from an engineering standpoint, must be made to bring the business up to date and to adopt a modern means of operation, in the sense that business itself, as we know, has reorganized and become more modern in its bookkeeping and administration functions, and in the manner of acquiring or letting of contracts in certain of its functions.

As the railroads fade from the transportation scene, more automobile and truck transportation will have to be used to transport mail. Contracts will have to be let by the Post Office Department for the transportation of the mails. In recent years that is a new phase of the operation which has come into being.

The reason for my making the statement is that administrative problems

have arisen as reorganization has taken place, both so far as the Department is concerned and also as relates to trucking and handling of the mails, which resulted in concern on the part of a patron or person who found his mail delayed. However, in major part, modernization is taking place, and there is a more businesslike administrative function within the Post Office Department.

I wish to commend the Postmaster General for having had the courage and the determination to bring about modernization of operations in the Department. It would have been easier, of course, for him to have said, "Well, it will be all right for me to remain in office and be popular." Oftentimes the Postmaster General had to make himself almost unpopular with certain segments of personnel involved in reorganization activities which were taking place. I have had the experience of various employees of the Department coming to me and saying, "Because of the reorganization and consolidation, I am compelled to be transferred from this town to another city. I am compelled to suffer a demotion." Such situations have been most difficult, not only for those of us who represent a district or a State in Congress, but certainly for the Postmaster General. I wish to commend Postmaster General Summerfield for having endeavored to bring about modern administrative operations in the Post Office Department and to eliminate some of the antiquated methods of rendering service.

I know that when I first became a member of the committee we were told it cost as much as \$10 to requisition a 10-cent screen door spring. Such a situation was ridiculous. Because of the existence of such inefficient methods, the Postmaster General endeavored to adopt modern business practices in the Post Office Department. He is to be commended for it. It has not been an easy undertaking.

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

The PRESIDING OFFICER. The clerk will call the roll.

The Chief 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.

#### FEDERAL EMPLOYEE ANNUITY INCREASE ACT OF 1957

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 727, Senate bill 72.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 72) to increase annuities payable to certain annuitants from the civil service retirement and disability fund, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill.

#### WORK OF SELECT COMMITTEE ON SMALL BUSINESS

Mr. SPARKMAN. Mr. President, it has been over 6 weeks since I introduced S. 3194, the small-business tax-adjustment bill of 1958, for myself and 16 other Senators. Nineteen more Senators have joined as cosponsors since that time. I am hopeful that still other Members will join with us to assure the passage of S. 3194. For that reason I intend to discuss this measure so that the purpose of its sponsors may be perfectly clear.

The list of Senators who have joined in sponsoring this bill, arranged alphabetically, is as follows:

Mr. ALLOTT, Mr. BARRETT, Mr. BIBLE, Mr. CARROLL, Mr. CASE of New Jersey, Mr. CHURCH, Mr. CLARK, Mr. COOPER, Mr. FLANDERS, Mr. FULBRIGHT, Mr. GOLDWATER, Mr. HILL, Mr. HOBLITZELL, Mr. HUMPHREY, Mr. IVES, Mr. JACKSON, Mr. JAVITS, Mr. KENNEDY, Mr. KUCHEL, Mr. MANSFIELD, Mr. MORSE, Mr. MURRAY, Mr. NEUBERGER, Mr. O'MAHONEY, Mr. PASTORE, Mr. PAYNE, Mr. PROXMIRE, Mr. SALTONSTALL, Mr. SCOTT, Mr. SMITH of New Jersey, Mr. SPARKMAN, Mr. THURMOND, Mr. THYE, Mr. WATKINS, Mr. WILEY, and Mr. YARBOROUGH.

In the summer of 1951, the Small Business Committee established a Subcommittee on Taxation to study the effect of Federal taxation on small business and to make recommendations warranted by its findings. This was a first step in response to an increasing realization that the Federal tax structure worked hardship on the small-business community.

During the spring of 1952, the Subcommittee on Taxation began its very thorough examination of small-business tax problems. Hearings were held in seven cities in different parts of the country. Testimony of 121 witnesses filled 548 pages of the published transcript of the hearings. On June 18, 1953, the full Committee on Small Business submitted a report of its findings and recommendations based on the subcommittee investigation—Senate Report No. 442, Tax Problems of Small Business, 83d Congress, 1st session. Three major recommendations of that report; namely, first, repeal of the excess-profits tax; second, provision for more reasonable depreciation allowances; and, third, clarification of burden of proof under section 102 of the 1939 code dealing with the unreasonable accumulation of surplus, were enacted into law to the benefit of the whole economy, but particularly small business.

Mr. JAVITS. Mr. President, is this a convenient time for the Senator to yield?

Mr. SPARKMAN. I am very glad to yield to the Senator from New York.

Mr. JAVITS. The Senator from Alabama is chairman of the Select Committee on Small Business, on which I have the honor to serve. It is very rare that we have an opportunity to pay such well-deserved tribute as that which we owe to our colleague, who administers the committee with great skill, and with less

evidence of partisanship than I have seen for many years in the Congress.

This committee, for a committee without legislative jurisdiction, has a greater impact and real effect upon the progress of legislation than any other committee I know of, which indicates the degree of cooperation which animates its membership.

I had the honor to preside at one of the tax hearings, by designation of the chairman. Under the normal practice, the chairman would have designated one of the majority party. His action in that connection was illustrative of the nature of his work.

I point out that in all the discussion on tax reduction, we are hearing altogether too little about tax reduction for small business, which needs it very urgently. Tax reduction for a small business could do an enormous amount of good, both in and out of recession, no matter what the predictions may be for the future.

I, for one, wish to express my gratification that the principal proposer of this measure, and chairman of our committee, takes the time of the Senate, upon an occasion when we are thinking about tax reduction in terms of an antirecession measure, to urge that small business be given full consideration and participation in any tax reduction we may make. In my judgment, a tax reduction for small business is indispensable. I hope the eloquent voice of our chairman and the support of the other members of the committee may have the desired effect in connection with whatever tax reduction measure may ultimately be written.

Mr. SPARKMAN. I appreciate the remarks of the Senator from New York. He is an able member of our committee. He is the newest member of the committee.

Inasmuch as he has brought up the question of the bipartisan or nonpartisan nature of the committee, let me say that it has been a matter of considerable pride, both to me as the chairman during the time the Democrats have controlled Congress, and to my good friend, the Senator from Minnesota [Mr. THYE], who was chairman during the time the Republicans were in control, that we have operated on a nonpartisan basis, and have operated with a considerable degree of unanimity. There have been eight annual reports, each unanimous. I believe the reports have been quite objective, and I think they have accomplished great good for the small-business community throughout the country.

Mr. JAVITS. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. JAVITS. I join my colleague, who is the present chairman of the committee, in congratulating our previous chairman. I had occasion to attend a great Lincoln Day dinner in the largest city of the State of the Senator from Minnesota, and to pay my personal tribute to him at that time, which I now repeat.

Mr. THYE. I thank the Senator.

Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I am very glad to yield.

Mr. THYE. I join with the Senator from New York [Mr. JAVITS] in paying tribute to the distinguished chairman of our committee. I shall seek the floor when the chairman shall have completed his statement, and will state at greater length my commendations for the able job the chairman is doing.

At this point—and this is the reason why I seek recognition at this time—I should like to say that one of the principal reasons for the effectiveness of this committee in dealing with small business problems is the unity which the committee has shown at all times. We have not been partisan. We have endeavored to serve; and while we do not have legislative status as a committee, the effectiveness of our impact on the various other committees which have any responsibilities to small business has been most striking. Both the chairman and I, acting jointly, have testified in connection with tax matters relating to small business in this session of Congress.

I thank the Senator from Alabama for yielding.

Mr. SPARKMAN. I thank the Senator from Minnesota. The subject I am discussing, tax relief for small business, as I pointed out, is nothing new. The Senator has been a member of the committee during the entire time that I have been a member of it, and he knows that this subject has been of continuing interest to our committee. We have worked steadily for getting tax relief for small business.

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

Mr. SPARKMAN. I yield.

Mr. KEFAUVER. I wish to commend the Senator from Alabama and the other members of the Select Committee on Small Business for the diligent effort they have made to get some equalization of taxation so far as small business is concerned. This is a step which was approved by both political parties at their last conventions. The Senator and his committee are performing a great service in putting forth this proposal.

I also wish to say that the work of the Small Business Committee is appreciated by all chairmen of committees and subcommittees. As chairman of the Subcommittee on Antitrust and Monopoly Legislation I know that the Select Committee on Small Business held hearings on many of the subjects that come before the Committee on the Judiciary. The matters are always very thoroughly considered, and we pay a great deal of heed to the recommendations and suggestions of the Senator from Alabama [Mr. SPARKMAN] and his Small Business Committee.

Mr. SPARKMAN. I certainly appreciate the comments of the distinguished Senator from Tennessee.

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

Mr. SPARKMAN. I am very happy to yield to the Senator from Kansas.

Mr. CARLSON. I do not like to let this opportunity pass without commanding the distinguished chairman of the

committee, the Senator from Alabama [Mr. SPARKMAN], with whom I have had the privilege of serving both in the Senate and in the House of Representatives. I well know the interest he has taken and the interest that has been taken by the other members of the committee, including the ranking minority member, the Senator from Minnesota [Mr. THYE].

The Senator from Alabama and other members of his committee have appeared before the Committee on Finance, of which I am a member, urging consideration of a change in the tax laws with respect to small business. I certainly hope we can work something out. It is important to our Nation that we must have small business if we are to continue as a strong Republic. I wish to commend the Senator again for the statement he is making and for the fine work he has done in the past.

Mr. SPARKMAN. I thank the Senator. I have appeared before the Committee on Finance, and the Senator from Minnesota [Mr. THYE] and other members of the committee have also appeared before that committee from time to time. I wish to say we will continue to appear before the committee until we get relief. I feel confident we will get it. I feel that the committee wants to help.

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

Mr. SPARKMAN. I am glad to yield.

Mr. PAYNE. I wish to add my voice to that of my other colleagues in their commendation of the efforts of the distinguished Senator from Alabama in connection with small business matters. Relief is very much needed for the small business community all over the country. That kind of relief is contained in the bill the Senator is now discussing.

I hope the bill will be given thorough and complete and early consideration by the Committee on Finance and that action will be taken by the Senate, because it is something that should be attended to as soon as possible. I again wish to commend the Senator for the outstanding work he is doing in this field and in many other fields for the benefit of small business all over the country.

Mr. SPARKMAN. I am delighted that the Senator from Maine is a cosponsor of the measure.

To Members of Congress and other persons interested in the welfare of small and independent business it is obvious that small business is still hurting from an unfair burden of Federal taxation. I believe this was, and still is, the case for several reasons. First, many of the important recommendations of the 1953 Small Business Tax Report were not adopted. Second, the era of tight money applied financial pressure particularly to smaller concerns. Third, the benefits of the 1954 tax reduction did not extend to small operators. And, fourth, changing economic and social conditions made independent operation of small units increasingly more difficult. For these reasons your Small Business Committee decided last year to make another thorough investigation of small-business tax problems. The new study was thought

to be the best method to marshal the facts for presentation of the small-business tax story to Congress.

The Small Business Committee handled this study as a full committee project. All members were invited to participate, and 12 of the 13 members were able to take an active part in the hearings.

Hearings were conducted in 14 cities in all parts of the country last fall between the sessions of this 85th Congress. The record of the hearings, over 1,500 pages, has testimony from some 456 witnesses, including representatives of all forms of business and professional activity. On January 30 of this year, I presented the committee's report to the Senate. At that same time, I introduced S. 3194 which was the omnibus measure developed by the committee from the study. This legislation was based on the most thorough study of small-business tax problems ever conducted.

The unfair burden of Federal taxes on small business was conclusively established during our investigation. Taxes exacted by the United States and the system whereby they are collected have the same ill effect on concerns in all parts of the country. Although the effect is uniform, there is a difference in degree of impact depending on local economic conditions. In areas like Portland, Oreg., where business conditions were poor even last fall, tax inequities were relatively more burdensome. This is an important factor which should be considered in connection with some points I will discuss in a few moments.

The witnesses who testified were very unselfish in their approach and generous with their counsel. It was never stated or claimed that discriminatory provisions or practices within the tax structure were designed to hurt small business. It was shown that in most cases they developed because of the lack of representation of small-business interests before tax-writing committees. Individual businessmen ordinarily cannot afford to appear in Washington, and in the past there has been no group which has seemed to represent any general small-business thought on tax matters. Thus, too often tax legislation which was and is harmful to smaller concerns was passed into law and became operative before its harmful effects became apparent.

There were many examples of unfair discrimination detailed for the committee. I shall outline several of these briefly. In the first instance, financing small business has always been difficult. Historically small concerns have financed themselves primarily from retention of earnings. There never has been a ready alternative source of equity funds. As tax rates have been increased it has resulted in less profit available for growth and expansion. Unlike larger concerns which have access to the Nation's capital markets, small business has been greatly retarded by the loss of these funds necessary for tax payments.

Because by far the larger number of small businesses operate as proprietorships or partnerships, the provisions of the tax laws concerning qualified pension, profit-sharing, and stock-bonus plans are

very unfair. Unlike their incorporated larger competitors, owner-operators of the unincorporated may not be included in a pension or other plan set up for the benefit of their employees. In many cases this works to the disadvantage of the employees also because it may result—and often does—in the failure of the employer to provide such a plan. If a plan is not set up, the smaller concern finds itself at a disadvantage in competition for personnel.

The estate tax as it presently exists falls more harshly on the small-business estate. The small-business man typically has substantially all of his wealth tied up in his business. This investment is normally not liquid nor in a form which may be turned into cash quickly without a sacrifice. Yet the Federal estate tax requires payment—except in hardship cases—by the estate 15 months after the death of the operator. Thus the business not only loses its driving force, with the owner-operator's death, but also the loss of its life's blood—the cash which must be raised to pay the Federal death duty. The real impact of this tax does not fall on the estate of the dead man, but rather on his business which affects not only the dead man's family who may wish to continue operation of a family business, but also on that business' employees and trade suppliers and customers. This is a factor which has had a substantial influence on the increasing rates of mergers and consolidations.

In 1954, Congress permitted purchasers of new property to use alternative methods for computing their allowance for depreciation. For various reasons this privilege was denied to the users of secondhand property. It hardly need be pointed out that most used property of all kinds is purchased by smaller businesses and many of these concerns purchase nothing but secondhand machinery and equipment. The practical result of this restriction is to deny small businesses the advantage which may accrue through the use of the alternative methods of depreciation.

Not only is small business dogged by legislative discrimination, but also there are examples of administrative action or inaction antagonistic to its best interests. I ask unanimous consent to have printed in the RECORD a letter and a statement which I received recently concerning the failure of the Treasury to implement section 1361 of the Internal Revenue Code of 1954. This section was enacted by Congress to permit certain proprietorships and partnerships to elect to be taxed as corporations. It is a section which Congress intended as a benefit to small business. The letter to which I have referred is from Mr. E. S. Christoffersen, a poultry dealer in Turlock, Calif. Mr. Christoffersen's letter points out how the inaction of the Treasury has rendered the Congressional action ineffective.

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

CHRISTOFFERSEN POULTRY, EGG,  
AND FEED MARKET,  
Turlock, Calif., March 12, 1958.

The Honorable JOHN SPARKMAN,  
Chairman, Select Committee on Small  
Business, United States Senate,  
Washington, D. C.

DEAR SENATOR SPARKMAN: Enclosed is a copy of our opinions and recommendations regarding section 1361 on income tax.

We ask that you kindly read this carefully and with all sincere efforts do everything you can to help us in these problems and interest at large.

Your consideration in this matter will be greatly appreciated, and we commend you for your outstanding work on this Select Committee on Small Business.

Very truly yours,

E. S. CHRISTOFFERSEN.

SELECT COMMITTEE ON SMALL BUSINESS

We know you have worked very hard on the Small Business Committee and are sincere with the deepest interest, for which I sincerely want to express my appreciation and thanks. The points that I recommended in my speech at the small-business hearing in San Francisco, I find you have made many good recommendations to help small business.

We must have immediate clarification on section 1361 which has never been given our regulations, and we took our option of electing to file income tax on this section 1361. We have now 3 years behind us, and are facing the fourth year with undetermined regulations. This is certainly putting us into a terrible jeopardy and it's unfair and unjust to the citizens of America.

We not only need this clarified immediately, but must be done so in a fair and equitable manner.

We do not object in having our business incorporated, but we do not want to have to incorporate the real-estate property, whether used by the business or not. If a bill is approved as recommended in your report No. 1237, which provides that we may keep our real estate and buildings out of the corporation (as we understand it), is that true? This would enable us to get out of this horrible dilemma we are now confronted with; we would certainly appreciate it.

But on the other hand, we deserve to be treated fairly, as if they had given the regulations as they were supposed to the first year we would not have been involved these other years and we could have gone back to our old basis of income tax, if that proved best.

Two points that I am very concerned about is that the internal-revenue regulations are made simple enough so that we can all understand them and that all the internal-revenue men have the same interpretation. The other point I wish to stress, is that when there are any amendments to the revenue laws, that they be drawn up immediately, with no fooling around as in this case which has been over 4 years. To me that is kind of lousy of the revenue department.

Respectfully submitted.

E. S. CHRISTOFFERSEN.

Mr. SPARKMAN. Mr. President, to add insult to injury, it now comes to my attention that certain persons in the Treasury Department have been advocating the repeal of section 1361 on the ground that it has been proved ineffective. Section 52 of H. R. 8381, the Unintended Benefits Act of 1958, which passed the House and is presently being con-

sidered by the Finance Committee, would accomplish this objective. I ask unanimous consent to have printed at this point in the RECORD the statement I made before the Finance Committee on February 27, 1958, in opposition to the repeal of section 1361.

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

Senator JOHN SPARKMAN, Democrat, of Alabama, today vigorously opposed a move to repeal section 1361 of the Internal Revenue Code of 1954, which provided an opportunity for small businesses organized as proprietorships or partnerships to be taxed as corporations.

Appearing before the Senate Finance Committee, which is holding hearings on H. R. 8381, the technical amendment bill of 1958 passed by the House on January 28, Senator SPARKMAN stated: "Section 52 of H. R. 8381 would repeal section 1361 of the Internal Revenue Code of 1954, which provided an election for certain proprietorships and partnerships to be taxed as corporations. The purpose of this section was to grant certain unincorporated businesses the same advantages under the tax laws that were available to corporations. It was intended to benefit smaller concerns which could not afford the luxury of the corporate form of organization."

Senator SPARKMAN pointed out that a provision of S. 3194, the Small Business Tax Adjustment Act of 1958, which he recently introduced with 35 Senators as cosponsors, would permit certain corporations to be taxed as partnerships as an intended complement to section 1361 of the Internal Revenue Code. This provision, Senator SPARKMAN said, "would make little sense without the existence of the election provided by section 1361" of the code.

In asking the Finance Committee to delete section 52 from H. R. 8381, Senator SPARKMAN noted that small businesses have not been able to take advantage of the election contained in the Internal Revenue Code of 1954 because the Treasury Department has failed to provide implementing regulations.

STATEMENT OF SENATOR JOHN SPARKMAN  
BEFORE SENATE FINANCE COMMITTEE, FEB-  
RUARY 27, 1958

I would like to speak very briefly against section 52 of H. R. 8381. This section would repeal section 1361 of the Internal Revenue Code of 1954, which provided an election for certain proprietorships and partnerships to be taxed as corporations. The purpose of this section was to grant certain unincorporated businesses the same advantages under the tax laws that were available to corporations. It was intended to benefit smaller concerns which could not afford the luxury of the corporate form of organization.

It should be pointed out that section 1361 was added to the Internal Revenue Code of 1954 by this committee as explained in Senate Report No. 1622 of the 83d Congress, 2d session. Because it was a new section, the Treasury was given specific authority to issue regulations "on the method of taxing a partnership or proprietorship as a corporation" in subsection (c). The complexity of the provision required regulations for an intelligent administration of section 1361.

It has been my understanding that the main reason for section 52 is that section 1361 has been ineffective due to administrative problems. Few concerns have chosen to make this election. However, the reason for the failure of section 1361 was described by many witnesses who appeared before the Senate Small Business Committee during its hearings on the tax problems of small business. Most of these witnesses believed that this election would have been of great value

if it had been implemented by regulations. Many professional tax advisers stated that they dared not advise any of their clients to use this section until final regulations had been issued by the Treasury Department. I am sorry to report that now, 3½ years after section 1361 was enacted into law, final regulations still have not been issued by the Treasury on this section. It is perfectly clear that the ineffectiveness of this section is wholly due to the neglect of the Treasury in failing to comply with the stated purpose of Congress.

As I mentioned, it has been argued that this election must be repealed because of the administrative problems it presented. Upon inquiry, Under Secretary of the Treasury Fred C. Scribner stated that section 52 of H. R. 8381 "was not recommended by the Treasury and does not have its endorsement." I can hardly see that administrative problems should be a basis for repeal when the Treasury does not endorse such action. Even if it did endorse repeal, for the reasons stated above, I would question the sincerity of such an endorsement.

As you know, there is pending before my committee a bill which I introduced for myself and 35 other Members of the Senate, the proposed Small Business Tax Adjustment Act of 1958, S. 3194. Similar legislation is pending before the House Ways and Means Committee. I know that this committee is greatly interested in the tax problems of small business and I hope that it will be able to schedule hearings on legislation such as I have introduced. S. 3194 is the product of a 1-year study by the Small Business Committee on the tax problems of small business. I bring this bill up at this time because I wish to point out that section 1361 of the present code is an integral part of the structure on which the proposed legislation is based. A provision in that bill, which would permit certain corporations to be taxed as partnerships, is intended to complement section 1361. This additional election has long been advocated by persons interested in the welfare of small business. The administration is on record supporting this provision as early as August 7, 1956, in the progress report of the Cabinet Committee on Small Business and recently in testimony of Secretary of the Treasury Robert B. Anderson before the Ways and Means Committee of the House. The President called for action on this specific proposal in his economic report to the Congress this year. I only wish to make it clear that such a proposal would make little sense without the existence of the election provided by section 1361.

I ask that you remove section 52 from H. R. 8381. It presents a question which should only be considered in connection with other matters which you will be studying in the near future. Certainly this provision should not be repealed before it has been operative, and especially when it is clear that its operation will be of great importance to a large segment of our economy.

**Mr. SPARKMAN.** Mr. President, many concerns which are denied the corporate form of organization because of social, economic, or professional practice have been obliged to pay higher taxes than businesses which are operating as corporations. The reverse is also true where the corporate form may offer certain legal advantages but would result in higher income taxes for the business. There seems little reason why the Federal tax system should favor one form of legal organization. As much as possible, the amount of Federal income tax liability should be removed from the determination of the form of business organization.

Only small corporations are troubled by the penalty tax on the unreasonable accumulation of surplus. This is a particularly trying provision for businesses which are attempting to grow. Like other small businesses, small corporations must grow out of their own profits. But a small corporation must be prepared to and often must justify every dollar of retained earnings over \$60,000 as necessary for the operation of the business. Its larger competitors, as a practical matter of fact, are not faced with this necessity. Diversity of stock ownership is often considered conclusive on reasonable accumulation of surplus.

Inconsistency of interpretation and application of the tax law is troublesome for all taxpayers. However, the amounts involved in any dispute are often determinative of the extent to which a taxpayer will fight an administrative decision when he believes it is incorrect. It is small taxpayers who more often will be involved with small amounts which are not worth disputing. For this reason it is more important relatively to the small taxpayer to have the statutes applied consistently regardless of the amount involved.

These are just some of the examples of the discriminatory impact of the Federal tax system which were detailed and documented before your Small Business Committee last fall. These are areas in which legislation can remove or alleviate the discrimination. This discrimination—in addition to being inequitable for individual taxpayers—has been a disrupting influence on the whole economy. I ask unanimous consent to have printed in the RECORD an article written by Sylvia Porter and published in the Washington Evening Star of Tuesday, March 11, 1958. This article shows that the situation is serious enough to warrant the attention of persons interested in the general welfare of the country.

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 birth rate 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 tax load 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 first 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 answers 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.

**Mr. SPARKMAN.** Mr. President, during the course of this study an economic recession was developing. In the brief 6 weeks since the Small Business Committee tax report, Senate Report No. 1237, and S. 3194 were presented to the Senate, the pall of economic inactivity has become obvious across the country. It is perhaps needless to point out that new and small businesses are the first and hardest hit in periods of economic downturn. When, in addition, it is true that many smaller concerns were hard pressed even before the sheen of prosperity was cracked, their normal vulnerability is only increased. That is the situation which faces the small-business community today.

We find then that the reasons existing last year which triggered our investigation into the tax problems of small business have been added to—or, more accurately, multiplied—by economic conditions now extant. There is now even more reason for Congress to act, and act quickly. It is fortunate that we have

a completed study on which to base the action that is so urgently needed. A complete program of tax adjustment for the benefit of small business—and the whole economy—is prepared, ready to be put in operation. It is a program which has been carefully developed to favor none and give simple equity to all.

The small business tax adjustment bill has been presented to the House Ways and Means Committee. On behalf of the Small Business Committee, the senior Senator from Minnesota (Mr. THYEL and I appeared before the Ways and Means Committee on February 4 of this year to give that committee the bill and Senate Report No. 1237, Tax Problems of Small Business, and our views and opinions concerning that legislation and report. It is my hope and belief that legislation will be forthcoming from the House very shortly. I want to urge that all Senators support the legislation which develops.

The heart of the small business tax adjustment bill is section 2, a provision for a reinvestment allowance. This allowance would be available for all business regardless of its form of organization or size. It would apply to the manufacturer, retailer, wholesaler, farmer, and professional man alike. It is designed to provide some needed growth capital for concerns which must finance expansion and development from earnings.

The allowance for reinvestment permits a deduction for increased investment in inventory or depreciable assets out of income. Allowance would be granted on a graduated scale which would require the taxpayer to assume full responsibility for a portion of the investment. The deduction would be computed in the following manner: 50 percent of the first \$10,000 of eligible investment; 30 percent of the second \$10,000 of eligible investment; and 20 percent of the third \$10,000 of eligible investment. Thus a business could gain a maximum deduction of \$10,000 by investing at least \$30,000 in the prescribed manner.

A new election to take or not to take any allowance may be made each year. The allowance is provided at the election of the taxpayer so that only those businesses that will gain advantage need keep the extra records which will be required. All taxpayers with common control will be considered one for the purpose of this provision. There are other safeguards to protect against abuse of the provision.

Most of the investment fostered and provided for by this section would be channeled into depreciable assets. Since no depreciation, for tax purposes, is permitted to the extent that this allowance is taken the result of this provision to the Government is revenue deferral rather than revenue loss. In addition, the taxpayer, even in the first instance, must spend \$100 to get \$50 allowance, and the whole of the expenditure will be income in the hands of the recipients. There is an automatic expansion of the tax base to a much greater extent than the deduction permitted. This is a provision which would foster business

spending—a real weak spot in our present economic situation—which in turn provides jobs, markets, and renewed faith. Protection against irresponsible spending is afforded by the graduated formula requiring joint expenditure of taxed profit. It should be pointed out that by means of this provision, equity funds will be provided to concerns that today do not have access to such financing and at little cost to the Government.

Section 3 of S. 3194 would extend similar treatment to all taxpayers that is presently reserved for a select few. This section would permit taxpayers a deduction for the lesser of \$1,000 or 10 percent of net income for sums invested in a retirement pension plan. All benefits would be taxed when received by the taxpayer after retirement. This provision would thereby result largely in a deferral of income.

The retirement program could be individual or group so long as it met the requirements set up to remove the deposits from the control of the taxpayer. The deposits may be made with an insurance company or a banking institution in the manner prescribed. A 5-year carryover period is provided by the bill during which deposits may be made. Further, as a matter of equity, at the time this program is begun older persons will be granted an increased maximum deduction of 10 percent for each year over 50 years of age.

This provision will cover all persons who are not participating members in a qualified pension, profit-sharing, or stock bonus plan under section 401 of the Internal Revenue Code of 1954. It is intended to supplement social-security payments and foster self-provision for retirement. All taxpayers will get similar treatment in providing for their declining years which in itself is a worthwhile social purpose. In addition, it will remove from the tax system discrimination in favor of a relatively small group of taxpayers in the most equitable manner—by extending a similar privilege to all taxpayers.

The fourth section of the bill is one about which there should be little controversy. Everyone has come out for an extension of the time for payment of estate taxes where the estate is in a non-liquid form. The Small Business Committee has unanimously favored such a provision since 1953. The administration has been on record in favor of this proposal since the interim report of the Cabinet Committee on Small Business, in August of 1956. It will accomplish a real service for the economy, and will cost little, if any, revenues to the coffers of the Treasury.

Section 4 would permit the estate tax for "small business estates" to be paid in two to ten annual installments, at the election of the executor. Eleven to twenty years may be permitted by the Treasury, when hardship is shown. An estate would qualify as a "small business estate" if at the decedent's death more than 50 percent of his assets were tied up in a closely held business, whether a proprietorship, partnership, or 10 percent or more of stock in a corporation. If the installment election is made, interest

at the rate of 6 percent per annum will be charged on the unpaid balance of the tax. The interest will be charged both to have the estate, rather than the Government, pay for this privilege, and also to protect against the unnecessary use of this election.

This provision would end the sacrifice sales of businesses just for the purpose of obtaining funds with which to meet the Federal estate tax bill. An estate should not be forced to part with a family enterprise—be it a shop, a farm, or a manufacturing plant—merely because the whole of the past provider's wealth was invested in one business. This provision would also eliminate one factor involved in the problem of increasing mergers and consolidations. No longer should the Federal estate tax remain a prod in the direction of the elimination of independent business.

Many of us have long advocated fair treatment for the users of secondhand equipment. These are mostly small businesses which cannot afford to purchase new property. Under the 1954 Internal Revenue Code, section 167, alternative methods of depreciation were permitted for purchasers of new property.

It was only a short time before it was obvious that section 167 worked a hardship, not only on the users of second-hand equipment, but also on the dealers who handled such goods—most of whom are also small-business men.

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

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

Mr. SPARKMAN. I am glad to yield to the Senator from Wyoming.

Mr. BARRETT. At the outset I wish to congratulate the distinguished Senator from Alabama for the statement he is making on this sound and progressive piece of legislation. The junior Senator from Alabama has an outstanding record extending over a long period of years as an ardent fighter for equitable tax treatment for our small-business men. He has rendered great service as chairman of the select committee by conducting hearings on the problems of the small-business man throughout the country. I am entirely in accord with your splendid statement and I wish to associate myself with your remarks.

The particular subject on which the distinguished Senator has just been speaking is one of the utmost importance to the small-business man. As the Senator from Alabama has so ably pointed out, small business is greatly concerned with used equipment of one type or another and certainly the rule as to depreciation should be extended so a small operator buying used equipment can get the benefit of depreciation in the same manner that a larger operator can for new equipment under the 1954 act.

Small business truly represents the heart of American enterprise, and the Senator is to be commended for bringing this legislation to the attention of the Congress and the country this afternoon. Certainly something should be done, and must be done, to assist small

business in these particularly difficult times.

Mr. SPARKMAN. Mr. President, I appreciate the remarks of the distinguished Senator from Wyoming, and I am delighted that he is one of the sponsors of this omnibus bill.

I am particularly pleased that he has seen fit to comment on the particular section of the bill which relates to rapid depreciation or alternative depreciation in the case of the purchase of used equipment.

He will recall that in the 1954 act we extended that privilege to the purchase of new equipment. I am not critical of that; it was done for a particular reason: At that time we were working for plant expansion and for the purchase of new equipment and for speeding up the construction of factories which would make new equipment. So that provision served a good purpose.

However, as I have just pointed out, it was only a short time before it became obvious that section 167 worked a hardship, both on the users of secondhand equipment and on the dealers who handled such goods.

Therefore, I believe it is only fair and equitable that we remove this discrimination from the law.

Mr. BARRETT. I certainly agree wholeheartedly with the Senator from Alabama in that approach to the matter.

I wish to say that there are many other provisions in the bill which are just as important as the one which has just been mentioned. I have in mind that provision which permits the small-business man to provide for his own retirement. Another important provision is the one which permits small corporations to be taxed as partnerships.

In addition, Mr. President, may I say to the Senator from Alabama that of major importance to small business in this country is the provision of the bill which would allow as a deduction a graduated percentage of earnings which are currently used for expansion purposes. I am in complete agreement with the Senator from Alabama and his reference a moment ago to the fact that as tax rates have increased, profits available for growth and expansion have been declining. Also I like the provision in the bill that compels the Treasury to acquiesce in decisions of the tax court unless it should choose to appeal.

Small business requires working capital now more than ever. It is becoming increasingly difficult to obtain such capital. That is why I am so anxious that consideration shall be given to the Senator's bill. It is the small-business people of the country that can reverse the present trend of unemployment and certainly they should be given sufficient encouragement to expand their plants and to provide additional employment for the people presently out of work.

Certainly the enactment of this bill will help not only the small-business men of this country but the young people as well by preserving and fostering the opportunity to strike out on his own and develop a new enterprise or to help build up an established business. I am sure that there was no intention to dis-

criminate against small business under our tax laws but the end result has been to discourage the development of such enterprises.

Mr. SPARKMAN. I thank the Senator from Wyoming. Certainly he is correct.

Mr. President, now that the Senator from Wyoming has pointed out the effect of small businesses on the country, I wish to say that I do not believe there ever was introduced a bill which more nearly represented the consensus of opinion of small-business people throughout the country than this one does. In other words, the provisions which we propose here came to us from the small-business people of the country.

Mr. BARRETT. And they represent the consensus of opinion of thousands of small-business people throughout the country.

Mr. SPARKMAN. Yes. As a matter of fact, as I said a few moments ago, there actually were 456 witnesses, from all parts of the country, before the committee. The unanimity of their opinion with reference to the recommendations they made was most interesting.

Mr. BARRETT. I thank the Senator from Alabama.

Mr. SPARKMAN. Mr. President, section 5 of S. 3194 would eliminate this discrimination by extending the section 167 alternative methods of depreciation to used property and equipment. This is a provision which has met with no opposition before, during, or since the Small Business Committee tax hearings of last fall. This amendment should be adopted as a matter of good business practice as well as simple equity. If fast tax writeoff is good for one, it is good for all.

Section 6 of the bill would permit a corporation to elect, upon unanimous agreement of its stockholders, to be taxed as a partnership. The election would be binding not only on the corporation, but any corporate successor for a period of 4 years for income earned during that time. Retained earnings of the corporation accumulated from earnings before the election period would not be affected and any distribution therefrom would be a taxable dividend.

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

The PRESIDING OFFICER (Mr. Scott in the chair). Does the Senator from Alabama yield to the Senator from Wisconsin?

Mr. SPARKMAN. Yes, I am delighted to yield to the distinguished Senator from Wisconsin, who also is a member of the committee.

Mr. PROXMIRE. I thank the Senator from Alabama.

I wish to say that, as the newest member of the committee, I am very proud and happy to be a cosponsor of the bill. I believe it is an excellent bill, and I believe the Senator from Alabama is doing an outstanding job in explaining it clearly and concisely.

I believe that a number of the provisions of the bill are extremely important. However, I think there is a possibility of abuse unless an amendment is adopted. I say that because I notice on page 12

of the text the Senator from Alabama is using a reference to the fact that, among other provisions of the bill, there is one for reinvestment allowance, in connection with which there is a limit of \$30,000. On page 14 of his text I also notice a reference to the provision for retirement allowance, in connection with which the limit is \$1,000.

In the provision, on page 20, for unreasonable accumulation of surplus, the bill would increase the amount from \$60,000 to \$100,000.

But in the case of the partnership alternative there is no dollar limit whatsoever.

I can envision, in that situation, a wide-open loophole for very wealthy persons. For example, four extremely wealthy persons, each with an income of, let us say \$250,000 a year, could form a corporation. They could elect to have it taxed as a partnership. Each of them would invest \$250,000 a year above and beyond the revenues received by the company in order to build up the corporation. The money could be spent for advertising purposes, public relations, and so forth. In that way, there would be established a corporation which would be of great value after 4 years' time. At the end of that time, the partnership could revert to full corporation status; and then the four persons could sell the corporation and could make a capital gain for which they would be taxed at 25 percent.

But I point out that, in doing so, they would be exempt from taxation during all four of those years, and each would receive a real income of \$250,000. But it would be nontaxable. They would invest in the corporation under the circumstances provided for in the bill. This way they would pay no taxes for 4 full years. After the 4 years, they would sell the corporation. If we assume the \$4 million in aggregate invested over revenue was the increased value of the corporation, the aggregate tax would be only \$1 million, instead of the \$2,400,000 to \$3 million which these four persons would have to pay if this provision did not become law. In that way, they would enjoy a tremendous tax benefit.

Has that point occurred to the Senator from Alabama?

Mr. SPARKMAN. Yes. The Senator from Wisconsin will recall that some time ago he mentioned that possibility as being the basis of one of the doubts he had regarding the bill as a whole.

I have given considerable thought to it. I certainly would not subscribe to affording a loophole that would make possible such a situation as the Senator has described. I certainly feel that can be guarded against. As a matter of fact, I am of the opinion it is pretty well safeguarded against already, but I surely would recommend to the Finance Committee, in setting up such a provision, that it use the expert advice available to the committee for the purpose of making certain that there was no loophole in the legislation.

Mr. PROXMIRE. I very much appreciate that assurance, because I feel this is an extremely well drafted bill. I think it is well that the Senator has

written into his bill limitations to prevent that kind of abuse in other sections of the bill. I only ask a safeguard in this section.

In conclusion, I wish to say I feel very strongly, coming from a State in which we have nothing but small businesses, and in which State a hearing was held in Milwaukee, Wis., that this bill is urgently needed. At the hearing in Milwaukee, I should like to point out, the referee in bankruptcy said the southern half of the eastern district of Wisconsin had the largest number of bankruptcies in the history of the State.

The consensus expressed by Wisconsin small-business men all over the State was overwhelmingly in favor of the kind of measures which have been written into the bill. Just lately I have received a number of letters about the bill, supporting it. I find virtually no opposition to it.

MR. SPARKMAN. I thank the Senator for his remarks. I remember the holding of the hearing in Milwaukee to which the Senator has made reference. I was interested in his comments regarding the point he has made. I am sure he has reviewed the hearings held in other cities. I am sure he has found, as I stated a few minutes ago, there is a heavy, if that is the proper adjective, unanimity of findings and recommendations of advice and suggestions on the part of small-business people all over the United States.

MR. PROXIMIRE. Let me emphasize that the number one need of small business today is investment capital, long-term capital. Small-business people cannot get it in any substantial way except from the reinvestment of earnings. The present tax laws limit such reinvestment very, very severely.

MR. SPARKMAN. And make it almost impossible.

MR. PROXIMIRE. And make it almost impossible. I think the provision which allows small business to reinvest a much more substantial portion of their earnings, 20 percent to 50 percent, tax free is a tremendous contribution to small business, and is a fine thing for the country.

MR. NEUBERGER. Mr. President, will the Senator from Alabama yield?

MR. SPARKMAN. I yield to the Senator from Oregon.

MR. NEUBERGER. The small-business men of the United States have no greater friend than the junior Senator from Alabama [MR. SPARKMAN], and it was a privilege to join him as a cosponsor of S. 3194, the small business tax adjustment bill of 1958. The Senator's discussion of the measure today has shown the penetration, sympathy, and understanding of the problems of the American small-business man which characterizes the operation of the Senate Select Committee on Small Business, of which he is the distinguished chairman.

Mr. President, the new era, presently identified with competitive satellites rocketing through outer space, may be recording the sad demise of two great institutions: the family farm and the small-business firm. Those who have

the courage to face the harsh realities of our time recognize that Congress alone has the power to tackle and solve these particular problems confronting us inescapably. S. 3194 is a timely and fortuitous step toward the solution of one of these problems—that of the very existence of small business.

The series of hearings conducted this past fall, by the Small Business Committee, included a day in my home city of Portland, Oreg. The printed record of that day's hearing reveals many of the worries plaguing the businessmen of my State. Service station operators, small lumbermen, an executive secretary of a retail grocers' association, a boiler manufacturer, a manufacturer of a potato digger, a hotel proprietor, and the operator of an agricultural chemical company, were among those who described the nature of today's business pitfalls. Although I was unable to attend the hearing, the manager of my Portland office, Miss Elizabeth C. Ducey, presented my statement. Since this statement, in great part, was addressed to the urgent need for tax reform for small business, I ask unanimous consent, Mr. President, to have it included at this point in today's RECORD.

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

SMALL-BUSINESS PROBLEMS—STATEMENT OF HON. RICHARD L. NEUBERGER, UNITED STATES SENATOR FROM OREGON, PORTLAND, OREG., AS READ BY MISS ELIZABETH DUCEY, OFFICE MANAGER

Mr. Chairman, I want to thank the members of the committee for coming to the city of Portland to conduct this hearing on the tax and other economic problems of small business. The timing is especially fortuitous because of the adverse conditions which grip prosperity of the State of Oregon. Members of the committee will, I am sure, learn much about what happens under a hardmoney regime when the business cycle enters a declining period. The present Oregon business situation might well be described as the prototype of problems which arise when the bloom goes off the boom and the relentless pressure of tight money, high interest, and restrictive tax policies continue to be felt by small-business concerns.

I have been deeply concerned about the problems of small-business concerns. Small business in Oregon has had the highest business failures this year on the Pacific coast. During the first 6 months of this year, the rate of failures increased 100 percent over the like period in 1956. The details of specific problems which have brought about this alarming condition will be pinpointed by the representatives of business who appear before you during the next 2 days. Because I do not wish to take time from those who have firsthand knowledge of these problems, I will make my remarks as brief as possible.

Approximately 95 percent of American business firms employ less than 20 persons. Thus, it is apparent that the bulwark of our business life is carried on by concerns in the small business category. Yet, only a small segment of governmental aid and assistance and Federal tax policy is designed to meet the problems they encounter. Many steps could be taken by Government to help materially to alleviate the conditions confronting this important portion of our economy, such as a greater allocation of Government purchases to small business, a stepped-up share of defense contracts which now go largely to big industry, increased availability of both long-term and short-term credit at

reasonable rates of interest, some form of tax relief and elimination of inequities in freight-rate charges.

I particularly favor tax revisions to permit small, closely held corporations to elect to be taxed as partnerships instead of as corporations for purposes of the Federal income tax. It is fair and reasonable to make a distinction between large corporations whose capital stock is widely held by the public, and smaller enterprises which are owned by a single family or by a few business associates who themselves own and manage the enterprise.

I believe that it will be of real value to many small businesses to be able to choose for themselves the advantages of the corporate form of business organization, while being free to file partnership income-tax returns providing they meet certain conditions of size and ownership. Such a Federal tax policy would reflect realistically the fact that there is much more similarity between many small partnerships and small closely held or family-owned corporations than there is between such corporations and the great publicly held corporate giants.

Present tax policy coupled with spiraling costs have made it increasingly difficult for small corporations to accumulate surpluses needed for expansion. Small-business men have been confronted with the problem of replacement costs in a rising market. In my opinion, exemption from income taxes of a portion of profits deserves positive action so as to help ameliorate a situation which has placed a ceiling on small-business growth.

I hope the committee will give thorough consideration to the expansion of credit pipelines to small business. The present high-interest, tight-money policies have placed an especially heavy burden on small enterprises. I do not think small concerns should continue to bear the brunt of policies which seek to control price inflation through the avenue of credit manipulation. Yet, this is the case under present circumstances. Tight money is rapidly undermining the position of small business. Its effect on the volume of capital available to big corporations has not dampened the expansion of big corporations.

Tight money is designed to limit the credit flow from commercial banks. This means the squeeze is put on the only source of capital available to small firms. Small business generally is unable to borrow from insurance companies or investment bankers, or to gain new capital by issuance of stocks and bonds. Moreover, the high-interest policy causes big corporations to rely more heavily on commercial bank loans, where they enjoy a preferred credit status.

The present policy has had little effect on the volume of credit to big corporations, but reduction of credit to small business has weakened its expansion. Thus, the ability of small business to compete on an even basis is sharply contained, and the monopoly position of big corporations is enhanced. The net effect has been to make big business bigger, while the climate for small business becomes less and less favorable.

If the business health of our form of capitalism is to be maintained, steps must be taken to assure that the number of units in the market place continue to grow, and that their ability to compete effectively is not impaired.

I have mentioned only a few of the conditions affecting small business which require corrective attention by Congress. Others will be developed in the course of your hearings and, no doubt, will be expanded upon in later sessions when Congress convenes. Although I am not a member of this committee, I wish to assure its members of my willing cooperation in assisting the achievement of its objective—a more healthy climate for small business.

I thank the committee for giving the people of the State of Oregon an opportunity to make their views known on the pressing and difficult problems of small-business enterprises.

Mr. NEUBERGER. Mr. President, I should like to make this comment to the Senator from Alabama, if I may. I concur fully in the observations which have just been made on the Senate floor by our friend, the Senator from Wisconsin, about the fact that small businesses desperately need capital which they can invest. I doubt if any segment of our economy has been so adversely hit by the greatly accelerated increase in the cost of borrowing money, which steadily occurred during the first 4½ years of this administration, as have small-business men.

My own family are small-business people in the city of Portland, Oreg. I would say at least half of my intimate personal friends of long standing are small-business people in the State of Oregon. Our State has had the highest unemployment rate in the Nation for the last 4 years. The mortality of small business has been high.

The Senator from Alabama, in addition to being a foremost champion of small business, has been urging, and has been a most articulate spokesman for, an adequate long-range housing program.

He knows what has been the effect of high interest rates and the discouragement of FHA loans by the administration. Therefore, we have been given a double blow to the solar plexus of the economy in our State. Not only have small businesses been failing, but the lumber industry, which is the major source of our payrolls, has been dropping. Approximately 75 percent of Oregon's lumber production goes into housing, and the Senator from Alabama realizes that housing has been hard hit adversely.

The thing that has impressed me about the sad situation of small business is that all of us grieve for the unemployed. We know what a dreadful and grim thing it is when a man loses his job. Thousands of people in the lumber industry, in the sawmills and logging camps, have lost their jobs. But those people, at least for a period of 26 weeks, have had some unemployment compensation. In addition to that, there are proposals before Congress, championed in particular by the able junior Senator from Massachusetts [Mr. KENNEDY], to bring about a prolongation of unemployment compensation; and I am strongly in favor of that. But the small-business man does not even have the unemployment compensation which is available to the unemployed workingman. When he reaches the point that his very limited reserves are used up, he walks away from his store, or mercantile establishment, or warehouse, or little shop where all his life's savings may be invested, where all of his family inheritance may have been, and that is all. He has nothing to tide him over.

That is the reason I am so pleased to have the privilege of cosponsoring this measure of tax relief for small business which the Senator is sponsoring. I feel

he is representing what essentially is our American way of life. I doubt if any phrase is more abused than the expression "American way of life." Yet, if America means anything, it means this is a country in which a person with limited means, who does not have great inherited wealth, can acquire a farm or business, can succeed in it, and leave it to his own children. Yet in our State, farming, for example, has become so precarious that it is said, as a somewhat ironic gesture, that the only way one can acquire a farm is either by inheriting or marrying it. It is practically impossible for a person with limited means to obtain a farm, get a mortgage on it, and pay off that mortgage. The same thing applies to small business. If the Senator is successful, he will help restore the American way of life by making it possible for average people to build up businesses of their own, and leave them as legacies to their own children. I commend the Senator for his efforts.

Mr. SPARKMAN. I appreciate the remarks of the Senator from Oregon. I am glad he is a cosponsor of the bill, as is the Senator from Wisconsin, who spoke a few moments ago. I have often said I thought the very essence of American free enterprise was that the opportunity should always be available for every American to start a business or an undertaking of his own, and look forward, with a reasonable hope, to prospering and growing into a large business, if he wanted that. It seems to me that is the kind of system we ought to protect.

Mr. NEUBERGER. That is the story that is most frequently held up as the most typical American story.

I should like to ask the Senator if it is not ironic, in a way, that some of the people in politics who are most hostile to organized labor are also leading the opposition to some of the measures for help to small business, such as the Senator from Alabama is championing. Yet, unless such measures become law, there will be no choice except to add workmen to the rolls of large companies, which themselves are staffed by members of organized labor, because otherwise all business will be in the hands of entrenched monopoly. A man will have no choice except to work for wages; he will be unable to succeed in his own business establishment.

Mr. SPARKMAN. I believe the Senator is correct.

Mr. NEUBERGER. I thank the Senator.

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

Mr. SPARKMAN. I am happy to yield to the distinguished Senator from West Virginia, who I am glad to say is one of the sponsors of this measure.

Mr. HOBLITZELL. First I should like to inform the distinguished Senator from Oregon that we have a project of 690 homes in West Virginia, all of which are going to be of frame construction. That is in a Republican community, and we have faith in the future.

Mr. NEUBERGER. I should like to say to the Senator from West Virginia that we in the State of Oregon are happy to ship our lumber to Republican com-

munities, to Democratic communities, and to nonpartisan communities.

Mr. HOBLITZELL. I thank the Senator very much.

Mr. President, I should like to associate myself with the distinguished Senator from Alabama, in presenting the bill, and I wish to commend him for outstanding leadership in the hearings and in bringing the matter before the Senate.

I also wish to commend the distinguished Senator from Minnesota [Mr. THYE], his minority associate on the bill.

As a small-town banker, I know the problems of small business. The provisions of the bill will be most helpful, and will give an incentive to small-business men to go to work again.

Mr. SPARKMAN. I thank the Senator from West Virginia.

Mr. SMITH of New Jersey and Mr. BIBLE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Alabama yield, and, if so, to whom?

Mr. SPARKMAN. I am glad to yield to the Senator from New Jersey.

Mr. SMITH of New Jersey. Mr. President, I rise to express my appreciation to the distinguished Senator from Alabama for his very able address on the subject under consideration, and to express appreciation to his colleague on the Republican side, the Senator from Minnesota [Mr. THYE] for his work on the measure. I commend both Senators for the work which they have done.

I was happy to join as cosponsor of S. 3194. I hope it will receive speedy consideration by the Committee on Finance.

The difficulties of small business are compounded by the existing Federal tax structure which continues to inflict inequities and discriminatory treatment on this segment of our economy. Noncorporate owners are denied privileges granted to corporations, and small corporations are troubled by provisions not faced by their larger brethren.

Having been here for some years, I realize the great amount of time that has been spent on this subject. I can say to the Senator that many of us who have not been on the Senator's committee have been deeply troubled by the problems of small business.

I have many intimate friends who are engaged in small business. They have asked me frequently, "Why can something not be done to relieve the problems of small business?" My answer always has been that the matter is in the hands of distinguished members of the Select Committee on Small Business, and I have frequently mentioned the names of the Senators from Alabama [Mr. SPARKMAN], and from Minnesota [Mr. THYE], and others. I have stated that I felt we would consider legislation which would be meaningful to small business if the law were passed.

I simply desire to mention that. Although I have not been able to work with the committee, since I have been engaged on other things, I am deeply interested in the subject. The way the committee has tackled the problem and is

trying to solve it is most commendable. I sincerely hope we shall have a law passed to really accomplish something in this field.

I thank the Senator.

Mr. SPARKMAN. I am grateful to the distinguished Senator, my good friend from the State of New Jersey, for his remarks. I will say to the Senator that a little earlier in my discussion I read a list of 36 Senators who joined in sponsoring the measure, including the name of the distinguished senior Senator from New Jersey.

Mr. SMITH of New Jersey. I thank the Senator. I am sorry I was not present in the Chamber at the time.

Mr. SPARKMAN. Mr. President, I now yield to the Senator from Nevada, who is a member of the Select Committee on Small Business, and likewise a sponsor of the bill.

Mr. BIBLE. Mr. President, I wish to thank the Senator from Alabama for yielding to me, and to commend him for the splendid statement he has presented.

I should like to associate myself with the remarks of the Senator from Alabama. I believe the legislation to which he addresses himself is timely.

I emphasize the plea the Senator makes for urgency, wherein he requests that something be done and done quickly. I am wondering if the Senator can indicate the exact posture of the legislature and the comparable legislation on the House side of the Capitol, to inform the Senate as to what the possibilities are for having some legislation enacted into law at this session of Congress.

Mr. SPARKMAN. I will say to the Senator from Nevada first something of which we are all aware; that is, any legislation dealing with the raising of revenues must originate in the House. We fully respect that constitutional requirement.

About a month ago the distinguished Senator from Minnesota [Mr. THYE] and I went over to the House side of the Capitol, where we appeared before the House Committee on Ways and Means and presented our report on small business, as to the impact of taxes, and the bill which we have suggested. We asked the committee for favorable consideration. Of course, no one knows what the committee will do, but I will say that I believe so strongly in the rightness and soundness of the proposals we have advanced that I sincerely believe the committee will write a good portion, if not all of them, into the bill which will be sent over to the Senate.

In any event, when the bill comes to the Senate I certainly hope the Senator from Minnesota, as the ranking minority member of the committee, will join with me in going before the Committee on Finance and urging the same full consideration by the Senate committee.

Mr. BIBLE. I appreciate the Senator's expression of optimism and hope. I certainly share his feeling.

Mr. SPARKMAN. I said that I believed in the soundness and rightness of the proposal.

Let me make another observation. I know the Senator from Nevada could bear testimony to the fact that the pro-

posal represents, we might say, the universal thinking of small-business men throughout the country. The reason I say the Senator from Nevada can bear testimony to that fact is that the Senator was one of the most active members of our committee in holding the hearings in different parts of the country. Without having asked the Senator previously, I am sure he will testify to the fact that the proposed legislation does represent the thinking of such small-business people. It really represents their recommendations.

Mr. BIBLE. I certainly concur in that statement. I believe that the legislative proposal which is before the Senate, and the comparable measure before the House of Representatives, does represent the thinking of the general small-business man throughout the country.

Mr. SPARKMAN. That is correct.

Mr. BIBLE. I was impressed, in the hearings I attended in San Francisco, and those over which I presided in Denver, Colo., and Wichita, Kans., with the absolute fairness of the small-business man. He was asking nothing unreasonable. He simply wanted to be treated in a nondiscriminatory fashion.

I wish to again commend the Senator from Alabama, and direct his attention to two things which have constantly been brought to my attention. These items were brought to my attention during the hearings, as well as by many small-business men in the State of Nevada who have conveyed their sentiments to me.

There seems to be a very widespread and, I think, justifiable complaint directed toward the Treasury Department, and to the Internal Revenue Bureau specifically, as to the fact that from the time one files his tax return, the Government has a period of 3 years within which to make a final assessment, in the absence of fraud.

During such 3-year period, as I understand the law—and I think I understand it correctly—the assessment, if one is made, carries interest at 6 percent.

A suggestion has been made to me that it would be helpful and would be of great assistance to the small-business man if the period were shortened from 3 years to 2 years, so that the small-business man will not be kept waiting forever not knowing what the final assessment will be, and not knowing whether the interest at 6 percent will run for the additional period of time. The small-business man is kept worrying because of Government delay in making the final assessment.

I recognize that a staff of Government experts in the Treasury Department and in the Internal Revenue Bureau must examine all of the returns, but I think that is a field to which a great deal of attention could well be given by the Select Committee on Small Business.

The other point which has been made constantly throughout the various hearings I attended was that some effort should be directed toward simplifying the small-business man's tax return. We heard from businessman after businessman—men with 5, 6, 8, 10, 15, or 20 employees—that they spend more money, in

hiring tax accountants and tax experts and people to help them go through the myriad of tax laws, codes, regulations, and forms, in order to comply with the tax law, than they spend for other matters on a percentage basis. I think that is another field in which the Small Business Committee might be able to perform a real service.

Mr. SPARKMAN. I think there is a great deal of merit in both suggestions of the Senator from Nevada.

Mr. BIBLE. I appreciate the courtesy of the Senator in yielding to me.

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

Mr. SPARKMAN. I am glad to yield to my friend from California, a member of the committee and a sponsor of the bill, and one who took an active part in the hearings.

Mr. KUCHEL. I have been very proud to be a member of the Senate Select Committee on Small Business, under the chairmanship of a great American on the other side of the aisle, JOHN SPARKMAN, and, prior to that, under another great American on this side of the aisle, Ed THYE.

The problems with which small business has been continually confronted in modern America are problems which are neither political nor partisan in character. It has been with a great deal of enthusiasm that I have watched and participated in the work of the Senate Select Committee on Small Business, under the chairmanship of those distinguished Members of the Senate. I have seen, time and time again, how our committee has come to the assistance of small businesses, individually and as members of groups with similar interests.

Last fall I sat as a member of the committee during the time it held hearings in my own State of California, both in Los Angeles and San Francisco; also during the time it took testimony in the neighboring State of Arizona. As a result of the excellent evidence which was elicited in those hearings, and in other hearings across the country, the chairman of the committee, along with the rest of us, has fashioned a piece of legislation which, in my judgment, deserves the unanimous support of Members of Congress and the administration.

The Senator from Alabama, in his effective presentation of the proposed small-business tax legislation, alluded once or twice to testimony which came from citizens in my State. The problems which small business faces in California are not at all dissimilar to those which small business encounters in every other part of the Nation.

There is no need for me to take the time of the Senate to reiterate the excellent points which the chairman has made with respect to the subjects covered by the proposed legislation. However, I wish to make one particular comment.

Before I came to the Senate, I had the honor to participate in the government of my State in a constitutional office, namely, that of State Controller. Among the responsibilities incident to that office in my State is the administration of a number of tax laws. The

State Controller is ex officio a member of the Franchise Tax Board, which sits in judgment, by way of administration, in connection with the California Personal Income Tax Act, the bank and corporation franchise tax laws, and some other parts of State revenue statutes. We had the same problem which is presented today in a portion of the bill which we are jointly sponsoring.

Suppose a California taxpayer were to take a deduction for business expense in filing his State of California income tax return. The Franchise Tax Board would determine whether in its opinion the deduction would be allowable. If it determined that it was not allowable, the taxpayer, if he felt aggrieved, could, of course, litigate the question in a court of competent jurisdiction in my State. If he won his lawsuit, of course, he would be able to claim the deduction he had taken. The Franchise Tax Board, if it disagreed with the ruling of the trial court, could appeal it to final decision, but if it did not appeal it, the trial court ruling would then become final and binding. And yet, if thereafter any other taxpayer had precisely the same problem and claimed precisely the same type of business deduction, it was within the purview of the Franchise Tax Board to say, "No; we are not going to apply the final and binding trial court decision in the former case. We will make you litigate the question. Otherwise, we disallow it."

It seemed to me, when I became chairman of our tax board, that that situation was unfair. It seemed to me that once the law was established by a final binding decision, it ought to be equally applied, in all like instances, to all taxpayers in all like circumstances. That would be applying the American maxim "Equal Treatment Under Law."

I am glad to say that our State Franchise Tax Board changed its regulations and determined that once such a decision was rendered and became final it would apply to those who came afterward. Thus, the California taxpayer could rely on the tax decisions of our courts, in wrestling with his own tax problems.

A part of the legislation which my able friend from Alabama, the chairman of the committee, has sponsored, and which members of the committee from both sides of the aisle have cosponsored, provides for similar treatment to the taxpayers of America with respect to Federal judicial decisions which become final and binding, and which, in the case of the Federal tax court, are not appealed. I sincerely believe that that represents a most constructive basis on which Congress may legislate.

Along with the other points of equitable tax relief which are enumerated in the bill, I think we have here an opportunity to render assistance to the independent entrepreneur in America, whether he be a sole trader, whether he is in a partnership, or whether he operates as a small corporation. Such action by the Congress would indicate once again that the Congress does have concern for the small-business man. He continues to be an indispensable ingre-

dient to the American system of free competitive enterprise. He needs our assistance now.

Mr. SPARKMAN. Mr. President, I thank the Senator from California for those remarks. He has been a very fine member of the committee, and was most helpful in connection with the hearings and all the transactions of the committee. I am delighted that he is one of the sponsors of the bill.

Section 6 also makes a correlative change in section 1361 of the 1954 Internal Revenue Code, the provision permitting a proprietorship or partnership to be taxed as a corporation, by providing a 4-year election period. The present law makes the election permanent. A further amendment to section 1361 would be made extending the benefit of the election to many more worthy enterprises by eliminating the requirement that the proprietorship or partnership be one "in which capital is a material income-producing factor, or 50 percent or more of the gross income of such enterprise consists of gains, profits or income derived from trading as a principal or from buying and selling real property, stock securities, or commodities for the account of others."

This provision would further the Small Business Committee's purpose to grant similar tax treatment to business regardless of its legal form of operation. There are many reasons for a businessman to choose to operate in one legal form or another. Federal tax liability ought not to be a factor in such a determination. Only small, closely-held concerns will gain any advantage from either of these elections. These are the businesses which ought to be taxed in the manner most beneficial to them—which in the long run is most beneficial to all—without forcing the uneconomic use of business form which is necessary today.

In order that small business may be relieved somewhat from the onerous restrictions imposed by the unreasonable accumulation of surplus tax, the seventh section of the tax adjustment bill would amend section 535 (c) (2) and (3) of the Internal Revenue Code of 1954 to increase the minimum accumulated earnings credit from \$60,000 to \$100,000. This would take some pressure from the smallest corporations which are most restricted by the penalty tax provision. It is a simple change which will cause little or no loss in revenue.

This accumulated earnings penalty tax has had as much or more psychological impact on business and businessmen as financial effect. This is one of those provisions involving judgment which the Internal Revenue Service holds in reserve for bargaining with taxpayers. Any time a corporation accumulates more than \$60,000 in surplus under the present law its officers know that the Treasury may claim unreasonable accumulation and put the company to its proof. Like useable life of assets for depreciation rate purposes, this is often used as a whip to get a taxpayer to agree to settlement of a matter not so indefinite.

In this day of growth and inflation, it is unrealistic to apply the same meas-

ure against reasonable accumulation which was set up in the past under different circumstances. At least to a certain extent the proposed increase of the minimum credit would recognize present needs.

The last provision of the bill, which is the one to which the Senator from California has referred, treats an area which is fundamental to our whole tax structure. It would bind the Treasury Department to accept judicial construction of the Internal Revenue Code by the tax court and United States Court of Appeals. No longer could the Treasury fight a point, lose on a question of interpretation or construction, nonacquiesce, and fight the identical legal point in another case in another jurisdiction. No taxpayer should be obliged to carry a case to court against the Government where the same issue has been decided by a proper tribunal adverse to the position maintained by the Treasury. This presents more problems for smaller taxpayers who can least afford such a fight.

This section would only force acquiescence by the Treasury where it does not choose to appeal a decision. This will permit taxpayers to know what and when the law is the law without putting an unreasonable burden on the Treasury.

There has been much talk of tax cuts as a weapon against the present recession. I wish to point out that this Nation's over 4 million small businesses still employ the majority of its workers. Cumulatively they are a great market. Because of their great numbers and geographic dispersal the economic well-being of this segment has a tremendous effect on the whole country. How better can the economy be revitalized than by reinvigorating the most basic element. S. 3194 will accomplish much of the purpose of those who speak in general terms of tax cuts, and will in the process set right many inequities within the present system.

The small-business tax adjustment bill of 1958, S. 3194, is a modest measure designed to do a big job. Its supporters see it as an attempt to keep the American economy strong by reinvigorating the heart of that economy—small business. It offers no special privilege or discriminatory benefit, but only equal opportunity. It must be enacted without further delay.

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

Mr. SPARKMAN. I yield.

Mr. CARROLL. I understood the Senator to say, during the course of his speech, that the voluntary retirement plan section of this bill applies to manufacturers, retailers, wholesalers, farmers, and professional men.

Mr. SPARKMAN. That is correct. Did the Senator include farmers?

Mr. CARROLL. Yes; farmers also.

Mr. SPARKMAN. I emphasize that because the question has been raised at various times with respect to farmers.

Mr. CARROLL. This thought occurs to me, and I am not quite clear about it. As I understand the Senator's statement, the bill would permit a small-business

man to take a deduction for sums invested in a retirement or pension plan. Is that correct? If so, does that mean that a professional man would be included in the category of a small-business man?

Mr. SPARKMAN. Yes; he would be. For this purpose a professional man is treated as a small-business man.

Mr. CARROLL. He would come under the bill?

Mr. SPARKMAN. That is correct.

Mr. CARROLL. The reason I ask the question is that today I had a very distinguished visitor from Colorado. He is a certified public accountant. He told me he was interested in the Jenkins-Keogh bill, which is a retirement plan bill. I wonder whether such a professional man would be included in the provisions of the Senator's bill.

Let us assume that an accountant had a number of employees. If he had employees, would they be permitted to come under the provisions of the bill?

Mr. SPARKMAN. His employees would also be eligible for the benefits of this provision. They could set up such a plan individually or as a group so long as they complied with the technical requirements.

Mr. CARROLL. What about benefit to himself; to his personal benefit?

Mr. SPARKMAN. Yes; it would be. The individual employer—whether proprietor or stockholder—could gain the favorable treatment this section offers.

Mr. CARROLL. That was the purpose of my question.

Mr. SPARKMAN. That is correct.

Mr. CARROLL. I should like to say to the distinguished Senator from Alabama that as I look back on the years of work the very able Senator from Alabama has given to the solution of this important problem. I am thankful for his devoted and dedicated service in trying to save and to preserve small business. I believe we have come forward with a reasonable program which has a very good chance of being approved.

Whenever I think in terms of a tax bill which will benefit small business, I always think in terms of JOHN SPARKMAN, the distinguished Senator from Alabama.

I highly commend him for his work in behalf of the small-business people of America, and I commend him particularly in behalf of the small-business people of Colorado who have requested me to support this kind of program. I am happy to be associated with the excellent efforts of the Senator from Alabama.

Mr. SPARKMAN. I am grateful to the Senator from Colorado. I might say that he is one of the sponsors of the measure. During the early part of my remarks, I read a list of sponsors. There are 36 Senators who are sponsoring the measure, and among them is the distinguished Senator from Colorado [Mr. CARROLL].

Mr. CARROLL. I wish the able Senator from Alabama to know that I am happy to be associated with his bill. Now there is no reason, in this critical period, with the problems that confront the small-business men of the Nation,

why this progressive type of legislation should not begin to move through the Senate.

Mr. SPARKMAN. I feel quite hopeful. It is so sound and so right that I feel quite confident that we are going to get relief during this session of Congress.

Mr. CARROLL. I thank the Senator.

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

Mr. SPARKMAN. I yield to the Senator from South Carolina, who likewise is a sponsor of the measure.

Mr. THURMOND. Mr. President, I wish to congratulate the distinguished Senator from Alabama on the fine statement he has made today. It reflects his intimate knowledge of the problems of the small-business man. It demonstrates clearly that the Select Committee on Small Business has performed a noteworthy service to the country in its study of the problems and in the preparation of the legislation to provide remedies for the problems.

Any study of the economic history of this country is sure to have running through it the thread of something that has been called the American dream. It is the belief, bred in our bones, that any individual can go into business for himself, and that, with the application of perseverance, perspiration, and skill, that individual will have a reasonable chance of making a success of his business.

We believe, in America, that it is not necessary to start out with an inherited fortune to be financially successful. We believe in opportunity for all. This Nation was founded in that belief.

In recent years, as our society has become more complex, it has been more difficult for a businessman to start from scratch. Most enterprises nowadays require substantial working capital. Certain natural advantages accrue to the owner of a large business. There is the advantage of being able to engage in diversified fields and the advantage of being able to buy and sell in large quantities. The large business can obtain the services of the best managerial talent, including specialists in production, marketing, and the law.

Even so, there is still ample room for the small-business man. He may become a specialist himself, and operate in a narrow field where he may become a more proficient expert than any of his larger competitors. He may sell in a local market, where the advantage of proximity will outweigh the advantages held by the larger, but more distant, competitor. He may, very simply, be willing to work harder, to put more into his business and thereby get more out of it. There is room for the small-business man; I am not willing to preach his funeral sermon. I have confidence in small business. I believe it will continue to compete with large business.

But let us not tie the hands of small business by inequitable tax legislation. Whoever begins a small business enterprise must expect that his larger competitor will have some advantages. However, it is surely not consistent with the American dream that the small-business man should bear tax shackles that are not also borne by his competi-

tors. It is not consistent with the American philosophy that the small man should be denied the right to be in business.

As the Senator from Alabama has so ably pointed out, there was never any intent, on the part of Congress, to write tax laws that would be unfair to the small-business man. The inequities have not been created deliberately. They have resulted accidentally, in the process of writing and amending some extremely complicated tax legislation.

It is typical of small business that financial reserves are small. Whenever there is a decline in business activity, the small-business man is the first to be pushed into a tight place. For this reason, he especially needs relief at this time.

This is not an emergency relief bill. That point should be made absolutely clear. It is a bill to put the small-business man on an equal footing with large business, in his relations with his Government. It is desirable legislation, good times or bad times.

I am glad to be a cosponsor of the pending bill. The enactment of the measure will be a boost, not only for the small-business men now in business, but also for the many young people of our Nation who are ambitious to go into business for themselves.

Again I congratulate the distinguished and able Senator from Alabama for sponsoring the bill.

Mr. SPARKMAN. I thank the distinguished Senator from South Carolina. I think he has made a very fine statement in behalf of small business.

I yield the floor.

Mr. THYE. Mr. President—

The PRESIDING OFFICER (Mr. Scott in the chair). The Chair recognizes the senior Senator from Minnesota. The Senator from Minnesota has been here almost since sunrise, hoping to be recognized.

Mr. THYE. Mr. President, if we know nothing else when we come to the Senate, we soon learn to be patient.

First, I wish to commend the distinguished Senator from Alabama [Mr. SPARKMAN]. He has served as chairman of the Select Committee on Small Business ever since its present status was acquired in 1950, with the exception of the 2 years when I had the honor to direct its activities as chairman.

The Senator from Alabama has done outstanding work with this committee and has demonstrated through the years his dedication to the strengthening of the small business firm in our economy. I commend him, particularly, for the way he has directed and handled the nationwide tax hearings, the drafting of the report on the impact of Federal taxation upon small business, and for his efforts in behalf of S. 3194, of which I am a co-sponsor.

I recall the tax hearings held by the Small Business Committee in 1952. At that time, Congress accepted and enacted all but one of the recommendations the committee made at that time. I am hopeful that Congress will think equally as well of the recommendations contained in S. 3194.

I believe that the provisions of this bill are fair and just. I believe that they represent a solid step forward in stimulating growth and expansion for small business firms throughout the Nation. Some of the provisions have been introduced before in other bills introduced by myself, the Senator from Alabama, and other Members of the Senate.

A year ago we held strong hopes that some of the tax recommendations which are contained in S. 3194 would be enacted. President Eisenhower, in his message to Congress in the early part of the 1st session of the 85th Congress, recommended such tax measures and tax relief for small-business firms and corporations and small-business men. I had held the strong belief throughout the spring that Congress would enact such tax relief for small-business men and small-business firms on a basis equal to that enjoyed by the larger corporate structures of the land.

The only tax matter to come up last year was one which affected only a relatively small number of small-business firms. However, S. 3194 will reach most small firms. Therefore, this tax measure should be considered by both the House Committee on Ways and Means and the Senate Committee on Finance. Early action should be taken by those committees so as to enable both bodies to have before them a tax-relief measure which can be properly debated and, I hope, enacted.

I must say that I am somewhat disturbed concerning what appears to me to be the rather light treatment given to these measures by the committees of the House and the Senate. They are not measures which will take away a great amount of revenue from the Treasury. Still, they are measures which small business needs today—not next year or the year after next.

I cannot understand why the committees of the last two sessions of Congress have not been able to recommend to the floor such tax adjustments as:

First. Allowance for extended time to pay Federal estate taxes;

Second. Permitting accelerated depreciation allowance for used equipment and machinery—this was extended to new equipment and machinery by the 1954 code;

Third. Allowing corporations with 10 stockholders or less to be taxed as partnerships; and

Fourth. Establishment of a retirement, profit-sharing plan for sole owners and partners of small-business firms.

Mr. President, all these provisions have been before the Committee on Finance for at least 2 years. The administration has endorsed them, and we heard favorable testimony for the passage of such legislation from small-business men who came before our committee last fall.

S. 3194 incorporates those provisions as a part of a bill which seeks to adjust and relieve the tax burden on small firms. The bill also seeks to eliminate discrimination against the small firm which has found its way into laws and administrative rulings and directives.

The time has come for Congress to cast off the lethargy and disinterest it has shown for the small-business men

of the Nation. We hear a great deal of talk and have seen proposals to combat recession. It is amazing how quickly the Congress has responded to the recession problem. I think that is right, and that it must be done. But I also believe the same type of interest should be shown in the problems and the difficulties facing small business. These problems and difficulties existed long before the current recession began. Some of us have been doggedly pointing it up and sponsoring legislation to correct the situation for years.

Mr. President, the small-business men of the Nation want action. They need action now—not next year or the year after that. Small firms have to expand through the use of retained earnings if they are to stay in business. Today the impact of Federal taxes plus other factors makes this almost impossible to the extent that an optimistic view can be taken of the future growth and expansion of small business. Yet, each of us knows that small business forms the backbone of our free-enterprise system.

Small business in the United States is Main Street, U. S. A. It is there that merchant and farmer, and merchant and banker, and merchant and consumer get together to carry on the free enterprise system. Take that system away, and we will have lost what has made our Nation great; and we will head down the long road to economic chaos and ruin and possibly socialistic trends, which we do not want in the United States.

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

Mr. THYE. I yield.

Mr. CLARK. I regret that I was unable to be on the floor during the major part of the time when the distinguished Senator from Alabama [Mr. SPARKMAN] and the distinguished Senator from Minnesota were delivering their most apt, important, and pertinent talks on the subject of small business.

It is my great pleasure to be a co-sponsor of the bill. I commend my two senior colleagues for the untiring work they have done in this regard and for the splendid measure which has been forthcoming. I hope that action in the other body will come promptly on this tax measure, and that the Senate Committee on Finance will look with favor upon the bill which so many Senators have cosponsored.

It has been my great good fortune to be chairman of the Subcommittee on Small Business, of the Senate Committee on Banking and Currency. Last year we took extensive testimony on the problems of small business, the desirability of expanding the Small Business Administration, the need for tax relief, and the need for some type of organization which would make long-term credit available to small businesses on the same basis on which long-term credit is available in the private markets to large corporations.

Mr. President, by means of the splendid bill which was introduced by the Senator from Alabama [Mr. SPARKMAN], with the cosponsorship of the Senator from Minnesota and myself, and perhaps with some means of making it

permanent, and perhaps with some means of making long-term credit available to small business, the 2d session of the 85th Congress will have written a record of assistance to that segment of our economy which is so desperately in need of help, and which is really the backbone of the American economic system. After doing that, this summer all of us can return home with some pride of accomplishment.

Mr. THYE. Mr. President, the distinguished Senator from Pennsylvania has spoken in commendation of the chairman of the committee, the distinguished Senator from Alabama [Mr. SPARKMAN]. I regret that the Senator from Pennsylvania did not hear all of the remarks made today by the Senator from Alabama. They were most pertinent.

The Senator from Alabama and I have appeared before the House Ways and Means Committee, and there we have urged that it give consideration to this tax measure. As the distinguished Senator from Pennsylvania has stated, I hope the proposed legislation will be passed by the House of Representatives, so that thereafter the Senate will be able to consider the bill.

There is need for tax relief for small business firms. I am firm in my conviction that the strength of the Nation originates in the various communities. The fruits of our productive earth are brought there; and the businessmen of the main streets of the small communities are the very foundation of the Nation's economic structure. The industrial plants which serve all of us so ably are to a great extent supported by the small-business men. The retailers and the other outlets for the industrial establishments provide for the needs of the consumers of the Nation—the professional men, the businessmen, the laboring men, and the farmers.

I have long held the view that the small-business men find it impossible to obtain adequate representation before the committees of Congress. After all, the small-business men of the Nation do not have sufficient means to employ persons to represent them before the Congressional committees in the way that the large corporations are able to be represented—sometimes jointly. Therefore, the Small Business Committee of the Senate is to many persons more important than any other legislative committee, because the Members of the Senate who serve on the committee try to represent the small-business men of the Nation.

Of course, the small-business men are represented by means of their national associations; and they have some excellent ones. They do a good job in bringing before us matters pertaining to small business.

However, here on the floor of the Senate, the Senator from Pennsylvania and I and the other members of the Small Business Committee are the voices of the small-business men across the land. That is why I have so strongly advocated the continuation of the committee, and that is why I have tried so hard to obtain for it the authority it has, and

that is why I have held so firmly to the view that the Small Business Administration must have permanent status. That is true because, as the Senator from Pennsylvania and I know, there comes a time when the small-business man requires some assistance creditwise, in view of the fact that both the State and the Federal banks operate under restrictions which often make it impossible for them to make the loans a small-business man sometimes must have if he is not to be forced into foreclosure proceedings. In many cases such loans would not be made to small businesses if it were not for the Small Business Administration and its ability to make loans of that sort.

Mr. CLARK. Mr. President, I thank the Senator from Minnesota for his courtesy in yielding to me. I desire to associate myself with his most recent remarks.

Mr. THYE. I thank the Senator from Pennsylvania.

Mr. President, today the small-business man does not seek special favors. But he does want an atmosphere and a climate within which he can grow and prosper. I believe that it is imperative that we do all we can to create such a climate. S. 3194 is an effective means of establishing it. The reinvestment provision, the retirement provision, the estate-tax-payment provision, the depreciation provision, the provision allowing small corporations to elect to be taxed as partnerships, the provision to ease the restriction of unreasonable accumulation of earnings, and the provisions dealing with administration of the tax laws—all of these constitute S. 3194.

I am happy to join in support of the bill. It is imperative that action be taken on it before Congress adjourns. There is not time for continued lethargy or lost motion on these constructive efforts to assist small business.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the remarks I made on February 4, 1958, when I appeared before the Ways and Means Committee of the House of Representatives.

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

STATEMENT BY SENATOR THYE BEFORE THE HOUSE WAYS AND MEANS COMMITTEE ON FEBRUARY 4, 1958

I wish to join with my colleague in offering a few remarks concerning the proposals developed by the Senate Small Business Committee in its recent study of the impact of Federal taxation on small business. As ranking minority member of that committee and its former chairman, I took an active part in that study. I know firsthand the mass of information which was gathered during the hearings. The findings and recommendations of the report were made only after careful consideration of all testimony offered by representatives of all forms of business and professional activity.

The bipartisan nature of the study is exemplified by the fact that each of the minority members of the committee participated in the hearings. The proposed legislation was offered by Members from both sides of the aisle. Three of the bill's sections have been recommended by the administration. Partisan politics has had no part in the

development of the proposals brought before you in this bill.

The small business tax adjustment bill of 1958 is an omnibus measure which is designed to relieve the most pressing tax problem facing independent business. Each of the sections treats individual sore spots, but only wholesale treatment as prescribed will permit general recovery of the patient.

Section 4, permitting installment payment of estate taxes; Section 5 (this applying to all businessmen as well as farmers), extending section 167 alternative methods of depreciation to the purchasers of used property, and section 6, providing an election for corporations to be taxed as partnerships, all have been supported in concept by the administration. As late as January 16 of this year, Secretary of the Treasury Anderson favored provisions like these in his testimony before this committee in this series of hearings.

The provision to increase the minimum accumulated earnings credit, section 7, would be of great practical value without losing revenue for the Treasury. The last section of the bill which sets up a simple formula to settle tax interpretation questions will save both the taxpayers and the Government from the expense of resolving questions which should be settled.

The first two provisions of the bill I believe to be especially important. The second section of the bill dealing with a reinvestment allowance is greatly needed to permit smaller concerns to grow and develop to meet their expanding markets. I was greatly impressed by the numerous witnesses who testified to the great importance of this kind of provision.

Section 3 of the bill would remove the worst kind of discrimination from the present Internal Revenue Code. Under this section, all taxpayers would be given the same opportunity to provide for their retirement. Under the present law, only a limited group gets special tax treatment for retirement programs. Thrift and individual provision for retirement are worthy of Government support, but certainly such favors should be extended to all taxpayers.

I want to stress the urgent need for this legislation. Our recent hearings impressed all the members with the immediacy of the situation. The plea for relief from the unfair tax burden on smaller concerns long went unheard. Amendments to the Revenue Code to make needed adjustments have gone unsupported. It is now a time for action if we are to keep small business on the main street of America.

Mr. THYE. Mr. President, I also ask unanimous consent to have printed in the RECORD a letter I have received from Mr. Guy T. Ludi, the publisher of the Wahoo Newspaper, of Wahoo, Nebr., and also an editorial which was published in that newspaper.

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

WAHOO, NEBR., March 19, 1958.

Hon. EDWARD J. THYE,  
Senate Office Building,  
Washington, D. C.

MY DEAR SENATOR: I have just finished reading your remarks in a reprint of the CONGRESSIONAL RECORD pertaining to legislation in support of small business.

Federal taxation of small businesses being close to my heart, I am taking the liberty of enclosing my editorial which appeared in April of last year and since reprinted in over 1,200 other newspapers. I feel it expresses the deep cut our Government is taking annually in taxes, without the quotation of a lot of figures, which figures are not generally read and even less understood when read.

I hope you can spare the time, in your busy life, to read the editorial in its entirety, feeling it self-explanatory.

I sincerely feel that Federal taxation of small business is even more serious than most of our Washington friends realize. To sit here day after day and watch the struggle of my business friends for existence is certainly more than disheartening.

Falling grain prices, to which Secretary Benson and too many Senators (my own included) have turned a deaf ear, and the Government tax bite as usual, has brought troubled times not only to the farmer and small-business man but whole, small communities as well.

A spending spree for public works may be a stimulus for combating the recession but not 1 cent of this money will reach my county.

Support of farm prices and lower taxation for small-business men will do more in our community to whip a serious situation than all the legislation the 85th Congress can pass.

Please allow me to extend my personal thanks to you and others who have and are devoting considerable time in behalf of small business.

Sincerely yours,

GUY T. LUDI,  
Publisher, Wahoo Newspaper.

THREE INVISIBLE MEN

As a businessman, would you pay the salaries of three men for an entire year that never show up for work? Of course not. But, that is exactly what Ludi Printing Co., publishers of this newspaper, did last year.

Your next question naturally would be, "Are you crazy?"

We don't think so. In fact, it was the only thing we could do because Uncle Sam said we had to, and when he speaks you had better listen.

You may think that this is a sneaky approach to the subject of Federal taxes, but actually, that is what it amounts to. We are speaking now about income taxes, withholding taxes, and social-security taxes that were taken out of our printing plant here last year by the Federal Government.

How many of you businessmen in Wahoo take time out from your work to compute these taxes over a year's time? We did, and here is what we came up with:

We paid to the Federal Government an average of \$6.53 per hour for every hour our plant was in operation last year. This figure is equal to the salaries of 3 skilled workmen for an entire year—3 skilled workmen that never showed up for work.

The Federal taxes we paid could be compared to another unusual equal. It cost Ludi Printing Co. \$52 every workday morning to unlock the front door. But, if this seems ridiculous to you, just follow along on these further comparisons:

The amount of Federal Government taxes taken out of this plant last year was equal to 2 1/4 full-page ads each week or 9 cents out of every dollar taken in (whether or not a profit was made), or over \$260 in cash every week.

These taxes took enough money out of our plant to pay for any one of the following:

Heat for 22 years.  
Postage for 9 years.  
Electric lights for 32 years.  
Water for 103 years.  
Electric power for 9 years.  
Electric heat for typesetting machines for 22 years.  
Telephone for 21 years.  
Freight costs for 12 years.  
Insurance for 15 years.

In fact, the Government's take last year was so great that it would have paid all of the following expense items for this plant for 1 year with over \$1,000 to spare.

Postage, electric light, electric heat, power, gas and oil heat, telephone, freight and express, repairs for printing equipment, repairs of newspaper printing equipment, engravings, insurance, and all mileage could have been paid for for an entire year with the money the Federal Government took in the form of taxes.

And remember that this tax figure does not include our State, county, city, or school taxes, just the Federal Government. We might add that in computing this we did not take into consideration the keeping of records and the amount of time so spent.

Many of you have requested that we publish an editorial on taxes, and while we haven't gone too deeply into the subject, we hope that it will serve to show what a business—a laboring man—in fact, everyone who pays taxes, is up against because of the tremendous amount of spending being done in Washington.

We hope you will also consider that Ludi Printing Co. is but 1 of some 150 business and professional houses in Wahoo, and just peanuts in the overall tax picture. Your individual firm's taxes may be more or less than ours, but the tax is still being taken up by the Government on the same basis.

You may ask, "Well, what are we going to do about it?"

The answer is: We don't know. We know that spending by the Government is too high, that taxes are too high and going higher. We'll do our share of the squawking, but one voice is hardly an uproar. Actually, we would propose that tax-conscious people everywhere seriously consider the problem before the next primary election in 1958. At that time something can be done if everyone will crack down on the spenders in Washington. If someone has a better solution, we'd be happy to hear it.

**Mr. SPARKMAN.** Mr. President, will the Senator from Minnesota yield briefly to me?

**Mr. THYE.** I am delighted to yield.

**Mr. SPARKMAN.** First, I wish to commend the able and distinguished Senator from Minnesota for the remarks he has made.

At this time I wish to ask a question. A few minutes ago the Senator from Minnesota heard me say, here on the floor of the Senate, that the bill we have been discussing really represents what has been recommended to us from those at the grassroots. Is that not true?

**Mr. THYE.** Most certainly it is true, Mr. President. The distinguished chairman of the committee, the Senator from Alabama [Mr. SPARKMAN], and I have attended the hearings held in previous years, as well as this year. All the materials obtained at the hearings held last fall have been digested, analyzed, and embodied in this bill.

**Mr. SPARKMAN.** Mr. President, the distinguished Senator from Minnesota was chairman of the committee when the report on the 1952 study was made.

**Mr. THYE.** Yes.

**Mr. SPARKMAN.** And at that time the Senator from Minnesota attended many of the hearings. He was also one of the most active members of the committee in connection with the hearings which were held last fall.

I am glad to have him confirm the statement I made; namely, that the bill represents, perhaps to a greater extent than any other bill I have ever known, the thinking and the recommendations

of the small-business people of America, themselves.

**Mr. THYE.** That is correct.

**Mr. ALLOTT.** Mr. President I compliment the distinguished junior Senator from Alabama [Mr. SPARKMAN] on his extraordinarily perceptive and illuminating remarks. I wish to add a few comments of my own.

My stand on the problem of small business has long been known. Let me state again, however, that I feel that the small-business man in our country is not getting a fair shake under our present Federal tax system.

One of the great paradoxes of our Federal tax system, the so-called progressive system, is that instead of making it harder for big business to become bigger, it actually seems to help big business, as against small-business men. Even when some new relief is passed through our Congress, the small-business proprietor fails to receive his share of the benefits.

Citing a particular example, we all know that, in most cases, small-business men use secondhand machinery. In 1954, Congress permitted purchasers of new property to use alternative methods for computing their allowance for depreciation. But the small-business man, whose economy often permits him the use of only secondhand equipment, was left completely out in the cold. There was no implementation under the 1954 provision which could be used by the small-business owner.

The proposal included in S. 3194 to extend tax payments for retirement programs for all taxpayers seems to me long overdue. There is no reason why the self-employed citizens of this country should be discriminated against in providing for their old age. We have all been aware of the fact that the Federal income tax does not have the same impact on all groups, and I fear we are in danger of being inured to that fact. As a simple matter of what is right we must eliminate some of the inequities; and I know of no better place to start than in the area of retirement. All of the professional and small-business organizations which have contacted me have strongly endorsed this principle and I say that their cause is a reasonable one.

Another serious problem facing small business today is the need for more adequate financing so that our competitive economy can be strengthened. The reinvestment allowance section of S. 3194 is of crucial importance.

Over the course of the past several years a lack of financial resources has proved detrimental to small-business growth—in some cases to a point beyond recovery. I speak specifically of the situation in which a small firm finds itself with too little money left after taxes to permit necessary investment in new equipment and in the plant itself, or for increased working capital to support the development of new products.

I must repeat that while our tax system is supposedly designed specifically to help this condition, it seems to make it worse rather than to improve it.

The owner of a small drugstore, for example, must first pay his help, his

operating expenses, his taxes and depreciation before computing the net gain. Then and from this net income must he decide whether he can afford to reinvest his money in his own business. Too often, of late, this has proved to be impossible.

As we all know, small business has little or no access to the organized securities markets. In fact, it is so little that we can almost truthfully say that it has no access to the ordinary security markets, so additional equity capital must be obtained through local issues or through friends and relatives.

It is imperative that small business be given relief from its tax burden to permit more adequate and proper financing. I am certain that added exemption on reinvested capital would represent a giant step toward accomplishing at least a part of the desired solution.

Furthermore, in the light of the particular circumstances in which we find ourselves today, it would cause millions of dollars to be invested and reinvested in new capital goods.

Other proposals have been submitted to the Congress, such as an increase in the corporate surtax exemption, lower normal corporate tax rates and exemptions for goodwill in determining estate tax.

In this respect I must add that I feel, as does the President, that so long as our Federal budget remains so large, we are forced to look at tax changes which can be brought about with only a minimum loss in revenue.

Recent international developments, while not lessening the pressure on our expanding budget, have made even more important the necessity for a better break for the small-business man, for he is the essential basis of the sound progressive economy of this country.

We must also bear in mind that the increased cost of materials and components, higher wages and higher marketing costs have struck hard at the small-business operator. The decision which we must make is how, with a minimum loss in revenue, small business can be afforded vitally needed tax relief and more equitable tax treatment under the law.

By stressing the importance of certain provisions, I must make it clear that the other section of S. 3194 are also extremely desirable. The Small-Business Committee has rendered valuable service to us all by developing also the sound proposals for installment payment of estate taxes, and alternative methods of taxing corporations contained in this legislation.

In closing, Mr. President, I want to state that the 85th Congress will add greatly to its historic position if it is the Congress that enacts S. 3194 in the interest of a free and dynamic economy, giving the small-business man an opportunity to reclaim his historic position in the United States.

**Mr. COTTON.** Mr. President, will the Senator yield?

**Mr. ALLOTT.** I yield.

Mr. COTTON. Let me say to the able Senator from Colorado that I have listened to his remarks with keen interest, and with complete sympathy and agreement. I think he is to be highly commended for his position.

The Senator from Colorado may be interested to know that during the past 3 years I conducted a survey to obtain the views and suggestions of hundreds of small-business leaders in my own State with respect to their individual problems.

After analyzing the replies, I found that with almost complete unanimity the cry was that the one paramount and essential step we should take to bolster small business—and that means to bolster employment up and down the main street of almost every town and city in the land—is to consider tax legislation so that small-business men may have an opportunity to plow back some of their money for the purpose of expanding and maintaining their own businesses.

The Senator from Colorado has hit the nail exactly on the head. I do not say this in disparagement of the able and faithful work of the Small Business Administration. However, I believe that far more important than loans and far more important than advice is tax relief which is so vital at this time. It has been said, with a good deal of truth, that the country at the present time is in the grip of big business, big labor, and big government, and that small business and the small-business men are being ground between the millstones of our present economy. I join wholeheartedly with the Senator and commend him for his very able speech on the subject.

Mr. ALLOTT. Mr. President, I thank the able Senator from New Hampshire, whose interest in this field has been constant and continuing, not only through his service in the Senate, but also as a Member of the House of Representatives. It is a cheering spectacle indeed to be supported, not in a personal way, but upon the principle that there is something basically wrong with our tax structure which tends to make little business smaller and big business larger.

As the Senator has so ably pointed out, the small-business man can effect his expansion only out of his net income after he has paid all of his overhead, including his interest charges, whereas the big-business man can go out in the open market and finance his business continually.

A moment ago I saw on the floor of the Senate the distinguished senior Senator from Minnesota (Mr. THYE). I should like to close my remarks with a tribute to him, because I believe his work in the field of small business legislation and his contributions to the Select Committee on Small Business have helped immeasurably to focus the minds of Members of Congress and of the American people upon the plight of the small-business man.

When we talk about business we are all too prone to think in terms of the vast economic empires which produce the great quantity of goods which this country consumes, and we are also prone to forget the man who does business

down on the corner, who is the backbone of our economic life.

I yield the floor.

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

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

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

Mr. O'MAHONEY. Mr. President, before the consent is granted, and I shall not object, I wish to clear the parliamentary situation. At the beginning of the session this morning, the Senate bill 1356—

The PRESIDING OFFICER. The request of the Senator from Kansas is not debatable.

Mr. O'MAHONEY. I am asking a parliamentary question.

The PRESIDING OFFICER. That is not in order during the quorum call.

Mr. O'MAHONEY. The Senator from Kansas asked unanimous consent that the order for the quorum call be rescinded. I objected, pending an answer to my parliamentary question. I think the Chair will be advised that I am in order.

The PRESIDING OFFICER. The Senator from Wyoming is not in order.

Mr. O'MAHONEY. Then the call of the roll will be completed.

Mr. CARLSON. Mr. President, is there objection to rescinding the order for the quorum call at the present time?

Mr. O'MAHONEY. I object. I reserved the right to object—

The PRESIDING OFFICER. The clerk will proceed with the call of the roll.

Mr. O'MAHONEY. Mr. President, I ask that I may submit a parliamentary question.

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

Mr. O'MAHONEY. Mr. President, under the circumstances, I will withdraw my objection.

Mr. CARLSON. Mr. President—

The PRESIDING OFFICER. The Chair recognizes the Senator from Kansas.

Mr. CARLSON. I now yield to the distinguished Senator from Wyoming.

Mr. O'MAHONEY. Mr. President, is it not a fact that at the beginning of the session today the majority leader announced that the pending business, which was then S. 1356, Calendar No. 706, would be temporarily laid aside for the purpose of considering certain other measures, among which were a privileged conference report, the Treasury-Post Office appropriation bill, and the measure to which the Senator from Kansas is now about to address himself, and that it was then agreed that S. 1356 would become the pending business again?

The PRESIDING OFFICER. That was a simple statement from the floor; it was not an order of the Senate.

Mr. O'MAHONEY. It was my understanding that the majority leader had asked unanimous consent to that effect, and that it was agreed to, because he

said—and the RECORD will show that he said—that he believed that S. 1356 would come before the Senate for consideration at 12 o'clock. That, if course, was impossible because of the consideration which was given to the other three measures.

What I am trying to determine is whether, upon the disposition of the bill to which the Senator from Kansas is about to address himself, the unfinished business of the Senate will become Calendar No. 706, S. 1356, or will it be necessary to move for the consideration of that bill?

The PRESIDING OFFICER. It will be necessary to take up the bill by motion. In that case, the Senator from Wyoming can ask for recognition.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. Will the Senate automatically return to the consideration of S. 1356, or how will it become the order of business?

Mr. CARLSON. Mr. President, I have the floor.

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

Mr. CARLSON. I yield.

Mr. DIRKSEN. May I inquire what the Senator from Wyoming has in mind concerning the packers and stockyards bill, S. 1356? It is my understanding that the Senate will resume the consideration of that bill after the disposition of the annuity bill.

Mr. O'MAHONEY. That is correct.

Mr. DIRKSEN. Is it the expectation of the majority leadership to have any yea-and-nay votes this afternoon?

Mr. O'MAHONEY. There will be no yea-and-nay votes this afternoon. The packers and stockyards bill will go over until Monday. On Monday, so far as I am concerned, I shall be very happy to enter into a unanimous-consent agreement with the Senator from Illinois to limit debate as I indicated I was willing to do yesterday, so that the Senate might dispose of the bill on Monday next, if it is possible to reach such an agreement.

Mr. DIRKSEN. Yes. I had no objection; I freely entered into that arrangement yesterday, until objection was registered last night.

Mr. President, will the Senator from Kansas yield for 1 more minute?

Mr. CARLSON. I yield.

Mr. DIRKSEN. I wish to reassure Senators, on this side of the aisle, at least, who may want to catch late afternoon planes to go home over the weekend, that definitely there will be no yea-and-nay votes for the rest of the day after the Senate has finished with the annuity bill.

Mr. O'MAHONEY. I shall not ask for a yea-and-nay vote upon any part of S. 1356 this afternoon.

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

Mr. CARLSON. I yield.

Mr. LAUSCHE. Does the statement of the Senator from Illinois imply that there will not be a request for a yea-and-nay vote on the annuity bill?

Mr. DIRKSEN. Oh, no; I said after the disposition of the annuity bill. I am merely inquiring about the intentions of the distinguished Senator from Wyoming.

Mr. O'MAHONEY. Do we understand each other clearly?

Mr. DIRKSEN. Yes. After the disposition of the annuity bill, the Senator from Wyoming will request no yea-and-nay votes for the rest of the day.

Mr. O'MAHONEY. That is correct.

Mr. CARLSON. Mr. President, in order that there may be no misunderstanding between the distinguished Senator from Wyoming and me, I assure him that I was not trying to displace his bill, because I am following the orders of the majority leader, who moved that S. 72 become the unfinished business.

Mr. O'MAHONEY. There is no complaint on that score at all.

Mr. CARLSON. I wanted to be certain there was not, because I am trying to be a good soldier today.

Mr. O'MAHONEY. I want the Senator from Kansas to know that I am interested in his bill, and that I want him to be successful.

#### FEDERAL EMPLOYEE ANNUITY INCREASE ACT OF 1957

The Senate resumed the consideration of the bill (S. 72) to increase annuities payable to certain annuitants from the civil service retirement and disability fund, and for other purposes.

Mr. CARLSON. Mr. President, the bill before the Senate is S. 72, introduced by me on January 7, 1957. The bill was referred to the Committee on Post Office and Civil Service, of which the distinguished Senator from South Carolina [Mr. JOHNSTON] is the chairman, and to the Subcommittee on Annuities. The distinguished Senator from North Carolina [Mr. SCOTT], who is at present the Presiding Officer, was the chairman of that subcommittee. The Senator from Oregon [Mr. NEUBERGER] and the Senator from Iowa [Mr. MARTIN] also were members of the subcommittee.

The subcommittee held hearings and reported the bill to the full Committee on Post Office and Civil Service with the recommendation that it be approved. The bill was reported to the Senate on July 25, 1957. That was when Congress was approaching the end of the session; therefore, no opportunity was afforded for the consideration of the bill.

The chairman of the Committee on Post Office and Civil Service [Mr. JOHNSTON of South Carolina] and other Senators had introduced bills which were similar to S. 72. But after the hearings were held, the subcommittee and the full committee were kind enough to report my bill.

The bill was reported because of the need for an increase in annuities of the retired civil-service workers of the Nation. I think it should be kept in mind that one-third of the retired employees of the Federal Government receive less than \$50 a month.

I know there will be some discussion today about the cost of the proposed

legislation. I realize the problem. I have discussed the bill with Senators on both sides of the aisle. Several of them have told me that it would cost more than Congress should approve at present because of the needs of the Nation for defense and other items.

Following that suggestion, I had conferences with the representatives of the National Association of Retired Civil Employees and we reached an agreement. In order that there be no question about it, I shall offer an amendment which will provide for reduced costs in the bill.

I shall read a letter which was sent to me by the counsel for the National Association of Retired Civil Employees:

LAW OFFICES OF JAMES M. BARNES,  
Washington, D. C., March 12, 1958.  
Memorandum to Senator FRANK CARLSON.  
(Attention Mr. Frank Paschal.)  
From: James M. Barnes and Thurman Hill,  
counsel for National Association of Retired Civil Employees.

Re amendments to S. 72.

The officials of NARCE and its membership are deeply appreciative of the efforts of the Honorable Senator FRANK CARLSON, of Kansas, for introducing Senate bill 72 entitled "To increase annuities payable to certain annuitants." The provisions of the bill are fair and equitable, and it was the hope of NARCE that S. 72, as it is, be enacted into law. However, your office has called our attention to certain objections to the bill, particularly the schedule of the proposed increases which is set forth on line 2, page 2, of your bill. Apparently the proposal to increase annuities not in excess of \$1,500 which commenced on or after October 1, 1955, and prior to October 1, 1956, by 25 percent and thereafter at 1 percent increase in yearly classifications until the percentage reached 30 percent for those whose annuity commenced on or after August 20, 1920, and prior to August 1, 1951, is not satisfactory to a number of the legislators. The objection, as we understand, is that the percentage is somewhat too high although the benefits in dollars for these older retired employees is not large.

NARCE realizes that due to the economic condition of the country that it may be necessary for its membership to make a sacrifice by acquiescing in a reduced percentage. Therefore, while we hope your bill may be passed with this schedule intact, we will, if necessary to secure the passage of the bill, acquiesce in a lower percentage schedule.

Therefore, if it must be that the percentage be reduced, NARCE suggests that the graduated percentages set forth in the first column as recited aforesaid be stricken out and that there be substituted therefor the following: "If annuity commenced on or after August 20, 1920, and prior to October 1, 1956, then annuities not in excess of \$1,500 shall be increased by 20 percent." It is suggested that no change be made in the 10 percent increase in annuities in excess of \$1,500.

As a further amendment, NARCE will acquiesce in the reduction of the figure \$750 set forth in paragraph 2 of the bill to \$600.

It is also suggested that section III of the bill be amended so that the word "ten" in line 12 be changed to "five." In other words, this will provide that a widow who has been legally married to the employee or retiree for a period of 5 years prior to his death shall be entitled to receive an annuity.

It is our desire to cooperate in every way so that this much needed legislation passes in session, and we will be happy to assist you in bringing about final passage of the bill.

JAMES M. BARNES,  
THURMAN HILL,  
Counsel for NARCE.

Mr. President, I have just read the entire letter I have received from the officials who represent this association. On that basis, I wish to submit three amendments for the consideration of the Senate. I offer the first amendment, send it to the desk, and ask that it be stated.

The PRESIDING OFFICER (Mr. SCOTT in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, in line 1, after the word "later" and the comma, it is proposed to strike out

| If annuity commenced on or after—        | Annuity not in excess of \$1,500 shall be increased by— | Annuity in excess of \$1,500 shall be increased by— |
|--|---|---|
| Oct. 1, 1955, and prior to Oct. 1, 1956  | Percent 25  | Percent 10  |
| Oct. 1, 1954, and prior to Oct. 1, 1955  | 26  | 10  |
| Oct. 1, 1953, and prior to Oct. 1, 1954  | 27  | 10  |
| Oct. 1, 1952, and prior to Oct. 1, 1953  | 28  | 10  |
| Oct. 1, 1951, and prior to Oct. 1, 1952  | 29  | 10  |
| Aug. 20, 1920, and prior to Oct. 1, 1951 | 30  | 10  |

And in lieu thereof to insert the following:

By an amount equal to 20 percent of the portion thereof which does not exceed \$1,500 and 10 percent of the portion thereof which exceeds \$1,500.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas.

The amendment was agreed to.

Mr. CARLSON. Mr. President, I offer another 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, in line 4, it is proposed to strike out "\$750" and to insert in lieu thereof "\$600".

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas. [Putting the question.]

The amendment was agreed to.

Mr. CARLSON. Mr. President, I offer additional amendments which I send to the desk.

The PRESIDING OFFICER. The amendments will be stated.

The LEGISLATIVE CLERK. On page 4, in line 6, it is proposed to strike out "twenty" and to insert in lieu thereof "ten".

On page 4, in line 12, it is proposed to strike out "ten", and to insert in lieu thereof "five".

On page 4, in line 18, it is proposed to strike out "\$750" and to insert in lieu thereof "\$600".

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Kansas.

Mr. THYE. Mr. President, will the Senator from Kansas explain what these amendments will do?

Mr. CARLSON. Mr. President, the pending amendments pertain to the maximum amount to be received by the

survivor of an annuitant. I have already offered two amendments and they have been agreed to.

The pending amendments provide that there be a maximum of \$600 in the case of an annuity received by an annuitant under the conditions set forth. The amendments also provide that the employee shall have completed 10 years of Federal service, rather than 20 years, as provided by the bill as it now stands, before the widow can qualify to receive the annuity benefits. This amendment is more clearly in line with the requirements under the Classified Act, which now applies to these employees.

Another of these amendments requires that the widow must have been married to the employee or retiree 5 years prior to his death. That amendment will change the present provision of the civil-service law regarding retirement.

Mr. THYE. That amendment has been offered to the bill, has it not?

Mr. CARLSON. Yes. I assure the Senator from Minnesota that the purpose of these amendments is to improve the bill.

Mr. THYE. However, I note that one of the amendments calls for a reduction in the payment to be made.

Mr. CARLSON. Yes, based on the number of years.

Mr. THYE. In other words, after the bill is amended in that way, it will not be as beneficial to such recipients as it would have been before being so amended.

Mr. CARLSON. The amendments I have previously submitted reduced the amounts. This amendment merely relates to eligibility to receive the payments.

Mr. THYE. That is correct.

Mr. President, I have just returned to the floor, and therefore I was not informed regarding the provisions of the other amendments submitted by the Senator from Kansas. That is why I have asked these questions.

In reality, the pending amendment would impose restrictions upon such retirement, and would be less favorable to such persons than the existing act, would they not?

Mr. CARLSON. I would not say that. The third amendment I have submitted to the bill—and, by the way, I am the one who introduced the bill—will reduce to 5 years the previous requirement for 10 years of married status.

Mr. THYE. So the amendment would result in a benefit to such persons, would it not?

Mr. CARLSON. Yes.

Mr. THYE. In other words, except for the amendment, such a widow would not be able to qualify under the act unless she had been married to the employee or retiree for a period of 10 years prior to his death, whereas the amendment would reduce that requirement to 5 years? Is that correct?

Mr. CARLSON. Yes. In other words, by means of the amendment we shall make the bill comparable to the present retirement laws under the civil service.

Mr. THYE. Yes.

However, one of the amendments will reduce the amount to be received under the bill; the amount which would have

been received under the original language of the bill will, by means of the amendment, be reduced to a smaller amount, will it not?

Mr. CARLSON. That is correct. Formerly, the provision was for a maximum of \$750. By means of the amendment, the maximum will be reduced to \$600.

Mr. THYE. I should like to make a further inquiry, because I believe no objection has been made to the amendments.

Mr. CARLSON. I read into the RECORD—

Mr. THYE. But at that time I was not on the floor.

Mr. CARLSON. A few minutes ago I read into the RECORD a letter received from the counsel of the National Association of Retired Civil Employees. In the letter the counsel stated that the amendments are not only acceptable to them, but were written by them.

Mr. THYE. That letter was sent by the Retired Civil Employees National Association, was it?

Mr. CARLSON. That is correct.

Mr. THYE. If the amendment results in a reduction of the amount such person would receive, why would they favor it?

Mr. CARLSON. In their letter, they state that they sincerely hoped the bill as reported to the Senate would be passed, but that in view of the present economic situation and the need for expenditures for the national defense, they realize that they should be willing to acquiesce in these amendments, which they believe are justified.

Mr. THYE. In other words, their concern is that, without the amendments, the bill might not be passed at all, in which case these persons would not even receive the benefits provided by the bill as thus amended; is that correct?

Mr. CARLSON. Yes.

Mr. THYE. Will the Senator state what benefits will, under the bill as now amended, or as now proposed to be amended, be provided to such persons, as contrasted to the benefits which they otherwise would receive under the bill?

Mr. CARLSON. The first amendment, which already has been approved by the Senate, changes the schedule on page 2 of the bill, and provides for a straight 20 percent in the case of annuities not exceeding \$1,500, and provides for a 10 percent increase in the case of annuities exceeding \$1,500 in amount. In other words, such person would thus receive an increase to the extent of 20 percent in the case of annuities under \$1,500, and an increase of 10 percent in the case of annuities in excess of \$1,500.

Let me also point out that one-third of the civil service employees who are retired are presently receiving less than \$50 a month.

Mr. THYE. Mr. President, I am sorry that I was called off the floor when the quorum call was in progress. That is why I was not in the Chamber when the Senator from Kansas commenced his remarks.

I now have before me a copy of the report on the bill. From it, I note that the present limitation is 10 years. I under-

stand that the Senator's amendments would modify or change the bill, so as to make more certain that it will be enacted into law. Is that the position of the Senator from Kansas?

Mr. CARLSON. It is my sincere hope that, as thus amended, the bill will be enacted into law. I think these persons are entitled to consideration by the Congress. I assure the Senator from Minnesota that I shall do everything within my power to secure the approval of the bill, if it is passed by both Houses of Congress.

Mr. THYE. I concur in the statement the Senator from Kansas has made. There is need for such a bill, in view of the increase in the cost of living. We know very well that these retired persons cannot meet their obligations with the present allowance. Therefore, I have been a strong supporter of the bill.

Thus it is that I was somewhat alarmed when I heard of these amendments, and when they were agreed to, because at that time I did not know all the facts in connection with the bill, in view of the fact that I had not had an opportunity to study the report.

Mr. CARLSON. Mr. President, some years ago the Senator from Minnesota was a member of the Committee on Post Office and Civil Service. So he knows these problems, and he knows the needs of these people. He has always been a champion of their cause.

I hope he will help us get the bill passed by the Senate, inasmuch as the bill provides for a substantial increase in the allowances to be received by these persons. I know that such an increase is thoroughly justified.

Mr. THYE. I thank the Senator for giving an explanation of the amendments.

Mr. LAUSCHE. Mr. President, so that the RECORD will contain a full statement of the benefits received, may I direct the attention of the Senator from Kansas to page 7 of the report, and ask whether it is not a fact that Federal employees who served 40 years and over, now numbering about 19,063, as annuitants, are receiving an average of \$246 a month?

Mr. CARLSON. I do not know.

Mr. LAUSCHE. That information is contained in the report.

Mr. CARLSON. I know, but the average for all civil service retired employees in the Nation is \$133.

Mr. LAUSCHE. That is correct.

Mr. CARLSON. As I just stated, one-third receive less than \$50 a month.

Mr. LAUSCHE. The report shows that employees who worked from 5 to 9 years, numbering about 14 percent of the total, are receiving \$35 a month; employees who worked for 10 to 14 years, representing 13 percent of the total, are receiving \$64 a month. Those are the ones that constitute what the Senator from Kansas has described as the one-third in number.

Mr. CARLSON. That is correct.

Mr. LAUSCHE. In the report there is a statement by the Civil Service Commission—

Mr. JOHNSTON of South Carolina. Mr. President, if the Senator will allow me, I think I should call his attention, in view of the questions he is raising,

to the fact that the report, when it was written, was for the period up to June 30, 1956. All the figures have been greatly increased since the new retirement law went into effect. A great many employees were encouraged to retire because of the new law. For instance, on page 7 of the report the total number of workers given is 246,362. I believe at the present time the number would be pretty close to 285,000 or 290,000. The other figures should also be increased in proportion.

Mr. LAUSCHE. Has there been a hearing on the bill?

Mr. CARLSON. The Senator from North Carolina [Mr. Scott] who is the Presiding Officer at the present time, was chairman of a subcommittee, of which the Senator from Oregon and the Senator from Iowa were members, which held hearings and made a study of the evidence taken in the hearings, reported to the full committee, recommending that the bill be approved, and the full committee unanimously approved the bill.

Mr. LAUSCHE. I have asked for the hearings, and there has been delivered to me a transcript of the evidence taken on June 20 and 21, 1956. The information has been supplied that that transcript comprised the hearings. Is there no other testimony available on the bill pending before the Senate?

Mr. CARLSON. I do not know, but I do know the subcommittee held hearings with regard to increasing retirement compensation.

Mr. LAUSCHE. If hearings were held, where is the transcript of the testimony?

Mr. CARLSON. I shall have to check into that question.

Mr. LAUSCHE. The hearings are not available.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. Scott in the chair). Does the Senator yield, and if so, to whom?

Mr. CARLSON. I should like to reply to the Senator from Ohio. I am advised by the staff that hearings were held, not on this particular bill, but on a program for increased benefits to retired Federal workers. The subcommittee held hearings. The bill was referred to that subcommittee. The subcommittee recommended the bill, as did the full committee, I assume based on the hearings held the year before.

Mr. LAUSCHE. The only reason why I am asking the question is that the report states there is an \$18 billion deficiency in the fund. If there be such a deficiency in the fund, I would begin to ask myself how we could justifiably increase the payments sought to be made. The report shows the fund is \$18 billion in deficiency.

Mr. CARLSON. I understood the distinguished Senator from Ohio or another Senator would raise that question, and it is one that should be answered. The fund is lacking \$18 billion of being actuarially sound, just as the social-security fund is about \$90 billion actuarially unsound. Let us consider the figures relating to the fund. In 1950, employees paid into the fund \$355,849,805.37. The Gov-

ernment paid out to those retired employees \$266,499,636.17.

The same thing happened in other years. In 1951, employees paid in \$374,872,990.23. The Government paid out \$268,853,707.12.

Every year employees have paid into the fund amounts substantially more than what they took out.

In 1957, employees paid into the fund \$640,522,470.98. The Government paid out \$588,188,694.97.

On June 30 of last year the fund had reached the level of \$7 billion. On June 30 this year it will be \$8,800 million. The fund is not going to go backward. It is building up rapidly.

I ask unanimous consent to have printed at this point in the RECORD, a list showing the amounts for the years 1950 through 1957.

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

These figures were obtained this morning from Warren Irons of the Civil Service Commission. He states that Congress appropriated funds for the civil service retirement fund for the fiscal years and in the amounts listed below:

|      | Paid out by Civil Service Commission | Appropriated by Congress | Employees' contribution |
|------|--------------------------------------|--------------------------|-------------------------|
| 1950 | \$266,499,636.17                     | \$304,508,880.64         | \$355,849,805.37        |
| 1951 | 268,853,707.12                       | 307,117,455.27           | 374,872,990.23          |
| 1952 | 298,584,727.30                       | 312,776,021.36           | 414,788,450.77          |
| 1953 | 361,207,314.00                       | 325,304,154.19           | 420,034,454.57          |
| 1954 | 409,124,673.81                       | 35,303,239.17            | 425,000,030.73          |
| 1955 | 427,795,126.63                       | 33,678,729.94            | 440,284,878.46          |
| 1956 | 504,437,066.00                       | 237,252,793.82           | 570,816,475.90          |
| 1957 | 588,188,694.97                       | 525,000,000.00           | 640,522,470.98          |

Mr. JOHNSTON of South Carolina. It should be stated that the actuary takes into consideration the benefits which all employees would be entitled to under the law. It will be found that many employees pay into the fund for 5, 6, or 7 years, and then draw out their payments, with interest. That is all they get out of the fund. The Government matches 50-50 the amounts paid into the fund. The Government saves money when employees draw out what they have paid into the fund.

Another point that should be made is that in 1954, 1955, 1956, and 1957 no matching money was paid into the fund by the Government, and that money should have been provided. So the figures do not truly reflect what the situation is.

That is the reason why the provision was put in the Retirement Act that each department shall from its appropriation pay its share into the retirement fund, so that the fund will not be later endangered. As the Senator from Kansas will vouch, the fund cannot be considered strictly from the standpoint of business or from the standpoint of the actuary. That cannot be done in this particular instance. If that were done, the funds would never be used, because a great number of employees pay into the fund for 4, 5, 6, or 10 years, and then draw their money out.

Mr. LAUSCHE. Another problem should be weighed by Senators. On

page 9 of the report appears the statement that—

Present annuitants who retired prior to October 1, 1956, contributed about \$0.5 billion out of total employee contributions of \$6.1 billions.

Present annuitants have already received nearly \$2 billion in annuity payments, which means we have paid to them \$2 billion, and they have paid in only half a billion dollars. Now it is proposed that we increase the sum.

My query is: What is going to happen with respect to all the other Federal employees who will retire in the future? How are we going to guarantee payments to them? Where will those funds come from?

Mr. CARLSON. I am glad the Senator brought up that point. Whenever we start a retirement fund, that problem arises. When we started social security, we had to take in people who paid only a very small amount, though everyone knew they were going to draw substantial amounts of money—even billions of dollars.

The same has happened with regard to the retirement fund. We cannot start the payments by asking people to pay in an amount sufficient to cover the payments. I am sure no one realizes that better than the Senator from Ohio.

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

Mr. CARLSON. I yield to the Senator from Oregon.

Mr. NEUBERGER. I should like to say one thing further for the record in defense of the able Senator from Kansas. I know of no one who is more scrupulous about fulfilling the procedural obligations placed upon us all than the Senator from Kansas.

A point was made by the able Senator from Ohio [Mr. LAUSCHE] concerning hearings. Hearings were held by the subcommittee under the chairmanship of the distinguished Senator from North Carolina, the present occupant of the chair [Mr. Scott]. It is true the hearings were not directly on a bill with the same number, S. 72, the bill which bears the name of the Senator from Kansas. Hearings were held on the program of the organization known as NARCE—the National Association of Retired Civil Employees.

That was the substantive issue being heard by the subcommittee. I am a member of the subcommittee. I backed the NARCE program. The bill introduced by the Senator from Kansas, S. 72, embodies the program which was originally recommended by the organization I have mentioned. Upon that program hearings were held.

The Senator from Kansas, by his own volition but with the concurrence and recommendation of the committee and officials of the NARCE organization, has modified his bill greatly, insofar as the demands it might place upon the fund are concerned.

I want to emphasize to the Senator from Ohio that hearings were held. Hearings were held on almost exactly the same issue as is embodied in the bill presented by the Senator from Kansas. Whether the bill had exactly the same number does not in any way diminish the

fact that we did hear the merits of the issue.

Mr. LAUSCHE. When were the hearings held?

Mr. NEUBERGER. Hearings were held in 1956.

Mr. JAVITS. Mr. President, will the Senator yield to me?

Mr. LAUSCHE. The hearings were held in 1956.

Mr. CARLSON. The bill was introduced January 3, 1957. The two items were under consideration practically at the same time.

Mr. DIRKSEN, Mr. WILLIAMS, and Mr. JAVITS addressed the Chair.

Mr. CARLSON. I yield first to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, I want to address myself particularly to the distinguished Senator from Ohio [Mr. LAUSCHE].

Actually, the fund is composed of three items. First are the contributions of the employees. Second are the matching contributions of the Federal Government. Third is the interest on the money, when the Government takes the money out of the fund and invests it in Federal obligations.

In the years gone by, what has happened is that the employees have made their contributions, but in the years when the budget was a little on the lean side, for example, we owed the fund perhaps \$600 million, but we might appropriate in such a year only \$125 million, actually appropriating nothing by way of the Government's interest obligation. Therefore, year after year the Federal Government continued to owe the fund. It was only 2 years ago that the distinguished Senator from South Carolina [Mr. JOHNSTON] was successful in having that procedure revised. Now, in every appropriation bill there is placed an item for each agency which states that the Government owes so much to the retirement fund.

In the years when we failed to appropriate the amount which the Federal Government owed to the fund we fell further and further behind. That is why there is a deficiency today. If we look at the fund from the long-range actuarial standpoint, it really is set up as a commercial insurance company would contrive it, and we will find it will match up, provided the Federal Government will pay its obligations in the form of the matching funds plus the interest on the money taken out and invested in Federal obligations.

Mr. LAUSCHE. May I present for the RECORD information shown by the report. On page 9 of the report on the bill, it is stated that the employee contributions have been \$6.1 billion; the Government appropriations have been \$4.2 billion; the interest in investments has been \$2.1 billion; and the benefit payments thus far have been \$5.2 billion. That leaves a balance in the fund as of April 30, 1957, of \$7.2 billion.

My query to the Senator from Illinois is this: If the fund is so weak, because of the failure of the Congress in the past to contribute sufficient sums, how can we justify weakening the fund still more by following such a procedure?

Mr. DIRKSEN. The answer is very simple. The good faith and credit of the United States Government is behind this fund. Sooner or later we must repair the deficiency in the fund. Since there are only X number of people each year who retire, and XY number who have retired, we discover, of course, that there is ample money in the fund.

At some future time—and that means year after year—we must contribute more money to the fund for the purposes of paying interest, and also for the matching obligations, if we expect to carry out our responsibility. That we have not done. We must do it. We can do it without jeopardizing the fund.

Mr. JOHNSTON of South Carolina. Mr. President, I should like to explain one fact while we are in this discussion.

If the Senator will investigate the matter further, he will discover the fund we had available in 1957 is less than the fund available at present. The fund is increasing every month. The amount in the fund is going up and up. I venture to say that we have almost a half-billion dollars more now than is shown in the report to which the Senator is referring.

Mr. LAUSCHE. Where are the funds now, may I ask?

Mr. CARLSON. I will advise the Senator from Ohio that the fund is now invested in Government bonds, on which we have set the rate of interest. Every dollar that accumulates in the fund goes into United States Government bonds at an interest rate set by the Government itself.

Mr. JAVITS. Mr. President, will the Senator yield briefly?

Mr. CARLSON. I had previously promised to yield to the Senator from Delaware [Mr. WILLIAMS].

Mr. WILLIAMS. As I understand the bill, as now amended, by the Senator from Kansas, it will provide for a 20-percent increase for all annuities from \$1,500 or less, and 10-percent increase for that portion of the annuity which is in excess of \$1,500.

Mr. CARLSON. The Senator is correct. The bill I introduced provided a 30-percent increase on the amounts \$1,500 and under, which has now been reduced to 20 percent.

Mr. WILLIAMS. If the Senator will yield further, do I correctly understand that the increase in annuity is applicable to any annuitant who retired prior to October 1, 1956?

Mr. CARLSON. That is correct.

Mr. WILLIAMS. Therefore, a Government employee who retired on September 30, 1956, who was eligible for retirement benefits of \$1,500, would, upon the enactment of the bill under consideration, receive a \$300 increase, for a total of \$1,800? Is my understanding correct?

Mr. CARLSON. That is correct.

Mr. WILLIAMS. What happens with regard to the annuitant who retired 24 hours later, who had the same amount of service with the United States Government, who paid the same amount to the fund, who worked in the same agency and sat across the same desk, who simply retired 1 day later?

Mr. CARLSON. I have an amendment which will correct the 1 day the

Senator mentions, so that if the person retired October 1 he would be taken care of.

Mr. WILLIAMS. Then I renew my question, and I ask the question with regard to October 2, related to the same situation?

Mr. CARLSON. Then, of course, there would be a differential.

Assuming that these folks retired back in the 1920's, 1930's, and 1940's, and are getting retirement benefits not based on Public Law 354, which was passed in 1956, but that their retirement benefits go back to Public Law 369, I trust the retirement benefits will be more substantial. There will be an increase for those people.

Mr. WILLIAMS. I come back to my original question. Let us assume that a man retired on October 1 is eligible for \$1,500. If the bill is passed, his annuity will be increased to \$1,800. However, the man who worked in the same office, for the same agency, for the same number of years, who retired 24 hours later, although he had made the same contribution into the fund, would get \$300 less. Is my understanding correct?

Mr. NEUBERGER. Mr. President, will the Senator yield to me, so that I may answer the question?

Mr. CARLSON. I yield to the Senator from Oregon.

Mr. NEUBERGER. I wish to invite one matter to the attention of the Senator from Delaware. In virtually every law there has to be stated some line of demarcation with respect to benefits. For example, the GI bill of rights provided very substantial educational benefits to men who served in the armed services, but had a termination date. A man who went in before the termination date qualified for the benefits provided under the GI bill of rights, but the man who went in the day after, who perhaps performed the same military service on the same post, or perhaps even at greater hazards, did not qualify.

If we are to have no termination date, or no line of demarcation in legislation, thousands of statutes will have to be revised.

Mr. WILLIAMS. I am not debating the merits or demerits of the termination date. I am asking a simple question, and I should like to have it answered in simple language.

Coming back to my question, suppose a man has worked in a Government agency, and retires on October 1, 1956. He is eligible for a \$1,500 retirement. If the bill is enacted as it is proposed to be amended, he would be given an increase of \$300, or a total of \$1,800, while his associate, who worked in the same agency for the same number of years and made the same contribution to the retirement fund, but who retired 24 hours later, would receive \$1,500. Is that correct?

Mr. CARLSON. That is correct; and no one knows it better than does the Senator from Delaware, who is a member of the Committee on Finance, and who knows that a person with an income of \$3,000 is in a different tax bracket from the individual who has an income of \$3,001.

Mr. WILLIAMS. Only to the extent of \$1 is he in a higher bracket.

I do not question the point that there must be a termination date. I recognize that it can be changed from October 1 to October 2, or that the legislation can be made effective upon enactment. The point I make is, this piecemeal legislation, correcting one inequity but creating another. This type of piecemeal legislation always creates inequities.

That is the objection I made in talking with the Senator from Kansas and the Senator from South Carolina. I think we should deal with the retirement problem as a whole, and recognize that when we enact piecemeal legislation while we may accord benefits to one group, we create inequities in another field. I think the whole retirement situation should be reevaluated, not only with respect to those who have already retired, but with respect to those who are to be retired in the future. Then if we wish to grant increases, let us put a price tag on them, and either make an appropriation or an assessment upon those in the service, so as to keep the fund solvent. If the price is too high then meet the problem now.

Mr. NEUBERGER. We cannot increase the contribution rates in the case of those who have already retired.

Mr. WILLIAMS. Eventually we must either make appropriations into the fund, or assess the cost against those still on the payroll. This piecemeal type of legislation will only create further inequities. I think we shall have a job explaining to the Government employee who has retired since October 1, 1956, why he is not eligible for the same consideration. If we intend to make increases in the benefits, I think we must reevaluate the cost. Are we willing to face the cost of this bill which has been estimated as being over one and a quarter billion dollars?

Mr. NEUBERGER. The program which the Senator from Delaware proposes would be even more expensive than that which he is inferentially criticizing.

Mr. WILLIAMS. No. I say that those who favor enactment of legislation to give something to a particular group should put a price tag on it, and, whatever the cost, either appropriate the money to the fund, or make an assessment on the employees still in the service, in the form of an increased contribution. If we hesitate to accept or endorse the cost then we should vote against the bill. As the Senator from Ohio has pointed out this fund has now been committed to obligations totaling \$18 billion more than its assets. This bill would increase those obligations another billion and a quarter. The bill makes no provision for the payment of the cost.

Such bills as this are always popular. Everyone is for them, but no one has the guts to include a price tag on them. That is the point. We are giving something away today; but a year or two later someone will have to come forward with a proposal to make an appropriation to keep the fund solvent, or raise the contribution by those who are still

in the service. Many of those who are advocating the pending proposal will be here then pitying the poor taxpayer.

Mr. CARLSON. The Senator from Delaware has called attention to the date of October 1, 1956, stating that there will be some inequities. I admit that there will be some inequities. But we must bear in mind that the reason for this cutoff is that after October 1, 1956, retirees' annuities will be figured under the new Retirement Act of October 1, 1956, known as Public Law 854, which gives retirees a much more generous retirement privilege than they previously enjoyed. So this proposal is not quite as bad as it has been represented. However, there will be some difference.

Mr. WILLIAMS. It may not be the full \$300; but the situation is substantially as I have stated it.

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

Mr. CARLSON. I yield.

Mr. JAVITS. Addressing myself to the views of the Senator from Delaware, which I deeply appreciate, I believe that the factor which we must understand is the morale factor with respect to the Government employee.

I will vote for an appropriation if we must vote one, because I think it is indispensable to pass the bill, in the interest of the present employees, who will see whether or not the Congress intends to honor what the Senator from Illinois has called the good-faith change in the retirement system, or whether we are to be constantly watching the actuarial result, regardless of what it means to the morale of the employees.

As one Senator who supports this measure, let me say that at any time the Senator from Kansas or the Senator from South Carolina afford the leadership, I shall be glad to vote the necessary appropriation to implement what we are doing today.

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

Mr. CARLSON. I yield.

Mr. WILLIAMS. I think the Senator from New York has made a statement which should be in the minds of all of us. Certainly if we are to pass the bill, we should be willing to take the responsibility of seeing that the fund is kept solvent by putting a price tag on the cost and being willing to vote either for an appropriation or for an increase in the contribution from those still on the payroll. Someone must pay for this extra allowance. Who?

The Civil Service Commission says that the enactment of the bill as reported by the committee would necessitate additional appropriations of \$1,240,000,000.

Mr. NEUBERGER. That amount has been substantially reduced by the amendments offered by the Senator from Kansas.

Mr. WILLIAMS. The amendments offered by the Senator from Kansas would bring about a reduction of about 25 percent and thereby reduce the cost to about \$800 million. Still there is no provision to raise this money. This is a trust fund we are dealing with. Its solvency must be maintained. We in Congress are the trustees of these trust funds.

Mr. CARLSON. The bill as reported from the committee would have involved taking \$119 million for the 3-year period out of the civil-service retirement fund. The bill as proposed to be amended would involve an amount of approximately \$85 million.

Mr. WILLIAMS. There would be a reduction of about 25 percent in the benefits proposed in the bill as originally reported.

Mr. CARLSON. Yes.

Mr. WILLIAMS. So about \$800 million will be required to be appropriated. That is the point I was making before. If we do not intend to place the burden of the \$800 million cost on the present employees to pay for possible benefits, why do we not face the issue and bring forward a bill providing for an appropriation of \$800 million into the fund, so that there will at least be a commitment that the money will be appropriated as it is needed?

Otherwise we are giving a false promise. I think the Congress will live up to its obligation. There is a moral obligation on the part of the United States Government, and it should be recognized as such. But I do not think we should pass a bill containing \$800 million worth of benefits for a certain group of Federal employees and not make any provision for putting up the money to pay for them. This bill does not provide the money to pay for the increased benefits.

Mr. CARLSON. The Senator has called attention to one of the problems confronting us when we vote for legislation providing increased pay or increased annuities for retirees. This is a Senate bill. It must go to the House of Representatives, and I assume it will receive every consideration there. Probably it will go to conference. The Senator has made a record which calls attention to something which should receive consideration. I am just as much concerned over it as is the Senator from Delaware. This is one of the fiscal problems, not only with respect to this fund, but with respect to other funds of the Government.

Mr. WILLIAMS. I have talked with the Senator from Kansas. We in Congress not only have a moral obligation to recognize the needs of these people today, but we have an even greater moral obligation to maintain the solvency of the fund for the employees who are paying in their contributions. This is a trust fund. We have no moral right to dip into it to the tune of \$800 million and give it to some particular group, regardless of the merits of the claim, without providing some means to maintain the solvency of the fund.

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

Mr. CARLSON. I yield.

Mr. PURTELL. I commend the distinguished Senator from Kansas for presenting this piece of legislation.

I am happy to hear the Senator from Delaware say that we have a moral obligation to meet this need.

I invite attention to the fact that the annuitants covered by the pending legislation were retired on the basis of a pension of 1½ percent per year for each year of service. Those retired after

October 1, 1956, are retired on the basis of a pension of 2 percent per each year of service.

I invite the attention of the Senator from Delaware to the fact—and I am sure he understands it—that the salaries of those retired prior to October 1, 1956, were substantially lower than those retired subsequently. The salaries paid at present are substantially higher. So 2 percent on present salaries is substantially higher in dollars than pensions of even 2 percent on the salaries paid those covered by this bill. I am in favor of the bill. I believe it is a necessary bill. I am glad that the Senator from Delaware feels that there is a moral obligation to be discharged. I say let us discharge it. Let us pass the bill.

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

Mr. CARLSON. I yield.

Mr. NEUBERGER. I should like to make one comment on what the Senator from Delaware has said. I recognize that he feels a great responsibility for the fiscal solvency of the Government. I hope he recognizes the fact, also, that he is not alone in that feeling. I was one of the Senators on the other side of the aisle from him who voted the other night against all the tax-revision and reduction proposals which came before us.

In addition to that, Mr. President, I did my best to lead the fight to increase the postage rates to a realistic figure. One of the reasons I did it was that my service with the Senator from Kansas, who has been championing retired and other Federal workers, has helped convince me of the obligations we have both toward increasing the fund and eliminating injustices and inequities. Therefore I would have the Senator from Delaware know that there are other Senators who are also willing to be fiscally responsible in this matter.

Mr. WILLIAMS. Mr. President, I do not question that statement at all. I know that the Senator will agree, however, that the greatest satisfaction that a retired employee can derive from his pension is the knowledge that the pension fund will pay him his benefits over a period of years regardless of how long he lives. It is his confidence in the solvency of the Government and the fund that is most important. That is why I say we must do everything we can not to disrupt that confidence or break it down.

Certainly the amount is important, also, but the confidence that it will be paid is even more important.

Mr. NEUBERGER. If the employee's pension remains as small and inadequate as some of them have been in the past, his chief worry will not be with the continuation of his pension but with the expansion of it.

When the Senator from Delaware thinks about the recitation which the Senator from Kansas made of what the sad level has been of some of the payments to annuitants, he must recognize in his heart that they must be enlarged for those people.

Mr. WILLIAMS. I am not questioning that point at all. I say that we must also be realistic that the averages computed on the pensions are broken down to a large extent by a substantial number of

Government employees who have perhaps 5 or less than 10 years of employment when they retire. It is based upon a year's payment. With all due respect to the Senator from Oregon, we must admit that we do maintain a rather liberal retirement system. I believe we should maintain such a system.

I was a member of the committee in 1948 when we wrote the retirement act in that year. I thought we did have then, and I still think we have now, a good, sound retirement system. I want to keep it sound. If Congress is going to make these increases, I say let us also be willing at the same time to say how we are going to pay for them. In reading the report of the committee, it is obviously the intention of the committee that the extra cost to the fund will be paid for by future appropriations made by Congress. Is that correct?

Mr. CARLSON. After 3 years.

Mr. WILLIAMS. In the meantime, how will the increase be paid?

Mr. CARLSON. It will come out of the fund.

Mr. WILLIAMS. In other words, from the present employees. Is that correct?

Mr. CARLSON. Out of the fund.

Mr. WILLIAMS. That means present employees. I believe that we should attach a price tag to this bill. Then if we had before us an appropriation for \$1,240,000,000 along with the bill, I believe we would look at the whole subject a little differently.

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

Mr. CARLSON. I yield.

Mr. LANGER. I should like to say to my good friend from Delaware that I have never been on a committee which worked harder on this very intricate matter of compensating retirees than has this committee. The Senator from Oregon [Mr. NEUBERGER] did an outstanding job as chairman of his subcommittee. The Senator from Kansas [Mr. CARLSON] was very much interested in the solvency of the fund. The distinguished Senator from Delaware mentioned 1948. I remember that there were 5,000 widows—and the Senator from Delaware was on the committee at the time—who wanted to be included. Our committee reported a bill which included the 5,000 widows among the retirees. They were getting the great sum of \$50 a month, which is a starvation amount. On the floor, the late Senator Taft led the fight against the 5,000 widows. He made the same argument that the Senator from Delaware is making today, with respect to the solvency of the fund. The result was that the widows were left out of the bill. Some of the most pitiful letters that I have ever received in my life came from those widows, as the Senator from Kansas knows. The Senator from Kansas has stated that there may be some inequities. Of course that is true, but by and large, and considering all the time we spent on the bill, I believe it is a good bill. We did a pretty good job in solving the problem and taking care of the situation.

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

Mr. CARLSON. I yield.

Mr. WILLIAMS. The record should be kept straight, Mr. President, and I am sure that the Senator from North Dakota wishes to keep it straight. He said that one of the major objections to the bill was raised by the late Senator Taft. The major objection before the Senate was not on the question of bringing in the 5,000 widows. The major objection to the bill, and one which was eliminated on the Senate floor, was a provision in the bill which would have made it mandatory for the United States Government to refund to any employee who lost his job by virtue of separation all the contributions that he had made into the fund, while at the same time receiving all the retirement benefits that any of the other employees would have. We were successful in taking that provision out of the bill. After that action was taken on the floor of the Senate, all the employee organizations in the country agreed that it saved their retirement system. Had that provision of the bill as reported by the committee in 1948 not been eliminated it could have wrecked the system. That one section would have cost \$2 billion, had it not been taken out.

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

Mr. CARLSON. I yield.

Mr. DIRKSEN. The distinguished Senator from Delaware used a very expressive word when he said we ought to have the "guts" to make sure that the fund is solvent.

I served on the Independent Offices Subcommittee in the House for several years, and I serve on that subcommittee in the Senate. It has jurisdiction over the Civil Service Commission. The Civil Service Commission has jurisdiction over the retirement fund.

I recall that in the years when we should have appropriated \$750 million or more, the Budget recommendation was, perhaps, \$125 million. The result was that we were six hundred million or seven hundred million dollars short in discharging the responsibility of the Government to the fund. We inquired of the people who have administered the fund year after year, and they would say, "Let us not insist on putting this money in the appropriation bill, because if we do that it is going to reduce the surplus, or it might jeopardize the solvency of the budget in the sense that we might get to a deficiency stage."

We have toyed with the idea for a long time. When it comes to using some guts, I believe it is the responsibility of Congress to do it.

There is another story that has to be told on this matter. I have no recollection that at any time anyone offered an amendment on the floor of the Senate to include the requisite fund over and above the recommendation of the subcommittee. If we put in \$125 million, when we owed \$750 million, I do not remember that any Senator said, "I offer an amendment to increase the contribution to the Civil Service Retirement Fund for the next fiscal year by \$600 million, to bring Uncle Sam into line on his matching responsibility." Any Senator could have done that.

So far as solvency is concerned, referring now to the Federal Government,

what is proposed does not jeopardize the solvency of the Government. I do not expect the Government to capitulate tonight. I do not expect it to be liquidated 100 years from now. I do not expect that to happen so long as the Government has the taxing power. So long as we have the power to tax, we can tax, even to the point of destroying, if we have to, to make sure that those who are entitled to retirement will receive their just compensation.

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

Mr. CARLSON. I yield.

Mr. SMATHERS. I am grateful to the Senator for yielding to me. I wish to congratulate the Senator from Kansas [Mr. CARLSON] for sponsoring the pending bill.

While I, like many others, would like to have a greater increase go to our retired civil service workers, nevertheless I believe the Senator from Kansas has taken a very realistic and sane viewpoint, and I am delighted to be able to say that I shall support him.

I recall, many years ago, when I was privileged to serve on the House committee with the able Senator from Kansas, that the same question of actuarial soundness came up. In efforts to resolve the problem, the committee obtained the services of Mr. Kaplan, an expert in the actuarial aspects of retirement programs. Mr. Kaplan had the assistance of two or three other experts in this field to serve with him. They considered the problem which the Senator from Ohio has raised, as to whether the fund was actuarially sound. After studying the problem for about 10 months, they reported to us that actuarially sound means that if everyone on the civil service rolls were to retire at the same time, there should be enough money in the fund to meet its obligations. Obviously no such rigid test as that should be applied because it neglects to consider the practical application of the program.

Actually, as the program works, as a few people retire, a greater number of new employees paying premiums are coming in at the other end. It is a continuing operation with the period of payment of annuities varying, depending on the life span of the individual. I feel the program is actuarially sound now and will grow stronger financially with the passing of years.

The Senator from Kansas has demonstrated by his figures that more money is coming into the fund now, although the Federal Government is not meeting its commitment. Nevertheless, the payments into the fund are running far ahead of the payments out of the fund. There is no doubt in my mind that the particular increase about which the Senator from Kansas has spoken will not jeopardize the long-range soundness of the fund.

I hope that this particular amendment will be adopted. There is no great danger so long as we recognize that the Government eventually will have to meet its obligation. I for one shall be prepared at any time to vote for additional sums to enable the Government to carry out its responsibility to this class of deserving senior citizens.

I congratulate the Senator from Kansas for his efforts in behalf of the civil-service retirees. There is none more deserving.

I am very familiar with and have long been acutely conscious of the plight of these senior citizens who have devoted the best days of their lives in rendering faithful service to the Federal Government. Today many of them are finding it difficult to exist because of the continuous rise in living costs. Now in their advanced years many of them are sick and disabled and look to the Government which they served so well to render justice in the twilight years of their lives. We in the Congress have a moral responsibility to them when it is realized that when they purchased their annuities it was done with 100-cent dollars and are now being paid back with dollars which have decreased by more than 50 percent in purchasing power.

I am happy the bill has been called up for consideration. This action is long overdue. The legislation may not be perfect but I believe it is the most sensible and logical solution of the problem with which we are faced. I had hoped it would be possible to provide a greater increase for these senior citizens but under the present circumstances feel that the best possible legislation is before us now. I am delighted to be able to support it and feel confident it will be overwhelmingly adopted by the Congress.

Mr. NEUBERGER. Mr. President, the enactment of S. 72, as amended by the able Senator from Kansas, will bring a measure of long overdue financial assistance to our retired Federal employees who are dependent on their annuity payments. As a member of the Committee on Post Office and Civil Service, I consider it a privilege to have shared in the effort which has brought this bill to the floor.

Not only will the measure help the thousands of retired Government employees, it will enable thousands of others nearing retirement age to feel more secure when the day comes that they, too, are annuitants. The measure is another step in making continued Federal service attractive to loyal Government employees. No Federal employee could look forward to retirement, knowing that his income would be grossly inadequate if he expects to maintain a decent standard of living.

For those retired employees who know the pitiful struggle of stretching their few dollars over the ever-mounting costs of food, doctors, hospital, home payments, and clothing, S. 72 provides only elemental justice.

Mr. President, I spent the past fall in my home State of Oregon. As I went from town to town, I talked to scores of Federal retirees. Many told me the stark facts of how sacrifice, privation, and need had become the daily attendants of people living on a Federal annuity. It could hardly be otherwise.

Of the 250,000 former Federal employees on the retirement rolls, some 50,000 are today receiving approximately \$50 a month. Another 50,000 receive between \$50 and \$100 a month. Another 50,000 receive between \$100 and \$150 a

month. Three-fourths of the retired Federal employees today receive less than \$150 a month. The average for all is \$133 a month. The plight of their survivors is even worse. Some 65,000, out of the total of 75,000 survivors, receive less than \$100 a month. And, bordering on the disgraceful, survivor benefits to children average a little over \$20 a month.

This is the sad story of the retired employees who worked for the greatest government in the world. That is why, by passing S. 72, we must assure these former employees that they are not a forgotten group.

Federal personnel deserve a modern and adequate retirement program which should not only equal the programs of private industries, but, in fact, should serve as a model. In recent years the reverse has been true. Retired Federal workers and their survivors have been placed at a great disadvantage because the money they paid into the retirement system was in the form of dollars which, judged by the present high cost of living, have greatly decreased in value.

It is difficult to imagine any real opposition to the measure to increase annuities. Surely we would not demand such heavy sacrifice in this budget-conscious world from those least able to make further sacrifices.

A few days ago the Senate passed a postal pay bill and a classified pay bill. We have a genuine moral obligation to pass the bill introduced by the Senator from Kansas [Mr. CARLSON], S. 72. Those who have faithfully served must not be forgotten in their hour of need.

Mr. President, I have received scores of letters from retired Government employees urging support of the bill and describing their acute need. I ask unanimous consent that several representative and effective letters I have received be printed at this point in the RECORD.

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

ASHLAND, OREG., January 24, 1958.  
Hon. Senator NEUBERGER,  
Washington, D. C.

DEAR SENATOR: As you are a member of the Post Office and Civil Service Committee may I ask a favor of you? I am a member of NARCE, Chapter 134, Medford, Oreg. I spent 31 years as a postal clerk. On the present annuity we can hardly meet our bills on the rapid increase of the cost of living. Will you do what you can to help pass S. 72? I wish to thank you at this time for your work in the past in our behalf.

Now may God bless you in your work.  
Sincerely,

JOHN L. HUGHES.

PORTLAND, OREG., January 20, 1958.  
Hon. RICHARD L. NEUBERGER,  
Senate Office Building,  
Washington, D. C.

DEAR SENATOR: I am a retired Government employee trying to live on a fixed income—my annuity, which has been drastically reduced by inflation.

I am asking you to do your very best by a stiff fight to get early action on S. 72, which contains an increase in our annuities the way we asked for it. Our bill will not require an appropriation and it will not increase the national budget. It is now over

a year since 150 similar bills were introduced in the House and in the Senate so as to give us the relief we deserve and we have been patiently waiting for action in the House and in the Senate. Public Law 854 of the 84th Congress assures the perpetual integrity and solvency of our retirement fund which is steadily increasing each month and it is now over \$7,700 million, and because of this we do not ask for charity from the taxpayers. We retirees bought our annuity with good sound 100-cent dollars which we were required to contribute to the fund every payday, by deduction, and now the fund is paying our annuities in depreciated 49-cent dollars.

Again asking you to do your very best to get early action on S. 72, I remain, with kindest regards,

Yours very truly,

MARIE P. DALKE.

—  
PORTLAND, OREG.,  
January 21, 1958.

Senator NEUBERGER: Am writing to ask you to do your best to work for retirement bill, S. 72, which contains an increase in annuities for us retired folks.

Inflation getting more terrific right along. A friend told me recently that haircuts in Los Angeles, Calif., now are \$2. The way they charge for steaks nowadays it's not for retired folks that's for sure. Unemployment also going up.

Sure hope retirement bill passes this time. Also would be glad to see regular postal employees get well-deserved raise, and I know you also do.

Respectfully,

C. E. EKVALL.

P. S.: Am a retired railway postal clerk. Over 40 years on road from Portland to Seattle. Retired on account of coronary thrombosis. Enjoy helping out at Air Force Filter Center in Masonic Temple.

McMINNVILLE, OREG., January 8, 1958.

HON. RICHARD L. NEUBERGER,  
United States Senate,  
Washington, D. C.

DEAR SENATOR: As president of Yamhill County Chapter No. 563, NARCE, I again want to thank you for your cooperation during the last session, in our behalf for increased annuity and I trust that we may again receive that same cooperation in this new session.

We are hopeful that we may be successful in securing the much-needed increase.

Yours,

ROY J. SHIRES.

—  
PORTLAND, OREG., January 21, 1958.

HON. RICHARD L. NEUBERGER,  
Senate Office Building,  
Washington, D. C.

DEAR SENATOR NEUBERGER: I am a former postal employee. I was appointed substitute railway postal clerk on January 11, 1904. I was actively interested in the Retirement Act of August 20, 1920. I felt a great sense of relief (inasmuch as I could not save much out of my salary) that my wife and I would still have an income to provide for our living expenses after retirement.

Now on account of this terrible inflation I find we cannot afford even some of the necessities, what with the high costs of doctors and hospitals.

I want to thank you, Senator NEUBERGER, for your wonderful help last year to get S. 72 reported out of committee, and that I am mindful of your fine efforts in this worthy cause.

I hope we can get an early vote on S. 72 so we will not be caught again in that last-day rush. S. 72 is more acceptable than H. R. 607 (House bill).

Thanking you again for your past kind consideration.

Respectfully yours,

W. G. BECK.

PORTLAND, OREG., January 23, 1958.  
Senator RICHARD L. NEUBERGER,  
Senate Office Building,  
Washington, D. C.

DEAR SENATOR: Now that the Congress is again in session I wish to again have your support on legislation to increase the annuities of retired Federal civil service employees to restore the purchasing power of the dollar put into their retirement fund, which has now been lost through inflation.

Some of us are feeling the inflation pinch quite badly and our living standards have been lowered to the extent that we have been reduced to bare necessities. My medical and hospital expenses, alone, are averaging around \$30 per month. House repairs and general upkeep are perforce being neglected.

We therefore request that you use your substantial influence with your committee to bring about immediate hearings and early floor action on bill S. 72 or an equally good bill.

Mrs. Rache joins me in wishing you and Mrs. Neuberger a happy and prosperous 1958. We fully appreciate the work both of you have done in our behalf.

Sincerely yours,

A. S. RACHE.

—  
PORTLAND, OREG., January 21, 1958.  
Hon. R. L. NEUBERGER,  
Washington, D. C.

DEAR SIR: As a retired rural carrier, I am asking your support for S. 72, to increase our annuities.

As you well know, the dollars we have put in are not the dollars we have to spend for living in these days of high-cost living.

Any support you can give this bill will be appreciated very much.

I also am in favor of the bill to increase Federal employees' salaries.

Knowing the work you have done in the past in regard to these matters, I am sure you will help.

Yours truly,

FRANK J. WALWORTH.

—  
PORTLAND, OREG., January 4, 1958.  
Senator RICHARD L. NEUBERGER,  
Washington, D. C.

DEAR SIR: We members of NARCE in Oregon are counting on you. My case is as follows: I'm a 73-year-old woman, the survivor of a post office clerk whose years of service extended from 1906 to 1939. Since his death on January 4, 1957, I have received an annuity of \$52 a month. A year of managing on such an income has proven that I am certainly going behind. For me the early passage of S. 72 and early amending of H. R. 607, so that it will be a just bill, is vitally important.

We appreciate your efforts in our behalf, and the encouragement you gave us while here this year.

Sincerely yours,

EDITH A. EVANS.

—  
MEDFORD, OREG., February 21, 1958.  
Hon. RICHARD NEUBERGER,  
United States Senate,  
Washington, D. C.

DEAR MR. NEUBERGER: Thank you for your letter of July 25, 1957, relative to benefits in annuities for retired civil employees, and also your letter of September 23 last, explaining that the efforts of you Democrats both in the Senate and the House were blocked. I sincerely appreciate your efforts in our behalf and your courtesy in the later letter and should have written you my thanks long ago. However, at that time my husband was in a very critical condition from a heart attack suffered June 26 and I could think of nothing else but his care. Now we are very happy to report that he is recovering satisfactorily and we are able to resume a normal life.

Again, I wish to request your further effort to put bill S. 72 through successfully as our need still exists for the cost of living is far above our annuity and we hope that this bill will succeed. It is a wonderful bill and would certainly make living easier for us.

You are doing a very fine job in the Senate and we are very proud of all our Democrats both in the Senate and in the House. Your newsletters from you and Mrs. Neuberger are enlightening and we are so glad to receive them regularly. Thank you again for your continued effort in the behalf of the retired civil employees' annuities.

With kindest personal regards to you and Mrs. Neuberger, I am,  
Sincerely yours,

LULA G. WATSON.  
Mrs. Lula G. Watson.

MR. NEUBERGER. Mr. President, I join with the other Senators who have commended the Senator from Kansas for bringing forth the bill.

The U. S. News & World Report for August 3, 1956, published a very effective table in support of the type of bill which the Senator from Kansas has brought before the Senate today. The report shows that, of all groups in the entire economy, those whose purchasing power has been most adversely affected since 1939 are the retired Federal Government workers. I ask unanimous consent that the table be printed at this point in the RECORD.

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

SALARIES OF FEDERAL EMPLOYEES  
People who really have prospered in 17 boom years

THESE GROUPS ARE GETTING BIGGER "REAL" INCOMES

|  | Change from 1939<br>(percent) |
|--|-------------------------------|
| Coal miners (bituminous)                   | up 107                        |
| Farm laborers                              | up 89                         |
| Cigarette-factory workers                  | up 84                         |
| Lumber workers                             | up 73                         |
| Paper-mill workers                         | up 65                         |
| Textile workers                            | up 64                         |
| Investors in stock                         | up 63                         |
| Furniture makers                           | up 59                         |
| Metal miners                               | up 59                         |
| Chemical workers                           | up 58                         |
| Steel, copper, aluminum workers            | up 56                         |
| Metal-product workers                      | up 56                         |
| Cannery workers, others in food processing | up 51                         |
| Machinery makers (nonelectrical)           | up 43                         |
| Shoe-factory workers                       | up 48                         |
| Meatpacking workers                        | up 47                         |
| Farmers                                    | up 46                         |
| Petroleum-refinery workers                 | up 43                         |
| Machinery makers (electrical)              | up 41                         |
| Tire-factory workers                       | up 40                         |
| Aircraft-factory workers                   | up 39                         |
| Oil- and gas-field workers                 | up 38                         |
| Schoolteachers                             | up 36                         |
| Printing, publishing employees             | up 32                         |
| Garment workers                            | up 31                         |
| Cleaning, dyeing workers                   | up 28                         |
| Retail clerks                              | up 24                         |
| Electric-, gas-company employees           | up 24                         |
| Railroad workers                           | up 24                         |
| Laundry workers                            | up 23                         |
| Coal miners (anthracite)                   | up 22                         |
| Auto workers                               | up 20                         |
| Telephone employees                        | up 16                         |
| Federal Government workers                 | up 14                         |
| Veterans on compensation <sup>2</sup>      | up 4                          |

<sup>1</sup> Average return on securities bought in 1939 and held to date.

<sup>2</sup> Married veteran with no dependents.

THESE GROUPS ARE GETTING SMALLER "REAL" INCOMES

|   |         |
|---|---------|
| Bondholders <sup>1</sup> -----          | down 49 |
| Retired Federal Government workers----- | down 13 |

<sup>1</sup> Average return on securities bought in 1939 and held to date.

NOTE.—After allowing for taxes and for changes in the value of the dollar.

Mr. JOHNSTON of South Carolina. Mr. President, it distresses me to see amendments offered designed to reduce proposed increases in the benefits of former employees now on the retirement rolls. These senior citizens of ours devoted their working lives to the Federal service, and they looked forward to an income, during their years of retirement, adequate to take care of the necessities of life.

Unfortunately, because of inflation, that has not been the case. The benefits of these employees are based on pre-inflationary salaries, and thus they receive comparatively small amounts per month. Yet, they are required to pay for food, clothing, and to provide the other necessities of life at existing inflationary prices. Hence, they are faced with a situation over which they have no control. Their problems can be solved only by Congress. The solution lies in giving them an increase that is justified and necessary.

Mr. President, I think the increases provided in S. 72 are modest at best. To reduce them at this time will still leave many of our retired people in straitened circumstances. Personally, I do not subscribe to the policy of reduction merely because of administrative threats. I believe in doing what is right and what is just, without regard to what the administration says it will accept.

I firmly believe the increases provided by S. 72 should be approved. If it then develops that they are found to be unacceptable to the President, I would suggest that, as a matter of fairness, we should have an opportunity to override a veto, if it should come. If that effort should fail, we could then consider, promptly, a new bill, and we could keep that procedure up until our efforts meet with success.

In recent years, we have gained more and more experience in matters of this kind. It is becoming customary, under this administration, to pass several bills before our action is made to stick. Look at the pay bills that have been vetoed. Look at other equitable bills that have been disapproved. While the record of this administration is discouraging, it does not stop me from supporting legislation that I think is justified. In this instance, I am satisfied that S. 72 in its original form is completely justified.

However, since the junior Senator from Kansas [Mr. CARLSON], is seeking to modify his own bill, and I am informed this is the only way in which we can obtain immediate action on this long overdue measure, I will interpose no objection to the amendments.

Mr. MALONE rose.

The PRESIDING OFFICER. The Chair recognizes the Senator from Nevada.

Mr. MALONE. Mr. President, I shall defer my remarks until Senators who wish to speak on this subject have finished.

The PRESIDING OFFICER. Under the agreement reached, the Senator from Wyoming [Mr. O'MAHONEY] will be recognized after the vote has been taken on Senate bill 72.

Mr. LAUSCHE. Mr. President, the Civil Service Commission, in a letter dated June 26, 1957, addressed to Hon. OLIN D. JOHNSTON, and comprising practically 5 or 6 pages of the report, recommended vigorously against the passage of the bill. The Commission pointed out, as appears on page 8:

Employee deductions, and agency contributions alone will not prevent further growth of the deficiency. Unless direct appropriations are also made (and no appropriation is included in the budget for fiscal year 1958), the deficiency will continue to grow at a rate of more than one-half billion dollars a year. Any increase in annuities, unless financed by appropriations, will add materially to the present deficiency of about \$18 billion.

That is the language of a letter contained in the report of the committee, the report recommending the passage of the bill.

I yield to no one in the Senate in compassion for my fellow men. I want to help the widows of retired public employees, but I want to do it under a program that is economically sound. This bill covers about 250,000 retired Federal employees.

As lightly as it is sought to be done, one cannot refute the statement in the letter contained in the report that there is a \$18 billion deficiency in the fund.

It is said that a bill will be passed which will take care of the deficiency. I respectfully and humbly ask Senators to meditate on that proposition. How will it be done? Where will the funds come from eventually? There is a debt of \$275 billion. We contemplate reducing taxes and increasing spending. Where will we finally land?

When one reads the report, except for the recommendation of the committee, he finds that it contains practically no word supporting the proposal in the bill about to be passed.

I shall read a bit further from the letter of the Civil Service Commission, on page 3 of the report:

As the central personnel agency for the Federal Government and as administrator of the civil-service retirement system, this Commission recognizes its responsibility for (1) timely and realistic appraisal of benefits of retired Federal employees and their survivors and (2) recommendation for adjustment when warranted.

Realism is the keynote of our policy in this regard. We cannot endorse further upward adjustment of existing annuities unless the additional cost to the taxpayers of our Nation is clearly justified.

The Civil Service Commission said that the taxpayer's burden in meeting this obligation is not justified. Yet the greatest deliberative body in the world will say, "Yes, it is; we will make the increased award. There is an \$18 billion deficiency each year, and the deficiency will grow at the rate of \$500 million an-

nually. But that does not concern us. We assert the problem is simple. We will meet it easily."

Mr. President, talk to the taxpayer and ask him if it is as simple as we pretend it to be.

I wish to subscribe to what the Senator from Delaware has said. Day by day we are voting new expenditures. We find solace in the fact that we delay their payment by 3 years or 5 years. But the day of reckoning will come, Mr. President; and then all the things about which we speak so highly may come to an end.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). The question is on agreeing to the amendments submitted by the Senator from Kansas [Mr. CARLSON], which, without objection, will be considered en bloc.

The amendments were agreed to en bloc.

Mr. CARLSON. Mr. President, I offer the amendment which I now send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 1, in line 3, after the comma, it is proposed to insert the words "on or."

Mr. CARLSON. Mr. President, the reason for the amendment is that an employee who might have retired on September 30, 1956, and whose annuity might have begun, therefore, on October 1, 1956, would not be included, unless the word "on" is added.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas.

Mr. WILLIAMS. Mr. President, I shall not object; but I should like to ask a question: If we advance the date by 1 day, then a man who retired on October 2 would be left out, would he not?

Mr. CARLSON. A man who retired after October 2 would receive his pension or annuity based on Public Law 854.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas.

The amendment was agreed to.

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

The bill (S. 72) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 72

An act to increase annuities payable to certain annuitants from the civil service retirement and disability fund, and for other purposes

*Be it enacted etc.*, That (a) (1) the annuity of each individual who, on or prior to October 1, 1956, was receiving or entitled to receive an annuity from the civil service retirement and disability fund shall, in addition to any increase in such annuity heretofore provided by law, be further increased, effective on the effective date of this act or on the commencing date of the annuity, whichever is later, by an amount equal to 20 percent of the portion thereof which does not exceed \$1,500 and 10 percent of the portion thereof which exceeds \$1,500.

(2) No increase provided by paragraph (1) of this subsection shall exceed \$600 per annum for any individual or be computed on

any part of the annuity purchased by voluntary contributions. The monthly installment of each annuity so increased shall be fixed at the nearest dollar.

(3) The increase in annuity provided by paragraph (1) of this subsection, when added to the annuity to which such individual is otherwise entitled under the civil-service retirement laws, shall operate to increase the annuity to which each survivor of such annuitant is otherwise entitled under such laws as such survivor and shall be added to such survivor annuity, except that the annuity of each surviving child shall not exceed at any one time a sum equal to the quotient obtained by dividing \$1,200 by a number equal to the number of children then currently receiving annuities.

Sec. 2. (a) The limitation contained in the next to the last sentence of section 8 (d) (1) of the Civil Service Retirement Act of May 29, 1930, as amended, as enacted by the act of August 11, 1955 (69 Stat. 692; Public Law 369, 84th Cong.), shall not be effective on and after the effective date of this act.

(b) On and after the effective date of this act—

(1) each increase in annuity provided by subsection (d) (1) of section 8 of the Civil Service Retirement Act of May 29, 1930, as amended, as enacted by the act of August 11, 1955, when added, prior to the application of the increase provided by the first section of this act, to the annuity to which a retired employee is otherwise entitled, shall operate to increase the annuity to which each survivor of such annuitant is otherwise entitled as such survivor and shall be added to such survivor annuity, except that the annuity of each surviving child shall not exceed at any one time a sum equal to the quotient obtained by dividing \$1,200 by a number equal to the number of children then currently receiving annuities; and

(2) section 8 (d) (2) of the Civil Service Retirement Act of May 29, 1930, as amended, as enacted by the act of August 11, 1955, shall not be effective except that the foregoing provision of this subparagraph (2) shall not deprive any survivor who becomes entitled to annuity of any increase for which such survivor is eligible in accordance with such section 8 (d) (2) as enacted by the act of August 11, 1955.

Sec. 3. The widow of an employee where such employee had completed 10 or more years of Federal service and was subject to the provisions of the Civil Service Retirement Act of May 29, 1930, as amended, at the time of his death, on or before April 1, 1948, while in the service of the United States or retired from such service, on or before such date, if such widow had been legally married to such employee or retiree for a period of at least 5 years prior to his death and was not entitled to any annuity based upon the service of such employee or retiree under any other provisions of such act and has not remarried, shall be entitled to receive an annuity equal to one-half of the annuity to which such employee or retiree would have been entitled to receive or received, but not to exceed \$600 per annum. Any annuity granted to a survivor under this section shall commence on the first day and month following the month application therefor has been duly filed with the Civil Service Commission, and shall cease upon the death, or remarriage, of the annuitant.

Sec. 4. The annuities and increases in annuities provided by this act shall be paid from the civil service retirement and disability fund; but such annuities and increases in annuities shall terminate for each fiscal year beginning on or after July 1, 1960, for which an appropriation shall not have been made by the Congress to compensate such fund for the cost, as determined by the United States Civil Service Commission, of such annuities and increases in annuities for such fiscal year. For any fiscal year for which

such appropriation shall not have been made, the preceding sections of this act shall not be in effect and annuities and increases in annuities within the purview of this act shall be determined and paid in the same manner as immediately prior to the effective date of this act and as though this act had not been enacted.

Sec. 5. This act shall take effect on the first day of the second calendar month following the date of enactment of this act.

#### PROPOSED FEDERAL TRADE COMMISSION JURISDICTION TO PREVENT MONOPOLISTIC ACTS IN MEAT AND MEAT-PRODUCTS COMMERCE

Mr. O'MAHONEY. Mr. President, I move that the Senate resume the consideration of the unfinished business, which is Calendar No. 706, Senate bill 1356.

The motion was agreed to; and the Senate resumed the consideration of the bill (S. 1356) to amend the antitrust laws by vesting in the Federal Trade Commission jurisdiction to prevent monopolistic acts by certain persons engaged in commerce in meat and meat products, and for other purposes, which had been reported from the Committee on the Judiciary with an amendment.

Mr. O'MAHONEY. Mr. President, the bill was placed on the calendar of the United States Senate on July 18, 1957.

Mr. MALONE. Mr. President—

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

Mr. MALONE. Mr. President, I shall wait until the Senator from Wyoming concludes.

Mr. O'MAHONEY. Mr. President, if the Senator from Nevada will be kind enough to indulge me long enough to permit me to make a statement explanatory of the bill, then I shall yield.

Mr. MALONE. I shall be happy to do so.

Mr. O'MAHONEY. Mr. President, I was about to say that the Senate Committee on the Judiciary reported the bill, with a favorable report, and also with some minority views, on July 18, 1957.

The bill is intended to amend the antitrust laws by vesting in the Federal Trade Commission jurisdiction to prevent monopolistic acts by certain persons engaged in commerce in meat and meat products, and for other purposes.

There has been deep-seated and widespread misunderstanding of the purposes and the effect of this measure. I know, of my own knowledge, that representatives of the American Meat Institute and representatives of the big meatpackers have traveled the entire countryside, have attended conventions of stock growers in various States, and have been trying to persuade the livestock growers of the Nation that the meatpackers are their best friends. How absurd and how silly that argument is, was clearly demonstrated on the television last Sunday night, during the famous Meet the Press program, when the Defense Minister of Western Germany, Mr. Strauss, as I recall, appeared before the interrogators of the press. One of the interrogators, the amiable and very able May Craig, who

has a nationwide reputation, asked Mr. Strauss, "Why is it that you Western Germans have not told the Soviet Government what you will accept for a settlement?"

His answer was, "I never knew a farmer who had a cow to sell who would tell the buyer the minimum price that he, the farmer, was willing to take, nor did I ever know the purchaser of a cow to tell the seller the maximum price he was willing to give."

But, Mr. President, strange though it may seem, the big packers have traveled up and down the land in an attempt to persuade the livestock growers—those who raise cattle and sheep—that they can safely rest their fate, their commercial success or failure, in the hands of the big packers. Mr. President, the record before us is a demonstration that that is a mistaken conclusion.

But there is another factor in this situation, Mr. President. I have before me statements which demonstrate conclusively not only that there is a misunderstanding, but also why there is a misunderstanding, of the meaning of the bill.

This evening I shall make only a few brief remarks. I shall do so without suggesting the absence of a quorum and having a quorum call, because I know that the Members of this body read the CONGRESSIONAL RECORD.

I wish to have the RECORD show that the purpose of the bill is—not to take any jurisdiction from the Department of Agriculture, but to restore to the Federal Trade Commission the power it originally had to enforce the Federal Trade Commission Act and the Clayton Act against packers, as well as against all other dealers in commodities which come within the jurisdiction of that body.

Nothing in this bill was devised with the intention of taking away from the Department of Agriculture any of its functions. In order to make that point clear, the cosponsor of the bill, the Senator from Utah [Mr. WATKINS] and I—the two of us have sponsored the bill—have agreed to accept an amendment which has been offered by the Senator from North Dakota [Mr. YOUNG], the Senator from Colorado [Mr. CARROLL], and ourselves. That amendment will make it absolutely clear that the jurisdiction of the Department of Agriculture over the sale of livestock in the stockyards throughout the country—both the large and the small stockyards—will not be disturbed and will not be taken away.

As a matter of fact, existing law provides a minimum size for stockyards over which the Department of Agriculture may exercise jurisdiction. By means of this amendment that limitation will be removed and thus the jurisdiction of the Department of Agriculture will be broadened. These two statements can be made without fear of successful contradiction.

The misrepresentations have clouded the minds of many small packers and have clouded the minds of some Members of this body. However, I desire to point out that the telegrams which

have been coming in this week might have been sent before our hearings were closed. The bill was reported on July 18, 1957. There was plenty of time to appeal to Members of the Senate about any errors that were in the bill, but no appeals were made.

Even telegrams that are coming in now from farm organizations are based upon misunderstanding, as is demonstrated, for example, by these two paragraphs which I read from the bulletin of the National Independent Meat Packers Association of February 11, 1958. The heading of this statement is "Jurisdictional Controversy Still Remains Clouded":

As all NIMPA members know, your general counsel and your executive secretary have been working laboriously ever since the January 9 board meeting in Cincinnati to effect some sort of compromise which would satisfy the needs of the entire industry with regard to the controversy now raging over whether the jurisdiction over the meatpacking industry should remain in the Department of Agriculture or should be transferred to the Federal Trade Commission.

That is not the issue at all, Mr. President. The issue is whether the jurisdiction over the Federal Trade Commission Act and the Clayton Act—the anti-trust features of the law passed in 1914—shall be restored to the Federal Trade Commission or left with the Department of Agriculture, with which it was placed by the lobbyists of the big meatpackers in 1921, when they sought to find an umbrella to protect them from prosecution for the monopolistic practices in which they were then engaged.

The bulletin goes on:

We regret to report that at this juncture, it would appear that the Department of Agriculture apparently is indifferent to the viewpoint expressed and proposed by NIMPA, because on Wednesday of last week Secretary Benson publicly announced an action which in no way satisfies the demands of many meatpackers that the mechanism for proper enforcement of unfair trade practice violations be strengthened.

Here is a clear declaration by the National Independent Meat Packers' counsel that the action of the Department of Agriculture is not satisfactory to this gentleman. He knows that the Department of Agriculture in the past has failed to enforce the Federal Trade Commission Act and the Clayton Act against the packers. All that we in the majority on the Judiciary Committee want is to provide that the Federal Trade Commission shall have jurisdiction over the Federal Trade Commission Act, and that it shall not continue to be diverted into the hands of the Department of Agriculture, which has not been trained to do the work, which does not have an appropriation to do the work, which does not have the staffs to do the work, and which, if it were staffed, if it were given the appropriation, would be only an overlapping agency attempting to do what an existing agency already was able to do.

PACKERS AND STOCKYARDS AMENDMENT IS FIGHT FOR ECONOMIC FREEDOM

We fight for economic freedom. We appropriate billions of dollars for expenditure at home and abroad with the

sole idea that if we do not do so we shall lose both political and economic freedom here at home, as well as abroad.

We struggle against subversion by totalitarian government. We live under a Constitution by which the people of this Nation, 170 years ago, declared that the people of this country were the source of all authority, political, and economic, that could be exercised over them. Our Constitution was drafted by men who proudly believed that people could govern themselves and support themselves and preserve undiminished the right to life, liberty, and the pursuit of happiness by which their Declaration of Independence had declared they had been endowed by their Creator.

#### OUR ECONOMIC FREEDOM IS THREATENED

We live in an era in which these rights stand in grave danger from authoritarian power, both political and economic. We have seen areas of the Old World fall under the control of authoritarian dictators. Two great global wars we have fought to prevent authoritarian dictatorship from taking over. Now we are engaged in a cold war, more properly called an economic war, by which our ability to be the leaders of the Free World can easily be lost if we do not positively decide, through legislative enactment, that we shall not lose economic freedom here at home. We believe that this Government was established to promote the freedom and the welfare of the human beings who constitute our citizenship. We believe that they are born free, and are determined to keep them free. We cannot, therefore, dare in this hour to temporize with monopolistic economic power, because monopolistic economic power has such an intimidating effect that men who believe in freedom themselves frequently surrender their rights when they are confronted with it.

There came to the staff and members of the committee many representatives of small packers, for example, who said that they believed the jurisdiction to enforce the Federal Trade Commission Act should be restored to the Federal Trade Commission and should be taken away from the Department of Agriculture. But they confessed that they were fearful to act. They were fearful to speak. They asked not to be called as witnesses. They gave us the facts. They showed us how, for example, in some instances they were subjected to tie-in sales.

I have in mind one meatpacker, in a very prominent State of this Union, who was furnishing meat for a large grocery chain, but he was losing that business to a big packer, and the big packer had an agent in its employ on the staff of the grocery chain. He was employed nominally as an adviser, but his advice was given to the extent of persuading the business chain to patronize, not the small packer which had been doing the business satisfactorily, but one of the big packers. I have the name before me. I can confidentially show it to anyone who inquires about it, and give the name of the town in which he operated, but I do not dare to allow the identity of that individual to be learned by any of the

meatpackers who have been parading around the country like—well, let me not make an allusion—parading around the country in sheep's clothing, to prey upon the small meatpackers and the individual producers.

Mr. CARROLL. Mr. President, will the Senator yield, or does the Senator desire to complete his speech first?

Mr. O'MAHONEY. I am happy to yield to the Senator from Colorado.

Mr. MALONE. Mr. President, I should like to say that I have deferred to two speakers, and I wish to be recognized. If anyone is going to yield to anyone, I should like to be permitted approximately 5 minutes.

Mr. O'MAHONEY. I understood the question of the Senator from Colorado was relevant to the discussion.

Mr. MALONE. My presentation will be relevant, also.

Mr. O'MAHONEY. I shall be through in only a few minutes.

Mr. MALONE. I hope so.

Mr. CARROLL. May I say to the distinguished Senator from Wyoming a report which came to me in 1956 in Colorado, from Colorado cattlemen, bears out in every detail the facts presented by the distinguished Senator from Wyoming this afternoon.

As a matter of fact, in 1956, as I moved through the stock-raising area of Colorado, cattle prices were declining, while at the same time retail prices for beef were on the increase. I asked the cattlemen what they wanted me to do, and they asked me to support the antimonopoly investigations conducted by the distinguished Senator from Wyoming [Mr. O'MAHONEY].

I now ask the Senator from Wyoming, What is the primary purpose of the legislation now before this body?

Mr. O'MAHONEY. The primary purpose of the legislation is to allow the Federal Trade Commission to administer all the Federal Trade Commission Act and the Clayton Act, which affect the business of packing of meat, leaving with the Department of Agriculture all the functions it now performs with respect to the supervision of stockyards, except that we propose to expand the jurisdiction to some degree by taking away the minimum.

Mr. CARROLL. Would not the Senator say that one of the purposes of the hearings at the outset was to investigate the price spread existing at that time between the producer's price and the retail price?

Mr. O'MAHONEY. Of course that was one of the incidentals. Our investigations have clearly demonstrated there are various violations of the antitrust laws, which we have found to exist.

Let me state some of them for the information of the Senator:

Discriminatory pricing, by which the big packer will give one price to one company, and a different price to another. That charge can be proved.

False and misleading advertising. That charge can be proved.

Tie-in sales have been charged, such as, for example, "If you get this you must buy this also."

All of those are a violation of the laws of free competition.

Mr. CARROLL. Could not the Federal Trade Commission have moved in for an investigation?

Mr. O'MAHONEY. No; because the amendment which the lobbyists for the packers wrote into the bill in 1921 exempts the packers from the Federal Trade Commission jurisdiction. In words and phrases, unfair practices are prohibited in the Packers and Stockyards Act. On July 1, 1927, Secretary W. C. Jardine issued an order to the effect that—and I shall put it in the RECORD in due course—the Packers and Stockyards Administration was abolished in the Department of Agriculture. Instead of having an enforcement agency, we have an agency which has been most sympathetic toward the designs and objectives of the big packers.

Mr. CARROLL. May I ask the Senator from Wyoming: How long has the Department of Agriculture had jurisdiction to conduct such investigations?

Mr. O'MAHONEY. The Department of Agriculture has had the jurisdiction, but not in 19 years has there been a case.

Mr. CARROLL. Not in 19 years?

Mr. O'MAHONEY. Not in 19 years. I previously pointed out that the economic power of a great company is such that men whose whole life savings are invested in a small meatpacking institute sometimes fear to speak their minds, to give their testimony, or to express opposition. It is clear from what I have read of the statement of NIMPA—the National Independent Meat Packers Association—that they are not satisfied with what the Department of Agriculture has done to this date. I am not satisfied. The Committee on the Judiciary is not satisfied.

Mr. CARROLL. The distinguished Senator from Wyoming made some comment about the Young-Carroll amendment, which I understand will be acceptable. The amendment in no way will interfere with the responsibility of the Secretary of Agriculture, will it?

Mr. O'MAHONEY. Not at all. It will broaden the jurisdiction.

Mr. CARROLL. It will broaden the jurisdiction?

Mr. O'MAHONEY. The Senator is correct.

Mr. CARROLL. I thank the Senator.

Mr. O'MAHONEY. Mr. President, I ask unanimous consent to have printed in the RECORD the amendment to Senate bill 1356, proposed by the Senator from North Dakota [Mr. YOUNG], for himself, the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Utah [Mr. WATKINS], and the Senator from Colorado [Mr. CARROLL].

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

On page 4, after line 24, add the following sections:

(j) The caption to title III, appearing immediately before section 301 of such act (42 Stat. 163; 7 U. S. C. 201) is amended by adding, immediately following the word "Stockyards", the words "and Livestock Transactions."

(k) Section 301 (c), section 301 (d) and section 312 (a) of title III of such act (42 Stat. 163 and 167; 7 U. S. C. 201 and 213) are amended by striking out in each such sec-

tion, wherever they appear, the words "at a stockyard."

(l) Section 302 (a) of title III of such act (42 Stat. 163; 7 U. S. C. 202a) is amended by striking out the last sentence thereof.

(m) Section 303 of title III of such act (42 Stat. 163; 7 U. S. C. 203) is amended by inserting after the first sentence thereof the following sentence: "Every other person operating as a market agency or dealer as defined in section 301 of the act may be required to register in such manner as the Secretary may prescribe."

(n) Section 311 of title III of such act (42 Stat. 167; 7 U. S. C. 212) is amended by striking out the words "stockyard owner or market agency" wherever they occur and inserting "stockyard owner, market agency, or dealer", and by striking out "stockyard owners or market agencies" and inserting "stockyard owners, market agencies, or dealers."

Mr. ALLOTT. Mr. President will the Senator yield, since he has been interrupted, for one question?

Mr. O'MAHONEY. I am happy to yield to the Senator from Colorado.

Mr. ALLOTT. Is the Senator able to state at this point in his argument how many actual cases have been proceeded on by the Department of Agriculture since the amendment to the act was passed, or will the Senator give that information later on?

Mr. O'MAHONEY. I shall read to the Senator the statement made by the Under Secretary of Agriculture in May 1957. This is a statement by Under Secretary Earl Butz in response to a question asked by my colleague, the Senator from Utah [Mr. WATKINS].

Mr. ALLOTT. I know the statement was made by him. I do not have the hearing record before me. I believe that is a very pertinent part of this discussion.

Mr. O'MAHONEY. It is a completely pertinent part of the discussion, and I shall be happy to read it.

The statement of Under Secretary Butz, in reply to the Senator from Utah [Mr. WATKINS] was:

It is quite true that for 26 years it (meaning the Packers and Stockyards Act) has not been adequately enforced.

That was the confession, to use the words of Under Secretary Butz himself, made by the representative of the Department of Agriculture who appeared before our committee.

Under Secretary Butz then said: "But don't you think when the sinner confesses and resolves to do better he should be given a chance?"

Nobody is more ready than I to forgive the sinner and give him a new chance, but the Department of Agriculture has given no evidence as yet of any desire to do better.

We have a confession, but the resolution has not developed. The President in January submitted the budget for the Department of Agriculture for the ensuing fiscal year. This document asks for an additional appropriation of \$225,000 for the enforcement of the Packers and Stockyards Act for the specific purpose of posting the stockyards over which it will still have jurisdiction under this bill. There is, however, in the budget a revealing though unconscious confession that the Department of Agriculture even now is not certain as to the number of eligible stockyards in the country. The

table presented in the budget shows there were estimated to be 855 such yards in fiscal year 1957, which ended, of course, on June 30 last, after our hearings had been held. The same estimate is made for 1958 and the same for 1959. In other words, it is clear from the record that the Department has not been sufficiently interested to count the stockyards it is going to post with the \$225,000 it requests Congress to appropriate.

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

Mr. O'MAHONEY. I yield.

Mr. ALLOTT. I appreciate the fact that the Senator has referred to the remarks of the Secretary, because in my opinion history is a very good basis on which to legislate.

It appears rather clearly that in the 37 years this subject has been under the jurisdiction of the Department of Agriculture, it has not acted in a way which would protect the public and the people of the United States in this field.

Mr. O'MAHONEY. Not only is that true, but by reason of this amendment, which was written into the original act by the lobbyists, they have created the escape route by which the giant chain-stores are escaping from the Federal Trade Commission Act itself.

Mr. ALLOTT. I suppose the Senator, later in his argument—not today in this preliminary statement—will explain the situation more fully. I understand how the situation has come about, but I think everyone will be interested in the explanation. I suppose when the argument is resumed next week the Senator will explain how the situation arose.

Mr. O'MAHONEY. I shall be happy to do so.

#### CONCENTRATION OF ECONOMIC POWER THROTTLES BUSINESS

For years the concentration of power in the economic field has been undermining the ability of independent free enterprise to survive. We have turned the Treasury of the United States into a banking institution to support both big and little businesses. We had an RFC after the depression of 1929 struck the country. It was designed to place the credit of the Federal Government behind the banks, the insurance companies, the railroads, and other great industrial and commercial institutions which had suffered during the depression. Then we established the Small Business Administration and now President Eisenhower, in his economic message to the Congress, has asked us to amend that law so that SBA may have a permanent existence. From every quarter of the country comes the clamor of those who want to hammer on the doors of the United States Treasury to obtain funds which they cannot get from private sources, and though we talk of peace and prosperity we have neither because we have permitted the concentration of economic power to limit the operation of small and local business.

I shall not here review the facts to prove this statement, but they are available. I desire now to point out only that as long as we are willing to permit huge organizations to merge with one another

and to gather more and more control of the commercial and industrial life of the Nation, the more difficult will it be for us to avoid the totalitarian disaster which has overwhelmed so much of the population of the world.

**THE PACKERS REMOVED THE SENTRY FROM THE MARKET PLACE**

The packers and stockyards amendment of which I speak today (S. 1356) tells a dramatic story of the successful effort of the meatpacking industry to escape regulation in the public interest.

In support of the bill recommended for enactment by the Committee on the Judiciary, I shall show:

That, after the Senate Committee on Agriculture and Forestry reported a bill placing the meatpackers under the jurisdiction of the Federal Trade Commission, the provision was stricken from the bill and the Department of Agriculture was given the jurisdiction over the packers.

That this feat was accomplished by a master triumph of the art of the lobbyist by which the packers were able to persuade the Congress to believe that though they were the purchasers of the products of the farm and the ranch they could be trusted to be the guardians of the economic interest of the producers.

That their only accomplishment was to remove the sentry from the market place.

That the Under Secretary of Agriculture admitted before our committee that enforcement of the law had been inadequate for 26 years.

That again, now that it is proposed to reestablish the Federal Trade Commission as a public sentry to protect the public interest, the packers and the chainstores are once more seeking to convince the Congress that they should be made the sentries.

I shall relate the amazing manner in which the packers and the chainstores in the name of free enterprise have used and are continuing to use every effort to prevent the Congress from exercising its constitutional duties to shield the public interest from monopolistic and unfair trade practices.

I ask you to support this bill because it offers the only method by which Congress may protect the producers on the one hand, the consumers on the other, and effectively close the door of monopoly. It will not make the packers and the chainstores the victims of persecution. It will only notify them that there is a public sentry on guard and that they cannot safely resort to the practices they have performed in the past. This is a bill to protect free enterprise against economic totalitarianism. This is the principle to show the people of the free nations that it is possible for a free people to manage monopoly without dictatorship.

**SPECIAL LEGISLATION FOR THE PACKERS**

More than 36 years ago Congress passed the Packers and Stockyards Act "to regulate interstate and foreign commerce in livestock, livestock products, dairy products, poultry, poultry products, and eggs, and for other purposes." The purpose of this law, as it was introduced, was to vest in the Federal Trade Commission the power to prevent the

adoption of unfair and monopolistic trade practices. The Federal Trade Commission, under order of the President, had made an investigation and discovered that five big packers were in a position through ownership of the stockyards and through ownership of interstate distributing facilities to tell the producers of livestock on the farm and the ranch the prices they must be willing to take for their product and to tell the housewife and all other consumers the prices they must be willing to pay for the meat products they desired to purchase. This is a simple and truthful statement of the concentration of economic power that had been made effective from end to end of the meat industry by the managers of great packinghouses. An antitrust suit which resulted in a consent decree and the Packers and Stockyards Act, signed by President Warren G. Harding, partially broke up this control. But neither the decree nor the act was as effective as designed by its authors because—and this I assert on the testimony of Senator Robert La Follette and others—there were written into the House bill in the writing of the lobbyist for the meatpackers certain amendments which removed the jurisdiction over unfair trade practices and monopolistic activities from the Federal Trade Commission and placed that jurisdiction in the Department of Agriculture.

The amendments, by defining the activities of a packer, removed that single industry dealing in the processing and marketing of livestock and meat products from the jurisdiction of the Federal Trade Commission and placed it in the hands of the Department of Agriculture. By any rules of construction it was special legislation which destroyed the power of the Federal Trade Commission to protect the public interest in the meat processing field. The Trade Commission investigation had proven the monopolistic methods which had been used to dominate the stockyards and control the distribution of meat products. But the lobbyists for the packers launched the campaign with soft words and persuasive phrases to argue that the giant corporations which had won control of the industry were the best friends the farmers could hope to have. So there was written into this law the specific provision that "on and after the enactment of this act, and so long as it remains in effect, the Federal Trade Commission shall no power or jurisdiction so far as relating to any matter which by this act is made subject to the jurisdiction of the Secretary." Thus by special legislation one industry chosen from all the industries in the land was taken out of the hands of the Federal Trade Commission and placed in the hands of the Department of Agriculture.

**"A MOST EXTRAORDINARY RECORD," SAYS LA FOLLETTE**

"It is a most extraordinary record," said Senator La Follette on the floor of the Senate, June 17, 1921—page 2707 of the CONGRESSIONAL RECORD. "I think the revelations made by the packers, through the Senator from Utah, are a valuable contribution to the legislative

methods that are employed by big interests in securing what they want. They usually know what they want, and this is the system by which they secure it."

Summarizing the story of the progress of the bill in the House, Senator La Follette, the senior La Follette, told of the selection of a special subcommittee of three, carefully selected because of their views, which took the bill originally prepared by Representative Haugen, Republican of Iowa, and went to work to amend it. "This committee," he said, "takes the Haugen bill and writes into it seven important suggestions made by the attorney for the packers—radical suggestions, suggestions that completely changed the character of the bill as it was first introduced—and I hold in my hands here now the Haugen bill with interlineations in the handwriting of that attorney in the bill, which he turned over to Mr. Atkeson, with the changes that the packers desired to have made in the bill. Then the subcommittee was appointed. They adopted these suggestions. The measure was passed on to the full committee and, without a single change, reported by the committee to the House and passed by the House just as reported. Is not that rather remarkable?

The ways seem to be specially greased for swift action. Without a change, this bill goes from a subcommittee of three through the entire committee of the House, and then it goes through the House of Representatives without any further change whatever.

**THE EFFECT OF THE CHANGE**

These changes have had a threefold effect.

First, the experienced, the knowledgeable, the effective Federal Trade Commission, fully acquainted with the maneuvers of the monopolists, was removed from jurisdiction over a very vital section of the meat industry which literally affects every family in the land.

Second, that jurisdiction was turned over to the Department of Agriculture, which is not a law-enforcement agency, the members of which never were nor have been to date trained and educated in the enforcement of the antitrust laws. Thus a duplicating and overlapping agency in the field of antitrust policy was established, violating every principle of economy and general, rather than special, legislation.

Third, with the great, modern expansion of interstate and international chainstores, it has afforded them a safe escape route from prosecution by the Federal Trade Commission for any violation of the antitrust laws with respect to any type of food for all they need to do now is to acquire some real or simulated activity that a smart lawyer may argue to be within the definition of a packer.

**CHAINSTORES MANAGE TO AVOID REGULATION, TOO**

The 7 largest chainstores in America, from Food Fair, operating in 7 States, through 238 different outlets, selling in 1956 \$475 million worth of goods, to the Atlantic & Pacific Tea Co., operating in 40 States, the District of Columbia, and 2 Provinces of Canada, through 4,650

outlets, with sales of \$4,304,990,000 in 1956, have now voluntarily registered within the Department of Agriculture as packers. In the case of Food Fair, when it was charged with violation of the Federal Trade Commission Act with respect to its handling of certain food products, it successfully denied the jurisdiction of the Federal Trade Commission by proving that it had purchased a packing plant costing about \$4 million, a sum less than 1 one-hundredth of its total sales in 1956.

These giant food chains—A. & P., Safeway, Kroger, American, National Tea, First National, Food Fair—now, by reason of the magnitude of their business throughout the country, stand in the position of being able to put the squeeze on the big packers. The latter, in turn, are now back in court again trying to secure a modification of the consent decree of 1920 by which they were barred from the ownership and control of distributing facilities.

AGRICULTURE DEPARTMENT HAS FAILED TO ENFORCE LAW

For 30 years the Department of Agriculture has acknowledged no interest in the enforcement of the antitrust features of this law. Secretary W. C. Jardine, on July 1, 1927, issued an order abolishing the Packers and Stockyards Administration and transferring its functions to the Bureau of Animal Industry, which was then regarded and has since continued to be a morgue for the body of the law of the Packers and Stockyards Act.

Not only is that true, but in a formal response to a letter which I addressed to the Secretary on January 7, 1957, Assistant Secretary Don Paarlberg told me that the Livestock Division had "made a preliminary request for the Packers and Stockyards Branch of an increase in appropriation of \$396,000 for the fiscal year 1959, about one-half of which was intended for strengthening of title II enforcement. \* \* \* The 1959 budget estimate of the Department provides an increase of \$225,000." In other words, upon the testimony of the Department itself, though the Livestock Division had requested \$396,000 additional, the Department of Agriculture itself cut the appropriation back by \$171,000 to \$225,000.

I have no hesitation in saying that the Department of Agriculture is not equipped to enforce this act, has no desire to enforce this act, and has proven by its own budget that it does not know the size of the job it is allowed to undertake and has cut back the amount of the appropriation the Livestock Division requested for that title of the Packers and Stockyards Act which transfers the monopolistic jurisdiction from the Federal Trade Commission to the Department.

By its own action the Department of Agriculture has demonstrated that enforcement of the Federal Trade Commission Act by that agency is a duplication of effort. It violates every principle of economy.

PACKERS ARE NOT GUARDIANS OF PRODUCERS' INTERESTS

We profess to believe that we have confidence in free enterprise, but we find the central organization representing the

packers, namely, the American Meat Institute, traveling from State to State around the country trying to convince farmers and ranchers that the packers are the friends and the defenders of the producers of livestock and the consumers of meat products.

Once again the propaganda effort of 1921 is in full swing. "We are the friends of the livestock man," proudly proclaim the processors of cattle, sheep, and hogs. "We know what your interest is. We will safeguard it. Big Government will ruin you with its antitrust laws. Let the Department of Agriculture take over the task."

He would be a naive producer who would believe that anybody in an organization of the meatpackers was concerned about making certain that he received the proper market price for any cow he ever sold for slaughter, or any sheep, or any hog, and it would be a naive housekeeper who would believe that the meatpackers and the gigantic chainstores distributing meat and food products to the country were not more concerned in making a pretty profit for themselves than in saving the housekeeper's \$5 bill.

The Packers and Stockyards Act was passed in 1921 because corrective action was needed. The packers, lobbying for themselves, traveling the country in sheep's clothing, posing as the sentries of the livestock producers, cut the throat of the Federal Trade Commission. The record of 30 years shows that corrective action was not taken. Now that other giant interstate and international food chains are entering the picture seeking to avoid the supervision of the people's sentry, the drama condemned by La Follette and Norris and Kenyon and Schall 30 years ago is being repeated and for only one purpose, namely, that the big packers and the big chains shall be given a new opportunity to fasten monopolistic control over a most vital industry. Because an antitrust agency in the Department of Agriculture is a duplication it would require larger appropriations than either the Bureau of the Budget or the Department of Agriculture has recommended. The Federal Trade Commission needs no additional appropriations because it has the necessary staff and it ought to have the power. The only beneficiaries of the defeat of this bill would be the giant packers and the giant food chains.

Let not the little packer who has been persuaded to join the American Meat Institute believe that he is the pet lamb of the big packers and the chains. The Department of Agriculture Marketing Services told us that in April 1957, Swift, Armour, and Wilson, namely, the 3 big packers instead of 5 as was the case 30 years ago, accounted for 64.7 percent of all the sheep slaughtered in America, 56.4 percent of calves slaughtered, 38.5 percent of cattle slaughtered, and 48.9 percent of hogs slaughtered. The interest of the little packers is identical with the interest of the individual producer and of the consumer—identical, I say, because I still adhere to the basic principle of our Government, that industry in America should

be free. It should not be controlled by Government; neither should it be controlled by any private group. Competition and free enterprise are the ideals about which we talk on July 4, but they are not the ideals of those who desire to hinder, delay, and destroy the power of Government to enforce the antitrust laws of Congress.

The enactment of this bill, by the mere fact of restoring the power to the Federal Trade Commission where it belongs, will serve notice upon both packers and chainstores that Congress means that the antitrust laws should be enforced. That will have the immediate effect of inducing both packers and food chains so to operate as to avoid the likelihood of any prosecution.

ORDER FOR RECESS TO NOON ON MONDAY NEXT

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in recess until 12 o'clock noon on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORITY FOR PUBLIC WORKS COMMITTEE TO FILE REPORT

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Committee on Public Works be permitted to file a report on the road bill during the recess of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR PRINTING OF MINORITY VIEWS IN CONNECTION WITH ROAD BILL REPORT

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the minority views in connection with the road bill report be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEHOOD FOR ALASKA AND HAWAII—UNEMPLOYMENT—DEPRESSION—CBS PROGRAM, MARCH 2, 1958

Mr. MALONE. Mr. President, on Sunday, March 2, a canned program was broadcast over the Columbia Broadcasting Network on the Murrow hour.

My part of that program was kinescoped in Washington on Thursday, February 20, 10 days prior to the broadcast.

About one-half of my part of the original recording was edited out, with my consent, since I have always trusted editors and radio and television people. However, I learned about New York television editing from Mr. Murrow. The next time it will be a live program, or no editing by the sponsor.

Since a point has been made of my statements—edited by Mr. Murrow—I think the public should at least have the context of the edited broadcast. I have been unable so far to get the complete unedited kinescope.

I ask unanimous consent to have printed in the RECORD at this point, the context of the edited broadcast.

There being no objection, the text of the edited broadcast was ordered to be printed in the RECORD, as follows:

Mr. MURROW. Mike Stepovich, like his Democratic opponents within the Territory, is willing to let Alaska's case be judged by the arguments of those who oppose statehood. One of these is United States Senator GEORGE W. MALONE, Republican of Nevada, who wrote the minority report. You are against statehood for Alaska. Why?

Senator MALONE. For 180 years, Ed, everybody's been opposed to statehood for any noncontiguous area. That is, the majority. We've never taken one. This is not the first application. Once you take a noncontiguous area as a State, then there's nothing to prevent 8 or 10 noncontiguous areas including island areas.

Mr. MURROW. You mean like—

Senator MALONE. And then the whole complexion of the United States Senate is changed. Once you take a noncontiguous area, they break this ice. So you get two Senators from Alaska. Then you get two from Hawaii. Then Puerto Rico comes in—no excuse then. Six. You take Formosa. Why not? There's more Chinese—as many Chinese in Hawaii as there is in Formosa. Take the Philippines. First thing you know 10 or 15—16 offshore Senators on that Senate floor. It's the balance of power—you just go off the deep end—one-worlders, and one world free immigration, free trade—that's the ultimate objective, Ed. You ought to think this thing through. What are you going to do with Canada in between? I think in the long run it may be a good many years, but some time you may take all of the Western Hemisphere in one contiguous group. Mexico's a contiguous nation. Canada's a contiguous nation. That's about the size of it.

If we took Canada we can take Alaska. Let me tell you something about America. You'd think the way everybody talks we're a peaceful nation. We are not a peaceful nation. We took every scrap of land in this United States. We said we paid for it. We didn't pay very much, and if they hadn't sold it, we'd have taken it.

If we had the population of Europe—they have twice the population of the United States and half the area—if we were in that position we'd take Mexico in the morning—before breakfast. We've always done it. You think this is the last. There are many people who want us to take these European nations as states, and the proposal was made right through the State Department the last time they were over there, that when the—this group of United European nations get ready then join the United States on an equal basis, and I'm not for that.

Mr. MURROW. And you don't see any advantage that would accrue to us from Alaskan statehood?

Senator MALONE. Could not possibly be any advantage.

Mr. MURROW. Not militarily—not economically?

Senator MALONE. No. Could it be an economic advantage when they can ship their stuff here. There is—no tariff—just like between our States. They have all the advantages—if they want to elect their Governor; if they want to appoint their supreme court judges and they want other economic advantages which Puerto Rico has, I have a bill in the Senate for that and for Hawaii—and you'll find if you read that bill it makes considerable sense.

Mr. MURROW. Well, Senator. In 1860, when Nevada became a State, I believe there were only about 9,000 people living there then. Is that right?

Senator MALONE. We produced about a billion dollars of gold and silver that Mr. Lincoln needed pretty bad and they took it in as a State, but you know you could get out and in from Nevada. You crossed Nevada to go some place. It was an inside State—a contiguous area. So was all the rest of these States. Arizona didn't come in until much later. But they're contiguous areas. So you know what you're doing with them, and you see them every day. Your information is wrong on a lot of things, Ed. You know, I've told you that.

Mr. MURROW. All right. Go ahead.

Senator MALONE. But I was happy to get your call from New York, because I felt sorry for Ed Murrow at times because he's housed in New York.

He prepares his programs in New York, and if there's any city in the United States more dangerous to the United States of America than Washington, D. C., it's New York.

Mr. MURROW. Why?

Senator MALONE. Because they're all internationalists. They build those buildings so high there, you know, that they can see the nations of Europe and Asia easier than they can those little States west of the Hudson River, and then you have a clique there that take it off the top—10-percent override no matter which way it goes through the port. So you have your nice clubs and you have your international bankers—you have everything and you just think you're doing well, but you're riding for a fall, and while they're making those windows in those buildings harder to climb out of, you'll get out all right when this hits you.

Mr. MURROW. When what hits us?

Senator MALONE. The greatest depression in history—it's started now.

Mr. MURROW. Well, speaking of New York and what you had to say about New Yorkers, would you advocate throwing New York out of the Union?

Senator MALONE. It's been proposed but I don't propose it. I just say don't let 'em run the United States. I think you've got to elect a President without New York, because now they think they have to have New York to get the nomination to be elected. I don't think they do next time—so they won't have to go for everything that comes out of New York, and that'll be good for New York, because this thing—the house can fall on them so quick just like it did in 1929, and it's going to, Ed, unless we can stop it at the grassroots.

Mr. MURROW. Thank you very much, Senator MALONE. These have been some of the reasons for and against statehood for Alaska. Next, we turn to Hawaii. This is a joint session of the Senate and House of Representatives of the Territory of Hawaii, 42 men and 3 women representing the almost half million citizens of the Hawaiian Islands. Speaking of Hawaiian statehood, one ranking United States Senator said this: "The rising tide of Asiatic communism will have a direct route to the floor of the Senate of the United States with two votes. It is the direct route to the committee room on foreign relations of the Senate."

SLANTED REPORTS—A NEW YORK HABIT

Mr. MALONE. In the New York Journal-American of Wednesday, March 19, 1958, Jack O'Brian, that newspaper's famous radio-TV columnist, says:

NBC TV's Huntley-Brinkley "news" is less hard news than one long glob of opinion. Last night it was David Brinkley's turn to tilt the news in favor of Walter Reuther, and almost any evening the administration can be certain of a heavy spattering of irony, sarcasm, or ridicule.

The Murrow CBS program of March 2 was "slanted" in favor of statehood for Alaska.

Mr. President, when the current recession or depression was mentioned, I also explained that we had brought it on ourselves through free imports of the Asiatic and European cheap labor goods—and that the chief factor in this depression had so far not been mentioned by the Congress or the White House.

That part of the broadcast was edited out. The Congress and the administration have suggested many minor moves to combat the depression, but they have not mentioned the chief factor contributing to it.

The 1934 Trade Agreements Act—the so-called Reciprocal Trade Act—opened American markets to foreign sweatshop labor competition for the first time since the Declaration of Independence in 1776.

We went off the gold standard in 1933 and priced ourselves out of the foreign markets through inflation.

THE NATIONAL ECONOMY AND FOREIGN POLICY

The Constitution carefully separated the regulation of the national economy from the fixing of foreign policy—placing the first in the legislative branch and the second in the executive branch.

The 1934 Trade Agreements Act tied the two together, by the simple expedient of transferring the regulation of foreign trade and the national economy to the executive branch through the adjustment of the duties or tariffs.

The Senator from Nevada told Mr. Murrow that all the Members of Congress had to do was to sit still and allow the 1934 Trade Agreements Act expire on June 30, 1958, and the American workingmen and investors would be back in business.

That the depression or recession whatever it might be called would almost immediately be eased.

The regulation of foreign trade through the adjustment of the duties or tariffs—in accordance with article I, section 8 of the Constitution—automatically would revert to the Tariff Commission, an agent of Congress, to be adjusted on the basis of fair and reasonable competition—giving American workingmen and investors equal access to American markets.

Mr. President, I also ask unanimous consent to include in the RECORD at this point the minority report on statehood for Hawaii and Alaska. It will clarify the edited version of the broadcast.

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

MINORITY VIEWS TO ACCOMPANY S. 49

The Committee on Interior and Insular Affairs has reported S. 50 favorably to the Senate, and is expected to report S. 49 the same. I voted in committee against these bills to provide statehood for Hawaii and Alaska, and submit herewith for consideration by the Senate the reasons for my opposition.

Since first elected to the United States Senate, I have consistently voted against Hawaiian and Alaskan statehood mainly because this Nation has never granted statehood to any noncontiguous territory; and it is not conceivable to me that at this time we could ever have a homogeneous people through the acceptance of offshore areas widely separated from the mainland, where perhaps not over 1 percent of the inhabitants would ever visit the mainland. In these

noncontiguous areas, a great bulk of the people have no direct knowledge of life and conditions in the United States, and because of this their ways of life are different from ours. Consequently, they are much more vulnerable to infiltration by the exponents of ideologies and theories which are contrary and dangerous to the American philosophy of life and government.

In Hawaii, the Communist-infiltrated International Longshoremen's and Warehousemen's Union is all-powerful. The political life of the islands is controlled and dominated by this union and through Hawaiian statehood, Moscow, in effect, could achieve representation in the United States Senate.

The acceptance of a noncontiguous territory like Hawaii or Alaska—and they would all be clamoring for admission if we granted the privilege to one—would result in a disruption of the balance of power in our legislative form of government. It is entirely within the realm of possibility that a group of Senators, representing a way of life not in accord with ours, could easily control a balance of power in the United States Senate. Hawaii has one three-thousandths of the population of the United States, and if admitted to the Union would be given one forty-ninth of the total vote and power in the Senate. If Alaskan statehood which is also before the Senate is approved, both the Territories would be given one twenty-fifth of the total vote and power in the Senate.

In denying statehood to these noncontiguous Territories, I do not propose that we keep them as subject colonies. In 1953, I introduced a self-government bill for Hawaii and a similar bill for Alaska was introduced by the late Senator Hugh Butler of Nebraska. I have introduced in this Congress S. 35 and S. 36 to provide for the election of a governor and for the adoption of a constitution, approved by the Congress of the United States and by the people of the Territory involved, for both Hawaii and Alaska. The bills also provide for the appointment of the justices of the supreme court of the Territories by the governor and with the consent and advice of the senate of the Territories in each case.

Senate bill 36 provides that the people of the Territory of Hawaii may organize a government pursuant to a constitution of their own adoption and specifically states that such a constitution shall provide a republican representative form of government and shall include a bill of rights subject to the approval of the Congress of the United States.

I believe that is the proper step in government for all Territories of the United States which are of sufficient size and importance to merit such self-government.

The commonwealth status that my bill provides does not impose second-class citizenship upon the residents of Hawaii. Quite the contrary; they would be almost completely independent. They would govern themselves and they would have from \$135 million to \$140 million a year that now goes into Federal taxes, to improve an economic system which has been operating in the red for some time. As a self-governing state freely associated with the United States, using the same postal system and with the courts of law associated with our Federal courts, as our State courts are at the present, Hawaii could develop to the full extent of its capabilities through the foundation of new industries to utilize its reservoir of skilled labor and the same situation may be made applicable to Alaska.

I was 1 of 5 Senators who visited Puerto Rico in 1947. The question of statehood for that area was just as hot then as the Hawaiian and Alaskan question is now. At that time we recommended against statehood and suggested complete autonomy, subject, of course, to the provisions of the United States Constitution. This was done and in 1952

Congress approved the Puerto Rican constitution.

Today, after 7 years of self-government, Puerto Rico has raised itself from a situation once described by our committee as unsolvable because it was ridden with disease, slums, and poverty, to a standard of living reported to be the highest in the Caribbean. Puerto Rico has not forgotten statehood by any means, though its government is working very well and the people are not complaining.

If we admit Hawaii and Alaska to the Union, we will be establishing a precedent that will be used by other noncontiguous and island areas as support for their statehood arguments. I should like to emphasize strongly that our own independence of thought and action is involved. Our own independence to determine the course which the United States wishes to pursue in national and international policy is indelibly linked to what we do with the Hawaiian and Alaska statehood bills.

It has been argued that the way to stop wars is for the United States to take in many outside areas, foreign nations or states, and that by taking them into a "United States of the World" and giving them representation on the Senate floor we would stop the incentive for wars. Many international organizations, believing as they do that the sovereignty of this Nation should be sacrificed to a world organization, are sincere in their advocacy of even European nations being admitted as states.

Once we had relinquished the rule that we shall not take into the Union any territories outside the North American Continent, what reason could we give, once a precedent was established in Hawaii and Alaska for not granting similar statehood to the Philippines, Okinawa, Samoa, Guam, and many others? The French people started the practice of admitting their colonial areas' representatives to their assembly many years ago. The resulting instability of that body should make other countries wary of the practice.

We are dealing with a much wider question with broader implications than those who support these bills would have the Senate believe. I am firmly convinced that once we break the precedent on noncontiguous areas, there is no stopping place. We must remember that granting statehood to Hawaii is an irrevocable act and once it is done it cannot be undone.

Congress must proceed with the utmost caution and with the fullest deliberation of these issues which affect such a radical change in the structure of our Government and our external relations.

GEORGE W. MALONE.

Mr. MALONE. Mr. President, in line with the recession or depression and its causes, I ask unanimous consent to include in the RECORD at this point an editorial by one of the outstanding editors of the Nation.

The New York Journal-American is a part of a national chain of newspapers, and this editorial proves that all New Yorkers are not in favor of dividing the wealth of this Nation with 2½ billion people, and for world government, with the United States having one vote under the United Nations.

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

[From the New York Journal-American of January 20, 1958]

AN INDUSTRY IN DISTRESS

(By E. F. Tompkins)

Congressional action on the Trade Agreements Extension Act, which directly affects

our payrolls, may be determined by the plight of textiles under the State Department's free-trade policy.

Textiles comprise one of our greatest industries. Directly and indirectly, the industry normally employs 15 million persons, nearly a fourth of our entire labor force. The welfare of communities depends on the textile industry. And history proves that a textile industry is essential to national security.

For 10 years, the industry has suffered from low-wage foreign competition. The damage is increasing, and so is the peril of incurable damage. On February 28, Prof. Seymour E. Harris, Harvard economist, testified before the House Ways and Means Committee on behalf of the New England Governors' Conference. He said:

"Of course, textiles continue to lose ground. New England has lost more than one-half of her jobs since the war. In woolens and worsteds the losses have been even larger."

The woes of woolen and worsted mills began in 1948, when the State Department—under the Reciprocal Trade Agreements Act—reduced the tariff on competitive woolen and worsted imports from 45 to 25 percent. This was done by protocol at a secret Geneva session of GATT, an international organization which the State Department had joined without Congressional assent.

"This reduction," Professor Harris testified, "was followed by a decline of output of more than 50 percent. \* \* \* It took almost 8 years before the error was rectified to some extent."

Rectification was attempted under the Geneva protocol.

The protocol provided, by reservation, that the 45-percent tariff, fixed by Congress in 1930 and abandoned by the State Department in 1948, should be reinstated if woolen and worsted imports here exceeded 5 percent of domestic production.

In July 1952 the National Association of Woolen Manufacturers applied for relief in the face of rising imports.

Nothing happened.

In April 1956 the Textile Workers' Union of America also applied for relief in the face of rising unemployment—and in July 1956 a hearing was held.

The evidence of injury from foreign competition was overwhelming. So the statutory tariff of 45 percent was reapplied by the President. But the industry has not recovered.

British interests, including the British Government's Board of Trade, are propagandizing in this country in the hope of restoring the State Department's low tariff and capturing the bulk of the American market in woolen and worsted goods.

The danger is that the British effort will succeed—if Congress passes the trade-agreements extension bill.

Mr. MALONE. Mr. President, I ask unanimous consent to insert in the RECORD at this point a resolution adopted by the Nevada Legislature under date of December 15, 1956, asking that the 1934 Trade Agreement Act be not renewed.

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

Senate Joint Resolution 14

Joint resolution memorializing the Congress of the United States to resume its responsibility of regulating foreign commerce, and to allow the 1934 Trade Agreements Act to expire in June 1958

Whereas the promotion of world trade should be on the basis of fair and reasonable competition and must be done within the principle long maintained that foreign products of underpaid foreign labor shall not

be admitted to the country on terms which endanger the American workingmen's jobs or American investments; and

Whereas article I, section 6, of the Constitution of the United States, provides that the Congress shall have the power to lay and collect taxes, duties, imposts, and excises, and shall regulate foreign commerce; and

Whereas the Congress transferred the constitutional responsibility to regulate foreign trade to the executive branch through the 1934 Trade Agreements Act, as extended to June 1958, with authority to transfer such responsibility to Geneva under the General Agreement on Tariffs and Trade: Now, therefore, be it

*Resolved by the Senate and Assembly of the State of Nevada (jointly).* That the United States Congress is hereby urged to resume its constitutional responsibility of regulating foreign commerce and the national economy, through the adjustment of duties, imposts, and excises, through its agent, the Tariff Commission, and allow the 1934 Trade Agreements Act, which transferred such responsibility to the President, to expire in June 1958; and be it further

*Resolved.* That the secretary of state of the State of Nevada shall transmit copies of this resolution to each Member of the Nevada Congressional delegation.

Adopted by the senate, March 11, 1957.

REX BELL,  
President of the Senate.

H. E. ROWNTREE,  
Secretary of the Senate.

Adopted by the assembly March 15, 1957.

WM. D. SWACKHAMER,  
Speaker of the Assembly.

C. O. BASTIAN,  
Chief Clerk of the Assembly.

CHARLES H. RUSSELL,  
Governor of the State of Nevada.

Mr. MALONE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a resolution adopted by the Republican State Central Committee of Nevada, on December 15, 1956, asking for sound money, a tariff to protect American workers and investors, and States' rights.

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

The Republican Party of the State of Nevada strongly advocates the return to constitutional government by adopting the following principles which have been the basic tenets of the Republican Party since its inception more than 100 years ago.

We believe the Republican Party must advocate a free market for gold, with removal of all restrictions upon its purchase, sale, and ownership, and a return to the traditional hard-money standard using gold and silver certificates redeemable in the respective metals.

We believe the Republican Party must urge the Congress of the United States to resume its constitutional responsibility of regulating foreign commerce through the adjustment of duties, imports, and excises, through its agent, the Tariff Commission, and allow the so-called Reciprocal Trade Act, which transferred such responsibility to the President, to expire in 1958.

We believe the Republican Party should urge Congress to respect the rights of the individual States in all those matters which have been historically matters of State concern.

Mr. MALONE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a resolution adopted by 10 Western States urging protection for American jobs and investments and that the 1934 Trade Agreements Act be permitted to expire in June

1958. The meeting was held in Salt Lake City on May 4, 1957, at the call of the president.

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

#### FOREIGN TRADE AND THE NATIONAL ECONOMY

Whereas 34 foreign, competitive nations are sitting in Geneva, Switzerland, regulating our foreign trade through multilateral trade agreements under the auspices of the General Agreement on Tariffs and Trade; and

Whereas this distribution of our foreign trade between such foreign competitive nations is being carried on under the 1934 Trade Agreements Act, as extended (so-called reciprocal trade); and

Whereas under this act more than \$30 billion of American capital has been invested in such foreign low-wage standard of living nations to compete in American markets with American labor and investors in the textile, livestock, mining, crockery, glass, precision instrument machine tool, chemical and electrochemical, and several hundred other fields: Therefore be it

*Resolved.* That the 10-State Republican regional conference, including the States of Arizona, California, Idaho, Montana, New Mexico, Nevada, Oregon, Utah, Washington, and Wyoming urge the Congress to resume its constitutional responsibility of regulating foreign trade and the national economy through the adjustment of the duties, imposts and excises (art. I, sec. 8) through its agent, the Tariff Commission, and allow the 1934 Trade Agreements Act to expire in June 1958.

Mr. MALONE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point an article entitled "When Goods From Abroad Hurt Business at Home," published in U. S. News & World Report of March 7, 1958.

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

#### WHEN GOODS FROM ABROAD HURT BUSINESS AT HOME—CASE HISTORIES OF WHAT'S HAPPENING TO MANY UNITED STATES FIRMS

A special kind of trouble—low-wage competition from abroad—is hurting business in community after community across the country.

The rising flow of manufactured goods from Japan, West Germany, Italy, Britain, and other countries to the United States is pictured as having killed some businesses, crippled others, and forced many thousands of American workers out of jobs.

This situation comes to light at a time when the White House is urging Congress to extend the Reciprocal Trade Agreements Act for 5 more years and to give the President new power to cut tariffs when he sees fit.

Many businessmen are telling Congress, however, that the result will be increased imports of the products of cheap labor abroad. They predict more business failures, increased unemployment in this country. There is a growing appeal from many industries for a system of quotas that would limit imports.

A bitter struggle is shaping up over this issue. The winner, as of now, is in doubt. But there is no doubt about the note of anxiety in the appeals reaching Congress from communities back home.

#### TWO-SIDED STORY

Government officials and some top business leaders have argued that what helps business in friendly countries helps the United States.

What emerges now, however, is the other side of the story, as told to Members of Congress by those affected most. It is a story

of foreign-made watches, cameras, sewing machines, cutlery, plywood, pottery, binoculars, sporting goods, and scores of other products that now are flooding the American market.

Often, the story is of United States industries with their backs to the wall after long years of success. American aid, American know-how, American machines—coupled with low-cost foreign labor—are pictured as enabling competitors from abroad to market products at prices which cannot be matched by American companies paying union scales for labor.

Some businesses are going under. In Los Angeles, Edward J. Fischer, president of Vernon Kilns, is winding up 30 years with his 41-year-old company by closing it down. He says this:

"The Japanese are absorbing the United States dinnerware market. My company is going completely out of business because of unfair, low-wage imports from Japan. In California, we are the fifth dinnerware producer in several years to shut down. Over the United States a number of large producers have closed."

"Our Government has sponsored reduced tariffs. This has allowed an influx of low-wage imports from Japan. Wage rates in our business run about \$1.97 an hour average, plus 25 cents in fringe benefits. In Japan, wage rates are about 20 cents an hour. Japanese concerns, furthermore, pay nothing like the kind of taxes that an American manufacturer pays—high income and property taxes."

"What this means to our working force is this:

"In 1956, we employed 420 people. In 1957, the number dropped to less than half that. Now about 100 workers are winding up their affairs with the company. By the middle of March we will be out of business completely."

"Many of our employees have been working with our company 10 to 25 years. Some of them are up in years. It will be difficult for them to find work."

#### HARD ON SMALL BUSINESS

Time and again, the story heard by Congressmen is this:

"The products that this country sells abroad are mainly the products of larger industries. The products this country buys from abroad are the products of small business in other countries that compete with small business in this country. It is the small business in this country that bears the brunt of imports from countries with labor costs only a fraction of those here."

A wide range of industry is affected. This is how the problem looks to P. T. Champlin, of the Cattaraugus Cutlery Co., Little Valley, N. Y.:

"After the war, this country did much to provide Japan with the know-how and machinery for manufacturing industry. With what result?

"Our company, paying wages several times as high as the Japanese wages, makes household cutlery. We have a table knife that retails at \$1. You can get the same, identical pattern at from 40 to 60 cents at Macy's in New York—Japanese made. The Japanese are not bashful about copying our designs."

#### EMPLOYMENT DOWN

"We also get much competition from the British. For instance, small stores in New York are selling a set of 6 British-made steak knives for \$1.80. Our retail price is \$3.50. The effect is this: We ordinarily employ 100 to 120 people. Now we employ 32. The recession, coupled with foreign competition, is having its effect. One cutlery company in our town, in business 34 years, quit last November. It is difficult for the workers to find new jobs."

"Actually, we are not afraid of foreign competition. But when it comes to taking

the bread off your own table it gets to be a different story. It is important to help people, but it is also important not to put our own people out of jobs."

#### WATCHES AND MISSILES

Then there is the story of watches. Arthur B. Sinkler, president of the Hamilton Watch Co., offered these observations:

"We can buy skilled labor in Switzerland for about 75 cents an hour. In Lancaster, Pa., it amounts to \$2.25 or more an hour.

"Watch manufacturers have asked the Government: 'Do you want us here, and, if so, what are you going to do about it?'

"Five years ago we made all our watch movements in Lancaster. Now, over one-third of our movements are imported. During that period our employment has been cut about in half.

"Wage rates in Japan are 25 cents an hour for excellent skilled labor. At present we have three Japanese engineers in our factories, training. We are shipping United States made tools and technical information to Japan for use by Japanese workmen on Swiss-made machines. We are through fighting for aid from the United States Government. We've had it.

"Of the 23 or 24 missiles now being tested, 19 have safety and arming devices made by Elgin, Bulova, and Hamilton, with each supplying approximately one-third. But we at Hamilton cannot keep a research laboratory going for just that kind of work now. If we are forced to go abroad for all of our watch movements, there will be a problem. The Government knows that the watch industry is essential to the United States in time of emergency. It can take steps to save that industry if it wants."

#### "LEAKY" BINOCULARS

Another story of an industry in trouble comes from Carl S. Hallauer, president of the Bausch & Lomb Optical Co., Rochester, N. Y.:

"We are the only binocular manufacturer in the United States. The Japanese have copied our binoculars. They are advertised as 'Bausch & Lomb type' binoculars. The genuine product sells for \$140 to \$220, retail. The Japanese copy sells for from \$29.75 to \$49.75. They leak air and moisture and give trouble in a short time, but this competition makes it very difficult.

"It takes time to train people to make binoculars. At present our production is very low due to imports. In event of war, we would have difficulty stepping up production. We could turn out just a fraction of what we turned out during World War II.

"We make scientific instruments—1,900 types in all—for wide use in industry and medical research. Competition from Germany and Italy, where skilled labor is much cheaper, is beginning to creep up.

"What should be done about the situation? We have got to protect a certain type of skilled labor, trained to turn out instruments. Of course, American instruments are widely used today by companies making missiles and rockets. It will be difficult to get a duty high enough to offset the low labor costs abroad. The best form of protection would be an import quota."

#### JOINING THE OPPOSITION

Sometimes a company makes a crucial decision, described this way by one executive: "We couldn't beat the foreign competition, so we joined it."

What happened is related by top officials of the White Sewing Machine Corp., a firm that no longer makes sewing machines:

"Our company faced stiff and increasing foreign competition for 6 or 7 years. By 1957 the potential market in the United States was 1.5 million machines, but by that time Japan alone was sending in about 1 million. Italy, Germany, and Switzerland contribute

about 150,000 machines to the total United States market.

"We could never match labor rates over there. A Japanese company, for instance, of 1,500 employees will have 700 regular employees and about 800 temporary employees. The regulars will get 30 cents an hour and, at the end of a quarter, a 100 to 200 percent bonus—if business is good. The temporary employees are paid by the day. It's a pretty nice setup for a manufacturer.

"White was thus faced with the decision of spending large amounts to tool up to meet this challenge. But it takes a long time to pay off the tools. And you don't want to spend all that money just when the trend of business is running so strongly against you and in favor of your competitor. So, last year we decided to step out of manufacturing.

"The straw that broke the camel's back was this: Forty to 50 percent of our output was to a large retail outfit. This big outlet decided to buy Japanese machines. It wasn't their fault—they had to meet competition, too, in the low-priced retail field.

"Now we are buying machines in Japan and Germany. We install the motors, inspect them and distribute them. At this time there is only one domestic manufacturer of sewing machines left. Ten years ago there were five."

Camera problems. The sewing-machine business isn't the only American industry that is moving out of this country to cheaper sources of labor abroad. Joseph H. Detweiler, general manager of the Argus Cameras Division of Sylvania Electric Products, Inc., at Ann Arbor, Mich., says:

"The problem of foreign competition is very difficult and getting more so all the time. We can live with the German competition. It's serious, but nothing like the competition with the Japanese."

"Costs are so low in Japan, which is not true to the same degree in Germany. Japanese wages run 25 to 30 cents an hour, while in our business in this country the average is \$2.50 an hour plus 50 cents in fringe benefits. In Germany, wages run about 60 to 70 cents an hour.

"There is no doubt about it. The camera industry is moving abroad. At one time it seemed to be moving to Germany, but now the direction has changed toward Japan. One big camera company has a subsidiary in Germany making its high-priced camera. Labor is cheap there.

"We at Argus are now buying parts and accessories from Germany. We are going to buy more from the Japanese. That's inevitable.

"But if the camera business moves abroad, the Nation's defense potential will certainly decrease. Look, for instance, at the training of skilled workers. It takes a couple of years to train a good lens grinder and polisher. You just don't find those workers. You train them. And you are bound to lose a large part of the nucleus of your trained force if you have to disperse your industry to other countries."

#### NO DUTY ON TYPEWRITERS

Many executives in the camera industry consider that the duty on imports is hardly protective. But there is a duty. However, there are no duties on imports of typewriters. One top official of the Underwood Corp. tells what this means:

"The competition from abroad is terrific in typewriters. Our problem, and that of other typewriter manufacturers, is so acute that our plants are operating under capacity. Underwood was forced to lay off some 3,000 people for 60 days, mainly because of the import situation."

"West Germany, also England, Italy, and Canada are sending in standard models. Switzerland, the Low Countries, and Italy

send in portables. It is a very serious situation."

#### PLYWOOD INDUSTRY HURT

Most of the hardwood plywood used in the United States now comes from Japan. As a result, a plywood manufacturer in Elizabeth City, N. C., observes:

"A lot of United States mills are going to close. They have no choice. As it is now, we have in our mill 250 people working in the plywood division. This level of employment has remained steady, but the men are working shorter hours."

Francis N. Isaacson, an executive of the Jamestown Veneer & Plywood Corp., Jamestown, N. Y., adds:

"In 1951 almost all of the plywood used in the United States was produced in the United States. Now less than half of United States consumption is produced here. We have five plants scattered over the country and our employment is down. In 7 years our working force has been cut 55 percent.

"Labor rates for the Japanese are around 11 cents an hour. We pay a base rate of \$1.59 an hour, plus bonus, time and a half for overtime and fringe benefits. But we are just small guys, acting independently. Because of our size, we are going to lose out. That's happening to other small businesses, and what is happening to them will affect the whole country."

#### TEXTILES: A SIMILAR STORY

Many business leaders in the textile industry also feel hard pressed. The president of a men's hosiery mill in Connecticut says English competition has kept some of his machinery idle for years. But most industry spokesmen point to the Japanese as the source of their problems. Irving Blumenfeld, head of a Yonkers, N. Y., firm that makes cotton and wool gloves, says:

"Japanese imports account for 65 percent of the entire United States consumption of gloves. The effect on our industry is very serious. No new mills in our line have opened in 5 years. About 10 companies have liquidated completely. That leaves eight operating. All these companies are small, trying to make a go of it. It's a matter of who can hold out."

"In the last 2 or 3 weeks I laid off 45 workers. Sometimes I get an Army contract and that keeps me a little alive. But now we have no Army contracts."

"Because of Japanese competition, there is not enough civilian demand to go around. It's an impossible situation. For instance, my price to a wholesaler for 1 dozen wool gloves is \$8 to \$8.50. The Japanese price is \$5."

"Besides, our new designs are flown to Japan and come back copied in weeks."

#### NO HELP FROM GOVERNMENT

The quality of Japanese goods is improving under American supervision, Mr. Blumenfeld reports. American importers have Americans sitting in with the Japanese to see that they improve the quality of Japanese goods.

"Some of the people in the glove industry tried to do something about this but we got no help from the Government whatsoever. We met with representatives of the Commerce Department and the White House. The White House man outlined policy. It was to help the Japanese. This man said that if the Japanese can't sell in the United States they can't get dollars."

"It looks like we are the victims of this policy. It's not right that one industry should suffer so that other industries can survive. I should have a chance to survive. We have asked for a quota, but we are much too small an industry to fight. Nobody wants to listen to us. We are being driven to the wall."

## NO WELCOME FOR JAPANESE

One businessman who fought back in an effort to protect his business is Norris Phillips, vice president of the Olean Tile Co., of Olean, N. Y. Government officials recently asked Mr. Phillips if they could show a group of Japanese, including a representative of Japan's ceramics industry, through his plant. Mr. Phillips called the request "colossal nerve," said, "Absolutely not." His reasons:

"We feel very strongly that to permit this group of Japanese to visit our plant would be utterly unfair to our people, who have been working short hours, due, to a great extent, to the fact that Japanese tile has been making such inroads into our domestic market."

"The Japanese feature large-volume bread-and-butter items that enable them to take a substantial part of the market that ordinarily is the source of most profit to the domestic manufacturer because of volume, and leave the domestic manufacturer with the higher-cost specialty items on which profits are narrow because of low volume."

"Evidence of injury is unmistakable, and we hope we do not have to wait for relief until our industry is practically ruined. It is altogether unfair for our Government to expect us to cooperate with foreign manufacturers who are threatening to ruin our business."

## IN KITCHENS: ITALIAN POTS

A company that manufactures kitchen utensils in the Midwest is able to keep its head above water but it, too, reports to Washington that it is feeling the price squeeze. An executive says:

"Our company makes aluminum pots and pans. We are up against this: Italy sends in percolators, canisters, saucepans and teakettles—all items we make. They are good items, too—look good and wear well, have eye appeal."

"For example, we put out an aluminum canister set for coffee, tea, flour, and sugar. The Italians are sending in a similar set, selling for the same price. But it is copper coated. Ours is not. It's the copper color that sells the set."

"In some chainstores, very good looking Japanese percolators are going for 79 cents. This compares with our price of \$1.49. It's simply ridiculous."

"We realize there is another side to this problem. It is important to help keep the Japanese and Italians going. In our business, we have managed to keep operating. We have dies and equipment to get into something else if we are seriously challenged in one line of merchandise."

## TRYING TO HANG ON

The list of businesses hurt by foreign imports is long. Most form only a tiny part of the United States economy but, collectively, many thousands of workers are affected.

N. D. Penley, executive of a clothespin firm at West Paris, Maine, says:

"Our company has manufactured clothespins for the last 30 years. We cannot convert our machinery to make other items. We would have to buy whole new machinery to make something else. We are worried about the situation—competition from Denmark, Sweden, Italy, Holland and Belgium. A number of companies in this country recently have gone out of business. Just how long we can hang on is a question."

Walter B. Gerould, president of Spalding (A. G.) & Bros., Inc., reports:

"There is a small but growing amount of competition from Japan in baseballs. The Japanese also have been exporting to the United States baseball gloves, mainly of good quality. They buy the hides in this country, manufacture the gloves in Japan where labor is cheap, and ship the gloves back to the United States."

"One thing that disturbs us is the improper branding of Japanese goods. Under United States law, the name of the country of origin should be stamped clearly and indelibly. But, often, the word 'Japan' is stamped on the inside of the wrist strap of baseball gloves."

## BATTLE OVER BRISTLES

Lawrence Ascher runs a shaving-brush company in New York. He reports:

"Germany supplies a big part of the shaving brushes used in this country today. Even after paying the duty, Germany is able to undersell us. Our company now employs less than 25 people. A few years ago it had up to 100 on the payroll. Some of those have gone on relief or into other industries."

"Some shaving brushes are made of bristles coming from Poland and Germany. The better bristles come from Red China. But we are prevented by law from buying bristles from Red China. We would rather get the Red China bristles. But we must buy much more expensive bristles from United States stockpiles."

"Here's the point: There are brushes that come into this country from England that are made of bristles and badger hair that do come from Red China. I wrote to complain to the Treasury Department last July. It is the Treasury Department that prohibits us from getting the Red Chinese bristles. The Department wrote back that it didn't see fit to change things."

## A LOSING STRUGGLE

A maker of umbrella frames in an eastern city has seen Japanese imports of this product multiply 10 times in 2 years. He says:

"It's very difficult to tell what will happen in the next year or two, but we can't manufacture goods permanently against Japanese competition. Japanese wages are about one-tenth of ours."

"Frames which we sell for \$4.25 a dozen are imported at about \$3.65. The volume of our business has not decreased seriously. The reason is that two companies have gone out of business in the last 4 years and another is now being reorganized. We have sustained losses, however. We are very discouraged. We feel that we have been forgotten by Washington."

"I had two sons in World War II and one son in Korea. Two of them fought the Japanese. They are now in our business, discouraged. We feel we are again being attacked, Pearl-Harbor fashion. If our own Nation doesn't help us, who is going to help us?"

## UP TO CONGRESS

So the story goes—in every part of the country. It is being poured out to Congressmen by businessmen, union leaders, and unemployed workers who have lost their jobs to low-wage, foreign competition.

A large number of small businesses believe they are not getting a full hearing in the top circles of the Government when they ask relief in the tariff field. Some concerns are barely able to keep their heads above water. Some have succumbed. The present recession adds to their difficulties.

For these reasons, the battle that is shaping up in Congress over trade agreements is expected to be one of the loudest and most bitter in years.

## PRODUCTION TEAMS FROM ABROAD: AID TO COMPETITORS OF UNITED STATES?

About 8,000 specialists, members of foreign production teams, have toured United States since 1948, with most expenses paid by the International Cooperation Administration, a Federal agency. The aim: to help foreign industries and build good will for United States.

Japan, for example, has sent 60 production teams and plans to send 39 more. Britain has sent 66 teams, Germany about 100, France more than 300, Spain about 50, Italy about 50. Nearly 7,000 United States firms and schools have agreed to show the visitors through their plants; about 280 businesses have refused to allow these inspection tours.

At this time, visiting teams include: A shoe-production team from Guatemala; a foundry and machine-shop team from the Philippines; three Spanish teams studying textiles, men's clothing and safety standards; four Japanese teams, studying quality control, small business, newspaper production, electric-power management.

On Japanese teams are representatives of Japan's ceramics, chemical, cutlery, electrical, metallurgical, paper, railroad, steel, telephone, and machine-tool industries. Their tours will cross the country, include visits to an electronics plant and a university in California; an electric-rail-equipment plant, a powerplant, an electrical laboratory and an adding-machine company in Michigan, a pottery firm in Illinois, a cash-register firm, an auto plant, a bronze and aluminum company, a honing-machine factory and a tool and die plant in Ohio, a glass smelter, a photographic-equipment plant, a telephone laboratory, a foundry and a laundry-machine company in New York, a cast-iron-pipe plant in Massachusetts; an electrical-machinery plant and an auto-parts factory in Pennsylvania.

Result: As ICA officials see it—increased trade and closer business ties between United States and its friends abroad. As some United States businessmen see it—increased competition for United States workers and industry from foreign goods produced at low wages.

## A NEW DECLARATION OF INDEPENDENCE

Mr. MALONE. Mr. President, what we need in this country is a new declaration of independence—economic independence of the capitals of Europe.

Our economic structure may well be in more danger today from the capitals of Europe than our security is from Russia.

We have again become an economic colonial nation of the capitals of Europe.

We have been subject to a series of drift fences, made up of a pincers movement to destroy our economic structure—and we are nearer the "round" corral than is generally realized.

The "round" corral is the complete division of our wealth and resources with the nations of Europe and Asia, with world government at the end of the rainbow, and with one vote out of the total number of members of the United Nations.

## ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, March 21, 1958, he presented to the President of the United States the following enrolled bills:

S. 235. An act to increase from \$50 to \$75 per month the amount of benefits payable to widows of certain former employees of the Lighthouse Service;

S. 2120. An act to authorize the Secretary of the Interior to construct, rehabilitate, operate, and maintain the lower Rio Grande rehabilitation project, Texas, Mercedes division; and

S. 3418. An act to stimulate residential construction.

## RECESS UNTIL MONDAY

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). Under the order previously entered, the Senate will stand in recess until 12 o'clock noon on Monday next.

Thereupon (at 5 o'clock and 51 minutes p. m.) the Senate took a recess, the

recess being, under the order previously entered, until Monday, March 24, 1958, at 12 o'clock meridian.

## NOMINATIONS

Executive nominations received by the Senate March 21 (legislative day of March 17), 1958.

## UNITED NATIONS

Henry J. Heinz II, of Pennsylvania, to be the representative of the United States of America to the 13th session of the Economic Commission for Europe of the Economic and Social Council of the United Nations.

## COMPTROLLER OF THE CURRENCY

Ray M. Gidney, of Ohio, to be Comptroller of the Currency. (Reappointment.)

## EXTENSIONS OF REMARKS

## REA: A Valuable Agency for the Farmers

## EXTENSION OF REMARKS

OF

## HON. ESTES KEFAUVER

OF TENNESSEE

IN THE SENATE OF THE UNITED STATES

Friday, March 21, 1958

Mr. KEFAUVER. Mr. President, our distinguished colleague, Senator JOHN SHERMAN COOPER, made an excellent address on the programs and the future of the REA and the TVA at the 16th annual meeting of the National Rural Electric Cooperative Association held in Dallas, Tex. I know that all Members of Congress will be interested in the thoughtful observations of Senator COOPER. I ask unanimous consent that these remarks be printed in the CONGRESSIONAL RECORD.

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

REMARKS OF JOHN SHERMAN COOPER BEFORE THE ANNUAL MEETING OF THE NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION, DALLAS, TEX., FEBRUARY 5, 1958

I appreciate very much the honor you have paid me by asking me to speak at the 16th annual meeting of the National Rural Electric Cooperative Association. I am glad to be in the great State of Texas, the home of my colleagues and two fine Americans, Senator LYNDON JOHNSON and Senator RALPH YARBOROUGH. And, of course, I am glad to be in Dallas and the Congressional District represented in the House of Representatives so well by BRUCE ALGER.

In 1947, when I came to the Senate for the first time, I came to know Clyde Ellis, in a fight we joined in for TVA, and we have been friends since that time.

I am particularly glad to see here representatives of our Kentucky rural electric cooperatives, whose service has been a great contribution to my State and its people. And, I am conscious of the fact that I speak to men and women from every section of the United States, representing a cross section of its population, and their welfare and hopes.

Too frequently—because of the controversies which have raged about the Tennessee Valley Authority—those who have not seen or studied TVA think of it only as a power-producing agency. TVA's achievements in power production and distribution are certainly impressive. Its capacity is approximately 9,600,000 kilowatts. Fifty-six percent of the power goes to Federal Defense installations, notably those of the Atomic Energy Commission. The remainder passes over 11,000 miles of transmission lines to serve rural electric cooperatives, municipi-

palities, and industry in a 60,000-square-mile area touching seven States.

But these achievements in power are only a part of the story of TVA. The raging floods which once wrought tragic destruction have been brought under control. Through 1957 the cumulative savings from direct flood damages were \$132 million, over 70 percent of the \$184 million total investment in flood-control facilities.

Prior to 1933, navigation on the Tennessee was negligible. TVA has completed 650 miles of inland waterways. Freight traffic has increased nearly eightfold with savings to shippers in 1957 equal to \$16 million, over and above the cost of operation and maintenance. This is a return on navigation investment of more than 11 percent.

TVA's land use and reforestation programs have saved countless thousands of tons of precious topsoil from being washed away; have furnished more than 90 percent of the 328 million tree seedlings planted since 1934; have led to greatly improved land use; and increased production and income. This achievement is particularly appealing to all who seek a steadily increasing standard of living for farm families, and who want to protect the Nation's natural resources for the people of today, and future generations.

These are only the highlights of the great benefits which have flowed from the comprehensive development of the Tennessee River Basin. I am sure you would appreciate my reminding you that TVA pioneered the first rural electric cooperatives, and they have spread throughout the Nation. But, above all, TVA has raised the standards of living of millions of farm and urban families.

In like manner, although the story is familiar to you, it is good to recall to others the contribution of the Rural Electrification Administration, and the Rural Electric Cooperatives, to the strength of the Nation and the welfare of its people.

REA was established in 1935 by Executive order of President Roosevelt. The act of 1936 constituted the REA as a lending agent to finance electric systems and telephone service in rural areas. It came into being because private utilities would not extend their service to the farm homes of rural areas. At that time, only 10.9 percent of all farms in the United States enjoyed electric service. In my State, Kentucky, only 3 percent of our farmers, 8,000 in number, received electric service.

Since 1936, the REA has loaned over \$3 billion, chiefly to rural electric cooperatives, and public bodies, for electric-distribution systems, including transmission and generation facilities. Today 4,500,000 consumers in 46 States and in the Territories enjoy light, heat, power for farm use, and for small industry.

We can never forget that light and power, which in some cases would never have been known, and in most would have been delayed, now lighten farm burdens and increase the richness and opportunities of life for farm people.

I could talk longer of the history and accomplishments of REA and TVA, and they

deserve it, but you have asked me to speak specifically of their relationship, and, to my mind, that means their common interest in problems, as they look to the future.

## THE IMMEDIATE AND URGENT PROBLEM OF TVA AND REA IS ASSURANCE OF FINANCES

I believe the immediate and urgent problem of TVA and REA is that of securing funds and authority to supply the increasing needs of the people and the areas they serve, and are committed to serve.

What is done now about funds and authority will determine their future.

Let me say at the outset of my discussion that I have supported, and I will support, TVA and REA need for adequate authority and financing, but I do not necessarily agree with all your views on this subject. I want to express both my support and my differences as a friend.

## THE TVA FINANCING PROBLEM

The growth in sales of power in the TVA area has been tremendous in the last 10 years, rising from 12 billion kilowatt-hours in 1948 to 57 billion kilowatt-hours in 1957.

As I have said, the existing generating plant of the TVA has a capacity of approximately 9,600,000 kilowatts, and 6 million by steam plants. When present construction is completed, capacity will total approximately 11 million kilowatts.

There is general agreement that additional power demands will accrue at a rate of approximately 750,000 kilowatts per year during a 5-year period ending in 1962, and the cost of constructing facilities to supply this amount of power will be \$750 million.

Whatever may be their differences in other matters, the TVA, Bureau of the Budget and the Treasury agree that unless new generating facilities are ready in the winter of 1960-61, a power deficiency will develop in the TVA system.

Generating facilities must be commenced during this calendar year and go forward steadily if the deficiency is to be avoided, and the need met. It is imperative that Congress authorize, in this session, the Tennessee Valley Authority to finance its needed expansion.

Until this administration, the primary source of TVA funds for expanding generation and transmission facilities had been appropriations by the Congress. This was true when TVA's source of power was hydro station, and continued to be true after the first steam plant was authorized by the Congress in 1949. Today, nearly two-thirds of TVA power, and almost all of its future power will come from steam plants.

I know that many say, and believe, that administration policy alone has denied appropriations to TVA for the construction of power facilities. It is true that this is administration policy; but I must say that, as early as 1951, there was evident in the Congress, an increasing and decisive opposition, from both sides of the House, against supplying the large sums needed for TVA expansion. It was for that reason that, in 1954, I made a speech on the Senate floor, advocating that the Congress authorize the TVA to obtain its capital investment by the issuance of

bonds. I do not see any other way, and I believe it is the consensus of many friends of TVA in the Congress, for the TVA, in the face of stringent budget demands, and the vast cost of equipment and facilities, to secure the constant supply of funds that it will need; and I may say that it is my view, at least, that if proper authority can be secured from the Congress, it will be good for the people of the Tennessee Valley area to lift the problem of finances, and in effect their future, away from the conflicting interests and yearly decisions of the Congress.

In 1955, as you well remember, the separate views of the TVA and the Budget Bureau were presented to the Congress for the enactment of a self-financing plan. Sharp differences developed which virtually made it impossible for the Committee on Public Works to report a bill.

In 1957, Senator KERR again introduced the TVA bill. The same differences on viewpoint were again manifested.

It was apparent to the Senators from the TVA area that unless some accommodation could be secured between these conflicting views, the impasse would continue, and TVA would be so delayed in securing the funds it needed, that its existence would be jeopardized. For that reason, I introduced a bill, which I believed would preserve the integrity of TVA and yet make reasonable accommodations. I believe I can fairly say that the bill which was finally reported by the Committee on Public Works, and passed by the Senate, contained most of the changes that I had proposed.

The debate centered around several provisions, which I will discuss briefly, because they will undoubtedly be argued again this year. For the House has not yet acted, and when it does, the bill will return to the Senate if it is changed in the House. They were:

#### THE CEILING ON SALE OF SECURITIES

Supporters of the self-financing bill prepared by TVA were opposed to any ceiling on the amount of funds which the agency could raise by the sale of securities. The Bureau of the Budget bill insisted that the Congress should not give an open end authorization to any agency. The committee fixed a \$750 million ceiling on the issuance of securities, an amount sufficient to meet TVA's needs for power facilities for about 5 years, with the understanding that at the end of that period—or earlier if necessary—the Congress would consider further authorization.

#### CONSULTATION WITH THE TREASURY

Another source of controversy was the insistence of the Bureau of the Budget that TVA sales of securities should be subject to approval by the Treasury. As passed, TVA must consult with the Treasury, but the Treasury, on the other hand, cannot delay the sale of securities for more than 90 days. I believe that the larger interests of financing the Nation come first and with any amount of good faith such consultation would be beneficial to both the Treasury and TVA, and will not hinder TVA.

#### FIXING THE SERVICE AREA

The most difficult obstacle to agreement was that of TVA's service area. The TVA has not expanded its service area for many years, although there has been no legal prohibition against its expansion. Yet, the proponents of restriction feared that once TVA had relatively unlimited authority to borrow funds, it would launch an expansionist drive. On the other side, some TVA officials believed that restriction would fence TVA in, leaving the private power companies free to invade.

It was a difficult matter to settle, for it is doubtful that power needs can be fixed by geographical lines. But in the end, TVA supporters in the Senate agreed and voted for a limitation of area, which will still enable

TVA to serve adjacent cooperatives, as well as new defense facilities. This provision may not be the best possible and could be clarified in the House.

#### FREEDOM TO PLAN AND OPERATE

A fourth, and in my opinion probably the most vital area of disagreement, was whether TVA should be subject to the supervision of the Bureau of the Budget and the Congress in carrying out many normal functions of management, such as passing on the location of generating facilities. This limitation would have, in my opinion, destroyed the ability of the Board of Directors of TVA to manage an efficient power system. But when an effort was made to amend the bill to give such control, the amendment was defeated.

And now I conclude this part of my statement, by saying that I believe the Senate passed, on the whole, a fair and workable bill. It would provide for TVA's present and indispensable power needs. It will give the TVA Board the opportunity to manage its affairs. It will provide for annual review by the executives and the Congress, and I do not believe that TVA objects to such review, for no department or agency of the Government is exempt from the scrutiny of the Congress. Frankly, I do not believe a bill, lacking substantially the provisions of the Senate bill, would pass the Congress.

If the Congress passes the bill, and I believe it will, it will mark a new approval of the TVA, as a federally financed public power agency. I have voted, and will continue to vote for the preservation and integrity of the TVA.

#### REA'S FINANCING PROBLEM

The REA, like TVA, is confronted with the necessity of securing adequate credit—and it has an additional problem—that of the cost of credit—that is, the rate of interest on REA loans.

I do not need to tell you that your rural electric cooperatives must meet new demands—and demands that do not encroach upon or limit the operations of private utilities.

You must heavy-up existing facilities to provide and carry the power which modern rural life demands today. For use of electricity from REA financed lines has increased from a monthly average of 134 kilowatt-hours, a census year, to 270 kilowatt-hours in 1956.

In my home in Somerset, Ky., wired years ago, the wires are too small, in fact, dangerous unless brought up to date. No one imagined a few years ago that power demands in small towns would remotely approach what it is today. The modern appliances and uses of electricity were not dreamed of. This is the problem of private utilities in the towns and cities they serve.

The problem of the rural electric cooperative, and of the farm people they serve is no different. In fact, it may be more acute, for many farms today are almost like small industries, in their need for power of all kinds. If rural life is to keep pace, and if REA is to meet its obligations, it must not be throttled by the imposition of new barriers at the very time when technological progress promises to bring rural living new advantages.

And we must never forget the original purpose of the act—to reach the people who do not have power and light. It is a great record that 95 percent of the Nation's farms are electrified. But the obligation still remains—to reach the people living on 250,000 farms, using schools, churches, and rural business—all without electricity.

These are reasons which justify the necessary authorization of funds by the Congress, until the program is completed.

The budget message, and bills which have been introduced, ask that interest rates on REA loans be brought into line with those

of Federal securities of comparable maturity. If this should be done, it would of course increase rates. For example, the long term bond yield now approximates 3.6 percent. This proposal seems justified and logical to many people. And, when REA's original objectives have been met, such a proposal will be reasonable.

But, I want to make it clear right now, that I do not believe the Congress should, or the Congress will, vote to raise the interest rate on loans made by the Administrator of REA—to rural electric cooperatives and other agencies—above the rate of 2 percent per annum now fixed by section 4 of the REA Act.

Many cooperatives have extended their services to areas, at high cost, upon the basis of the 2 percent rate, to fulfill the purposes of the act. Others must extend their service to remote farms and areas, at high cost, if the purposes of the act are to be fulfilled. Cooperatives are now engaged in the construction of generating and transmission facilities, authorized by the act. In my State, the East Kentucky Rural Electric Cooperative Corp. is constructing and must complete generating and transmission facilities, if local cooperatives and thousands of farm families are to receive needed electrical energy. If interest rates were raised it would limit and in some cases undoubtedly prevent these advances which are being made by local cooperatives.

The original and continuing purpose of the REA, expressed again and again in the act, is to furnish "electric energy to persons in rural areas who are not receiving central station service." It is a human purpose—to equalize opportunity among all our people—rural as well as urban. The 2-percent rate helps assure this great purpose. But the job is not yet done, and the rate must be continued until it is done. For myself, I can only say that I am unalterably opposed to increasing the interest rate of REA loans, beyond the present rate of 2 percent.

It is also proposed that REA go into the open market to secure loan funds.

There is a clear distinction between TVA and REA in this respect. TVA has an established service area; the largest integrated wholesale-power system in the Nation; it possesses great advantages in its hydro facilities and its giant steam plants, among the most efficient in the world; and it has great diversity in its customers, like those of any private power company.

But most REA systems do not have protected service areas; and are not integrated; you are dependent upon outsiders for your wholesale power; you operate in marginal areas, where income is frequently low and consumers widely separated; and there is little diversity in use.

No group of people in the world have a better record of integrity than the grass-roots managers of rural electric cooperatives. But, the factors which make self-financing appropriate for TVA do not apply to REA.

Some strong cooperatives might be able to obtain private financing. Many, as my friend, Senator AIKEN, of Vermont, has said, would suffer and fail for lack of credit.

The Congress should not enact self-financing legislation for REA. I do not believe it will.

I have spent a great deal of time, speaking of the immediate problems of financing and credit, which confront rural electric cooperatives and TVA.

I wish that I could speak of many points of relationship which appeal to all of us.

Both serve as yardsticks in the service and cost of power; both have enormously increased the defense capabilities, and thus the security of our country.

Both have stirred the imagination and hopes of the governments and peoples of other countries, who seek industrialization

and a better standard of living. I shall never forget visiting the Damodar Valley in India while I was serving as Ambassador to that country. There I visited seven dams with power installations in various stages of construction, and the people proudly told me that Damodar Valley was modeled after TVA.

Now I have given you the facts as I see them—regarding the relationships between TVA and REA, and the problems they face in the future. And I have given you my own views and position about these facts.

It is inevitable that politics shall enter all public questions and I do not think that is always a bad thing, because it produces a debate upon which public opinion may be formed.

But just opinion and judgment must be based on fact.

While many of you may disagree with the administration's viewpoint in some of the matters I have discussed—and on some of which I have stated that I disagree—yet solid accomplishments for conservation and power reserve development speak for themselves. And I think you will agree with me that David A. Hamil, the present administrator, as was Anchel Nelsen, is animated with the same sincere interest in REA, and fairness, that characterized their predecessors.

The record shows that regular and reserve authorizations for 1954 totaled \$180 million. For 1955, they were \$170 million; for 1956, \$260 million; for 1957, \$414 million; and for the current fiscal year, \$179 million. That is a total for the last 5 years of \$1.2 billion. (I believe it exceeds any comparable period in REA history.)

While money must be made available to REA by appropriations, it is certainly important that it be loaned to the rural electric cooperatives. Actual electrification loans to cooperatives in recent years exceeded \$167 million in fiscal year 1954; \$164 million in 1955; \$192 million in 1956; and \$300 million in 1957—the second heaviest lending year in REA history; and during the last 5 years, about \$350 million in loans for generation and transmission have been made, nearly 40 percent of the total of all loans for generation and transmission installations made during the entire life of REA. While I have not discussed the telephone program, telephone authorizations in the last 5 years totaled \$377 million, and loans have increased until they exceeded \$80 million for each of the last 2 years. This record of accomplishment cannot be ignored.

Between 1953 and 1956, 38½ million kilowatts of new generating capacity was installed in this country. And between 1953 and 1957, the Federal Government invested \$4.4 billion in dams, reservoirs, irrigation canals, watershed structures and other civil works, and in conjunction with Canada, the St. Lawrence Seaway has been started. A small watersheds program, a small reclamation projects program, and a rural development program have been started. This is not a full list, but it is an impressive record of conservation and resource development.

I believe that men should fight hard for the things in which they believe. And that all of us should fight hard for TVA and REA. But I believe that in the long run it will be the accomplishments of each of these great agencies, and of the individual rural electric cooperatives, that will hold legislative and public support, as they have in the past.

I will continue to support TVA and REA because of what they have done in the past, and can do in the future. And because they are two unique and effective instruments for strengthening our country, and enriching the life of our farm people.

I congratulate you on your fight for these objectives, and I thank you again for your courtesy in asking me to be your guest.

## A Changing Role for a Changing Agriculture

### EXTENSION OF REMARKS

#### HON. HUBERT H. HUMPHREY

OF MINNESOTA

IN THE SENATE OF THE UNITED STATES

Friday, March 21, 1958

Mr. HUMPHREY. Mr. President, last Monday it was my privilege and pleasure to meet with a group of American food manufacturers, and discuss their stake and the public's stake in fair returns to America's farmers.

It was a challenging experience for me, as a devoted friend of the dairy industry, for this group was the eighth annual margarine all-industry conference, sponsored by the National Association of Margarine Manufacturers. It was a friendly and receptive audience—and a thinking audience. I am convinced these American businessmen are looking upon America's farm problems in a new light as the aftermath of this conference, after having an opportunity to hear a side of the farm story not always reaching the business community.

Mr. President, I ask unanimous consent that excerpts from my address, entitled "A Changing Role for a Changing Agriculture," be printed in the RECORD.

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

#### A CHANGING ROLE FOR A CHANGING AGRICULTURE

(Excerpts from an address by Senator HUBERT H. HUMPHREY, Democrat, Minnesota, before the eighth annual margarine all-industry conference at Boca Raton, Fla., on Monday, March 17, 1958)

It is good to be here among the customers of the products of our Minnesota farms and processing plants.

All of you, I am sure, are interested in all phases of the fats and oils industry, whether it be producing the raw material, processing it through various stages, or marketing its finished products.

I certainly share your interest, for Minnesota has emerged as one of the premier food fats producing States.

Available figures for all commodities lag a bit, but in 1956, for example, Minnesota produced 573 million pounds of soybean oil in the form of harvested beans, 333 million pounds of butterfat in the form of milk, 209 million pounds of linseed oil in the form of harvested flaxseed, and 200 million pounds of lard in the form of hogs sent to market. It produced an unknown, but probably very substantial, total of fat in the form of feed steers, vealers, and other cattle sent to slaughter, as well as poultry, lambs, and sheep. All in all we in Minnesota are quite interested in the welfare of markets for fats and oils of all descriptions, and especially in the important food fats markets.

Minnesota is a great dairying State, and proud of it. But anyone familiar with our State's agricultural economy is deeply aware of the growing importance of soybeans, too. Minnesota is now batting third in the national lineup of soybean-producing States. Soybean production in Minnesota has progressed rapidly from a value of less than \$100,000 in 1940 into the hundred million dollar class in 1956, as a source of cash income for our farmers. It is now the second most important cash crop in Minnesota.

And when this relatively new basic raw material has been able to enter the competitive battle and become the dominant oil ingredient of margarine by a wide margin, you can understand our interest in you as the customers of our producers. Out of the 1,184,000,000 pounds of fats and oils used in the manufacture of margarine, 884 million pounds, or 75 percent, were soybean oil. Soybean producers and processors are grateful for this outlet.

Perhaps not as well known among our farmers, however, is that you are also utilizing substantial quantities of dairy products in margarine manufacture. I understand that skim milk is used in production of all margarine, and nonfat dry milk is a big dairy product in Minnesota.

Quite frankly—and it should be no secret by now—I am a staunch supporter of the dairy industry as a vital segment of our economy. You are both here to stay, and must learn to live together. All the dairy industry asks is fair play from their competitors, and I know you want the same. Competition is healthy, as long as it is fair. False and misleading advertisements and questionable techniques in promotional activities should be abandoned, and each product merchandised on its own merits. It is encouraging to note that most segments of the margarine industry have recognized the soundness of this approach, and most dairy industry leaders have come around to the point where they agree constructive selling efforts of their own are preferable to seeking restrictive legislation against their competitors.

Willingness to compete on a fair and honorable basis must be the constructive approach of both—with both working toward developing greater total markets.

Instead of scrapping over who gets the biggest piece of pie, it would be good to have more attention devoted to baking a bigger pie so all can have a bigger piece. That has always been part of my basic philosophy, and one of the reasons why I am so concerned about improving living standards and raising purchasing power at home and abroad, in our own country and in the vast underdeveloped areas of the world offering huge potential markets of the future.

Perhaps these introductory remarks have set the stage for the main message I want to leave with you today. While it is a message about agriculture, it is a message about our country, too. It is a message about our country's increasing responsibilities in the struggle for survival of freedom and the role, I am convinced, agriculture occupies in that struggle.

America's agriculture fulfills an increasingly vital role in the public's interest which requires public concern over maintaining continued adequate economic opportunity for farm producers.

In addition to assuring America's consumers a continued abundance of food at reasonable prices, our ability to produce in abundance is becoming recognized as an increasingly essential asset in the Free World's struggle against Communist imperialism.

Our much berated abundance, far from being a liability, is a tremendous asset in the world's struggle for peace and freedom—an asset still waiting to be fully utilized with greater boldness and compassion.

Food is the common denominator of international life. Man must eat to survive. Armies are helpless without food.

A breakthrough in the world's conquest of hunger could be more significant in the cold war than the conquest of outer space. In areas of Africa and Asia, as well as in many other parts of the world, food means far more to vast millions of people today than any space satellite in the sky.

Food, not guns, may well decide mankind's future destiny.

Thanks to our farm people, the United States is in a far better position than Russia to lead the world toward the conquest of hunger and want. At a time when we are trying to catch up with the Soviet Union in other areas of competition, agriculture is one segment of our economy already geared to meet any emergency challenge, already offering us fully productive resources to meet any Soviet threat of economic warfare throughout the world.

No crash program is needed in food and fiber production. The United States, as yet, is preeminent in this field.

But this does not mean we can afford the luxury of smugness and self-satisfaction. Our reserves of food and fiber, and our ability to produce such commodities in abundance, are resources to be prized; to be used boldly and imaginatively, and not to be dribbled away.

Regrettably, however, the American people have been led to think our abundance and ability to produce in abundance is some shameful millstone around our necks—instead of perhaps one of the greatest advantages we hold on the world scene.

The Soviet Union seems to understand the vital role food and fiber can occupy in the struggle for the mind of man—and has embarked upon the task of trying to outproduce us. Khrushchev has served notice, publicly, that he intends to make Russia the world's leading supplier of food.

We need to reappraise our own food resources, not in the light of our immediate domestic needs, but in light of world needs.

Food production in the world is barely keeping pace with the growth in population. Hunger is still the daily companion to millions of people. Where there are hunger areas, there are tension areas—and where there are tension areas, there is danger of sparks igniting into war.

World population is growing at the fastest rate in history. One estimate puts world population at approximately 6 billion persons by the end of this century—double the population now.

Our policy must look ahead at least as far as the lifetimes of today's children. As a Nation we cannot do less than plan for survival. We must strive for nothing less than world peace. In either case, our food resources are essential.

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It is in light of greater responsibilities of Free World leadership, and the vital role our farm production can serve in fulfilling that leadership, that much of the public must reappraise its attitude toward agriculture and toward farm policy.

National security requires effective use of food and fiber.

Our foreign economic policy must include within it long range commitments of food and fiber supplies to our allies and the uncommitted and underdeveloped nations.

In a world where millions lack enough to eat, we should be humbly thankful that we are blessed with abundance—and we should be wise enough to use that abundance for the sake of humanity, instead of complaining about it.

We in this country do not know what it means to have to choose between a necessary rate of investment, and enough to eat; we must do what we can to help ease that choice for others.

I am proud to have had a continuing part in the formulation of the programs under Public Law 480 by which we can not only use our abundant stock of food and fiber to relieve acute emergency shortages elsewhere in the world, but also to help economic development programs where they are urgently needed. I hope you are familiar with the Agricultural Trade Development and Assistance Act, otherwise known as Public Law 480. It is far more than just a farm program; it

is one of the most effective tools of international economic policy we have created. It is the alchemy by which food and fiber from United States farms becomes purchasing power for countries sorely in need of economic development. It is a passport for the entry of United States trade and techniques into world markets. It is serving on the frontier of the Free World's defense by converting food from our farms into such things as military housing and defense material.

It is done this way: United States food surpluses are supplied to friendly nations. They sell the food to their own people. The proceeds in local currencies are deposited to the United States account.

Some of the currencies are used by agencies of our Government to pay obligations incurred abroad, or to expand certain programs beyond amounts current appropriations permit.

The largest share of currencies is to be loaned back to the countries which bought the food, for purposes of economic development. Many of these countries are hard pressed for food and fiber. They are trying to raise living standards. They are expanding industrially. Many are sharing with us the burden of additional military costs for the common defense.

Both food and capital goods are needed, often at the same time. In many instances, both cannot be supplied without assistance—from the Free World, or from the Communist world.

Economic progress cannot be achieved without capital goods. Without additional food, the demands created by even small increases in standard of living cannot be satisfied. Inflation is an ever-present threat.

Our surpluses can be used to help bridge the food gap, and to keep inflation within bounds. Relending the currencies received from the sale of surplus food generates new buying power which can be used for other purposes.

Thus, the abundance from American farms is helping to create new purchasing power to promote economic progress and to raise the levels of living in all parts of the world.

Such efforts serve the Nation's foreign policy interests, not just the American farmer's interest. Everybody has a stake in freedom, and the Free World's survival.

Yes, it is imperative that the Nation have adequate food and fiber reserves. The level of such reserves must take into account not only the growth of our own population, but the tremendous commitment of our Nation in the field of foreign policy and national security.

For my part, regardless of international tensions, I have always felt it was a wise public investment to have adequate food reserves to safeguard against any threat of scarcity from crop failures or other natural hazards of farming. Adequate reserves are really a great consumer safeguard. Yet I doubt if many consumers appreciate that fact—they've had it dinned into their ears too long that they are saddled with the bill of storing up a huge farm surplus for the sake of the farmer. It's to the consumers' best interests to have adequate reserves at all times. They'd awaken to that fact quickly enough if we were suddenly confronted with a year of scarcity that sent prices soaring.

Unfortunately, we neglect to differentiate between levels of adequate reserves needed to protect our consumers, and protect our national security, and the much-abused so-called surplus. We have come to regard all farm commodities for which there isn't an immediate cash market as surplus. Anything the Government acquires to stockpile in reserves as consumer protection, or acquires in other ways to use in the national interest, at home or abroad, is regarded as surplus disposal carried on solely for the benefit of farmers.

We don't apply that same criteria to industry. If we did, all of its vast production for Government stockpiles and military equipment reserves would be called surplus. Actually, we have many, many more billions tied up in stockpiles of minerals and inventories of military material than we have in agricultural commodities. We may never use it—but we feel it is in the national interest to have it available. We pay our taxes to acquire such stockpiles and maintain them—without complaining that we are subsidizing industry's surplus production.

It's time we regarded our abundant food and fiber resources in the same light. The truth is that we are far more likely to need and use our excess food abundance in winning the cold war than we are to use much of our military inventory in a hot war—and use of the food may make less likely the need to use weapons.

From all these factors I have discussed, it should be obvious that there's a public interest stake in continued farm abundance.

Neither the American consumer, the American businessman, nor the Free World itself would be best served if American agriculture is compelled to revert to deliberate scarcity to achieve equitable prices and income.

Quite frankly, the Nation's interest often requires production beyond levels for which farmers can obtain satisfactory prices in the market place.

Farmers have every right to feel that they should not be penalized for serving and fulfilling the needs and requirements of national security, nor bear the costs upon their own shoulders alone in terms of depressed prices and income.

When the Nation's interest requires industry to expand its production, no one assumes that industry should do so at its own expense. Industry expects, and gets, Government contracts protecting its earnings and assuring a fair profit on its investment.

Should farmers, lacking such protection, go on producing in abundance which protects the Nation's interests yet depresses their own income—or should they start looking for ways to curb their output to the level that assures them more equitable returns, regardless of the public cost in higher prices to consumers and risk of national scarcity?

That's the choice American agriculture faces.

That's why Government policy becomes involved. It isn't just for the farmer; it's to protect the public interest. People who clamor against Government intervention in any form in agricultural policies seem to forget that there is a tremendous national interest involved in our food supply that cannot be left just to chance and happenstance. It isn't the Government intervention that is wrong, it is how the Government intervenes, and for what purpose. As long as the public interest comes first, there is always room for the Government to keep an eye on any industry, any business, any commodity. What is wrong is when Government tries to dominate and forgets the real purpose it is intended to serve. It's role should be as the public interest policeman, seeking to keep a fair balance in our economy.

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Unfortunately the farmers' rewards are lagging far behind the rest of our economy in relation to investment in capital, labor, and know-how. There may be room for different points of view as to what should be done about our agricultural problem, but there can be little difference of opinion over the fact that our agricultural economy is out of balance with the rest of our economy.

Farm income has been steadily declining, during a period of rising production costs. In 1957, the average income of farm people, from nonfarm as well as farm sources, was

little more than two-fifths as much as the average income of the nonfarm population.

The risk to invested capital in farming is greater, not less, than the economywide average. Modern family farming requires able and efficient management. It necessitates attention to detail and a broad knowledge of business practices.

Unfortunately, the farmer pays a higher interest rate on borrowed capital and earns a lower return on the funds he invests in his own business than any other businessman in the economy. Farm income is too low today, and it isn't only the farmers who should be concerned about it. Inadequate farm income has not only retarded the economic and social development of rural areas; it has acted to prevent the Nation as a whole from the maximum attainment of its economic goals.

We cannot expect to go on having farm income decline a billion dollars a year—and farm indebtedness go up by about the same amount—without serious consequences for the entire economy.

What are we going to do about it? Well, let me assure you of one thing: Any honest man knows there is no quick quack cure. None of us has all the answers. I certainly do not—and I have tried to find at least better answers than we now have.

Yet some facts are clear, for anyone willing to take an objective look. And, quite frankly, we need more people today willing to take an objective look, unblinded by old prejudices. Fighting old battles or shouting old slogans will not do the farmer much good; what he wants and needs is a better income.

Regardless of who might have been right or wrong in the past, the disparity between farm income and nonfarm income is becoming greater each year—despite our declared goals of public policy toward bringing them closer together. Current trends and current farm policies are not moving in the direction of closing the gap.

Although farm income is currently too low, farm gross income would be at least a third less, and farm net income would be more than a third lower, if it were not for the existing Federal program. And, farm income could be considerably higher, under existing farm legislation, if there was a will and a determination to use these laws enthusiastically and persistently and wisely.

While we need to revise and improve our price-support program, modernize and expand our farm-credit facilities, expand our research both for production efficiency and new uses for farm products—much more for the benefit of farmers could and should be done with the laws we already have.

Instead, most of the Federal programs have been whittled down in effectiveness by administrative decisions over the past 4 years, such as some of the market dumping of corn at a time Government policy is supposed to be aimed at firming up prices.

Too many myths are still being perpetrated on the public. Lowering of farm price supports has not curtailed production, and certainly has not improved farm income by gaining better prices in the free market. The individual farmer has been forced to increase his production to attempt to keep his income from dropping further as a result of falling prices. CCC inventories today are nearly five times as high as they were at the end of 1952, and far higher than when the so-called flexible program went into full effect in 1955—despite many new tools provided for surplus removal. The realized loss on price-support operations has been more than twice as much in the last 4 years as in the preceding 20. The simple truth is that the flexible theory of regulating output through lowered prices has been a complete failure—resulting in nothing but further depletion of farm income. As a result, it is ir-

responsible to ask Congress for just more of the same—more flexibility, still lower prices.

All of us like to think of the ideal of free markets, but the truth is that we do not have completely free markets in our economy. The prices of things farmers buy, both production and family living items, are based on the wholesale prices behind them—which are in part administered prices; prices set by manufacturers, money-market bankers, railroad companies, and many others, on the basis of their Government-sanctioned ability to withhold supply to maintain set price.

The farmer not only buys his needs in an administered-price market, dominated by sellers but also farmers sell their products into markets where buyers have the upper hand. I have often wondered whether some of the loudest advocates of free markets for agriculture would be quite so vocal if it was a farmers seller's market, instead of a buyers market—if the farm producer had the upper hand in bargaining power. I am afraid if such were the case these same people would be appealing for Government intervention and regulation, instead of insisting upon free markets.

Perhaps that is why, lately, you have heard more discussion among farm groups about strengthening bargaining power. Perhaps one of these days we will have an opportunity to find out, whether we want to or not. You have all probably followed recent indications that there is more and more of a trend in farm organizations to seek ways for farmers themselves to strengthen their own bargaining power.

Farmers are at a bargaining disadvantage in the marketplace today, as they have always been. They realize they need stronger bargaining power. And if they don't find it one way, they will seek other ways.

It is really nothing new. They have sought to strengthen their bargaining power in many ways in the past. They have done it through banding together in cooperatives. They have done it through working out programs of price maintenance and control of market supply through their Government just as other segments of our economy have sought to protect their position through Government action.

Here is the message I want to leave with you today; unless existing legislation can be made more effective, either through administrative policy or legal changes where necessary, farmers are bound to seek other ways to strengthen their bargaining power.

If I were a businessman dealing with agriculture, I would think very seriously about whether I preferred dealing with farmers through some type of Government program, or with farmers directly just as you now deal with organized labor.

Any of you who have followed what is going on among the various farm organizations, know that there is more and more talk about farmers turning to united action on their own, both toward controlling production to meet demand and toward some form of collective bargaining through producers' co-ops to establish prices and income nearer to equality with other segments of our society.

My purpose today is not to say this is right or wrong, but to suggest if the balance of bargaining power were to shift from buyer to seller of farm products, many now talking about free markets might be the first to prefer a new look at direct payment methods or alternatives of achieving more equality of farm income, that would still assure abundance rather than scarcity.

Consumers should be alert to where their own best interest really rests.

It is easy to talk about free markets and letting supply and demand determine prices when you are a buyer and know there is an oversupply that will force prices down.

But consumers should look at the other side of the coin and see what the supposed purpose of the so-called free-market approach to farm policy really is. The purpose, its spokesmen say, is to discourage enough producers and enough production to bring supply in line with cash demand and achieve 100 percent of parity in the marketplace. Now, I wonder if consumers realize what such a scarcity philosophy could and would do to prices, particularly with the natural hazards hanging over agriculture that can so quickly turn balanced supply into serious scarcity. I wonder if you as businessmen really want supply trimmed exactly to demand, with no cushion to protect you from shortage.

If agricultural supply and demand were in balance in this country today—the objective everybody seems to profess—we would be faced with demands for price controls to keep food prices from soaring.

The truth is that the cushion of excess production beyond immediate effective demand is the public-interest stake in farm policy—a stake for which, in all fairness, some public price must be paid to keep it from penalizing the farmer.

Clearly, our Nation needs a new and different farm policy, and it needs it now. It must be based upon recognition of the need for a rising net income for agriculture, not alone for the sake of farmers but for the sake of our entire economy. It must be based upon recognition of the public-interest stake in abundance rather than scarcity, both for the sake of our own consumers and for the sake of our international commitments. It must be based upon recognizing that American agriculture has assumed a changing role, and having to be concerned with world needs rather than just our own domestic needs. It must also be based upon recognizing that changes are under way within agriculture itself, changes which could further serve or seriously harm the public's interest, depending upon how they are directed as a matter of public policy.

Encouraging abundant production as a matter of public policy need not mean blindly perpetuating overproduction of commodities for which no real foreseeable need exists. Rather, it means encouraging shifts in production toward commodities better serving our long-range needs.

The basic question is whether desirable shifts, in the public's interest, should be encouraged by incentive—or forced by economic hardship which really would just shift an economic and social problem from rural America to the relief rolls in our cities. Quite frankly, I can see little wisdom in policies designed to speed the movement of people off farms into our cities looking for alternative opportunities for making a livelihood at the very time unemployment is becoming a serious national problem.

Whatever means are accepted as Government policy for encouraging shifts in production patterns, the important thing is to make sure such shifts go in a desirable direction—and stimulate desirable trends already under way rather than trying to buck the tide.

Let me explain briefly what I mean.

Fats or oils and proteins are basic nutritional needs in the world. While American diets are rich in both, the world supply is still a tremendous deficit from a nutritional standpoint. Even among low income groups in our own country there are serious dietary deficits in both.

If we are raising our sights in agriculture to consider our role throughout the world instead of merely providing sufficient supplies for our own growing population, we are going to face needs for more, not less, of both fats and oils and protein. Fortunately, they are so interrelated that expansion of one means expansion of the other. By nature, and in the history of food, fat, and protein

are produced hand-in-hand. Protein occurs as a side product and even a main product of the fat production cycle. Protein is a sister to fat—soybean meal, and soybean oil; milk, and butterfat; pork, and lard. \* \* \*

It is imperative that this relationship be recognized in guiding agricultural policy, because whatever seriously affects one affects the other.

From my observations I have come to some conclusions I wish to share with you. You may not agree, and if so I would welcome your views, for I am always searching for guidance on basic trends upon which policy decisions should be based. I certainly do not claim to be an expert, but evidence seems to support these conclusions:

1. This country is going to produce more, not less, fats and oils, both vegetable and animal. The soybean crop, in particular, is going to grow far beyond its present size—despite its already dramatic growth.

2. We are going to produce more protein, and feed it to livestock and poultry.

3. We can probably consume the added protein domestically in the form of meat, milk, and eggs, if we maintain an expanding economy and a rising standard of living for our own people.

4. But we are going to have to look to the rest of the world for additional outlets for fats and oils we produce beyond our own immediate needs.

All four points appear desirable, and worth encouraging as a matter of public policy.

Expansion of soybean production, for example, would mean diversion from corn and other feed grains now in surplus and result in shrinking the total feed supply from the same number of acres.

Dwindling of a feed grain surplus would result in our animal agriculture consuming more protein feed concentrate. It is probably true that today most farmers are not feeding enough protein to get the best results.

Almost all of our nutritional guidance points to encouraging more protein consumption in the human diet, and consumer preference for that protein is in the animal form of meat, milk, and eggs. Only the great civilizations have been able to maintain a relatively high level of animal protein consumption, and there is still ample opportunity for expanding our own.

But there are other areas of the world yet unable to achieve our level of animal protein consumption, areas that must exist on more basic forms of food energy. For many of these, more fats and oils are imperative to survival. As a result we not only have a potential outlet for our growing production—it is actually needed.

## SENATE

MONDAY, MARCH 24, 1958

(Legislative day of Monday, March 17, 1958)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Most Reverend Archbishop Vasili, of the Byelorussian Autocephalic Orthodox Church, New York, N. Y., offered the following prayer:

In the name of the Father, and of the Son, and of the Holy Ghost. Almighty God, this prayer we make to Thee on this anniversary of the declaration of independence of Byelorussia, whose freedom was mercilessly suppressed with brute, godless force, whose millions of

many countries in the world today are definitely fat deficient, and many countries contain population groups who are fat deficient. History shows that a people deficient in calories—and that in practice means calories in the concentrated form called fat—either become too weak to carry on a strong nation, or, and this is very frequent in the history of our times, are easily provoked to aggression and internal disturbances.

This brings us right back to my earlier emphasis on the role our agriculture occupies in the world today.

I am not saying that the lack of fat or even of good nutrition is the mother of all wars—but I think it can be shown to be the cause of serious national problems.

What would happen if all margarine or butter disappeared in the United States? Something like that has happened to many people in other countries—and I have had high officials of foreign governments tell me personally that if it took their last dollar of foreign exchange, they had to get edible oils for their people to preserve political stability.

In many instances, the health and strength of these countries are vital to our own interests. Such countries include, for example, our NATO partners of Turkey and Italy, the Baghdad bloc, Spain, Japan, Vietnam, Formosa, Burma, India, Tunisia, and Morocco.

That is why I have encouraged expanded exports of fats and oils into these areas under Public Law 480. It has effectively served our own international policy's best interests and has strengthened the forces of freedom in the world. Yet if my conclusions about agricultural trends in this country are correct, it has also served the best interest of American agriculture, and it will be necessary to continue and expand such exports to maintain desirable shifts in our national food production.

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I am aware that the margarine industry is interested almost wholly in the domestic market, but you have a stake in every trend that affects the fats and oil picture. The fact that we have enough to export—and have become the world's largest exporter of fats and oils while still providing adequate supplies for our own expanding population—assures you of a reliable supply of raw materials at reasonable price levels. Yet without the expanded export outlets for oils, price-depressing surpluses might result in reversing the entire trend of the present desirable shift into soybean production. Any short-range price benefit you might expect could well be offset by even higher costs resulting from shortages of the future if soybean production did not offer economic opportunities for farmers.

In my opinion, the time will come when you will be thinking more about the potential of markets abroad, as economic development results in higher living standards and greater purchasing power in many areas of the world. Eating habits are being formed and changed as these underdeveloped areas progress. In view of the pressing need for fats and oils in any form in many of these areas, might it not be sound to call upon you for a finished product as one means of putting soybean or cottonseed oils into this phase of the foreign field, as a part of our national foreign-aid policy? I do not suggest this as a benefit to the margarine industry, but as a useful form of foreign aid. It will not cure any problems you may have, but it may be a serviceable expression of our national interest in helping free countries fight off communism. Two of your principal ingredients—soybean oil and skim milk—are being handled as surpluses under the agricultural-assistance laws. There seems ample precedent for sending finished food fat goods overseas for welfare or foreign aid, in a form that might later pay dividends in market development through creating new eating habits.

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Perhaps I have endeavored to cover too much ground in one talk today, in trying to look at food's role in the world along with domestic agricultural policy. Yet I feel they are closely interlocked.

It has been good to be with you. We still face many challenging problems regarding food and agriculture. Some of them are before us in Congress.

Of one thing you can be certain: Food is so essential to national life that I am sure Congress will always require safeguards in the public's interest in any farm policy. And, quite frankly, in my opinion the best safeguard the public can have of continued abundance is more willingness to see that the farmer gets a fair reward for his production.

I believe in abundance, not scarcity. I am convinced that farm people prefer to produce rather than to be forced to curtail production in order to achieve decent prices.

The challenge to our society is to find constructive and beneficial ways and means of using our abundance. We need to look upon our abundance as a national asset, not as an economic liability. You as food manufacturers have a real interest in abundant production. It would be against your own interest to force farmers to turn to artificial scarcity as a means of protecting their income.

For that reason, I suggest you soberly consider the alternative of current farm policy debates—and realize we all have a stake in strengthening our farm economy.

We humbly implore Thee, our God and Redeemer, accept this our prayer: Bless the United States of America and Byelorussia.

May Thy glorious name, our God and Father, reign and shine in our hearts and be blessed now and forever. Amen.

## THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Friday, March 21, 1958, was dispensed with.

## REPORT OF A COMMITTEE SUBMITTED DURING RECESS

Under authority of the order of the Senate of March 21, 1958,